

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission file number 001-32924

GREEN PLAINS INC.

(Exact name of registrant as specified in its charter)

Iowa

(State or other jurisdiction of incorporation or organization)

84-1652107

(I.R.S. Employer Identification No.)

1811 Aksarben Drive, Omaha, NE 68106

(Address of principal executive offices, including zip code)

(402) 884-8700

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **Common Stock, \$.001 par value**

Name of exchanges on which registered: **Nasdaq Global Market**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the company's voting common stock held by non-affiliates of the registrant as of June 30, 2016 (the last business day of the second quarter), based on the last sale price of the common stock on that date of \$19.72, was approximately \$694.7 million. For purposes of this calculation, executive officers and directors are deemed to be affiliates of the registrant.

As of February 14, 2017, there were 38,181,626 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2017 Annual Meeting of Shareholders are incorporated by reference in Part III herein. The company intends to file such Proxy Statement with the Securities and Exchange Commission no later than 120 days after the end of the period covered by this report on Form 10-K.

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Commonly Used Defined Terms

Green Plains Inc. and Subsidiaries:

Green Plains; the company	Green Plains Inc. and its subsidiaries
BioProcess Algae	BioProcess Algae LLC
Fleischmann's Vinegar	Fleischmann's Vinegar Company, Inc.
Green Plains Cattle	Green Plains Cattle Company LLC
Green Plains Grain	Green Plains Grain Company LLC
Green Plains Partners; the partnership	Green Plains Partners LP and its subsidiaries
Green Plains Processing	Green Plains Processing LLC and its subsidiaries
Green Plains Trade	Green Plains Trade Group LLC
SCI Ingredients	SCI Ingredients Holdings, Inc.

Accounting Defined Terms:

ASC	Accounting Standards Codification
EBITDA	Earnings before interest, income taxes, depreciation and amortization
EPS	Earnings per share
Exchange Act	Securities Exchange Act of 1934, as amended
GAAP	U.S. Generally Accepted Accounting Principles
IPO	Initial public offering of Green Plains Partners LP
LIBOR	London Interbank Offered Rate
LTIP	Green Plains Partners LP 2015 Long-Term Incentive Plan
Nasdaq	The Nasdaq Global Market
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended

Industry Defined Terms:

Bgy	Billion gallons per year
BTU	British Thermal Units
CAFE	Corporate Average Fuel Economy
CARB	California Air Resources Board
CBOB	Conventional blendstock for oxygenate blending, an 84 octane sub-grade gasoline
CFTC	Commodity Futures Trading Commission
DOT	U.S. Department of Transportation
E15	Gasoline blended with up to 15% ethanol by volume
E85	Gasoline blended with up to 85% ethanol by volume
EIA	U.S. Energy Information Administration
EISA	Energy Independence and Security Act of 2007, as amended
EPA	U.S. Environmental Protection Agency
EU	European Union
FDA	U.S. Food and Drug Administration
FSMA	Food Safety Modernization Act of 2011
ILUC	Indirect land usage charge
LCFS	Low Carbon Fuel Standard
MMBTU	Million British Thermal Units
Mmg	Million gallons
Mmgy	Million gallons per year
MTBE	Methyl tertiary-butyl ether
RFS II	Renewable Fuels Standard II
RIN	Renewable identification number
U.S.	United States
USDA	U.S. Department of Agriculture

Cautionary Statement Regarding Forward-Looking Statements

The SEC encourages companies to disclose forward-looking information so investors can better understand future prospects and make informed investment decisions. As such, forward-looking statements are included in this report or incorporated by reference to other documents filed with the SEC.

Forward-looking statements are made in accordance with safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations which involve a number of risks and uncertainties and do not relate strictly to historical or current facts, but rather to plans and objectives for future operations. These statements include words such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “outlook,” “plan,” “predict,” “may,” “could,” “should,” “will” and similar words and phrases as well as statements regarding future operating or financial performance or guidance, business strategy, environment, key trends and benefits of actual or planned acquisitions.

Factors that could cause actual results to differ from those expressed or implied are discussed in this report under “Risk Factors” or incorporated by reference. Specifically, we may experience fluctuations in future operating results due to a number of economic conditions, including: competition in the ethanol industry and other industries in which we operate; commodity market risks, including those that may result from weather conditions; financial market risks; counterparty risks; risks associated with changes to government policy or regulation; risks related to acquisitions and achieving anticipated results; risks associated with merchant trading, cattle feeding operations, vinegar production and other factors detailed in reports filed with the SEC. Additional risks related to Green Plains Partners LP include compliance with commercial contractual obligations, potential tax consequences related to our investment in the partnership and risks disclosed in the partnership’s SEC filings associated with the operation of the partnership as a separate, publicly traded entity.

We believe our expectations regarding future events are based on reasonable assumptions; however, these assumptions may not be accurate or account for all risks and uncertainties. Consequently, forward-looking statements are not guaranteed. Actual results may vary materially from those expressed or implied in our forward-looking statements. In addition, we are not obligated and do not intend to update our forward-looking statements as a result of new information unless it is required by applicable securities laws. We caution investors not to place undue reliance on forward-looking statements, which represent management’s views as of the date of this report or documents incorporated by reference.

PART I

Item 1. Business.

References to “we,” “us,” “our,” “Green Plains,” or the “company” refer to Green Plains Inc. and its subsidiaries.

Overview

Green Plains is an Iowa corporation, founded in June 2004 as an ethanol producer. We have grown through acquisitions of operationally efficient ethanol production facilities and adjacent commodity processing businesses. We are focused on generating stable operating margins through our diversified business segments and risk management strategy. We own and operate assets throughout the ethanol value chain: upstream, with grain handling and storage; through our ethanol production facilities; and downstream, with marketing and distribution services to mitigate commodity price volatility, which differentiates us from companies focused only on ethanol production. Our other businesses leverage our supply chain, production platform and expertise.

We formed Green Plains Partners LP, a master limited partnership, to be our primary downstream storage and logistics provider since its assets are the principal method of storing and delivering the ethanol we produce. The partnership completed its IPO on July 1, 2015. We own a 62.5% limited partner interest, a 2.0% general partner interest and all of the partnership’s incentive distribution rights. The public owns the remaining 35.5% limited partner interest. The partnership is consolidated in our financial statements.

As a result of acquisitions during the year, we implemented organizational segment changes during the fourth quarter of 2016. We now group our business activities into the following four operating segments to manage performance:

·*Ethanol Production.* Our ethanol production segment includes the production of ethanol, distillers grains and corn oil at 17 ethanol plants in Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, Tennessee, Texas and Virginia. At capacity, we expect to process approximately 524 million bushels of corn per year and produce approximately

1.5 billion gallons of ethanol, 4.1 million tons of distillers grains and 340 million pounds of industrial grade corn oil, making us the second largest consolidated owner of ethanol plants in North America.

·Agribusiness and Energy Services. Our agribusiness and energy services segment includes grain procurement, with approximately 60.3 million bushels of grain storage capacity, and our commodity marketing business, which markets, sells and distributes ethanol, distillers grains and corn oil produced at our ethanol plants. We also market ethanol for a third-party producer as well as buy and sell ethanol, distillers grains, corn oil, crude oil, grain, natural gas and other commodities in various markets.

·Food and Food Ingredients. Our food and food ingredients segment includes a cattle feedlot operation with the capacity to support 73,000 head of cattle and grain storage capacity of approximately 2.8 million bushels, and Fleischmann's Vinegar, one of the world's largest producers of food-grade industrial vinegar.

·Partnership. Our master limited partnership provides fuel storage and transportation services by owning, operating, developing and acquiring ethanol and fuel storage tanks, terminals, transportation assets and other related assets and businesses. The partnership's assets include 39 ethanol storage facilities, 8 fuel terminal facilities and approximately 3,100 leased railcars.

Risk Management and Hedging Activities

Our profitability is highly dependent on commodity prices, particularly for ethanol, distillers grains, corn oil, corn, natural gas and cattle. Since market price fluctuations among these commodities are not always correlated, ethanol production or our cattle feedlot operation may be unprofitable at times. We use a variety of risk management tools and hedging strategies to monitor real-time operating price risk exposure at each of our operations to obtain favorable margins, when available, or temporarily reduce production levels during periods of compressed margins. Our multiple businesses and revenue streams also help to diversify our operations and profitability.

We use forward contracts to sell a portion of our ethanol, distillers grains, corn oil and vinegar production or buy some of the corn, natural gas, cattle, or ethanol we need to partially offset commodity price volatility. We also engage in other hedging transactions involving exchange-traded futures contracts for corn, natural gas, ethanol, cattle and other commodities. The financial impact of these activities depends on price of the commodities involved and our ability to physically receive or deliver those commodities. We do not speculate on general price movements by taking significant unhedged positions on commodities.

Hedging arrangements expose us to risk of financial loss when the counterparty defaults on its contract or, in the case of exchange-traded contracts, when the expected differential between the price of the underlying commodity and physical commodity changes. Hedging activities can result in losses when a position is purchased in a declining market or sold in a rising market. Hedging losses may be offset by a decreased cash price for corn and natural gas and an increased cash price for ethanol, distillers grains and corn oil. We vary the amount of hedging or other risk mitigation strategies we undertake and sometimes choose not to engage in hedging transactions at all.

Competitive Strengths

We are focused on managing commodity price risks, improving operational efficiencies and optimizing market opportunities to create an efficient platform with diversified income streams. Our competitive strengths include:

Disciplined Risk Management. Risk management is our core competency and we use a variety of risk management tools and hedging strategies to maintain a disciplined approach. Our internally developed operating margin management system allows us to monitor commodity price risk exposure at each of our operations and lock in favorable margins or temporarily reduce production levels during periods of compressed margins.

Acquisition and Integration Capabilities. We have the ability to acquire assets that create synergies and enhance our ability to mitigate risks. Our balance sheet allows us to be opportunistic in that process. Since inception, we built or acquired 17 ethanol plants and installed corn oil extraction technology at each of our ethanol plants to generate incremental returns. In addition, we purchased or built a grain handling and storage business, a cattle feedlot operation, a vinegar production business, and terminal and distribution facilities. Successful integration of these operations has enhanced our overall returns.

Operational Excellence. Our operations are staffed by experienced industry personnel who share operational knowledge and expertise. We focus on making incremental operational improvements to enhance performance using real-time production data and systems to monitor our operations and optimize performance. Our operational expertise provides us a cost advantage over most of our competitors and helps us improve the operating margins of acquired facilities.

Vertical Integration. Our vertically integrated platform reduces commodity and operational risk and increases pricing visibility in key markets. Combined, our ethanol production, agribusiness and energy services, food and food ingredients, and partnership segments provide efficiencies, which extend both within and outside the ethanol value chain.

Proven Management Team. Our senior management team averages more than 25 years of commodity risk management and related industry experience. We have specific expertise across all of our businesses, including plant operations and management, commodity markets and risk management, and ethanol marketing and distribution. Our management team's level of operational and financial expertise is essential to successfully executing our business strategies.

Business Strategy

We believe ethanol could become an increasingly larger portion of the global fuel supply due to factors described below driven by volatile oil prices, heightened environmental concerns, energy independence goals and national security concerns:

·*Emissions Reduction.* In the 1990's, federal law required the use of oxygenates in reformulated gasoline to reduce vehicle emissions in cities with unhealthy levels of air pollution, on a seasonal or year-round basis. Oxygenated gasoline is used to meet separate federal and state air emission standards. At the time, these oxygenates included ethanol and MTBE. However, the U.S. refining industry has since abandoned the use of MTBE, making ethanol the primary clean air oxygenate used.

·*Octane Enhancer.* Ethanol has an octane value of 113 and is the primary additive used by refiners to increase octane levels, producing regular grade gasoline from lower octane blend stocks and upgrading regular gasoline to premium grades, to improve engine performance. Refiners are producing more conventional blendstocks for oxygenate blending, or CBOB, which is an 84 octane sub-grade gasoline that requires ethanol or another octane source to meet the minimum octane requirements for the U.S. gasoline market. CBOB represented approximately 80% of total conventional gasoline sold in 2015.

·*Fuel Stock Extender.* Ethanol is a valuable blend component used by U.S. refiners to extend fuel supply. According to the EIA, ethanol comprised approximately 9.9% of the domestic gasoline supply, replacing nearly 750 million barrels of crude oil in 2016.

·*E15 Blending Waiver.* In October 2010, the EPA granted a waiver that permitted the use of E15 in model year 2001 and newer passenger vehicles, including cars, sport utility vehicles and light pickup trucks. In June 2012, the EPA approved the sale and use of E15 and in July 2012, the nation's first retail E15 was sold. On January 24, 2017, there were 627 retail fuel stations in 28 states offering E15 to consumers.

·*Mandated Use of Renewable Fuels.* In the United States, the federal government mandates the use of renewable fuels under RFS II, which has been a driving factor in the growth of domestic ethanol usage. The EPA assigns individual refiners, blenders and importers the volume of renewable fuels they are obligated to use based on their percentage of total fuel sales. In November 2016, the EPA announced the final 2017 renewable volume obligations for conventional ethanol of 15.0 billion gallons, which is currently on hold pending final review by the incoming presidential administration.

·*Net Ethanol Exports.* Prior to 2010, the United States had a long history as a net importer of ethanol. In 2010, according to the USDA, the United States became the largest exporter of ethanol to world markets and lowest-cost producer, surpassing Brazil. According to the EIA, U.S. ethanol exports, net of imports, were approximately 1.0 billion gallons in 2016 and 730 million gallons in 2015.

In light of our industry's environment, we intend to further develop and strengthen our business by pursuing the following growth strategies:

Grow Organically. We continually leverage our operational expertise to identify expansion projects that maximize our production capabilities at our ethanol and vinegar plants, and cattle feedlot operations. Owning grain storage at or near our ethanol plants allows us to develop relationships with local producers and originate corn more effectively at a lower average cost. We also seek organic growth projects in adjacent businesses and downstream distribution services that take advantage

of our existing assets' locations.

Acquire Strategic Assets. We maintain a disciplined evaluation process in pursuit of strategic assets, taking into consideration rigorous design, engineering, financial and geographic criteria, to ensure the assets will generate favorable returns. We seek acquisitions that leverage our core competencies in adjacent markets, products and services with attractive margins or more predictable revenue streams.

Conduct Safe, Reliable, Efficient Operations and Improve Operational Efficiency. We are committed to maintaining safe, reliable and environmentally compliant operations and employ an extensive production control system at each ethanol plant to continuously monitor performance. We use the performance data to develop strategies that can be applied across our platform. In addition, we research operational processes that may enhance our efficiency by increasing yields, lowering processing cost per gallon and growing production volumes.

Recent Developments

The following is a summary of our significant developments during 2016. Additional information about these items can be found elsewhere in this report or in previous reports filed with the SEC.

Effective January 1, 2016, we sold the storage and transportation assets of the Hereford, Texas and Hopewell, Virginia ethanol production facilities to the partnership for \$62.3 million. The partnership used its revolving credit facility and cash on hand to fund the purchase of the assets, which included three ethanol storage facilities that support the plants' combined production capacity of 160 mmgy and 224 leased railcars. In connection with this transaction, Green Plains and the partnership amended the omnibus agreement, operational services agreement, and ethanol storage and throughput agreement.

Effective April 1, 2016, the company increased its ownership of BioProcess Algae to 82.8% and began consolidating the joint venture in its consolidated financial statements. Our ownership in BioProcess Algae is currently at 90.0% as of December 31, 2016. The joint venture is focused on growing algae in commercially viable quantities using feedstocks that are created as part of the ethanol production process.

On June 14, 2016, we announced the formation of a 50/50 joint venture with Jefferson Gulf Coast Energy Partners, a subsidiary of Fortress Transportation and Infrastructure Investors LLC, to construct and operate an intermodal export and import fuels terminal at Jefferson's existing Beaumont, Texas terminal. The joint venture is expected to invest approximately \$55 million in its Phase I development, which will initially focus on storage and throughput capabilities for multiple grades of ethanol. The terminal will have direct access to multiple transportation options, including Aframax vessels, inland and coastwise barges, trucks, and unit trains with direct mainline service from the Union Pacific, BNSF and Kansas City Southern railroads. Commercial development is expected to be complete during the second half of 2017, at which time we will offer our interest in the joint venture to the partnership.

On August 15, 2016, we completed a private offering of 4.125% convertible senior notes for an aggregate principal amount of \$170 million that will mature on September 1, 2022. The net proceeds from the offering were used to finance subsequent acquisitions.

On August 25, 2016, the partnership filed a shelf registration statement on Form S-3 with the SEC, which was declared effective September 2, 2016, registering an indeterminate number of debt and equity securities with a total offering price not to exceed \$500,000,250. The partnership also registered 13,513,500 common units, consisting of 4,389,642 common units and 9,123,858 common units that may be issued upon conversion of subordinated units, in each case, currently held by Green Plains.

On September 23, 2016, we acquired three ethanol plants located in Madison, Illinois; Mount Vernon, Indiana; and York, Nebraska, from subsidiaries of Abengoa S.A. for approximately \$234.9 million in cash, plus certain working capital adjustments. The plants have combined production capacity of approximately 230 mmgy. Concurrently, the partnership acquired the ethanol storage assets related to these production facilities from us for \$90 million. The partnership used its revolving credit facility to fund the purchase of the assets. In connection with this transaction, Green Plains and the partnership amended the omnibus agreement, operational services agreement, and ethanol storage and throughput agreement.

On October 3, 2016, we acquired Fleischmann's Vinegar, one of the world's largest producers of food-grade industrial vinegar, for \$258.3 million in cash, including certain post-closing adjustments. A portion of the purchase price was used to repay existing debt. The transaction was partially financed using \$135 million of debt under a new credit agreement,

consisting of a \$130 million term loan and \$5 million borrowed under a \$15 million revolving credit facility. The balance of the transaction was paid from cash on hand.

We filed a shelf registration statement on Form S-3 with the SEC effective December 22, 2016, registering an indeterminate number of shares of common stock, warrants and debt securities.

Operating Segments

Ethanol Production Segment

Industry Overview. Ethanol, also known as ethyl alcohol or grain alcohol, is a colorless liquid produced by fermenting carbohydrates found in a number of different types of grains, such as corn, wheat and sorghum, and other cellulosic matter found in plants. Most of the ethanol produced in the United States is made from corn because it contains large quantities of carbohydrates that convert into glucose more easily than most other kinds of biomass, can be handled efficiently and is in greater supply than other grains. According to the USDA, one bushel, or 56 pounds, of corn, produces approximately 2.8 gallons of ethanol, 15.5 pounds of distillers grains and 0.7 pounds of corn oil, on average. Outside of the United States, sugarcane is the primary feedstock used to produce ethanol.

Ethanol is a significant component of the biofuels industry, which includes all transportation fuels derived from renewable biological materials. Biofuels are an excellent oxygenate and source of octane. When added to petroleum-based transportation fuels, oxygenates reduce vehicle emissions. Ethanol is the most economical oxygenate and source of octanes available on the market and its production costs are competitive with gasoline.

Ethanol Plants. We operate 17 dry mill ethanol production plants, located in nine states, that produce ethanol, distillers grains and corn oil:

Plant	Initial Operation or Acquisition Date	Technology	Plant Production Capacity (mmgy)
Atkinson, Nebraska	June 2013	Delta-T	55
Bluffton, Indiana (1)	Sept. 2008	ICM	120
Central City, Nebraska	July 2009	ICM	110
Fairmont, Minnesota	Nov. 2013	Delta-T	119
Hereford, Texas	Nov. 2015	ICM/Lurgi	100
Hopewell, Virginia (2)	Oct. 2015	Katzen	60
Lakota, Iowa	Oct. 2010	ICM/Lurgi	124
Madison, Illinois	Sept. 2016	Vogelbusch	90
Mount Vernon, Indiana	Sept. 2016	Vogelbusch	90
Obion, Tennessee (1)	Nov. 2008	ICM	120
Ord, Nebraska	July 2009	ICM	61
Otter Tail, Minnesota	Mar. 2011	Delta-T	55
Riga, Michigan	Oct. 2010	Delta-T	60
Shenandoah, Iowa (1)	Aug. 2007	ICM	75
Superior, Iowa (1)	July 2008	Delta-T	60
Wood River, Nebraska	Nov. 2013	Delta-T	121
York, Nebraska	Sept. 2016	Katzen	50
Total			1,470

(1) We constructed these four plants; all other ethanol plants were acquired.

(2) The Hopewell plant resumed ethanol production on February 8, 2016.

Our business is directly affected by the supply and demand for ethanol and other fuels in the markets served by our assets. Miles traveled typically increases during the spring and summer months related to vacation travel, followed closely behind the fall season due to holiday travel.

The majority of our plants are equipped with industry-leading ICM or Delta-T ethanol processing technology. Our years of experience building, acquiring and operating these technologies provides us with a deep understanding of how to effectively and efficiently manage both platforms for maximum performance.

Corn Feedstock and Ethanol Production. Our plants use corn as feedstock in a dry mill ethanol production process. Each of our plants requires approximately 20 million to 44 million bushels of corn annually, depending on its production capacity. The price and availability of corn are subject to significant fluctuations driven by a number of factors that affect commodity prices in general, including crop conditions, weather, governmental programs, freight costs and global demand. Ethanol producers are generally unable to pass increased corn costs to customers since ethanol competes with other fuels.

Our corn supply is obtained primarily from local markets. We use cash and forward purchase contracts with grain producers and elevators to buy corn. We maintain direct relationships with local farmers, grain elevators and cooperatives, which serve as our primary sources of grain feedstock, at 14 of our ethanol plants. Most farmers in close proximity of our plants store corn in their own storage facilities. This allows us to purchase much of the corn we need directly from farmers throughout the year. At three of our ethanol plants, we contract with a third-party grain originator to supply the corn necessary for ethanol production. These contracts terminate between August 2019 and November 2023. Each of our plants is also situated on rail lines or has other logistical solutions to access corn supplies from other regions of the country should local supplies become insufficient.

Corn is received at the plant by truck or rail then weighed and unloaded into a receiving building. Grain storage facilities are used to inventory grain that is passed through a scalper to remove rocks and debris prior to processing. The corn is then transported to a hammer mill where it is ground into coarse flour and conveyed into a slurry tank for enzymatic processing. Water, heat and enzymes are added to convert the complex starch molecules into simpler carbohydrates. The slurry is heated to reduce the potential of microbial contamination and pumped into a liquefaction tank where additional enzymes are added. Next, the grain slurry is pumped into fermenters, where yeast, enzymes, and nutrients are added and the batch fermentation process is started. A beer column, within the distillation system, separates the alcohol from the spent grain mash. The alcohol is dehydrated to 200-proof alcohol and either pumped into a holding tank and blended with approximately 2% denaturant as it is pumped into finished product storage tanks, or marketed as undenatured ethanol.

Distillers Grains. The spent grain mash is pumped from the beer column into a decanter-type centrifuge for dewatering. The water, or thin stillage, is pumped from the centrifuge into an evaporator, where it is dried into a thick syrup. The solids, or wet cake, that exit the centrifuge are conveyed to the dryer system and dried at varying temperatures to produce distillers grains. Syrup may be reapplied to the wet cake prior to drying to provide additional nutrients. Distillers grains, the principal co-product of the ethanol production process, are used as high-protein, high-energy animal feed and marketed to the dairy, beef, swine and poultry industries.

We can produce three forms of distillers grains, depending on the number of times the solids are passed through the dryer system:

- wet distillers grains, which contain approximately 65% to 70% moisture, have a shelf life of approximately three days and is therefore sold to dairies or feedlots within the immediate vicinity;
- modified wet distillers grains, which is dried further to approximately 50% to 55% moisture, have a shelf life of approximately three weeks and are marketed to regional dairies and feedlots; and
- dried distillers grains, which have been dried more extensively to approximately 10% to 12% moisture, have an almost indefinite shelf life and may be stored, sold and shipped to any market.

Corn Oil. Corn oil systems extract non-edible corn oil from the thin stillage evaporation process immediately before the production of distillers grains. Corn oil is produced by processing the syrup and evaporated thin stillage through a decanter-style, or disk-stack, centrifuge. The centrifuges separate the relatively light corn oil from the heavier components of the syrup, eliminating the need for significant retention time. We extract approximately 0.7 pounds of corn oil per bushel of corn used to produce ethanol. Industrial uses for corn oil include feedstock for biodiesel, livestock feed additives, rubber substitutes, rust preventatives, inks, textiles, soaps and insecticides. The syrup is blended into wet, modified wet or dried distillers grains.

Natural Gas. Depending on production parameters, our ethanol plants use approximately 20,000 to 40,000 BTUs of natural gas per gallon of production. We have service agreements to acquire the natural gas we need and transport the gas through pipelines to our plants.

Electricity. Our plants require between 0.5 and 1.5 kilowatt hours of electricity per gallon of production. Local utilities supply the necessary electricity to all of our ethanol plants.

Water. While some of our plants satisfy a majority of their water requirements from wells located on their respective properties, each plant also obtains drinkable water from local municipal water sources. Each facility either uses city water or operates a filtration system to purify the well water that is used for its operations. Local municipalities supply all of the necessary water for our plants that do not have onsite wells. Much of the water used in an ethanol plant is recycled in the production process.

Agribusiness and Energy Services Segment

Our agribusiness and energy services segment includes five grain elevators in four states with combined grain storage capacity of approximately 11.6 million bushels, and grain storage at our ethanol plants of approximately 48.7 million bushels, detailed in the following table:

Facility Location	On-Site Grain Storage Capacity (thousands of bushels)
Grain Elevators	
Archer, Nebraska	1,246
Essex, Iowa	3,651
Hopkins, Missouri	2,713
Kismet, Kansas	1,928
St. Edward, Nebraska	2,110
Ethanol Plants	
Atkinson, Nebraska	5,109
Bluffton, Indiana	4,789
Central City, Nebraska	1,400
Fairmont, Minnesota	1,611
Hereford, Texas	4,913
Hopewell, Virginia	1,043
Lakota, Iowa	4,752
Madison, Illinois	1,015
Mount Vernon, Indiana	1,034
Obion, Tennessee	8,168
Ord, Nebraska	2,571
Otter Tail, Minnesota	2,504
Riga, Michigan	2,432
Shenandoah, Iowa	886
Superior, Iowa	2,804
Wood River, Nebraska	3,293
York, Nebraska	347
Total	60,319

We buy bulk grain, primarily corn and soybeans, from area producers, and provide grain drying and storage services to those producers. The grain is used as feedstock for our ethanol plants or sold to grain processing companies and area livestock producers. Bulk grain commodities are traded on commodity exchanges. Inventory values are affected by changes in these markets and spreads. To mitigate risks related to market fluctuations from purchase and sale commitments of grain, as well as grain held in inventory, we enter into exchange-traded futures and options contracts that function as economic hedges at times.

Seasonality is present within our agribusiness operations. The fall harvest period typically results in higher handling margins and stronger financial results during the fourth quarter of each year.

Through Green Plains Trade, we market the ethanol we and a third party produce to local, regional, national and international customers. We also purchase ethanol from independent producers for pricing arbitrage. We sell to various markets under sales agreements with integrated energy companies; retailers, traders and resellers in the United States and buyers for export to Brazil, Canada, Europe and other international markets. Under these agreements, ethanol is priced under fixed and indexed pricing arrangements.

Also through Green Plains Trade, we market wet, modified wet and dried distillers grains to local markets and dried distillers grains to local, national and international markets. The bulk of our demand is delivered to geographic regions that do not have significant local corn or distillers grains production.

Our markets can be further segmented by geographic region and livestock industry. Most of our modified wet distillers grains are sold to midwestern feedlot markets. Our dried distillers grains are shipped to feedlots and poultry markets, as well as Texas and West Coast rail markets. A substantial amount of dried distillers grains are shipped by barge and rail to regional and national markets. Some of our distillers grains are shipped by truck to dairy, beef, and poultry operations in the eastern United States. We also ship by railcar to eastern and southeastern feed mills, poultry and dairy operations, and domestic trade companies. We sell dried distillers grains directly to international markets and indirectly to exporters for shipment. In 2016, we exported approximately 10% of our distillers grains production, with the largest export markets for distillers grains being Vietnam and Thailand. Access to diversified markets allows us to sell product to customers offering the highest net price.

Our corn oil is sold primarily to biodiesel plants and, to a lesser extent, feedlot and poultry markets. We transport our corn oil by truck to locations in a close proximity to our ethanol plants primarily in the southeastern and midwestern regions of the United States. We also transport corn oil by rail and barges to national markets as well as to exporters for shipment on vessels to international markets.

Our railcar fleet for the agribusiness and energy services segment consists of approximately 950 leased hopper cars to transport distillers grains and approximately 180 leased tank cars to transport corn oil and crude oil. The initial terms of the lease contracts are for periods up to ten years.

Food and Food Ingredients Segment

Our cattle feedlot operation has the capacity to support 73,000 head of cattle and 2.8 million bushels of grain storage capacity. We buy feeder cattle from producers, order buyers and livestock auctions, the majority of which are from Kansas, Missouri, Oklahoma and Texas. The finished cattle are then sold to meat processors. Bulk cattle commodities are traded on commodity exchanges. Inventory values are affected by changes in these markets and spreads. To mitigate risks related to market fluctuations from purchase and sale commitments of cattle and cattle held in inventory, we enter into exchange-traded futures and options contracts that function as economic hedges at times.

Our vinegar operation includes seven production facilities. Vinegar is sold primarily to major food industry participants, including leading branded food companies, private label food manufacturers and companies serving the foodservice channel. Products include white distilled vinegar and numerous specialty vinegars for retail and industrial uses. Vinegar is distributed primarily in bulk using 5,600 gallon tanker trailers. We also have four distribution warehouses located in California, Oregon, Texas and Quebec, Canada.

Partnership Segment

Our partnership segment provides fuel storage and transportation services through (i) 39 ethanol storage facilities located at or near our 17 ethanol production plants, (ii) eight fuel terminal facilities located near major rail lines, and (iii) a leased railcar fleet and other transportation assets.

Transportation and Delivery. Most of our ethanol plants are situated near major highways or rail lines to ensure efficient movement. We are able to move product from our ethanol plants to bulk terminals via truck, railcar or barge. We also manage the logistics and transportation requirements of our customers to improve our fleet's efficiency and reduce operating costs.

Deliveries within 150 miles of our plants and the partnership's fuel terminal facilities are generally transported by truck. Deliveries to distant markets are shipped using major U.S. rail carriers that can switch cars to other major railroads, allowing our plants to ship product throughout the United States.

To meet the challenge of marketing ethanol and distillers grains to diverse market segments, several of our plants are capable of simultaneously handling more than 150 railcars. Some of our locations have large loop tracks with unit train loading capabilities for both ethanol and dried distillers grains and spurs to connect the loop to the mainline or allow the movement and storage of railcars on site.

The partnership's railcar fleet consists of approximately 3,100 leased tank cars for the transportation of ethanol. The initial terms of the lease contracts are for periods up to seven years.

To optimize the partnership's railcar assets, we transport products other than ethanol depending on market opportunities and have used a portion of our railcar fleet to transport crude oil for third parties and to lease railcars to other users.

Terminal and Distribution Services. Ethanol is transported from the partnership's terminals to third-party terminal racks where it is blended with gasoline and transferred to the loading rack for delivery by truck to retail gas stations. The partnership owns and operates fuel holding tanks and terminals, and provide terminal services and logistics solutions to markets that do not have efficient access to renewable fuels. The partnership operates fuel terminals at one owned and seven leased locations in seven states with combined storage capacity of approximately 7.4 mmg and throughput capacity of approximately 822 mmgy. We also have 39 ethanol storage facilities located at or near our 17 ethanol production plants with a combined storage capacity of approximately 38.6 mmg to support current ethanol production capacity of approximately 1.5 bgy.

Facility Location	Storage Capacity (thousands of gallons)
Fuel Terminals	
Birmingham, Alabama - Unit Train Terminal	6,542
Birmingham, Alabama - Other	120
Bossier City, Louisiana	180
Collins, Mississippi	180
Little Rock, Arkansas	30
Louisville, Kentucky	60
Nashville, Tennessee	160
Oklahoma City, Oklahoma	150
Ethanol Plants	
Atkinson, Nebraska (1)	2,074
Bluffton, Indiana	3,000
Central City, Nebraska	2,250
Fairmont, Minnesota	3,124
Hereford, Texas	4,406
Hopewell, Virginia	761
Lakota, Iowa	2,500
Madison, Illinois	2,855
Mount Vernon, Indiana	2,855
Obion, Tennessee	3,000
Ord, Nebraska	1,550
Otter Tail, Minnesota	2,000
Riga, Michigan	1,239
Shenandoah, Iowa	1,524
Superior, Iowa	1,238
Wood River, Nebraska	3,124
York, Nebraska	1,100
Total	46,022

(1) The ethanol storage facilities are located approximately 16 miles from the ethanol plant.

Our Competition

Domestic Ethanol Competitors

We are the second largest consolidated owner of ethanol plants in the United States. We compete with other domestic ethanol producers in a relatively fragmented industry. The top five producers account for approximately 45% of the domestic production capacity with production capacity ranging from 800 mmgy to 1,800 mmgy.

Our competitors also include plants owned by farmers, oil refiners and retail fuel operators. These competitors may continue to operate their plants even when market conditions are not favorable due to the benefits realized from their other operations.

Demand for corn from ethanol plants and other corn consumers exists in all areas and regions in which we operate. According to the Renewable Fuels Association, there were 127 operational plants in the states where we have production facilities, including Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, Tennessee, Texas and Virginia, as of December 1, 2016. The largest concentration of operational plants is located in Illinois, Iowa and Nebraska, where 50% of all operational production capacity is located.

Foreign Ethanol Competitors

We also compete globally with production from other countries. Brazil is the second largest ethanol producer in the world after the United States. Brazil produces ethanol made from sugarcane, which may be less expensive to produce than ethanol made from corn depending on feedstock prices. Under RFS II, certain parties are obligated to meet an advanced biofuel standard. In recent years, sugarcane ethanol imported from Brazil has been one of the most economical means for obligated parties to meet this standard. Any significant additional ethanol production capacity could create excess supply in world markets, resulting in lower ethanol prices throughout the world, including the United States.

Other Competition

Alternative fuels, gasoline oxygenates and ethanol production methods are continually under development. Ethanol production technologies also continue to evolve. We expect changes to occur primarily in the area of cellulosic ethanol, which is made from biomass such as switch grass or fast-growing poplar trees. Since all of our plants are designed as single-feedstock facilities, adapting our plants for a different feedstock or process system would require additional capital investments and retooling.

In addition, we compete with other cattle feedlots and vinegar producers in competitive markets.

Regulatory Matters

Government Ethanol Programs and Policies

In the United States, the federal government mandates the use of renewable fuels under RFS II. The EPA assigns individual refiners, blenders and importers the volume of renewable fuels they are obligated to use based on their percentage of total fuel sales. The EPA has the authority to waive the mandates in whole or in part if there is inadequate domestic renewable fuel supply or the requirement severely harms the economy or environment.

RFS II has been a driving factor in the growth of ethanol usage in the United States. When RFS II was established in October 2010, the required volume of renewable fuel to be blended with gasoline was to increase each year until it reached 15.0 billion gallons in 2015, which left the EPA to address existing limitations in both supply (ethanol production) and demand (usage of ethanol blends in older vehicles). On November 23, 2016, the EPA announced the final 2017 renewable volume obligations for conventional ethanol, which met the 15.0-billion-gallon congressional target for the first time, up from 14.50 billion gallons in 2016 and 14.05 billion gallons in 2015.

In January 2017, the Trump administration imposed a government-wide freeze on new and pending regulations, which included the 2017 renewable volume obligations that was originally intended to go into effect on February 10, 2017. Regulatory freezes are a common practice during a change in administration and we currently believe the new presidential administration will continue to be supportive of ethanol in accordance with the current laws.

Obligated parties use RINs to show compliance with RFS-mandated volumes. RINs are attached to renewable fuels by producers and detached when the renewable fuel is blended with transportation fuel or traded in the open market. The market price of detached RINs affects the price of ethanol in certain markets and influences the purchasing decisions by obligated parties. In November 2016, the EPA proposed denying a petition to change the point of obligation under RFS II to the parties that own the gasoline before it is sold. In December 2016, the EPA extended the comment period to February 2017. The point of obligation does not directly impact ethanol producers; however, moving the point of obligation could indirectly affect ethanol producers.

On January 18, 2017, Valero Energy Corporation filed an action against the EPA, seeking to compel the EPA to perform certain non-discretionary duties required by the RFS program under the Clean Air Act. Within the filed action, Valero claims the EPA has failed to perform these duties, namely periodic reviews of the feasibility of achieving compliance with the requirements and the impact of the requirements on each individual and entity regulated under the program, i.e. point of obligation, since 2010. Valero has requested an injunction, which if granted would require the EPA to promptly conduct rulemaking to ensure the requirements of the program are met.

Several amendments to the Energy Policy Modernization Act were introduced in the U.S. Senate that were removed from consideration in early February 2016, including amendments to repeal RFS II, eliminate the corn ethanol mandate in RFS II and prohibit the U.S. Secretary of Agriculture from using Commodity Credit Corporation or other funds to construct blender pumps.

CAFE was first enacted by Congress in 1975 to reduce energy consumption by increasing the fuel economy of cars and light trucks. CAFE has helped the ethanol industry by encouraging the use of E85. CAFE provides a 54% efficiency bonus to flexible-fuel vehicles running on E85. According to HIS Automotive, there are nearly 20 million flexible fuel vehicles on U.S. roads today. In addition, E85 is sold at more than 3,100 fuel stations in 46 states.

Demand for cleaner, more sustainable transportation fuel is growing worldwide. Ethanol has become a crucial component of the global fuel supply as an economical oxygenate and source of octanes. According to the Global Renewable Fuels Alliance, 35 countries, including the EU which is regulated by a single policy with specific national targets for each country, have mandates or planned targets in place for blending ethanol and biodiesel with transportation fuels to reduce harmful emissions.

Government actions abroad can have significant impact on the ethanol industry. For example, China raised its 5% tariff on U.S. and Brazil fuel ethanol to 30%, effective January 1, 2017.

Environmental and Other Regulation

Our ethanol production, agribusiness and energy services, and food and food ingredients segment activities are subject to environmental and other regulations. We obtain environmental permits to construct and operate our ethanol plants and other facilities.

Ethanol production involves the emission of various airborne pollutants, including particulate, carbon dioxide, oxides of nitrogen, hazardous air pollutants and volatile organic compounds. In 2007, the U.S. Supreme Court classified carbon dioxide as an air pollutant under the Clean Air Act in a case seeking to require the EPA to regulate carbon dioxide in vehicle emissions, which the EPA later addressed in RFS II.

While some of our plants operate as grandfathered at their current authorized capacity under the RFS II mandate, expansion above these capacities will require a 20% reduction in greenhouse gas emissions from a 2005 baseline measurement. This may require us to obtain additional permits, achieve the EPA's efficient producer status under the pathway petition program for our grandfathered plants, install advanced technology or reduce drying distillers grains.

CARB adopted LCFS requiring a 10% reduction in average carbon intensity of gasoline and diesel transportation fuels from 2010 to 2020. After a series of rulings that temporarily prevented CARB from enforcing these regulations, the State of California Office of Administrative Law approved the LCFS in November 2012, and revised LCFS regulations took effect in January 2013.

In January 2017, the USDA released a report providing evidence that greenhouse gas emissions associated with corn-based ethanol are 43% lower than gasoline. Numerous factors have led to improvements over the past ten years, including conservation practices by farmers, higher corn yields and advances in production technologies, which are expected to

continue and has the potential to further reduce greenhouse gas emissions up to a 76% as compared with gasoline.

The U.S. ethanol industry relies heavily on tank cars to deliver its product to market. As of December 31, 2016, the company leases approximately 3,300 tank cars, including 3,100 leased by our partnership to transport ethanol. On May 1, 2015, the DOT finalized the Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains, or DOT specification 117, which established a schedule to retrofit or replace older tank cars that carry crude oil and ethanol, braking standards intended to reduce the severity of accidents and new operational protocols. We intend to strategically manage our leased railcar fleet to comply with these regulations. Currently, all of our railcar leases expire prior to the retrofit deadline of May 1, 2023.

Parts of our business are regulated by environmental laws and regulations governing the labeling, use, storage, discharge and disposal of hazardous materials. Our agribusiness operations are also subject to government regulation. Our production levels are indirectly affected by federal government programs, which include the USDA, acreage control and price support programs. In addition, the grain we sell must conform to official grade standards imposed by the USDA. Other examples of government policies that may impact our business include tariffs, duties, subsidies, import and export restrictions and outright embargos.

In September 2015, the FDA issued rules for Current Good Manufacturing Practice, Hazard Analysis and Risk-Based Preventative Controls for food for animals in response to FSMA. The rules require FDA-registered food facilities to address safety concerns for sourcing, manufacturing and shipping food products and food for animals through food safety programs and plans, which includes conducting hazard analyses, developing risk-based preventative controls and monitoring, and addressing intentional adulteration, recalls, sanitary transportation and supplier verification. We believe we have taken sufficient measures to comply with these regulations.

On January 1, 2017, all medically important antimicrobials intended for use in animal feed that were once available over-the-counter became veterinary feed directive drugs, requiring written orders from a licensed veterinarian to purchase and use on or in livestock feed under the October 2015 revised Veterinary Feed Directive rule. Our cattle feedlot operation obtained all necessary prescriptions from a licensed veterinarian to use certain veterinary feed directive drugs, as appropriate.

We employ maintenance and operations personnel at each of our plants. In addition to the attention we place on the health and safety of our employees, the operations of our facilities are regulated by the Occupational Safety and Health Administration.

BioProcess Algae Joint Venture

We are the majority owner of the BioProcess Algae joint venture, which was formed in 2008. The joint venture is focused on growing algae in commercially viable quantities using feedstocks that are created as part of our ethanol production process. The joint venture continues to take steps towards commercialization. We are currently focused on human and animal nutrition, using proprietary technology to customize specific products, based on proven benefits, for relevant markets.

Employees

On December 31, 2016, we had 1,294 full-time, part-time, temporary and seasonal employees, including 177 employees at our corporate office in Omaha, Nebraska.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are available on our website at www.gpreinc.com shortly after we file or furnish the information with the SEC. You can also find the charters of our audit, compensation and nominating committees, as well as our code of ethics in the corporate governance section of our website. The information found on our website is not part of this or any other report we file with or furnish to the SEC. For more information on our partnership, please visit www.greenplainspartners.com. Alternatively, investors may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549 or visit the SEC website at www.sec.gov to access our reports, proxy and information statements filed with the SEC.

Item 1A. Risk Factors.

We operate in an industry that has numerous risks, many of which are beyond our control or are driven by factors that cannot always be predicted. Investors should carefully consider all of the risk factors in conjunction with the other information included in this report as our financial results and condition or market value could be adversely affected if any of these risks were to occur.

Risks Related to our Business and Industry

Our profitability is dependent on managing the spread between the price of corn, natural gas, ethanol, distillers grains, corn oil, cattle and vinegar.

Our operating results are highly sensitive to commodity prices, including the spread between the corn, natural gas, cattle and ethanol we purchase, and the ethanol, distillers grains, corn oil and vinegar we sell. Price and supply are subject to market forces, such as weather, domestic and global demand, shortages, export prices, crude oil prices, currency valuations and government policies in the United States and around the world, over which we have no control. Price volatility of these commodities may cause our operating results to fluctuate substantially. Increases in corn or natural gas prices or decreases in ethanol, distillers grains and corn oil prices may make it unprofitable to operate our ethanol plants. No assurance can be given that we will purchase corn and natural gas or sell ethanol, distillers grains, corn oil and cattle at or near current prices. Consequently, our results of operations and financial position may be adversely affected by increases in corn or natural gas prices or decreases in ethanol, distillers grains, corn oil and cattle prices.

We continuously monitor the profitability of our ethanol plants using a variety of risk management tools and hedging strategies, when appropriate. In recent years, the spread between ethanol and corn prices has fluctuated widely and narrowed significantly. Fluctuations are likely to continue. A sustained narrow spread or further reduction in the spread between ethanol and corn prices as a result of increased corn prices or decreased ethanol prices, would adversely affect our results of operations and financial position. Should our combined revenue from ethanol, distillers grains and corn oil fall below our cost of production, we could decide to slow or suspend production at some or all of our ethanol plants.

The commodities we buy and sell are subject to price volatility and uncertainty.

Corn. We are generally unable to pass increased corn costs to our customers since ethanol competes with other fuels. At certain corn prices, ethanol may be uneconomical to produce. Ethanol plants, livestock industries and other corn-consuming enterprises put significant price pressure on local corn markets. In addition, local corn supplies and prices could be adversely affected by prices for alternative crops, increasing input costs, changes in government policies, shifts in global markets or damaging growing conditions, such as plant disease or adverse weather, including drought.

Natural Gas. The price and availability of natural gas are subject to volatile market conditions. These market conditions are often affected by factors beyond our control, such as weather, drilling economics, overall economic conditions and government regulations. Significant disruptions in natural gas supply could impair our ability to produce ethanol. Furthermore, increases in natural gas price or changes in our cost relative to our competitors may adversely affect our results of operations and financial position.

Ethanol. Our revenues are dependent on market prices for ethanol which can be volatile as a result of a number of factors, including: the price and availability of competing fuels; the overall supply and demand for ethanol and corn; the price of gasoline, crude oil and corn; and government policies.

Ethanol is marketed as a fuel additive that reduces vehicle emissions, an economical source of octanes and, to a lesser extent, a gasoline substitute. Consequently, gasoline supply and demand affect the price of ethanol. Should gasoline prices or demand decrease significantly, our results of operations could be materially harmed.

Ethanol imports also affect domestic supply and demand. Imported ethanol is not subject to an import tariff and, under RFS II, sugarcane ethanol from Brazil is one of the most economical means for obligated parties to meet the advanced biofuel standard.

Distillers Grains. Increased U.S. dry mill ethanol production has resulted in increased distillers grains production. Should this trend continue, distillers grains prices could fall unless demand increases or other market sources are found. The price of distillers grains has historically been correlated with the price of corn. Occasionally, the price of distillers grains will

lag behind fluctuations in corn or other feedstock prices, lowering our cost recovery percentage.

Distillers grains compete with other protein-based animal feed products. Downward pressure on commodity prices, such as soybeans, will generally cause the price of competing animal feed products to decline, resulting in downward pressure on the price of distillers grains.

Corn Oil. Industrial corn oil is generally marketed as a biodiesel feedstock; therefore, the price of corn oil is affected by demand for biodiesel. In general, corn oil prices follow the prices of heating oil and soybean oil. Decreases in the price of corn oil could have an unfavorable impact on our business.

Cattle. The price and availability of feeder cattle are subject to volatile market conditions. These market conditions are often affected by factors beyond our control, such as weather, overall economic conditions and government regulations. Significant disruptions in feeder cattle supply could impair our ability to produce consistent results. Furthermore, increases in feeder cattle price or changes in our cost relative to our competitors may adversely affect our results of operations and financial position. In addition, a significant disruption in cattle processing capacity could impair our ability to market cattle at favorable prices which would affect our profitability.

Our risk management strategies could be ineffective and expose us to decreased liquidity.

As market conditions warrant, we use forward contracts to sell some of our ethanol, distillers grains, corn oil and vinegar production or buy some of the corn, natural gas, cattle or ethanol we need to partially offset commodity price volatility. We also engage in other hedging transactions involving exchange-traded futures contracts for corn, natural gas and ethanol. The financial impact of these activities depends on the price of the commodities involved and our ability to physically receive or deliver the commodities.

Hedging arrangements expose us to risk of financial loss when the counterparty defaults on its contract or, in the case of exchange-traded contracts, when the expected differential between the price of the underlying and physical commodity changes. Hedging activities can result in losses when a position is purchased in a declining market or sold in a rising market. Hedging losses may be offset by a decreased cash price for corn and natural gas and an increased cash price for ethanol, distillers grains and corn oil. We vary the amount of hedging and other risk mitigation strategies we undertake and sometimes choose not to engage in hedging transactions at all. We cannot provide assurance that our risk management strategies effectively offset commodity price volatility. If we fail to offset such volatility, our results of operations and financial position may be adversely affected.

The use of derivative financial instruments frequently involves cash deposits with brokers, or margin calls. Sudden changes in commodity prices may require additional cash deposits immediately. Depending on our open derivative positions, we may need additional liquidity with little advance notice to cover margin calls. While we continuously monitor our exposure to margin calls, we cannot guarantee we will be able to maintain adequate liquidity to cover margin calls in the future.

Government mandates affecting ethanol usage could change and impact the ethanol market.

Under the provisions of the EISA, the EPA established a mandate setting the minimum volume of ethanol that must be blended with gasoline under the RFS II, which affects the domestic market for ethanol. The EPA has the authority to waive the requirements, in whole or in part, if there is inadequate domestic renewable fuel supply or the requirement severely harms the economy or the environment.

In January 2017, the Trump administration imposed a government-wide freeze on new and pending regulations, which included the 2017 renewable volume obligations that was originally intended to go into effect on February 10, 2017. Our operations could be adversely impacted by legislation that reduces the RFS II mandate. Similarly, should federal mandates regarding oxygenated gasoline be repealed, the market for domestic ethanol could be adversely impacted.

Future demand will be influenced by economic incentives to blend based on the relative value of gasoline versus ethanol, taking into consideration the octane value of ethanol, environmental requirements and the RFS II mandate. A significant increase in supply beyond the RFS II mandate could have an adverse impact on ethanol prices. Moreover, changes to RFS II which could significantly affect the market price of RINs could in turn negatively impact the price of ethanol or cause imported sugarcane ethanol to become more economical than domestic ethanol.

Flexible-fuel vehicles, which are designed to run on a mixture of fuels such as E85, receive preferential treatment to meet corporate average fuel economy standards. Absent CAFE preferences, auto manufacturers may not be willing to build flexible-fuel vehicles, reducing the growth of E85 markets and resulting in lower ethanol prices.

While we currently believe the new presidential administration will support the environmental laws that are currently in place, to the extent federal or state laws or regulations are modified, the demand for ethanol may be reduced, which could negatively and materially affect our ability to operate profitably.

Future demand for ethanol is uncertain and changes in public perception, consumer acceptance and overall consumer demand for transportation fuel could affect demand.

While many trade groups, academics and government agencies support ethanol as a fuel additive that promotes a cleaner environment, others claim ethanol production consumes considerably more energy, emits more greenhouse gases than other biofuels and depletes water resources. Some studies suggest ethanol produced from corn is less efficient than ethanol produced from switch grass or wheat grain. Others claim corn-based ethanol negatively impacts consumers by causing the prices of dairy, meat and other food derived from corn-consuming livestock to increase. Ethanol critics also contend the industry redirects corn supplies from international food markets to domestic fuel markets.

There are limited markets for ethanol beyond the federal mandates. Further consumer acceptance of E15 and E85 fuels may be necessary before ethanol can achieve significant market share growth. Discretionary and E85 blending are important secondary markets. Discretionary blending is often determined by the price of ethanol relative to gasoline. When discretionary blending is financially unattractive, the demand for ethanol may be reduced.

Demand for ethanol is also affected by overall demand for transportation fuel, which is affected by cost, number of miles traveled and vehicle fuel economy. Consumer demand for gasoline may be impacted by emerging transportation trends, such as electric vehicles or ride sharing. Reduced demand for ethanol may depress the value of our products, erode our margins, and reduce our ability to generate revenue or operate profitably.

Our business is directly affected by the supply and demand for ethanol and other fuels in the markets served by our assets. Miles traveled typically increases during the spring and summer months related to vacation travel, followed closely behind the fall season due to holiday travel. Reduced demand for ethanol may erode our margins and reduce our ability to generate revenue and operate profitably.

We may fail to realize the anticipated benefits of mergers, acquisitions, joint ventures or partnerships.

We have increased the size and diversity of our operations significantly through mergers and acquisitions and intend to continue exploring potential growth opportunities. Acquisitions involve numerous risks that could harm our business, including:

- difficulties integrating the operations, technologies, products, existing contracts, accounting processes and personnel and realizing anticipated synergies of the combined business;
- risks relating to environmental hazards on purchased sites;
- risks relating to developing the necessary infrastructure for facilities or acquired sites, including access to rail networks;
- difficulties supporting and transitioning customers;
- diversion of financial and management resources from existing operations;
- the purchase price exceeding the value realized;
- risks of entering new markets or areas outside of our core competencies;
- potential loss of key employees, customers and strategic alliances from our existing or acquired business;
- unanticipated problems or underlying liabilities; and
- inability to generate sufficient revenue to offset acquisition and development costs.

The anticipated benefits of these transactions may not be fully realized or take longer to realize than expected.

We may also pursue growth through joint ventures or partnerships, which typically involve restrictions on actions that the partnership or joint venture may take without the approval of the partners. These provisions could limit our ability to manage the partnership or joint venture in a manner that serves our best interests.

Future acquisitions may involve issuing equity as payment or to finance the business or assets, which could dilute your ownership interest. Furthermore, additional debt may be necessary to complete these transactions, which could have a material adverse effect on our financial condition. Failure to adequately address the risks associated with acquisitions or joint ventures could have a material adverse effect on our business, results of operations and financial condition.

Our debt exposes us to numerous risks that could have significant consequences to our shareholders.

Risks related to the level of debt we have include:

- requiring a substantial portion of cash to be dedicated for debt payments, reducing the availability of cash flow for working capital, capital expenditures and other general business activities;
- requiring a substantial portion of cash reserves to be held for debt service, limiting our ability to invest in new growth opportunities;
- limiting our ability to obtain additional financing for working capital, capital expenditures, acquisitions and other activities;
- limiting our flexibility to plan for or react to changes in the businesses and industries in which we operate;
- increasing our vulnerability to general and industry-specific adverse economic conditions;
- being at a competitive disadvantage against less leveraged competitors;
- being vulnerable to increases in prevailing interest rates;
- subjecting all or substantially all of our assets to liens, which means there may be no assets left for shareholders in the event of a liquidation; and
- limiting our ability to make operational decisions regarding our business, including limiting our ability to pay dividends, make capital improvements, sell or purchase assets or engage in transactions deemed appropriate and in our best interest.

Most of our debt bears interest at variable rates, which creates exposure to interest rate risk. If interest rates increase, our debt service obligations at variable rates would increase even though the amount borrowed remained the same, decreasing net income.

Our ability to make scheduled payments of principal and interest, to make additional payments required under financial covenants, or to refinance our debt depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue generating cash flow sufficient to service our debt because of such factors, including the spread between corn prices and ethanol, corn oil and distillers grains prices. If we are unable to generate sufficient cash flows, we may be required to sell assets, restructure debt or obtain additional equity capital on terms that are onerous or highly dilutive. Our ability to refinance our debt will depend on capital markets and our financial condition at that time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in default on our debt obligations.

We are not restricted from incurring additional debt, pledging assets, recapitalizing our debt or taking a number of other actions that could diminish our ability to make payments.

Increased federal support of cellulosic ethanol could result in increased competition to corn-based ethanol producers.

Legislation, including the American Recovery and Reinvestment Act of 2009 and EISA, provides numerous funding opportunities supporting cellulosic ethanol production. In addition, RFS II mandates an increasing level of biofuel production that is not derived from corn. Federal policies suggest a long-term political preference for cellulosic processing using feedstocks such as switch grass, silage, wood chips or other forms of biomass. Cellulosic ethanol may be viewed more favorably since the feedstock is not diverted from food production. In addition, cellulosic ethanol may have a smaller carbon footprint because the feedstock does not require energy-intensive fertilizers or industrial production processes. Several cellulosic ethanol plants are currently under development. While these have had limited success to date, as research and

development programs persist, there is risk that cellulosic ethanol could displace corn ethanol.

Any changes in federal mandates from corn-based to cellulosic-based ethanol production may reduce our profitability. Our plants are designed as single-feedstock facilities and would require significant additional investments to convert production to cellulosic ethanol. Furthermore, our plants are strategically located in high-yield, low-cost corn production areas. At present, there is limited supply of alternative feedstocks near our facilities. As a result, the adoption of cellulosic ethanol and its use as the preferred form of ethanol could have a significant adverse impact on our business.

Our ability to maintain the required regulatory permits or manage changes in environmental and safety regulations is essential to successfully operating our plants.

Our ethanol production and agribusiness and energy services segments are subject to extensive air, water and other environmental regulations. Ethanol production involves the emission of various airborne pollutants, including particulate, carbon dioxide, nitrogen oxides, hazardous air pollutants and volatile organic compounds, which requires numerous environmental permits to operate our plants. Governing state agencies could impose costly conditions or restrictions that are detrimental to our profitability and have a material adverse effect on our operations, cash flows and financial position.

Environmental laws and regulations at the federal and state level are subject to change, particularly following a change in the presidential administration. These changes can also be made retroactively. It is possible that more stringent federal or state environmental rules or regulations could be adopted, which could increase our operating costs and expenses. Consequently, even though we currently have the proper permits, we may be required to invest or spend considerable resources in order to comply with future environmental regulations. Furthermore, ongoing plant operations, which are governed by the Occupational Safety and Health Administration, may change in a way that increases the cost of plant operations. Any of these events could have a material adverse effect on our operations, cash flows and financial position.

Part of our business is regulated by environmental laws and regulations governing the labeling, use, storage, discharge and disposal of hazardous materials. Since we handle and use hazardous substances, changes in environmental requirements or an unanticipated significant adverse environmental event could have a negative impact on our business. While we strive to comply with all environmental requirements, we cannot provide assurance that we have been in compliance at all times or will not incur material costs or liabilities in connection with these requirements. Private parties, including current and former employees, could bring personal injury or other claims against us due to the presence of hazardous substances. We are also exposed to residual risk by our land and facilities which may have environmental liabilities from prior use. Changes in environmental regulations may require us to modify existing plant and processing facilities, which could significantly increase our cost of operations.

Any inability to generate or obtain RINs could adversely affect our operating margins.

Nearly all of our ethanol production is sold with RINs that are used by our customers to comply with the Renewable Fuel Standard. Should our production not meet the EPA's requirements for RIN generation in the future, we would need to purchase RINs in the open market or sell our ethanol at lower prices to compensate for the absence of RINs. The price of RINs depends on a variety of factors, including the availability of qualifying biofuels and RINs for purchase, production levels of transportation fuel and percentage mix of ethanol with other fuels, and cannot be predicted. Failure to obtain sufficient RINs or reliance on invalid RINs could subject us to fines and penalties imposed by the EPA, which could adversely affect our results of operations, cash flows and financial condition.

We trade ethanol acquired from third-parties. Should it be discovered the RINs associated with the ethanol we purchased are invalid, albeit unknowingly, we could be subject to substantial penalties if we are assessed the maximum amount allowed by law. Prior to 2013, the EPA assessed only modest penalties for RIN violations. However, based on EPA penalties assessed on RINs violations in the past few years, in the event of a violation, the EPA could assess penalties, which could have an adverse impact on our profitability.

Compliance with evolving environmental, health and safety laws and regulations, particularly those related to climate change, could be costly.

Our plants emit carbon dioxide as a by-product of ethanol production. In February 2010, the EPA released its final regulations on RFS II, grandfathering our plants at their current authorized capacity. While some of our plants received efficient producer status and no longer rely on grandfathered status, for those still reliant upon it, expansion above these levels will require a 20% reduction in greenhouse gas emissions from the 2005 baseline measurement. Separately, CARB adopted a LCFS that took effect in January 2013, which requires a 10% reduction in the average carbon intensity of gasoline

and diesel transportation fuels from 2010 to 2020. An ILUC component is included in the greenhouse gas emission calculation, which may have an adverse impact on the market for corn-based ethanol in California.

To expand our production capacity, federal and state regulations may require us to obtain additional permits, achieve EPA's efficient producer status under the pathway petition program, install advanced technology or reduce drying distillers grains. Compliance with future laws or regulations to decrease carbon dioxide could be costly and may prevent us from operating our plants as profitably, which may have an adverse impact on our operations, cash flows and financial position.

Global competition could affect our profitability.

We compete with producers in the United States and abroad. Depending on feedstock, labor and other production costs, producers in other countries, such as Brazil, may be able to produce ethanol cheaper than we can. Under RFS II, certain parties are obligated to meet an advanced biofuel standard. In recent years, sugarcane ethanol imported from Brazil has been one of the most economical means for obligated parties to meet this standard. While transportation costs, infrastructure constraints and demand may temper the impact of ethanol imports, foreign competition remains a risk to our business. Moreover, significant additional foreign ethanol production could create excess supply, which could result in lower ethanol prices throughout the world, including the United States. Any penetration of ethanol imports into the domestic market may have a material adverse effect on our operations, cash flows and financial position.

Increased ethanol industry penetration by oil and other multinational companies could impact our margins.

We operate in a very competitive environment and compete with other domestic ethanol producers in a relatively fragmented industry. The top five producers account for approximately 45% of the domestic production capacity with production capacity ranging from 800 mmgy to 1,800 mmgy. The remaining ethanol producers consist of smaller entities engaged exclusively in ethanol production and large integrated grain companies that produce ethanol in addition to their base grain businesses. We compete for capital, labor, corn and other resources with these companies.

Until recently, oil companies, petrochemical refiners and gasoline retailers were not engaged in ethanol production even though they form the primary distribution network for ethanol blended with gasoline. During the past five years, several oil refiners have acquired ethanol production plants. If these companies increase their ethanol plant ownership or additional companies commence production, the need to purchase ethanol from independent producers like us could diminish and adversely effect on our operations, cash flows and financial position.

Sales of distillers grains depend on its continued market acceptance as livestock feed.

Antibiotics may be used during the fermentation process to control bacterial contamination; therefore, it is possible for antibiotics to be present in small quantities in our distillers grains, which is a co-product of the fermentation process and marketed as an animal feed. Should the FDA introduce regulations limiting the sale of such distillers grains in domestic or international markets, the market value of our distillers grains could be diminished, which would negatively impact our profitability.

Independently, if public perception regarding distillers grains as an acceptable animal feed were to change or if the public became concerned about the impact of distillers grains in the food supply, the market for distillers grains could be negatively impacted, which would adversely affect our profitability.

We extract industrial grade corn oil from the whole stillage process before producing distillers grains. Several universities are trying to determine how corn oil extraction affects nutritional energy values of the resulting distillers grains. If it is determined that corn oil extraction adversely affects the digestible energy content of distillers grains, the value of our distillers grains may be affected, which could have a negative impact on our profitability.

International activities such as boycotts, embargoes, product rejection, trade policies and compliance matters, may have an adverse effect on our results of operations.

Government actions abroad can have a significant impact on our business. In 2016, we exported 13% of our ethanol production and 10% of our distillers grains production. In 2013, the EU imposed a five-year tariff of \$83.33 per metric ton on U.S. ethanol to discourage foreign competition. China raised its 5% tariff on U.S. and Brazil fuel ethanol to 30%, effective January 1, 2017.

In 2013, China began rejecting U.S. dried distillers grains because it contained genetically modified corn not yet

approved for import. In early 2015, China lifted this ban and imported 6.3 million metric tons of U.S. distillers grains that year. In January 2016, China's Ministry of Commerce once again initiated an anti-dumping investigation into U.S.-produced dried distillers grains exported to China. In January of 2017, the Ministry of Commerce of China announced it increased anti-dumping duties on U.S. distillers grains, ranging from 42.2% to 53.7%. According to the USDA, in 2016, approximately 31% of distillers grain produced in the United States was exported, down from 34% in 2015. With reduced exports, the value of our distillers grains may be affected, which could have a negative impact on our profitability.

Our agribusiness operations are subject to significant government regulations.

Our agribusiness operations are regulated by various government entities that can impose significant costs on our business. Failure to comply could result in additional expenditures, fines or criminal action. Our production levels, markets and grains we merchandise are affected by federal government programs, which include USDA acreage control and price support programs. Government policies such as tariffs, duties, subsidies, import and export restrictions and embargos can also impact our business. Changes in government policies and producer support could impact the type and amount of grains planted, which could affect our ability to buy grain. Export restrictions or tariffs could limit sales opportunities outside of the United States.

Commodities futures trading is subject to extensive regulations.

The futures industry is subject to extensive regulation. Since we use exchange-traded futures contracts as part of our business, we are required to comply with a wide range of requirements imposed by the CFTC, National Futures Association and the exchanges on which we trade. These regulatory bodies are responsible for safeguarding the integrity of the futures markets and protecting the interests of market participants. As a market participant, we are subject to regulation concerning trade practices, business conduct, reporting, position limits, record retention, the conduct of our officers and employees, and other matters.

Failure to comply with the laws, rules or regulations applicable to futures trading could have adverse consequences. Such claims could result in fines, settlements or suspended trading privileges, which could have a material adverse impact on our business, financial condition or operating results.

Owning and operating a cattle feedlot operation involves numerous external factors that are outside of our control.

Our cattle feedlot operation involves numerous risks that could lead to increased costs or decreased demand for beef products, which could have an adverse effect on our results of operations and financial condition, including:

- constantly changing and potentially volatile supply and demand, which affect the cost of livestock and feed ingredients and the sales price of our cattle;
- outbreak of disease in our feedlot or public perception that an outbreak has occurred, which could lead to inadequate supply, reduced consumer confidence in the safety and quality of beef products, adverse publicity, cancellation of orders and import or export restrictions;
- contamination or allegations of contamination of our products or our competitors' products, which could subject us to product liability claims or product recalls;
- liabilities in excess of our insurance policy limits or related uninsurable risks if outbreaks of disease or other conditions result in significant losses;
- inability to attract sufficient customers to maximize operational efficiencies;
- loss of one or more major customers, a substantial decline in customer orders or a significant decrease in beef prices for a sustained period of time;
- customer defaults on cattle, feed or other input financing;
- diminished access to international markets, including import trade restrictions due to disease or other perceived health or food safety issues, or changes in political or economic conditions;
- reduced red meat consumption due to dietary changes or other issues, leading to depressed cattle prices;
- increased water costs due to water use restrictions, including those related to diminishing water table levels;
- operational restrictions resulting from government regulations; and

- risks relating to environmental hazards.

Owning and operating a vinegar production business involves numerous external factors that are outside of our control.

Our Fleischmann's Vinegar operations involve numerous risks that could lead to increased costs or decreased demand for products, which could have an adverse effect on our results of operations and financial condition, including:

- we use many different products in the production of vinegar, which are subject to price volatility caused by market fluctuations, and potentially volatile supply and demand. Commodity price increases may increase raw material, packaging, energy and operating costs. We may not be able to increase our product prices to fully offset these increased costs, which may result in reduced sales volume, margins and profitability;
- changes in our relationships with significant customers or suppliers could adversely affect us, as the loss of a significant customer or a material reduction in sales to a significant customer could materially and adversely affect our product sales and results of operations;
- our ability to manufacture, transport and sell our products is critical to our success and any disruptions in our supply chain could have an adverse impact on our business and results of operations;
- the food ingredients industry is highly competitive and further consolidation in the industry would likely increase competition;
- our customers have continued to consolidate, resulting in fewer customers upon which we can rely for business. These consolidations have produced large sophisticated customers with increased buying power and negotiating strength, which could have a negative impact on profits;
- consumer preferences evolve over time and the success of our products depends on our ability to identify the tastes of consumers and work with manufacturers to develop products that appeal to those preferences;
- food ingredients used in products for human consumption may be subject to product liability claims and product recalls which could negatively impact our profitability;
- our facilities and products are subject to many laws and regulations administered by various federal, state and local government agencies related to processing, packaging, storage, distribution, quality and safety of food products, the health and safety of our employees and the protection of the environment. Failure to comply with applicable laws and regulations could subject us to lawsuits, administrative penalties and civil remedies including fines, injunctions and recalls of our products; and
- A portion of our workforce is unionized and we may face labor disruptions that may interfere with our operations.

Our success depends on our ability to manage our growing and changing operations.

Since our formation in 2004, our business has grown significantly in size, products and complexity. This growth places substantial demands on our management, systems, internal controls, and financial and physical resources. If we acquire additional operations, we may need to further develop our financial and managerial controls and reporting systems, and could incur expenses related to hiring additional qualified personnel and expanding our information technology infrastructure. Our ability to manage growth effectively could impact our results of operations, financial position and cash flows.

Replacement technologies could make corn-based ethanol or our process technology obsolete.

Ethanol is used primarily as an octane additive and oxygenate blended with gasoline. Critics of ethanol blends argue that it decreases fuel economy, causes corrosion and damages fuel pumps. Prior to federal restrictions and ethanol mandates, methyl tertiary-butyl ether, or MTBE, was the leading oxygenate. Other ether products could enter the market and prove to be environmentally or economically superior to ethanol. Alternative biofuel alcohols, such as methanol and butanol, could evolve and replace ethanol.

Research is currently underway to develop products that have advantages over ethanol, such as: lower vapor pressure, making it easier to add to gasoline; similar energy content as gasoline, reducing any decrease in fuel economy caused by blending with gasoline; ability to blend at higher concentration levels in standard vehicles; and reduced susceptibility to separation when water is present. Products offering a competitive advantage over ethanol could reduce our ability to generate revenue and profits from ethanol production.

New ethanol process technologies could emerge that require less energy per gallon to produce and result in lower production costs. Our process technologies could become obsolete and place us at a competitive disadvantage, which could have a material adverse effect on our operations, cash flows and financial position.

We may be required to provide remedies for ethanol, distillers grains or corn oil that does not meet the specifications defined in our sales contracts.

If we produce or purchase ethanol, distillers grains or corn oil that does not meet the specifications defined in our sales contracts, we may be subject to quality claims. We could be required to refund the purchase price of any non-conforming product or replace the non-conforming product at our expense. Ethanol, distillers grains or corn oil that we purchase or market and subsequently sell to others could result in similar claims if the product does not meet applicable contract specifications, which could have an adverse impact on our profitability.

Business disruptions due to unforeseen operational failures or factors outside of our control could impact our ability to fulfill contractual obligations.

Natural disasters, significant track damage resulting from a train derailment or strikes by our transportation providers could delay shipments of raw materials to our plants or deliveries of ethanol, distillers grains, corn oil, cattle and vinegar to our customers. If we are unable to meet customer demand or contract delivery requirements due to stalled operations caused by business disruptions, we could potentially lose customers.

Adverse weather conditions, such as inadequate or excessive amounts of rain during the growing season, overly wet conditions, an early freeze or snowy weather during harvest could impact the supply of corn that is needed to produce ethanol. Corn stored in an open pile may be damaged by rain or warm weather before the corn is dried, shipped or moved into a storage structure.

Our ethanol-related assets may be at greater risk of terrorist attacks, threats of war or actual war, than other possible targets.

Terrorist attacks in the United States, including threats of war or actual war, may adversely affect our operations. A direct attack on our ethanol production plants, or our partnership's storage facilities, fuel terminals and railcars could have a material adverse effect on our financial condition, results of operations and cash flows. Furthermore, a terrorist attack could have an adverse impact on ethanol prices. Disruption or significant increases in ethanol prices could result in government-imposed price controls.

Our network infrastructure, enterprise applications and internal technology systems could be damaged or otherwise fail and disrupt business activities.

Our network infrastructure, enterprise applications and internal technology systems are instrumental to the day-to-day operations of our business. Numerous factors outside of our control, including earthquakes, floods, lightning, tornados, fire, power loss, telecommunication failures, computer viruses, physical or electronic vandalism or similar disruptions could result in system failures, interruptions or loss of critical data and prevent us from fulfilling customer orders. We cannot provide assurance that our backup systems are sufficient to mitigate hardware or software failures, which could result in business disruptions that negatively impact our operating results and damage our reputation.

We could be adversely affected by cyber-attacks, data security breaches and significant information technology systems interruptions.

Information security risks have generally increased in recent years as a result of the proliferation of new technologies and the increased sophistication and frequency of cyber-attacks and data security breaches. To manage the risk associated with potential technology security breaches, we have implemented security measures to protect us against cyber-based attacks and disaster recovery plans for our critical systems. However, our information technology systems and network infrastructure may be subject to unauthorized access or attack at any time and there can be no assurances that our infrastructure protection technologies and disaster recovery plans are sufficient to prevent a technology systems breach, systems failure, business interruption or loss of sensitive data. The potential impact of any of these incidents, should they occur, could be material and have an adverse impact to our revenues, operating results, financial condition or damage our reputation.

We may not be able to hire and retain qualified personnel to operate our facilities.

Our success depends, in part, on our ability to attract and retain competent employees. Qualified managers, engineers, merchandisers and other personnel must be hired for each of our locations. If we are unable to hire and retain productive, skilled personnel, we may not be able to maximize production, optimize plant operations or execute our business strategy.

We have had a history of operating losses and could incur future operating losses.

In the last five years, we incurred operating losses during certain quarters and could incur operating losses in the future that are substantial. Although we have had periods of sustained profitability, we may not be able to maintain or increase profitability on a quarterly or annual basis, which could impact the market price of our common stock and the value of your investment.

We are required to comply with a number of covenants under our existing loan agreements that could hinder our growth.

The loan agreements governing our secured debt financing and our convertible senior notes contain a number of restrictive affirmative and negative covenants, which limit our ability to incur additional debt; exceed certain limits; pay dividends or distributions; or merge, consolidate or dispose of substantially all of our assets.

We are required to maintain specified financial ratios, including minimum cash flow coverage, working capital and tangible net worth under certain loan agreements. Other agreements require us to use a portion of excess cash flow generated by our operations to prepay the respective term debt. A breach of these covenants could result in default, and if such default is not cured or waived, our lenders could accelerate our debt and declare it immediately due and payable. If this occurs, we may not be able to repay or borrow sufficient funds to refinance the debt. Even if financing is available, it may not be on acceptable terms. No assurance can be given that our future operating results will be sufficient to comply with these covenants or remedy default.

In the past, we have received waivers from our lenders for failure to meet certain financial covenants and amended our loan agreements to change these covenants. In the event we are unable to comply with these covenants in the future, we cannot provide assurance that we will be able to obtain the necessary waivers or amend our loan agreements to prevent default. Under our convertible senior notes, default on any loan in excess of \$10.0 million could result in the notes being declared due and payable, which would have a material and adverse effect on our ability to operate.

We operate in a capital intensive business and rely on cash generated from operations and external financing, which could be limited.

Some ethanol producers have faced financial distress, culminating to bankruptcy filings by several companies over the past seven years. This, combined with capital market volatility, has resulted in reduced available capital for the ethanol industry in general. The majority of our ethanol plants' operations are funded by long-term credit facilities. Increased commodity prices could increase liquidity requirements. Our operating cash flow is dependent on overall commodity market conditions as well as our ability to operate profitably. In addition, we may need to raise additional financing to fund growth. In some market environments, we may have limited access to incremental financing, which could defer or cancel growth projects, reduce business activity or cause us to default on our existing debt agreements if we are unable to meet our payment schedules. These events could have an adverse effect on our operations and financial position.

Our subsidiaries' debt facilities have ongoing payment requirements that we generally expect to meet from their operating cash flow. Our ability to repay current and anticipated future debt will depend on our financial and operating performance and successful implementation of our business strategies. Our financial and operational performance will depend on numerous factors including prevailing economic conditions, commodity prices, and financial, business and other factors beyond our control. If we cannot repay, refinance or extend our current debt at scheduled maturity dates, we could be forced to reduce or delay capital expenditures, sell assets, restructure our debt or seek additional capital. If we are unable to restructure our debt or raise funds, our operations and growth plans could be harmed and the value of our stock could be significantly reduced.

We have limitations, as a holding company, in our ability to receive distributions from our subsidiaries.

We conduct most of our operations through our subsidiaries and rely on dividends or intercompany transfers of funds to generate free cash flow. Some of our subsidiaries are currently, or are expected to be, limited in their ability to pay dividends or make distributions under the terms of their financing agreements. Consequently, we cannot rely on the cash flow from one

subsidiary to satisfy the loan obligations of another subsidiary. As a result, if a subsidiary is unable to satisfy its loan obligations, we may not be able to prevent default by providing additional cash to that subsidiary, even if sufficient cash exists elsewhere within our organization.

We are exposed to credit risk that could result in losses or affect our ability to make payments should a counterparty fail to perform according to the terms of our agreement.

We are exposed to credit risk from a variety of customers, including major integrated oil companies, large independent refiners, petroleum wholesalers, cattle packers, food companies and other ethanol plants. We are also exposed to credit risk with major suppliers of petroleum products and agricultural inputs when we make payments for undelivered inventories. Our fixed-price forward contracts are subject to credit risk when prices change significantly prior to delivery. The inability by a third party to pay us for our sales, provide product that was paid for in advance or deliver on a fixed-price contract could result in a loss and adversely impact our liquidity and ability to make our own payments when due.

We may incur a loss should our counterparty fail to perform under a third-party marketing agreement.

Under a third-party marketing agreement, we purchase their ethanol production and sell it in various markets for future deliveries. Under the terms of the agreement, the third-party is not obligated to produce a minimum volume, therefore, we may not receive the full amount of ethanol the third-party plant is expected to produce. Any interruption or curtailment of production could force us to purchase ethanol at higher prices to meet contractual obligations. Recoveries would be dependent on the third party's ability to pay, which could negatively impact our profitability.

We may not have adequate insurance to cover losses from certain events.

Losses related to risks that are not covered by insurance or available under acceptable terms such as war, riots or terrorism could have a material adverse effect on our operations, cash flows and financial position.

Certain of our ethanol production plants, fuel terminals and vinegar operations are located within recognized seismic and flood zones. We modified our facilities to comply with regional structural requirements for those regions of the country and obtained additional insurance coverage specific to earthquake and flood risks for the applicable plants and fuel terminals. We cannot provide assurance that these facilities would remain in operation should a seismic or flood event occur, which would adversely affect our operations.

Disruptions in the credit market or a downgrade in our credit rating could limit our access to capital.

We may need additional capital to fund our growth or other business activities in the future. If our credit rating is downgraded, the cost of capital under our existing or future financing arrangements could increase and affect our ability to trade with various commercial counterparties or cause our counterparties to require additional forms of credit support. If capital markets are disrupted, we may not be able to access capital at all or capital may only be available under less favorable terms.

Risks Related to the Partnership

We depend on the partnership to provide fuel storage and transportation services.

The partnership's operations are subject to all of the risks and hazards inherent in the storage and transportation of fuel, including: damages to storage facilities, railcars and surrounding properties caused by floods, fires, severe weather, explosions, natural disasters or acts of terrorism; mechanical or structural failures at the partnership's facilities or at third-party facilities at which its operations are dependent; curtailments of operations relative to severe weather; and other hazards, resulting in severe damage or destruction of the partnership's assets or temporary or permanent shut-down of the partnership's facilities. If the partnership is unable to serve our storage and transportation needs, our ability to operate our business could be adversely impacted, which could adversely affect our financial condition and results of operations. The inability of the partnership to continue operations, for any reason, could also impact the value of our investment in the partnership and, because the partnership is a consolidated entity, our business, financial condition and results of operations.

The partnership may not have sufficient available cash to pay quarterly distributions on its units.

The amount of cash the partnership can distribute depends on how much cash is generated from operations, which can fluctuate from quarter to quarter based on ethanol and other fuel volumes, handling fees, payments associated with minimum

volume commitments, timely payments by subsidiaries and other third parties, and prevailing economic conditions. The amount of cash available for distribution also depends on the partnership's operating and general and administrative expenses, capital expenditures, acquisitions and organic growth projects, debt service requirements, working capital needs, ability to borrow funds and access capital markets, revolving credit facility restrictions, cash reserves and other risks affecting cash levels. Increasing the partnership's borrowings or other debt to finance its growth strategy could increase interest expense, which could impact the amount of cash available for distributions.

There are no limitations in the partnership agreement regarding its ability to issue additional units. Should the partnership issue additional units in connection with an acquisition or expansion, the distributions on the incremental units will increase the risk that the partnership will be unable to maintain or increase distributions on a per unit basis.

Increases in interest rates could adversely impact the partnership's unit price, ability to issue equity or incur debt, and pay cash distributions at intended levels.

The partnership's cash distributions and implied distribution yield affect its unit price. Distributions are often used by investors to compare and rank yield-oriented securities when making investment decisions. A rising interest rate environment could have an adverse impact on the partnership's unit price, ability to issue equity or incur debt or pay cash distributions at intended levels, which could adversely impact the value of our investment in the partnership.

We may be required to pay taxes on our share of the partnership's income that are greater than the cash distributions we receive from the partnership.

The unitholders of the partnership generally include, for purposes of calculating their U.S. federal, state and local income taxes, their share of the partnership's taxable income, whether they have received cash distributions from the partnership. We ultimately may not receive cash distributions from the partnership equal to our share of taxable income or the taxes that are due with respect to that income, which could negatively impact our liquidity.

A majority of the executive officers and directors of the partnership are also officers of our company, which could result in conflicts of interest.

We indirectly own and control the partnership and appoint all of its officers and directors. A majority of the executive officers and directors of the partnership are also officers or directors of our company. Although our directors and officers have a fiduciary responsibility to manage the company in a manner that is beneficial to us, as directors and officers of the partnership, they also have certain duties to the partnership and its unitholders. Conflicts of interest may arise between us and our affiliates, and the partnership and its unitholders, and in resolving these conflicts, the partnership may favor its own interests over the company's interests. In certain circumstances, the partnership may refer conflicts of interest or potential conflicts of interest to its conflicts committee, which must consist entirely of independent directors, for resolution. The conflicts committee must act in the best interests of the public unitholders of the partnership. As a result, the partnership may manage its business in a manner that differs from the best interests of the company or our stockholders, which could adversely affect our profitability.

Cash available for distributions could be reduced and likely cause a substantial reduction in unit value if the partnership became subject to entity-level taxation for federal income tax purposes.

The present federal income tax treatment of publicly traded partnerships or investments in its units could be modified, at any time, by administrative, legislative or judicial changes and interpretations. From time to time, members of Congress propose and consider substantive changes to the existing federal income tax laws that affect publicly traded partnerships. Should any legislative proposal eliminate the qualifying income exception, all publicly traded partnerships would be treated as corporations for federal income tax purposes. The partnership would be required to pay federal income tax on its taxable income at the corporate tax rate and likely state and local income taxes at varying rates as well. Distributions to unitholders would be taxed as corporate distributions. The partnership's cash available for distributions and the value of the units would be substantially reduced.

Risks Related to our Common Stock

The price of our common stock may be highly volatile and subject to factors beyond our control.

Some of the many factors that can influence the price of our common stock include:

- our results of operations and the performance of our competitors;
- public's reaction to our press releases, public announcements and filings with the SEC;
- changes in earnings estimates or recommendations by equity research analysts who follow us or other companies in our industry;
- changes in general economic conditions;
- changes in market prices for our products or raw materials and related substitutes;
- sales of common stock by our directors, executive officers and significant shareholders;
- actions by institutional investors trading in our stock;
- disruptions in our operations;
- changes in our management team;
- other developments affecting us, our industry or our competitors; and
- U.S. and international economic, legal and regulatory factors unrelated to our performance.

In recent years the stock market has experienced significant price and volume fluctuations, which are sometimes unrelated to the operating performance of any particular company. These broad market fluctuations could materially reduce the price of our common stock price based on factors that have little or nothing to do with our company or its performance.

Anti-takeover provisions could make it difficult for a third party to acquire us.

Our restated articles of incorporation, restated bylaws and Iowa's law contain anti-takeover provisions that could delay or prevent change in control of us or our management. These provisions discourage proxy contests, making it difficult for our shareholders to elect directors or take other corporate actions without the consent of our board of directors, which include:

- board members have three-year staggered terms;
- board members can only be removed for cause with an affirmative vote of no less than two-thirds of the outstanding shares;
- shareholder action can only be taken at a special or annual meeting, not by written consent except where required by Iowa law;
- shareholders are restricted from making proposals at shareholder meetings; and
- the board of directors can issue authorized or unissued shares of stock.

We are subject to the provisions of the Iowa Business Corporations Act, which prohibits combinations between an Iowa corporation whose stock is publicly traded or held by more than 2,000 shareholders and an interested shareholder for three years unless certain exemption requirements are met.

Provisions in the convertible notes could also make it more difficult or too expensive for a third party to acquire us. If a takeover constitutes a fundamental change, holders of the notes have the right to require us to repurchase their notes in cash. If a takeover constitutes a make-whole fundamental change, we may be required to increase the conversion rate for holders who convert their notes. In either case, the obligation under the notes could increase the acquisition cost and discourage a third party from acquiring us.

These items discourage transactions that could otherwise command a premium over prevailing market prices and may limit the price investors are willing to pay for our stock.

Non-U.S. shareholders may be subject to U.S. income tax on gains related to the sale of their common stock.

If we are a U.S. real property holding corporation during the shorter of the five-year period before the stock was sold or the period the stock was held by a non-U.S. shareholder, the non-U.S. shareholder could be subject to U.S. federal income tax on gains related to the sale of their common stock. Whether we are a U.S. real property holding corporation depends on the fair market value of our U.S. real property interests relative to our other trade or business assets and non-U.S. real property

interests. We cannot provide assurance that we are not a U.S. real property holding corporation or will not become one in the future.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We believe the property owned and leased at our locations is sufficient to accommodate our current needs, as well as potential expansion.

A substantial portion of our owned real property is used to secure our loans. See *Note 11 – Debt* included as part of the notes to consolidated financial statements for information about our loan agreements.

Corporate

We lease approximately 54,000 square feet of office space at 1811 Aksarben Drive in Omaha, Nebraska for our corporate headquarters, which houses our corporate administrative functions and commodity trading operations.

Ethanol Production Segment

We own approximately 2,800 acres of land and lease approximately 78 acres of land at and around our ethanol production facilities. As detailed in our discussion of the ethanol production segment in *Item 1 – Business*, our ethanol plants have the capacity to produce approximately 1.5 billion gallons of ethanol per year.

Agribusiness and Energy Services Segment

We own approximately 63 acres of land at our five grain elevators. As detailed in our discussion in *Item 1 – Business*, our agribusiness and energy services segment facilities include five grain elevators with combined grain storage capacity of approximately 11.6 million bushels, and grain storage capacity at our ethanol plants of approximately 48.7 million bushels.

Our marketing operations are conducted primarily at our corporate office, in Omaha, Nebraska.

Food and Food Ingredients Segment

We own approximately 2,590 acres of land at our cattle feedlot operation. We also own approximately 64 acres of land and lease approximately three acres of land at our vinegar operation. We also lease office space for our vinegar operation in Cerritos, California and Quebec, Canada. As detailed in our discussion of the food and food ingredients segment in *Item 1 – Business*, our cattle feedlot operation has the capacity to support 73,000 head of cattle and 2.8 million bushels of grain storage capacity, and our vinegar operation has seven production facilities and four distribution warehouses.

Partnership Segment

Our partnership owns approximately five acres of land and leases approximately 19 acres of land at eight locations in seven states, as disclosed in *Item 1 – Business*, where its fuel terminals are located and owns approximately 54 acres and leases approximately two acres where its storage facilities are located at our ethanol production facilities.

Item 3. Legal Proceedings.

We are currently involved in litigation that has occurred in the ordinary course of doing business. We do not believe this will have a material adverse effect on our financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock trades under the symbol "GPPE" on Nasdaq. The following table lists the common stock's highest and lowest price and quarterly cash dividends per share for the periods indicated:

Year Ended December 31, 2016	High	Low	Quarterly Cash Dividend Per Share
Three months ended December 31, 2016 (1)	\$ 29.85	\$ 22.40	\$ 0.12
Three months ended September 30, 2016	26.82	19.73	0.12
Three months ended June 30, 2016	20.86	14.46	0.12
Three months ended March 31, 2016	23.26	12.39	0.12

Year Ended December 31, 2015	High	Low	Quarterly Cash Dividend Per Share
Three months ended December 31, 2015	\$ 24.42	\$ 18.52	\$ 0.12
Three months ended September 30, 2015	28.16	17.13	0.12
Three months ended June 30, 2015	34.05	26.60	0.08
Three months ended March 31, 2015	30.20	20.31	0.08

(1) The closing price of our common stock on December 30, 2016 was \$27.85.

Holdings of Record

We had 2,160 holders of record of our common stock, not including beneficial holders whose shares are held in names other than their own, on February 14, 2017. This figure does not include approximately 35.0 million shares held in depository trusts.

Dividend Policy

In August 2013, our board of directors initiated a quarterly cash dividend, which we have paid every quarter since and anticipate paying in future quarters. On February 8, 2017, our board of directors declared a quarterly cash dividend of \$0.12 per share. The dividend is payable on March 17, 2017, to shareholders of record at the close of business on February 24, 2017. Future declarations are subject to board approval and may be adjusted as our cash position, business needs or market conditions change.

Issuer Purchases of Equity Securities

Employees surrender shares when restricted stock grants are vested to satisfy statutory minimum required payroll tax withholding obligations. There were no shares that were surrendered during the fourth quarter of 2016.

In August 2014, we announced a share repurchase program of up to \$100 million of our common stock. Under this program, we may repurchase shares in open market transactions, privately negotiated transactions, accelerated buyback programs, tender offers or by other means. The timing and amount of the transactions are determined by management based on its evaluation of market conditions, share price, legal requirements and other factors. The program may be suspended, modified or discontinued at any time, without prior notice. There were no shares repurchased under the program during the fourth quarter of 2016. Approximately \$90.0 million of shares are remaining to be repurchased under the program.

Recent Sales of Unregistered Securities

None.

Equity Compensation Plans

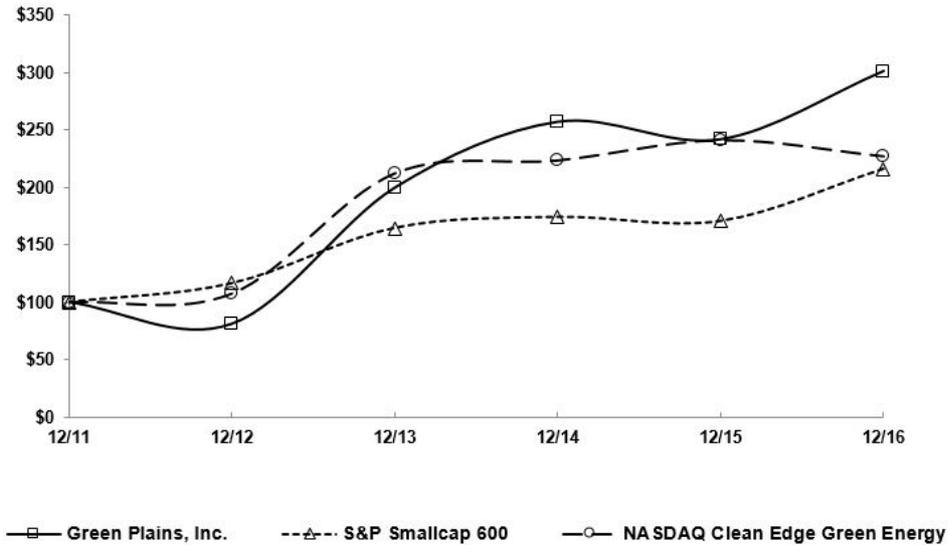
Refer to *Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* for information regarding shares authorized for issuance under equity compensation plans.

Performance Graph

The following graph compares our cumulative total return with the S&P Smallcap 600 Index and the Nasdaq Clean Edge Green Energy Index (CELS) for each of the five years ended December 31, 2016. The graph assumes a \$100 investment in our common stock and each index at December 31, 2011, and that all dividends were reinvested.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Green Plains, Inc., the S&P Smallcap 600 Index and the NASDAQ Clean Edge Green Energy Index



*\$100 invested on 12/31/11 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

	12/11	12/12	12/13	12/14	12/15	12/16
Green Plains Inc.	\$ 100.00	\$ 81.05	\$ 199.52	\$ 256.94	\$ 241.72	\$ 301.17
S&P Smallcap 600	100.00	116.33	164.38	173.84	170.41	215.67
Nasdaq Clean Edge Green Energy	100.00	107.45	212.14	223.41	241.05	227.07

The information in the graph will not be considered solicitation material, nor will it be filed with the SEC or incorporated by reference into any future filing under the Securities Act or the Exchange Act, unless we specifically incorporate it by reference into our filing.

Item 6. Selected Financial Data.

The statement of income data for the years ended December 31, 2016, 2015 and 2014 and the balance sheet data as of December 31, 2016 and 2015 are derived from our audited consolidated financial statements and should be read together with the accompanying notes included elsewhere in this report.

The statement of income data for the years ended December 31, 2013 and 2012 and the balance sheet data as of December 31, 2014, 2013 and 2012 are derived from our audited consolidated financial statements that are not included in this report, which describe a number of matters that materially affect the comparability of the periods presented.

The following selected financial data should be read together with *Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations* of this report. The financial information below is not necessarily indicative of results to be expected for any future period. Future results could differ materially from historical results due to numerous factors, including those discussed in *Item 1A – Risk Factors* of this report.

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Statement of Income Data:					
(in thousands, except per share information)					
Revenues	\$ 3,410,881	\$ 2,965,589	\$ 3,235,611	\$ 3,041,011	\$ 3,476,870
Costs and expenses	3,319,193	2,904,512	2,949,337	2,933,160	3,459,118
Gain on disposal of assets (1)	-	-	-	-	47,133
Operating income	91,688	61,077	286,274	107,851	64,885
Total other expense	53,337	39,612	35,844	35,570	39,729
Net income	30,491	15,228	159,504	43,391	11,763
Net income attributable to Green Plains	10,663	7,064	159,504	43,391	11,779
Earnings per share attributable to Green Plains:					
Basic	\$ 0.28	\$ 0.19	\$ 4.37	\$ 1.44	\$ 0.39
Diluted	\$ 0.28	\$ 0.18	\$ 3.96	\$ 1.26	\$ 0.39

Other Data: (Non-GAAP)

EBITDA (unaudited and in thousands)	\$ 174,428	\$ 127,781	\$ 352,477	\$ 156,492	\$ 115,505
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	December 31,				
	2016	2015	2014	2013	2012
Balance Sheet Data (in thousands):					
Cash and cash equivalents	\$ 304,211	\$ 384,867	\$ 425,510	\$ 272,027	\$ 254,289
Current assets	1,000,576	912,577	903,415	633,305	568,035
Total assets	2,506,492	1,917,920	1,821,062	1,532,045	1,349,734
Current liabilities	594,946	438,669	511,540	409,197	432,384
Long-term debt	782,610	432,139	399,440	480,746	362,549
Total liabilities	1,527,301	959,011	1,023,613	986,687	859,232
Stockholders' equity	979,191	958,909	797,449	545,358	490,502

(1) In December 2012, we sold 12 grain elevators located in northwestern Iowa and western Tennessee consisting of approximately 32.6 million bushels of grain storage capacity and all of our agronomy and retail petroleum operations.

Management uses earnings before interest, income taxes, depreciation and amortization, or EBITDA, to compare the financial performance of our business segments and manage those segments. Management believes EBITDA is a useful measure to compare our performance against other companies. EBITDA should not be considered an alternative to, or more meaningful than, net income or cash flow, which are determined in accordance with GAAP. EBITDA calculations may vary from company to company. Accordingly, our computation of EBITDA may not be comparable with a similarly titled measure of another company.

The following table reconciles net income to EBITDA for the periods indicated (in thousands):

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Net income	\$ 30,491	\$ 15,228	\$ 159,504	\$ 43,391	\$ 11,763
Interest expense	51,851	40,366	39,908	33,357	37,521
Income tax expense	7,860	6,237	90,926	28,890	13,393
Depreciation and amortization	84,226	65,950	62,139	50,854	52,828
EBITDA (unaudited)	<u>\$ 174,428</u>	<u>\$ 127,781</u>	<u>\$ 352,477</u>	<u>\$ 156,492</u>	<u>\$ 115,505</u>

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

The following discussion and analysis includes information management believes is relevant to understand and assess our consolidated financial condition and results of operations. This section should be read in conjunction with our consolidated financial statements, accompanying notes and the risk factors contained in this report.

Overview

Green Plains is an Iowa corporation, founded in June 2004 as an ethanol producer. We have grown through acquisitions of operationally efficient ethanol production facilities and adjacent commodity processing businesses, and are focused on generating stable operating margins through our diversified business segments and risk management strategy. We own and operate assets throughout the ethanol value chain: upstream, with grain handling and storage; through our ethanol production facilities; and downstream, with marketing and distribution services, to mitigate commodity price volatility, which differentiates us from companies focused only on ethanol production. Our other businesses leverage our supply chain, production platform and expertise.

Our profitability is highly dependent on commodity prices, particularly for ethanol, distillers grains, corn oil, corn, natural gas and cattle. Since market price fluctuations of these commodities are not always correlated, our operations may be unprofitable at times. We use a variety of risk management tools and hedging strategies to monitor price risk exposure at each of our plants and lock in favorable margins or reduce production when margins are compressed. Our adjacent businesses integrate complementary but more predictable revenue streams that diversify our operations and profitability.

More information about our business, properties and strategy can be found *under Item 1 – Business* and a description of our risk factors can be found *under Item 1A – Risk Factors*.

Industry Factors Affecting our Results of Operations

U.S. Ethanol Supply and Demand

Domestic ethanol production increased to an estimated 15.3 billion gallons in 2016 from 14.8 billion gallons in 2015, according to the EIA. Production capacity grew predominantly through plant optimization and expansions versus new construction projects. There were 213 ethanol plants with total production capacity of 15.8 bgy as of December 1, 2016, compared with 216 ethanol plants with production capacity of 15.7 bgy one year ago according to the Renewable Fuels Association.

Ethanol consumption is correlated with consumer gasoline demand, which reached a ten-year high in 2016 in the U.S. of 143.2 billion gallons. Ethanol accounted for approximately 10% of the U.S. gasoline market in 2016, or 14.2 billion gallons, up from 13.9 billion gallons in 2015. Ethanol is used by oil refiners, integrated oil companies and gasoline retailers to reduce vehicle emissions and increase octane levels. Despite trading at a premium to gasoline for most of 2016, ethanol continued to be the most economical oxygenate over Gulf Coast alkylate and reformate substitutes, and the most affordable source of octane over Gulf Coast 93 and toluene substitutes.

Increased automaker approval, consumer acceptance and availability of higher ethanol blends such as E15 also helped to support domestic demand. Automakers have explicitly approved the use of E15 in more than 70% of 2016 models sold in the

United States. In 2014, a broad U.S. ethanol industry group formed Prime the Pump, a nonprofit organization, to invest private funds into retail gasoline infrastructure to increase the number of retail outlets offering higher blends of ethanol. In 2015, the USDA provided funding through the Biofuel Infrastructure Partnership, adding to the private funds provided by ethanol industry participants. There were 627 retail fuel stations in 28 states offering E15 to consumers as of January 24, 2017.

Federal mandates supporting the use of renewable fuels are also a significant driver of ethanol demand in the United States. Ethanol policies are influenced by environmental concerns and an interest in reducing the country's dependence on foreign oil. When RFS II was established in October 2010, the required volume of conventional renewable fuel to be blended with gasoline was to increase each year until it reached 15.0 billion gallons in 2015, which left the EPA to address existing limitations in both supply (ethanol production) and demand (usage of ethanol blends in older vehicles). On November 23, 2016, the EPA announced the final 2017 renewable volume obligations for conventional ethanol, which met the 15.0-billion-gallon congressional target for the first time, up from 14.5 billion gallons in 2016 and 14.05 billion gallons in 2015. The 2017 renewable volume obligations are pending final review by the incoming presidential administration.

Global Ethanol Supply and Demand

The United States and Brazil account for more than 80% of all ethanol production worldwide, according to the USDA. Global production increased to 25.7 billion gallons in 2015 from approximately 24.6 billion gallons in 2014, according to the Renewable Fuels Association. The United States has been the world's largest producer and consumer of ethanol since 2010. Approximately 7% of the ethanol produced domestically is marketed worldwide and competes globally with other sources of octane and oxygenates.

Demand for cleaner, more sustainable transportation fuel is growing worldwide. Ethanol has become a crucial component of the global fuel supply as an economical oxygenate and source of octanes. According to the Global Renewable Fuels Alliance, 35 countries, including the EU which is regulated by a single policy with specific national targets for each country, have mandates or planned targets in place for blending ethanol and biodiesel with transportation fuels to reduce harmful emissions. As countries establish mandates or raise their required blend percentages, new export opportunities for U.S. producers are likely to emerge.

Government actions abroad can have a significant impact on the ethanol industry. For example, China indicated its intention to raise its 5% tariff on U.S. and Brazil fuel ethanol to 30%, effective January 1, 2017. Although the ethanol export markets are affected by competition from other ethanol exporters, particularly Brazil, and in spite of the actions by China, we believe exports will remain active in 2017.

Overall, the U.S. ethanol industry is producing at levels to meet current domestic and export demand. According to the EIA, in 2016, U.S. net exports were approximately 1.0 billion gallons. Brazil and Canada remained the two largest export destinations for U.S. ethanol, which accounted for 26% and 25%, respectively, of U.S. ethanol exports. China, India and the Philippines accounted for 17%, 8% and 5%, respectively, of U.S. ethanol exports.

Co-Product Supply and Demand

According to the USDA, the United States produced approximately 48 million tons of distillers grains resulting from ethanol production in 2016, of which 11.5 million tons were exported. Approximately 70% of the volume went to the following six countries, China, Mexico, Vietnam, South Korea, Turkey and Thailand, which accounted for 21%, 17%, 10%, 8%, 7% and 7% of domestic exports, respectively.

Legislation and Regulation

In the United States, the federal government mandates the use of renewable fuels under RFS II, which has been a driving factor in the growth of domestic ethanol usage. The EPA assigns individual refiners, blenders and importers the volume of renewable fuels they are obligated to use based on their percentage of total fuel sales. In November 2016, the EPA announced the final 2017 renewable volume obligations for conventional ethanol of 15.0 billion gallons.

Obligated parties use RINs to show compliance with RFS-mandated volumes. RINs are attached to renewable fuels by producers and detached when the renewable fuel is blended with transportation fuel or traded in the open market. The market price of detached RINs affects the price of ethanol in certain markets and influences the purchasing decisions by obligated parties. In November 2016, the EPA also proposed denying a petition to change the point of obligation under RFS II to the parties that own the gasoline before it is sold. In December 2016, the EPA extended the comment period to February 2017.

The point of obligation does not directly impact ethanol producers; however, moving the point of obligation could indirectly affect ethanol producers.

In January 2017, the Trump administration imposed a government-wide freeze on new and pending regulations, which included the 2017 renewable volume obligations that was originally intended to go into effect on February 10, 2017. Regulatory freezes are a common practice during a change in administration and we believe the current administration will continue to be supportive of ethanol in accordance with the current laws.

Consumer acceptance of E15 and E85 fuels and flex-fuel vehicles is one factor that may be necessary before ethanol can achieve significant growth in U.S. market share. Another important factor is a waiver in the Clean Air Act, known as the “One-Pound Waiver,” which allows E10 blends during the summer months, even though it exceeds the Reid vapor pressure limitation of 9 pounds per square inch. The One-Pound Waiver does not apply to E15, even though it has similar physical properties to E10. Industry groups are focused on securing the One-Pound Waiver for E15.

The U.S. ethanol industry relies heavily on tank cars to deliver its product to market. The company leases approximately 3,300 tank cars, including 3,100 leased by our partnership to transport ethanol. On May 1, 2015, the DOT finalized the Enhanced Tank Car Standard and Operational Controls for High-Hazard and Flammable Trains, or DOT specification 117, which established a schedule to retrofit or replace older tank cars that carry crude oil and ethanol, braking standards intended to reduce the severity of accidents and new operational protocols. The final rule may increase our lease costs for railcars over the long term. Additionally, existing railcars may be out of service for a period of time while upgrades are made, tightening supply in an industry that is highly dependent on railcars to transport product. We intend to strategically manage our leased railcar fleet to comply with the new regulations. Currently, all of our railcar leases expire prior to the retrofit deadline of May 1, 2023.

In September 2015, the FDA issued rules for Current Good Manufacturing Practice, Hazard Analysis and Risk-Based Preventative Controls for food for animals in response to FSMA. The rules require FDA-registered food facilities to address safety concerns for sourcing, manufacturing and shipping food products and food for animals through food safety programs and plans, which includes conducting hazard analyses, developing risk-based preventative controls and monitoring, and addressing intentional adulteration, recalls, sanitary transportation and supplier verification. We believe we have taken sufficient measures to comply with these regulations.

On January 1, 2017, all medically important antimicrobials intended for use in animal feed that were once available over-the-counter became veterinary feed directive drugs, requiring written orders from a licensed veterinarian to purchase and use on or in livestock feed under the October 2015 revised Veterinary Feed Directive rule. Our cattle feedlot operation obtained all necessary prescriptions from a licensed veterinarian to use certain veterinary feed directive drugs, as appropriate.

On January 18, 2017, Valero Energy Corporation filed an action against the EPA, seeking to compel the EPA to perform certain non-discretionary duties required by the RFS program under the Clean Air Act. Within the filed action, Valero claims the EPA has failed to perform these duties, namely periodic reviews of the feasibility of achieving compliance with the requirements and the impact of the requirements on each individual and entity regulated under the program, i.e. point of obligation, since 2010. Valero has requested an injunction, which if granted would require the EPA to promptly conduct rulemaking to ensure the requirements of the program are met.

Variability of Commodity Prices

Our business is highly sensitive to commodity price fluctuations, particularly for corn, ethanol, corn oil, distillers grains, natural gas and cattle, which are impacted by factors that are outside of our control, including weather conditions, corn yield, changes in domestic and global ethanol supply and demand, government programs and policies and the price of crude oil, gasoline and substitute fuels. We use various financial instruments to manage and reduce our exposure to price variability. For more information about our commodity price risk, refer to *Item 7A. - Qualitative and Quantitative Disclosures About Market Risk, Commodity Price Risk* in this report.

During periods of commodity price variability or compressed margins, we may reduce or cease operations at certain ethanol plants. Slowing down production increases the ethanol yield per bushel of corn, optimizing cash flow in lower margin environments. In 2016, our ethanol facilities ran at approximately 90% of our daily average capacity, largely due to the low margin environment during the first half of the year driven by historically low crude oil prices resulting from record world supply.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements requires that we use estimates that affect the reported assets, liabilities, revenue and expense and related disclosures for contingent assets and liabilities. We base our estimates on experience and assumptions we believe are proper and reasonable. While we regularly evaluate the appropriateness of these estimates, actual results could differ materially from our estimates. The following accounting policies, in particular, may be impacted by judgments, assumptions and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We recognize revenues when there is evidence that an arrangement exists, title of product and risk of loss are transferred to the customer, the price is fixed and determinable, and collectability is reasonably assured.

Sales of ethanol, distillers grains, corn oil and other commodities by our marketing business are recognized when title of product and risk of loss are transferred to an external customer. Revenues related to third-party marketing are presented on a gross basis when we take title of the product and assumes risk of loss. Unearned revenue is recorded for goods in transit when we have received payment but the title has not yet been transferred to the customer. Revenues for receiving, storing, transferring and transporting ethanol and other fuels are recognized when the product is delivered to the customer.

We routinely enter into fixed-price, physical-delivery energy commodity purchase and sale agreements. At times, we settle these transactions by transferring our obligation to another counterparty rather than delivering the physical commodity. These transactions are reported net as a component of revenue. Revenues also include realized gains and losses on related derivative financial instruments, ineffectiveness on cash flow hedges and reclassifications of realized gains and losses on effective cash flow hedges from accumulated other comprehensive income or loss.

Sales of products including agricultural commodities, cattle and vinegar, are recognized when title of product and risk of loss are transferred to the customer, which depends on the terms of the agreement. The sales terms provide passage of title when shipment is made or the commodity is delivered and the customer has agreed to final weights, grades and settlement prices. Revenues related to grain merchandising are presented gross and include shipping and handling, which is also a component of cost of goods sold. Revenue from grain storage is recognized when services are rendered.

A substantial portion of our partnership revenues are derived from fixed-fee commercial agreements for storage, terminal or transportation services. The partnership recognizes revenues when there is evidence an arrangement exists; risk of loss and title transfer to the customer; the price is fixed or determinable; and collectability is reasonably ensured. Revenues from base storage, terminal or transportation services are recognized once these services are performed, which occurs when the product is delivered to the customer.

Intercompany revenues are eliminated on a consolidated basis for reporting purposes.

Depreciation of Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation on our ethanol production and grain storage facilities, railroad tracks, computer equipment and software, office furniture and equipment, vehicles, and other fixed assets is provided using the straight-line method over the estimated useful life of the asset, which currently ranges from 3 to 40 years.

Land improvements are capitalized and depreciated. Expenditures for property betterments and renewals are capitalized. Costs of repairs and maintenance are charged to expense when incurred.

We periodically evaluate whether events and circumstances have occurred that warrant a revision of the estimated useful life of the asset, which is accounted for prospectively.

Carrying Value of Intangible Assets

Our intangible assets consist of trademarks, customer relationships, research and development technology and licenses acquired through acquisitions. These assets were capitalized at their fair value at the date of the acquisition and are being amortized over their estimated useful lives.

Impairment of Long-Lived Assets and Goodwill

Our long-lived assets consist of property and equipment and intangible assets. We review long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. We measure recoverability by comparing the carrying amount of the asset with the estimated undiscounted future cash flows the asset is expected to generate. If the carrying amount of the asset exceeds its estimated future cash flows, we record an impairment charge for the amount in excess of the fair value. There were no material impairment charges recorded for the periods reported.

Our goodwill is related to certain acquisitions within our ethanol production, food and food ingredient and partnership segments. We review goodwill at the segment level for impairment at least annually or more frequently whenever events or changes in circumstances indicate that an impairment may have occurred.

We assess the qualitative factors of goodwill to determine whether it is necessary to perform a two-step goodwill impairment test. Under the first step, we compare the estimated fair value of the reporting unit with its carrying value including goodwill. If the estimated fair value is less than the carrying value, we complete a second step to determine the amount of the goodwill impairment that we should record. In the second step, we allocate the reporting unit's fair value to all of its assets and liabilities other than goodwill to determine an implied fair value. We compare the result with the carrying amount and record an impairment charge for the difference.

We estimate the amount and timing of projected cash flows that will be generated by an asset over an extended period of time when we review our long-lived assets and goodwill. Circumstances that may indicate impairment include: a decline in future projected cash flows, a decision to suspend plant operations for an extended period of time, a sustained decline in our market capitalization, a sustained decline in market prices for similar assets or businesses or a significant adverse change in legal or regulatory matters, or business climate. Significant management judgment is required to determine the fair value of our long-lived assets and goodwill and measure impairment, including projected cash flows. Fair value is determined through various valuation techniques, including discounted cash flow models, sales of comparable properties and third-party independent appraisals. Changes in estimated fair value could result in a write-down of the asset.

Derivative Financial Instruments

We use various derivative financial instruments to minimize the adverse effect price changes related to corn, ethanol, natural gas and cattle may have on our operating results. We monitor and manage this exposure as part of our overall risk management policy. These commodities may be hedged to mitigate risk, however, there may be situations when these hedging activities themselves result in losses.

Using derivatives exposes us to credit and market risk. Our exposure to credit risk includes the counterparty's failure to fulfill its performance obligations under the terms of the derivative contract. We minimize this risk by entering into transactions with high quality counterparties, limiting the amount of financial exposure we have with each counterparty and monitoring their financial condition. We manage the risk that the value of the financial instrument is exposed to by a change in commodity prices or interest rates, or market risk, by incorporating parameters to monitor our exposure within our risk management strategy. These parameters limit the types of derivative instruments and strategies we can use and the degree of market risk we can take by using derivative instruments.

We evaluate our physical delivery contracts to determine if they qualify for normal purchase or sale exemptions and are expected to be used or sold over a reasonable period in the normal course of business. Contracts that do not meet the normal purchase or sale criteria are recorded at fair value. Changes in fair value are recorded in operating income unless the contracts qualify for, and we elect, hedge accounting treatment.

Certain qualifying derivatives related to the ethanol production and agribusiness and energy services segments are designated as cash flow hedges. We evaluate the derivative instrument to determine its effectiveness prior to entering into cash flow hedges. Ineffectiveness is recognized in current period results, while other unrealized gains and losses are reflected in accumulated other comprehensive income until the gain or loss from the underlying hedged transaction is realized. When it becomes probable a forecasted transaction will not occur, the cash flow hedge treatment is discontinued. These derivative financial instruments are recognized in current assets or other current liabilities at fair value.

At times, we hedge our exposure to changes in inventory value and designate qualifying derivatives as fair value hedges. The carrying amount of the hedged inventory is adjusted in current period results for changes in fair value. Ineffectiveness is

recognized in the current period to the extent the change in fair value of the inventory is not offset by the change in fair value of the derivative.

Accounting for Income Taxes

Income taxes are accounted for under the asset and liability method in accordance with GAAP. Deferred tax assets and liabilities are recognized for future tax consequences between existing assets and liabilities and their respective tax basis, and for net operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in years temporary differences are expected to be recovered or settled. The effect of a tax rate change is recognized in the period that includes the enactment date. The realization of deferred tax assets depends on the generation of future taxable income during the periods in which temporary differences become deductible. Management considers scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies to make this assessment. Management considers the positive and negative evidence to support the need for, or reversal of, a valuation allowance. The weight given to the potential effects of positive and negative evidence is based on the extent it can be objectively verified.

To account for uncertainty in income taxes, we gauge the likelihood of a tax position based on the technical merits of the position, perform a subsequent measurement related to the maximum benefit and degree of likelihood, and determine the benefit to be recognized in the financial statements, if any.

Recently Issued Accounting Pronouncements

For information related to recent accounting pronouncements, see *Note 2 – Summary of Significant Accounting Policies* included as part of the notes to consolidated financial statements in this report.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements other than the operating leases, which are entered into during the ordinary course of business and disclosed in the *Contractual Obligations* section below.

Components of Revenues and Expenses

Revenues. For our ethanol production segment, our revenues are derived primarily from the sale of ethanol, distillers grains and corn oil. For our agribusiness and energy services segment, sales of ethanol, distillers grains and corn oil that we market for our ethanol plants, sales of ethanol we market for a third-party and sales of grain and other commodities purchased in the open market represent our primary sources of revenue. Revenues include net gains or losses from derivatives related to the products sold. For our food and food ingredients segment, the sale of cattle and vinegar are our primary sources of revenue. For our partnership segment, our revenues consist primarily of fees for receiving, storing, transferring and transporting ethanol and other fuels.

Cost of Goods Sold. For our ethanol production segment, cost of goods sold includes direct labor, materials and plant overhead costs. Direct labor includes compensation and related benefits of non-management personnel involved in ethanol plant operations. Plant overhead consists primarily of plant utilities and outbound freight charges. Corn is the most significant raw material cost followed by natural gas, which is used to power steam generation in the ethanol production process and dry distillers grains. Cost of goods sold also includes net gains or losses from derivatives related to commodities purchased.

For our agribusiness and energy services segment, purchases of ethanol, distillers grains, corn oil and grain are the primary component of cost of goods sold. Grain inventories held for sale and forward purchase and sale contracts are valued at market prices when available or other market quotes adjusted for differences, such as transportation, between the exchange-traded market and local markets where the terms of the contracts are based. Changes in the market value of grain inventories, forward purchase and sale contracts, and exchange-traded futures and options contracts are recognized as a component of cost of goods sold.

For our food and food ingredients segment, the cattle feedlot operation includes costs of cattle, feed and veterinary supplies, direct labor and feedlot overhead, which are accumulated as inventory and included as a component of cost of goods sold when the cattle are sold. Direct labor includes compensation and related benefits of non-management personnel involved in the feedlot operation. Feedlot overhead costs include feedlot utilities, repairs and maintenance and yard expenses. For the vinegar operation, cost of goods sold includes direct labor, materials and plant overhead costs. Direct labor includes

compensation and related benefits of non-management personnel involved in vinegar operations. Overhead consists primarily of plant utilities and outbound freight charges. Food-grade ethanol is the most significant raw material cost.

Operations and Maintenance Expense. For our partnership segment, transportation expense is the primary component of operations and maintenance expense. Transportation expense includes rail car leases, shipping and freight and costs incurred for storing ethanol at destination terminals.

Selling, General and Administrative Expense. Selling, general and administrative expenses are recognized at the operating segment and corporate level. These expenses consist of employee salaries, incentives and benefits; office expenses; director fees; and professional fees for accounting, legal, consulting and investor relations services. Personnel costs, which include employee salaries, incentives and benefits, are the largest expenditure. Selling, general and administrative expenses that cannot be allocated to an operating segment are referred to as corporate activities.

Other Income (Expense). Other income (expense) includes interest earned, interest expense, equity earnings in nonconsolidated subsidiaries and other non-operating items.

Results of Operations

Comparability

The following summarizes various events that affect the comparability of our operating results for the past three years:

- | | | |
|--------------------------|----------------|---|
| <input type="checkbox"/> | June 2014 | Kismet, Kansas cattle feedlot business was acquired |
| <input type="checkbox"/> | July 2015 | Green Plains Partners completed its IPO |
| <input type="checkbox"/> | October 2015 | Hopewell, Virginia ethanol plant was acquired |
| <input type="checkbox"/> | November 2015 | Hereford, Texas ethanol plant was acquired |
| <input type="checkbox"/> | January 2016 | Partnership acquired certain storage and transportation assets of the Hereford and Hopewell ethanol plants |
| <input type="checkbox"/> | April 2016 | Increased ownership of BioProcess Algae and began consolidating within our consolidated financial statements |
| <input type="checkbox"/> | September 2016 | Madison, Illinois, Mount Vernon, Indiana, and York, Nebraska ethanol plants were acquired and the partnership acquired certain storage assets of the these plants |
| <input type="checkbox"/> | October 2016 | Fleischmann's Vinegar Company was acquired |

The year ended December 31, 2014, includes approximately six months of operations at our Kansas cattle feedlot business. The year ended December 31, 2015, includes approximately two months of operations at our Hereford plant. Our Hopewell plant, which was not operational at the time of its acquisition, resumed ethanol production on February 8, 2016. The year ended December 31, 2016, includes approximately nine months of consolidated operations of BioProcess Algae, and approximately three months of operations at the Madison, Mount Vernon, and York ethanol plants and Fleischmann's Vinegar Company.

Segment Results

As a result of acquisitions during the year, we implemented segment organizational changes during the fourth quarter of 2016, whereby we now report the financial and operating performance for the following four operating segments: (1) ethanol production, which includes the production of ethanol, distillers grains and corn oil, (2) agribusiness and energy services, which includes grain handling and storage and marketing and merchant trading for company-produced and third-party ethanol, distillers grains, corn oil, natural gas and other commodities, (3) food and food ingredients, which includes the vinegar operations and cattle feedlot operations and (4) partnership, which includes fuel storage and transportation services. Prior periods have been reclassified to conform to the revised segment presentation.

Under GAAP, when transferring assets between entities under common control, the entity receiving the net assets initially recognizes the carrying amounts of the assets and liabilities at the date of transfer. The transferee's prior period financial statements are restated for all periods its operations were part of the parent's consolidated financial statements. On July 1, 2015, Green Plains Partners received ethanol storage and railcar assets and liabilities in a transfer between entities under common control. Effective January 1, 2016, the partnership acquired the storage and transportation assets of the Hereford and Hopewell production facilities in a transfer between entities under common control and entered into amendments to the related commercial agreements with Green Plains Trade. The transferred assets and liabilities are

recognized at our historical cost and reflected retroactively in the segment information of the consolidated financial statements presented in this Form 10-K. The partnership's assets were previously included in the ethanol production and agribusiness and energy services segments. Expenses related to the ethanol storage and railcar assets, such as depreciation, amortization and railcar lease expenses, are also reflected retroactively in the following segment information. There are no revenues related to the operation of the ethanol storage and railcar assets in the partnership segment prior to their respective transfers to the partnership, when the related commercial agreements with Green Plains Trade became effective.

Corporate activities includes selling, general and administrative expenses, consisting primarily of compensation, professional fees and overhead costs not directly related to a specific operating segment. When we evaluate segment performance, we review the following operating segment information as well as earnings before interest, income taxes, depreciation and amortization, or EBITDA.

During the normal course of business, our operating segments do business with each other. For example, our agribusiness and energy services segment procures grain and natural gas and sells products, including ethanol, distillers grains and corn oil of our ethanol production segment. Our partnership segment provides fuel storage and transportation services for our agribusiness and energy services segment. These intersegment activities are treated like third-party transactions with origination, marketing and storage fees charged at estimated market values. Consequently, these transactions affect segment performance; however, they do not impact our consolidated results since the revenues and corresponding costs are eliminated.

The selected operating segment financial information are as follows (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Revenues:			
Ethanol production:			
Revenues from external customers (1)	\$ 2,409,102	\$ 2,063,172	\$ 2,590,428
Intersegment revenues	-	-	-
Total segment revenues	2,409,102	2,063,172	2,590,428
Agribusiness and energy services:			
Revenues from external customers (1)	675,446	674,719	607,323
Intersegment revenues	34,461	24,114	24,535
Total segment revenues	709,907	698,833	631,858
Food and food ingredients:			
Revenues from external customers (1)	318,031	219,310	29,376
Intersegment revenues	150	75	-
Total segment revenues	318,181	219,385	29,376
Partnership:			
Revenues from external customers	8,302	8,388	8,484
Intersegment revenues	95,470	42,549	4,359
Total segment revenues	103,772	50,937	12,843
Revenues including intersegment activity	3,540,962	3,032,327	3,264,505
Intersegment eliminations	(130,081)	(66,738)	(28,894)
Revenues as reported	\$ 3,410,881	\$ 2,965,589	\$ 3,235,611

(1) Revenues from external customers include realized gains and losses from derivative financial instruments.

	Year Ended December 31,		
	2016	2015	2014
Cost of goods sold:			
Ethanol production	\$ 2,280,906	\$ 1,939,824	\$ 2,230,141
Agribusiness and energy services	650,538	639,470	555,200
Food and food ingredients	294,396	216,661	26,538
Partnership	-	-	-
Intersegment eliminations	(129,761)	(66,588)	(28,834)
	<u>\$ 3,096,079</u>	<u>\$ 2,729,367</u>	<u>\$ 2,783,045</u>

	Year Ended December 31,		
	2016	2015	2014
Operating income (loss):			
Ethanol production	\$ 28,125	\$ 43,266	\$ 285,579
Agribusiness and energy services	34,039	37,253	52,176
Food and food ingredients	16,436	(952)	1,200
Partnership	60,903	12,990	(19,975)
Intersegment eliminations	(170)	-	-
Corporate activities	(47,645)	(31,480)	(32,706)
	<u>\$ 91,688</u>	<u>\$ 61,077</u>	<u>\$ 286,274</u>

Total assets by segment are as follows (in thousands):

	Year Ended December 31,	
	2016	2015
Total assets (1):		
Ethanol production	\$ 1,206,155	\$ 1,004,342
Agribusiness and energy services	579,977	418,168
Food and food ingredients	406,429	110,775
Partnership	74,999	81,430
Corporate assets	257,652	314,068
Intersegment eliminations	(18,720)	(10,863)
	<u>\$ 2,506,492</u>	<u>\$ 1,917,920</u>

(1) Asset balances by segment exclude intercompany payable and receivable balances.

Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

Consolidated Results

Consolidated revenues increased by \$445.3 million in 2016 compared with 2015. Revenues were impacted by an increase in ethanol volumes sold, along with an increase in volumes of cattle sold, plus the addition of Fleischmann's Vinegar during the fourth quarter. The increase in ethanol revenues was partially offset by a decrease in merchant trading activity volumes and lower average realized prices for grain.

Operating income increased by \$30.6 million in 2016 compared with 2015 primarily due to increased cattle margins, partially offset by lower margins in ethanol production and an increase in corporate expenses. Interest expense increased by \$11.5 million compared with 2015 due to higher average debt balances outstanding and higher average borrowing costs. Income tax expense increased by \$1.6 million to \$7.9 million in 2016 compared with 2015 due to higher pre-tax income.

The following discussion provides greater detail about our year-to-date segment performance.

Ethanol Production Segment

Key operating data for our ethanol production segment is as follows:

	Year Ended December 31,	
	2016	2015
Ethanol sold (thousands of gallons)	1,147,630	947,557
Distillers grains sold (thousands of equivalent dried tons)	3,064	2,540
Corn oil sold (thousands of pounds)	273,901	244,047
Corn consumed (thousands of bushels)	401,065	332,417

Revenues in the ethanol production segment increased by \$345.9 million in 2016 compared with 2015 primarily due to an increase in ethanol and corn oil volumes sold. The average price realized for ethanol was relatively unchanged in 2016 compared with 2015. The increased volumes produced was primarily due to increased production at our existing ethanol plants and the acquisition of the Hereford, Hopewell, Madison, Mount Vernon, and York ethanol plants, which produced approximately 185.3 mmg of ethanol and 26.0 million pounds of corn oil during the year ended December 31, 2016.

Cost of goods sold in the ethanol production segment increased by \$341.1 million for 2016 compared with 2015 due to higher production volumes. Operating income for the ethanol production segment decreased by \$15.1 million for 2016 compared with the same period in 2015 as a result of the factors identified above, as well as additional general and administrative expenses due to the additional ethanol plants acquired. Depreciation and amortization expense for the ethanol production segment was \$68.7 million for the year ended December 31, 2016, compared with \$55.6 million during 2015.

Agribusiness and Energy Services Segment

Revenues in the agribusiness and energy services segment increased by \$11.1 million and operating income decreased by \$3.2 million in 2016 compared with 2015. The increase in revenues was primarily due to an increase in ethanol and distillers grain trading activity, partially offset by a decrease in grain trading activity volumes and lower average realized prices. Operating income decreased primarily as a result of lower margins on merchant trading activity, partially offset by increased intersegment marketing and corn origination fees.

Food and Food Ingredients Segment

Revenues in our food and food ingredients segment increased by \$98.8 million in 2016 compared with 2015. The increase in revenues was primarily due to an increase in cattle volumes sold as well as the acquisition of Fleischmann's Vinegar, partially offset by lower average realized cattle prices.

Operating income for the food and food ingredients segment increased by \$17.4 million in 2016 compared with 2015, primarily due to an increase in cattle margins, as well as the acquisition of Fleischmann's Vinegar.

Partnership Segment

Revenues generated from the partnership's storage and throughput agreement and rail transportation services agreement with Green Plains Trade, executed in connection with the IPO and effective beginning July 1, 2015, were \$89.1 million for 2016 compared with \$36.9 million for 2015. Increased revenues were attributable to a full year of commercial operations in 2016, as well as higher throughput volumes due to acquired ethanol storage assets and higher railcar volumetric capacity provided by the partnership to transport incremental production volumes. Revenues generated by trucking and terminal services increased \$0.7 million in 2016 compared with 2015, primarily due to increased trucking volumes with Green Plains Trade and third parties.

Operating income for the partnership segment increased by approximately \$47.9 million due to the increase in revenues above, partially offset by an increase in operations and maintenance expenses of \$4.6 million for 2016, compared with the same period for 2015. The increase was primarily due to higher railcar lease expense as a result of an increased railcar fleet, partially offset by rate reductions; higher wages as a result of an increased railcar fleet and plant acquisitions; and higher

general repairs and maintenance expense. General and administrative expenses increased \$1.3 million in 2016 compared with 2015, primarily due to administrative costs incurred as a publicly traded entity.

Intersegment Eliminations

Intersegment eliminations of revenues increased by \$63.3 million for 2016 compared with 2015, due to the increase in transportation and storage fees paid to the partnership segment by the agribusiness and energy services segment of \$52.2 million, as well as increased intersegment marketing and corn origination fees paid to the agribusiness and energy services segment by the ethanol production segment. Intersegment eliminations of operating income remained relatively unchanged in 2016 compared with 2015.

Corporate Activities

Operating income was impacted by an increase in operating expenses for corporate activities of \$16.2 million for 2016 compared with 2015, primarily due to an increase in personnel costs, an increase in transaction costs due to the acquisitions of the Abengoa ethanol plants and Fleischmann's Vinegar and the consolidation of BioProcess Algae in the corporate activities' segment.

Income Taxes

We recorded income tax expense of \$7.9 million for 2016 compared with \$6.2 million in 2015. The effective tax rate (calculated as the ratio of income tax expense to income before income taxes) was approximately 20.5% for 2016 compared with 29.1% for 2015. The decrease in the effective tax rate was due primarily to the impact of the noncontrolling interest in the partnership on the consolidated financial results, as well as a change in estimate related to our filing positions in various jurisdictions.

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Consolidated Results

Consolidated revenues decreased by \$270.0 million in 2015 compared with 2014. Revenues were impacted by a decrease in ethanol, distillers grains, and other grains average realized prices, partially offset by increased merchant trading activity volumes of grains and the acquisition of the cattle feedlot operation in June 2014.

Operating income decreased by \$225.2 million in 2015 compared with 2014 as a result of the factors discussed above, partially offset by a decrease in cost of goods sold, due to lower corn and other commodity prices. Interest expense increased by \$0.5 million compared with 2014 due to higher average debt balances outstanding, partially offset by lower average borrowing costs. Income tax expense was \$6.2 million in 2015 compared with \$90.9 million in 2014.

The following discussion provides greater detail about our year-to-date segment performance.

Ethanol Production Segment

Key operating data for our ethanol production segment is as follows:

	Year Ended December 31,	
	2015	2014
Ethanol sold (thousands of gallons)	947,557	966,176
Distillers grains sold (thousands of equivalent dried tons)	2,540	2,670
Corn oil sold (thousands of pounds)	244,047	234,632
Corn consumed (thousands of bushels)	332,417	343,892

Revenues in the ethanol production segment decreased by \$527.3 million in 2015 compared with 2014 primarily due to lower average ethanol and distillers grains prices, as well as lower volumes produced and sold. The average price realized for

ethanol was 32% lower in 2015 compared with 2014. The ethanol production segment produced 947.6 mmg of ethanol, representing approximately 91% of daily average production capacity, during 2015. During 2015, we sold 244.0 million pounds of corn oil compared with 234.6 million pounds in 2014. The average price realized for corn oil was 21% lower in 2015 compared with 2014.

Cost of goods sold in the ethanol production segment decreased by \$290.3 million for 2015 compared with 2014. The decrease is due to a decrease in corn consumption of approximately 11.5 million bushels, as well as a 10% decrease in the average cost per bushel during 2015 compared with 2014. As a result of the factors identified above, operating income for the ethanol production segment decreased by \$242.3 million for 2015 compared with the same period in 2014. Depreciation and amortization expense for the ethanol production segment was \$55.6 million for the year ended December 31, 2015, compared with \$53.5 million during 2014.

Agribusiness and Energy Services Segment

Revenues in the agribusiness and energy services segment increased by \$67.0 million and operating income decreased by \$14.9 million in 2015 compared with 2014. Revenues were impacted by an increase in distillers grains, other grains and natural gas revenues, partially offset by a decrease in ethanol revenues. Distillers grains, other grains, and natural gas revenues increased as a result of increased volumes sold, partially offset by lower average realized prices. Ethanol revenues decreased as a result of lower average realized prices, partially offset by an increase in volumes sold. Operating income decreased primarily as a result of lower margins on merchant trading activity.

Food and Food Ingredients Segment

Revenues in our food and food ingredients segment increased by \$190.0 million and operating income decreased by \$2.2 million in 2015 compared with 2014. Revenues increased as a result of the cattle feedlot operation that was acquired during the second quarter of 2014. Operating income decreased as a result of a decrease in cattle margins.

Partnership Segment

As a result of the IPO on July 1, 2015, we contributed downstream ethanol transportation and storage assets to the partnership. Expenses related to these contributed assets, such as depreciation, amortization and railcar lease expenses, are reflected in the partnership segment. No revenues related to the operation of the ethanol storage and railcar contributed assets are reflected in this segment for periods prior July 1, 2015, the date the related commercial agreements with Green Plains Trade became effective, which impacts the comparability between periods. Revenues generated by the partnership segment from the new storage and railcar commercial agreements were approximately \$36.9 million for the six months ended December 31, 2015.

Operating income for the partnership segment increased by approximately \$33.0 million due to the increase in revenues above, partially offset by an increase in operations and maintenance expenses of \$3.2 million for 2015, compared with the same period for 2014. The increase was primarily due to increased railcar lease expenses, wages and fuel costs associated with our partnership's trucking company, related to an increase in the number of trucks in service and locations where our partnership's trucking company does business. This was partially offset by a decrease in throughput unloading fees.

Intersegment Eliminations

Intersegment eliminations of revenues increased by \$37.8 million for 2015 compared with 2014, due to the transportation and storage fees paid to the partnership segment by the agribusiness and energy services segment of \$36.9 million as a result of the IPO. There were no intersegment eliminations of operating income for 2015 or 2014.

Corporate Activities

Operating income was impacted by a decrease in operating expenses for corporate activities of \$1.2 million for 2015 compared with 2014, primarily due to a decrease in personnel costs.

Income Taxes

We recorded income tax expense of \$6.2 million for 2015 compared with \$90.9 million in 2014. The effective tax rate (calculated as the ratio of income tax expense to income before income taxes) was approximately 29.1% for 2015 compared with 36.3% for 2014. The decrease in the effective tax rate was due primarily to the impact of the noncontrolling interest in

the partnership on the consolidated financial results. This was partially offset by a change in estimate related to our filing positions in various jurisdictions as well as comparable permanent differences on lower amounts of income before taxes for the 2015 period compared with the 2014 period.

Liquidity and Capital Resources

Our principal sources of liquidity include cash generated from operating activities and bank credit facilities. We fund our operating expenses and service debt primarily with operating cash flows. Capital resources for maintenance and growth expenditures are funded by a variety of sources, including cash generated from operating activities, borrowings under bank credit facilities, or issuance of senior notes or equity. Our ability to access capital markets for debt under reasonable terms depends on our financial condition, credit ratings and market conditions. We believe that our ability to obtain financing at reasonable rates and history of consistent cash flow from operating activities provide a solid foundation to meet our future liquidity and capital resource requirements.

On December 31, 2016, we had \$304.2 million in cash and equivalents, excluding restricted cash, consisting of \$189.0 million held at our parent company and the remainder at our subsidiaries. We also had \$120.8 million available under our revolving credit agreements, some of which were subject to restrictions or other lending conditions. Funds held by our subsidiaries are generally required for their ongoing operational needs and restricted from distribution. At December 31, 2016, our subsidiaries had approximately \$835.0 million of net assets that were not available to us in the form of dividends, loans or advances due to restrictions contained in their credit facilities.

Net cash provided by operating activities was \$83.0 million in 2016 compared with \$10.2 million in 2015. Operating activities compared to the prior year were primarily affected by changes in working capital and higher adjustments for deferred income tax expense in the comparable period of the prior year. Working capital increased for the twelve months ended December 31, 2016, as an increase in accounts receivable, inventories, and derivative financial instruments were partially offset by an increase in accounts payable and accrued liabilities. Net cash used by investing activities was \$572.6 million in 2016, due primarily to the acquisitions of the Abengoa ethanol plants and Fleischmann's Vinegar, along with capital expenditures at our existing ethanol plants. Net cash provided by financing activities was \$409.0 million in 2016 due primarily to our issuance of \$170 million of 4.125% convertible senior notes in August 2016 and a new \$130 million term loan and \$5 million borrowed under a new \$15 million revolving credit facility to partially fund the acquisition of Fleischmann's Vinegar. In addition, the partnership has made net borrowings of \$129 million during the twelve months ended December 31, 2016, primarily to finance the acquisitions of the storage and transportation assets of the Hereford and Hopewell ethanol plants on January 1, 2016, and the Mount Vernon, Madison and York ethanol plants on September 23, 2016. Additionally, Green Plains Trade, Green Plains Cattle and Green Plains Grain use revolving credit facilities to finance working capital requirements. We frequently draw on and repay these facilities, which results in significant cash movements reflected on a gross basis within financing activities as proceeds from and payments on short-term borrowings.

We incurred capital expenditures of \$56.4 million in 2016 for projects, including expansion projects of approximately \$16.0 million for ethanol production capacity, leasehold improvements for the new corporate headquarters and various other maintenance projects. The current projected estimate for capital spending for 2017 is approximately \$55.0 million, which is subject to review prior to the initiation of any projects. The budget includes additional expenditures for expansion projects at our operations, as well as expenditures for various other maintenance projects, and is expected to be financed with available borrowings under our credit facilities and cash provided by operating activities.

Our business is highly sensitive to the price of commodities, particularly for corn, ethanol, distillers grains, corn oil, natural gas and cattle. We use derivative financial instruments to reduce the market risk associated with fluctuations in commodity prices. Sudden changes in commodity prices may require cash deposits with brokers for margin calls or significant liquidity with little advanced notice to meet margin calls, depending on our open derivative positions. On December 31, 2016, we had \$50.6 million in margin deposits for broker margin requirements. We continuously monitor our exposure to margin calls and believe we will continue to maintain adequate liquidity to cover margin calls from our operating results and borrowings.

We have paid a quarterly cash dividend since August 2013 and anticipate declaring a cash dividend in future quarters on a regular basis. Future declarations of dividends, however, are subject to board approval and may be adjusted as our liquidity, business needs or market conditions change. On February 8, 2017, our board of directors declared a quarterly cash dividend of \$0.12 per share. The dividend is payable on March 17, 2017, to shareholders of record at the close of business on February 24, 2017.

For each calendar quarter commencing with the quarter ended September 30, 2015, the partnership agreement requires us to distribute all available cash, as defined, to our partners within 45 days after the end of each calendar quarter. Available cash generally means all cash and cash equivalents on hand at the end of that quarter less cash reserves established by our general partner plus all or any portion of the cash on hand resulting from working capital borrowings made subsequent to the end of that quarter. On January 23, 2017, the board of directors of the general partner of the partnership declared a cash distribution of \$0.43 per unit on outstanding common and subordinated units. The distribution is payable on February 14, 2017, to unitholders of record at the close of business on February 3, 2017.

In August 2014, we announced a share repurchase program of up to \$100 million of our common stock. Under the program, we may repurchase shares in open market transactions, privately negotiated transactions, accelerated share buyback programs, tender offers or by other means. The timing and amount of repurchase transactions are determined by our management based on market conditions, share price, legal requirements and other factors. The program may be suspended, modified or discontinued at any time without prior notice. We repurchased 323,290 shares of common stock for approximately \$6.0 million during the second quarter of 2016. To date, we have repurchased 514,990 shares of common stock for approximately \$10.0 million under the program.

On August 25, 2016, the partnership filed a shelf registration statement on Form S-3 with the SEC, declared effective September 2, 2016, registering an indeterminate number of debt and equity securities with a total offering price not to exceed \$500,000,250. The partnership also registered 13,513,500 common units, consisting of 4,389,642 common units and 9,123,858 common units that may be issued upon conversion of subordinated units, in each case, currently held by Green Plains.

On December 22, 2016, we filed an automatically effective shelf registration statement on Form S-3 with the SEC, registering an indeterminate number of shares of common stock, warrants and debt securities.

We believe we have sufficient working capital for our existing operations. A sustained period of unprofitable operations, however, may strain our liquidity making it difficult to maintain compliance with our financing arrangements. We may sell additional equity or borrow capital to improve or preserve our liquidity, expand our business or build additional or acquire existing businesses. We cannot provide assurance that we will be able to secure funding necessary for additional working capital or these projects at reasonable terms, if at all.

Debt

See *Note 11 – Debt* included as part of the notes to consolidated financial statements for more information about our debt.

We were in compliance with our debt covenants at December 31, 2016. Based on our forecasts and the current margin environment, we believe we will maintain compliance at each of our subsidiaries for the next twelve months or have sufficient liquidity available on a consolidated basis to resolve noncompliance. We cannot provide assurance that actual results will approximate our forecasts or that we will inject the necessary capital into a subsidiary to maintain compliance with its respective covenants. In the event a subsidiary is unable to comply with its debt covenants, the subsidiary's lenders may determine that an event of default has occurred, and following notice, the lenders may terminate the commitment and declare the unpaid balance due and payable.

Effective January 1, 2016, we adopted ASC 835-30, *Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*, which resulted in the reclassification of approximately \$11.4 million from other assets to long-term debt within the balance sheet as of December 31, 2015. As of December 31, 2016, there was \$16.9 million of debt issuance costs recorded as a direct reduction of the carrying value of our long-term debt.

Ethanol Production Segment

Green Plains Processing has a \$345 million senior secured credit facility. The term loan is secured by twelve of our ethanol production facilities and matures in June of 2020. At December 31, 2016, the outstanding principal balance was \$301.1 million and our interest rate was 6.5%. Our scheduled principal payments are \$0.9 million each quarter. Available excess cash flow may be distributed to us after a quarterly excess cash flow payment is made to the lenders, subject to certain limitations, as defined in the loan agreement.

We also have small equipment financing loans, capital leases on equipment or facilities, and other forms of debt financing.

Agribusiness and Energy Services Segment

Green Plains Grain has a \$125.0 million senior secured asset-based revolving credit facility to finance working capital up to the maximum commitment based on eligible collateral. The facility matures in July of 2019. This facility can be increased by up to \$75.0 million with agent approval and up to \$50.0 million for seasonal borrowings. Total commitments outstanding under the facility cannot exceed \$250.0 million. At December 31, 2016, the outstanding principal balance was \$102.0 million and our interest rate was 4.5%.

Green Plains Trade has a \$150.0 million senior secured asset-based revolving credit facility to finance working capital up to the maximum commitment based on eligible collateral. The facility matures in November of 2019. This facility can be increased by up to \$75.0 million with agent approval. At December 31, 2016, the outstanding principal balance was \$125.7 million and our interest rate was 3.7%.

Food and Food Ingredients Segment

Green Plains Cattle has a \$100.0 million senior secured asset-based revolving credit facility to finance working capital up to the maximum commitment based on eligible collateral. The facility matures in October of 2017. This facility can be increased by up to \$50.0 million with agent approval. At December 31, 2016, the outstanding principal balance was \$63.5 million and our interest rate was 2.9%.

On October 3, 2016, through certain of our subsidiaries, we partially financed our acquisition of Fleischmann's Vinegar using borrowings under a new credit agreement with a group of lenders, consisting of a term loan and a revolving loan commitment. We borrowed \$130.0 million under the term loan. The term loan principal is scheduled to be repaid in installments of \$325,000 per quarter beginning December 31, 2016 through September 30, 2022, with a final balloon payment of \$122.2 million on October 3, 2022. The revolving loan commitment provides for principal borrowings of up to \$15 million through October 3, 2022. We initially borrowed \$5.0 million under the revolving loan commitment. At December 31, 2016, the outstanding principal balances were \$129.7 million and \$4.0 million on the term loan and revolving loan, respectively, and our interest rate on each of the loans was 8.0%.

Partnership Segment

Green Plains Partners, through a wholly owned subsidiary, has a \$155.0 million secured revolving credit facility to fund working capital, acquisitions, distributions, capital expenditures and other general partnership purposes. This credit facility was amended on September 16, 2016, increasing the revolving credit facility available from \$100.0 million to \$155.0 million. The amended facility can be increased by up to \$100.0 million without the consent of the lenders. The facility matures in July of 2020. At December 31, 2016, the outstanding principal balance was \$129.0 million on the facility and our interest rate was 3.4%.

Corporate Activities

In August 2016, we issued \$170.0 million of 4.125% convertible senior notes due in 2022, or 4.125% notes, which are senior, unsecured obligations with interest payable on March 1 and September 1 of each year. Prior to March 1, 2022, the 4.125% notes are not convertible unless certain conditions are satisfied. The initial conversion rate is 35.7143 shares of common stock per \$1,000 of principal which is equal to a conversion price of approximately \$28.00 per share. The conversion rate is subject to adjustment upon the occurrence of certain events, including when the quarterly cash dividend exceeds \$0.12 per share. We may settle the 4.125% notes in cash, common stock or a combination of cash and common stock.

In September 2013, we issued \$120.0 million of 3.25% convertible senior notes due in 2018, or 3.25% notes, which are senior, unsecured obligations with interest payable on April 1 and October 1 of each year. Prior to April 1, 2018, the 3.25% notes are not convertible unless certain conditions are satisfied. The conversion rate is subject to adjustment upon the occurrence of certain events, including when the quarterly cash dividend exceeds \$0.04 per share. The conversion rate was recently adjusted as of December 31, 2016 to 49.4123 shares of common stock per \$1,000 of principal, which is equal to a conversion price of approximately \$20.24 per share. We may settle the 3.25% notes in cash, common stock or a combination of cash and common stock.

Contractual Obligations

Contractual obligations as of December 31, 2016 were as follows (in thousands):

Contractual Obligations	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term and short-term debt obligations (1)	\$ 1,174,160	\$ 330,281	\$ 132,408	\$ 395,670	\$ 315,801
Interest and fees on debt obligations (2)	215,935	58,285	87,797	47,342	22,511
Operating lease obligations (3)	115,257	35,170	42,950	16,484	20,653
Other	8,678	1,744	1,621	2,319	2,994
Purchase obligations					
Forward grain purchase contracts (4)	298,077	287,506	6,654	2,000	1,917
Other commodity purchase contracts (5)	206,352	206,352	-	-	-
Other	28,106	9,880	18,226	-	-
Total contractual obligations	\$ 2,046,565	\$ 929,218	\$ 289,656	\$ 463,815	\$ 363,876

(1) Includes the current portion of long-term debt and excludes the effect of any debt discounts and issuance costs.

(2) Interest amounts are calculated over the terms of the loans using current interest rates, assuming scheduled principle and interest amounts are paid pursuant to the debt agreements. Includes administrative and/or commitment fees on debt obligations.

(3) Operating lease costs are primarily for railcars and office space.

(4) Purchase contracts represent index-priced and fixed-price contracts. Index purchase contracts are valued at current year-end prices.

(5) Includes fixed-price ethanol, dried distillers grains and natural gas purchase contracts.

Item 7A. Qualitative and Quantitative Disclosures About Market Risk.

We use various financial instruments to manage and reduce our exposure to various market risks, including changes in commodity prices and interest rates. We conduct all of our business in U.S. dollars and are not currently exposed to foreign currency risk.

Interest Rate Risk

We are exposed to interest rate risk through our loans which bear interest at variable rates. Interest rates on our variable-rate debt are based on the market rate for the lender's prime rate or LIBOR. A 10% increase in interest rates would affect our interest cost by approximately \$4.6 million per year. At December 31, 2016, we had \$1.1 billion in debt, \$843.8 million of which had variable interest rates.

See Note 11 – Debt included as part of the notes to consolidated financial statements for more information about our debt.

Commodity Price Risk

Our business is highly sensitive to commodity price risk, particularly for ethanol, distillers grains, corn oil, corn, natural gas and cattle. Corn prices are affected by weather conditions, yield, changes in domestic and global supply and demand, and government programs and policies. Natural gas prices are influenced by severe weather in the summer and winter and hurricanes in the spring, summer and fall. Other factors include North American energy exploration and production, and the amount of natural gas in underground storage during injection and withdrawal seasons. Ethanol prices are sensitive to world crude oil supply and demand, the price of crude oil, gasoline and corn, the price of substitute fuels, refining capacity and utilization, government regulation and consumer demand for alternative fuels. Distillers grains prices are impacted by livestock numbers on feed, prices for feed alternatives and supply, which is associated with ethanol plant production.

To reduce the risk associated with fluctuations in the price of corn, natural gas, ethanol, distillers grains, corn oil and cattle, at times we use forward fixed-price physical contracts and derivative financial instruments, such as futures and options executed on the Chicago Board of Trade and the New York Mercantile Exchange. We focus on locking in favorable operating margins, when available, using a model that continually monitors market prices for corn, natural gas and other inputs relative to the price for ethanol and distillers grains at each of our production facilities. We create offsetting positions

using a combination of forward fixed-price purchases, sales contracts and derivative financial instruments. As a result, we frequently have gains on derivative financial instruments that are offset by losses on forward fixed-price physical contracts or inventories and vice versa.

Ethanol Production Segment

In the ethanol production segment, net gains and losses from settled derivative instruments are offset by physical commodity purchases or sales to achieve the intended operating margins. Our results are impacted when there is a mismatch of gains or losses associated with the derivative instrument during a reporting period when the physical commodity purchases or sale has not yet occurred. For the year ended December 31, 2016, revenues included net losses of \$2.0 million and cost of goods sold included net losses of \$32.7 million associated with derivative instruments.

Our exposure to market risk, which includes the impact of our risk management activities resulting from our fixed-price purchase and sale contracts and derivatives, is based on the estimated net income effect resulting from a hypothetical 10% change in price for the next 12 months starting on December 31, 2016, are as follows (in thousands):

Commodity	Estimated Total Volume Requirements for the Next 12 Months (1)	Unit of Measure	Net Income Effect of Approximate 10% Change in Price
Ethanol	1,470,000	Gallons	\$ 136,768
Corn	524,000	Bushels	\$ 116,325
Distillers grains	4,100	Tons (2)	\$ 22,241
Corn Oil	340,000	Pounds	\$ 6,547
Natural gas	41,700	MMBTU	\$ 6,622

(1) Estimated volumes reflect anticipated expansion of production capacity at our ethanol plants and assumes production at full capacity.

(2) Distillers grains quantities are stated on an equivalent dried ton basis.

Agribusiness and Energy Services Segment

In the agribusiness and energy services segment, our inventories, physical purchase and sale contracts and derivatives are marked to market. To reduce commodity price risk caused by market fluctuations for purchase and sale commitments of grain and grain held in inventory, we enter into exchange-traded futures and options contracts that serve as economic hedges.

The market value of exchange-traded futures and options used for hedging are highly correlated with the underlying market value of grain inventories and related purchase and sale contracts for grain. The less correlated portion of inventory and purchase and sale contract market values, known as basis, is much less volatile than the overall market value of exchange-traded futures and tends to follow historical patterns. We manage this less volatile risk by constantly monitoring our position relative to the price changes in the market. Inventory values are affected by the month-to-month spread in the futures markets. These spreads are also less volatile than overall market value of our inventory and tend to follow historical patterns, but cannot be mitigated directly. Our accounting policy for futures and options, as well as the underlying inventory held for sale and purchase and sale contracts, is to reflect their current market values and include gains and losses in the consolidated statement of income.

Our daily net commodity position consists of inventories related to purchase and sale contracts and exchange-traded contracts. The fair value of our position was approximately \$537 thousand for grain at December 31, 2016. Our market risk at that date, based on the estimated net income effect resulting from a hypothetical 10% change in price, was approximately \$33 thousand.

Food and Food Ingredients Segment

In the food and food ingredients segment, our inventories, physical purchase and sale contracts and derivatives are marked to market. To reduce commodity price risk caused by market fluctuations for purchase and sale commitments of cattle, we enter into exchange-traded futures and options contracts that serve as economic hedges.

The market value of exchange-traded futures and options used for hedging are highly correlated with the underlying market value of purchase and sale contracts for cattle. The less correlated portion of inventory and purchase and sale contract market values, known as basis, is much less volatile than the overall market value of exchange-traded futures and tends to

follow historical patterns. We manage this less volatile risk by constantly monitoring our position relative to the price changes in the market. Inventory values are affected by the month-to-month spread in the futures markets. These spreads are also less volatile than overall market value of our inventory and tend to follow historical patterns, but cannot be mitigated directly. Our accounting policy for futures and options, as well as the underlying inventory held for sale and purchase and sale contracts, is to reflect their current market values and include gains and losses in the consolidated statement of income.

Our daily net commodity position consists of inventories related to purchase and sale contracts and exchange-traded contracts. The fair value of our position was approximately \$5.6 million for cattle at December 31, 2016. Our market risk at that date, based on the estimated net income effect resulting from a hypothetical 10% change in price, was approximately \$0.4 million.

Item 8. Financial Statements and Supplementary Data.

The required consolidated financial statements and accompanying notes are listed in Part IV, Item 15.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure information that must be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required financial disclosure.

Under the supervision of and participation of our chief executive officer and chief financial officer, management carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2016, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act and concluded that our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with GAAP.

Under the supervision and participation of our chief executive officer and chief financial officer, management assessed the design and operating effectiveness of our internal control over financial reporting as of December 31, 2016, based on the *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. We completed the acquisition of three ethanol plants from Abengoa S.A. on September 23, 2016 and the acquisition of SCI, the holding company of Fleischmann's Vinegar Company Inc., on October 3, 2016 (collectively, the acquired businesses), and management excluded from its assessment of the effectiveness of the company's internal control over financial reporting as of December 31, 2016, the acquired businesses' internal control over financial reporting associated with the acquired assets which represent approximately 22% of the company's consolidated total assets and approximately 4% of the company's consolidated total revenues as of and for the year ended December 31, 2016. Our audit of internal control over financial reporting of the company also excluded an evaluation of the internal control over financial reporting of the acquired businesses.

Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2016. KMPG LLP, an independent registered public accounting firm, has audited and issued a report on our internal control over financial reporting as of December 31, 2016, which is included in this report.

Changes in Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with GAAP. During the three months ended December 31, 2016, we acquired Fleischmann's Vinegar, resulting in process changes and, therefore, changes in internal control over financial reporting. We have not identified any other changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Green Plains Inc. and subsidiaries:

We have audited Green Plains Inc. and subsidiaries' (the company) internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The company completed the acquisition of three ethanol plants from Abengoa S.A. on September 23, 2016 and the acquisition of SCI, the holding company of Fleischmann's Vinegar Company Inc., on October 3, 2016 (collectively, the acquired businesses), and management excluded from its assessment of the effectiveness of the company's internal control over financial reporting as of December 31, 2016, the acquired businesses' internal control over financial reporting associated with the acquired assets which represent approximately 22% of the company's consolidated total assets and approximately 4% of the company's consolidated total revenues as of and for the year ended December 31, 2016. Our audit of internal control over financial reporting of the company also excluded an evaluation of the internal control over financial reporting of the acquired businesses.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the company as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and our report dated February 22, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Omaha, Nebraska
February 22, 2017

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information in our Proxy Statement for the 2017 Annual Meeting of Stockholders (“Proxy Statement”) under “Information about the Board of Directors and Corporate Governance,” “Proposal 1 – Election of Directors,” “Executive Officers,” and “Section 16(a) Beneficial Ownership Reporting Compliance” is incorporated by reference.

We have adopted a code of ethics that applies to our chief executive officer, chief financial officer and all other senior financial officers. Our code of ethics is available on our website at www.gpreinc.com in the “Investors – Corporate Governance” section. Amendments or waivers are disclosed within five business days following its adoption.

Item 11. Executive Compensation.

Information included in the Proxy Statement under “Information about the Board of Directors and Corporate Governance,” “Director Compensation” and “Executive Compensation” is incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information in the Proxy Statement under “Principal Shareholders,” “Equity Compensation Plans” and “Executive Compensation” is incorporated by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information in the Proxy Statement under “Information about the Board of Directors and Corporate Governance” and “Certain Relationships and Related Party Transactions” is incorporated by reference.

Item 14. Principal Accounting Fees and Services.

Information in the Proxy Statement under “Independent Public Accountants” is incorporated by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(1) *Financial Statements.* The following consolidated financial statements and notes are filed as part of this annual report on Form 10-K.

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Consolidated Statements of Stockholders' Equity for the years-ended December 31, 2016, 2015 and 2014	F-5
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(2) *Financial Statement Schedules.* The following condensed financial information and notes are filed as part of this annual report on Form 10-K.

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Schedule I – Condensed Financial Information of the Registrant	F-36

All other schedules have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

(3) *Exhibits.* The following exhibits are incorporated by reference, filed or furnished as part of this annual report on Form 10-K.

Exhibit Index

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
2.1(a)	Asset Purchase Agreement by and among Ethanol Holding Company, LLC, Green Plains Renewable Energy, Inc., Green Plains Wood River LLC and Green Plains Fairmont LLC dated November 1, 2013 (Incorporated by reference to Exhibit 2.1 of the company's Current Report on Form 8-K filed November 25, 2013)
2.1(b)	Amendment to Asset Purchase Agreement by and among Ethanol Holding Company, LLC, Green Plains Renewable Energy, Inc., Green Plains Wood River LLC and Green Plains Fairmont LLC dated November 22, 2013 (Incorporated by reference to Exhibit 2.2 of the company's Current Report on Form 8-K filed November 25, 2013)
2.2	Membership Interest Purchase Agreement between Murphy Oil USA, Inc. and Green Plains Inc. dated October 28, 2015 (certain exhibits and disclosure schedules to this agreement have been omitted; Green Plains will furnish such exhibits and disclosure schedules to the SEC upon request) (Incorporated by reference to Exhibit 2.1 to the company's Current Report on Form 8-K dated November 12, 2015)
2.3(a)	Asset Purchase Agreement, dated June 12, 2016, by and among Green Plains Inc. and Abengoa Bioenergy of Illinois, LLC and Abengoa Bioenergy of Indiana, LLC (Incorporated by reference to Exhibit 2.1 to the company's Current Report on Form 8-K dated June 13, 2016)
2.3(b)	Amended and Restated Asset Purchase Agreement, dated August 25, 2016, by and among Green Plains Inc. and Abengoa Bioenergy Company, LLC (Incorporated by reference to Exhibit 2.1 to the company's Current Report on Form 8-K dated September 1, 2016)
2.4(a)	Asset Purchase Agreement, dated September 23, 2016, by and among Green Plains Inc., Green Plains Madison LLC, Green Plains Mount Vernon LLC, Green Plains York LLC, Green Plains Holdings LLC, Green Plains Partners LP, Green Plains Operating Company LLC, Green Plains Ethanol Storage LLC and Green Plains Logistics LLC (Incorporated by reference to Exhibit 2.1 to the company's Current Report on Form 8-K dated September 26, 2016)

2.4(b)	Amended and Restated Asset Purchase Agreement, dated August 25, 2016, by and among Green Plains Inc., Abengoa BioEnergy of Illinois, LLC and Abengoa BioEnergy of Indiana, LLC (Incorporated by reference to Exhibit 2.2 to the company's Current Report on Form 8-K dated September 26, 2016)
2.5	Stock Purchase Agreement, dated as of October 3, 2016, by and among Green Plains Inc., Green Plains II LLC, SCI Ingredients Holdings, Inc., Stone Canyon Industries LLC and other selling shareholders (Incorporated by reference to Exhibit 2.1 to the company's Current Report on Form 8-K dated October 3, 2016)
3.1(a)	Second Amended and Restated Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 of the company's Current Report on Form 8-K filed October 15, 2008)
3.1(b)	Articles of Amendment to Second Amended and Restated Articles of Incorporation of Green Plains Renewable Energy, Inc. (Incorporated by reference to Exhibit 3.1 of the company's Current Report on Form 8-K filed May 9, 2011)
3.1(c)	Second Articles of Amendment to Second Amended and Restated Articles of Incorporation of Green Plains Renewable Energy, Inc. (Incorporated by reference to Exhibit 3.1 of the company's Current Report on Form 8-K filed May 16, 2014)
3.2	Second Amended and Restated Bylaws of Green Plains Renewable Energy, Inc., dated August 14, 2012 (Incorporated by reference to Exhibit 3.1 of the company's Current Report on Form 8-K filed August 15, 2012)
4.1	Shareholders' Agreement by and among Green Plains Renewable Energy, Inc., each of the investors listed on Schedule A, and each of the existing shareholders and affiliates identified on Schedule B, dated May 7, 2008 (Incorporated by reference to Appendix F of the company's Registration Statement on Form S-4/A filed September 4, 2008)
4.2	Form of Senior Indenture (Incorporated by reference to Exhibit 4.5 of the company's Registration Statement on Form S-3/A filed December 30, 2009)
4.3	Form of Subordinated Indenture (Incorporated by reference to Exhibit 4.6 of the company's Registration Statement on Form S-3/A filed December 30, 2009)
4.4	Indenture relating to the 3.25% Convertible Senior Notes due 2018, dated as of September 20, 2013, between Green Plains Renewable Energy, Inc. and Wilmington Trust, National Association, including the form of Global Note attached as Exhibit A thereto (Incorporated by reference to Exhibit 4.1 to the company's Current Report on Form 8-K filed September 20, 2013)
4.5	Indenture relating to the 4.125% Convertible Senior Notes due 2022, dated as of August 15, 2016, between Green Plains Inc. and Wilmington Trust, National Association, including the form of Global Note attached as Exhibit A thereto (Incorporated by reference to Exhibit 4.1 to the company's Current Report on Form 8-K filed August 15, 2016)
*10.1	Amended and Restated Employment Agreement dated October 24, 2008, by and between the company and Jerry L. Peters (Incorporated by reference to Exhibit 10.1 of the company's Current Report on Form 8-K dated October 28, 2008)
*10.2	2007 Equity Incentive Plan (Incorporated by reference to Appendix A of the company's Definitive Proxy Statement filed March 27, 2007)
10.3	Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.53 of the company's Registration Statement on Form S-4/A filed August 1, 2008)
*10.4(a)	Employment Agreement with Todd Becker (Incorporated by reference to Exhibit 10.54 of the company's Registration Statement on Form S-4/A filed August 1, 2008)
*10.4(b)	Amendment No. 1 to Employment Agreement with Todd Becker, dated December 18, 2009. (Incorporated by reference to Exhibit 10.7(b) of the company's Annual Report on Form 10-K filed February 24, 2010)
*10.5(a)	2009 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 of the company's Current Report on Form 8-K dated May 11, 2009)
*10.5(b)	Amendment No. 1 to the 2009 Equity Incentive Plan (Incorporated by reference to Appendix A of the company's Definitive Proxy Statement filed March 25, 2011)

*10.5(c)	Amendment No. 2 to the 2009 Equity Incentive Plan (Incorporated by reference to Appendix A of the company's Definitive Proxy Statement filed March 29, 2013)
*10.5(d)	Form of Stock Option Award Agreement for 2009 Equity Incentive Plan (Incorporated by reference to Exhibit 10.19(b) of the company's Annual Report on Form 10-K filed February 24, 2010)
*10.5(e)	Form of Restricted Stock Award Agreement for 2009 Equity Incentive Plan (Incorporated by reference to Exhibit 10.19(c) of the company's Annual Report on Form 10-K/A (Amendment No. 1) filed February 25, 2010)
*10.5(f)	Form of Deferred Stock Unit Award Agreement for 2009 Equity Incentive Plan (Incorporated by reference to Exhibit 10.19(d) of the company's Annual Report on Form 10-K filed February 24, 2010)
10.6(a)	Second Amended and Restated Revolving Credit and Security Agreement dated April 26, 2013 by and among Green Plains Trade Group LLC and PNC Bank, National Association (as Lender and Agent) (Incorporated by reference to Exhibit 10.2 of the company's Quarterly Report on Form 10-Q filed May 2, 2013)
10.6(b)	Third Amended and Restated Revolving Credit and Security Agreement dated November 26, 2014 by and among Green Plains Trade Group LLC, the Lenders and PNC Bank, National Association (as Lender and Agent) (Incorporated by reference to Exhibit 10.1 of the company's Current Report on Form 8-K filed December 2, 2014)
10.6(c)	Second Amended and Restated Revolving Credit Note dated April 26, 2013 by and among Green Plains Trade Group LLC and PNC Bank, National Association (Incorporated by reference to Exhibit 10.2(a) of the company's Quarterly Report on Form 10-Q filed May 2, 2013)
10.6(d)	Revolving Credit Note dated April 26, 2013 by and among Green Plains Trade Group LLC and Citibank, N.A. (Incorporated by reference to Exhibit 10.2(b) of the company's Quarterly Report on Form 10-Q filed May 2, 2013)
10.6(e)	Revolving Credit Note dated April 26, 2013 by and among Green Plains Trade Group LLC and BMO Harris Bank N.A. (Incorporated by reference to Exhibit 10.2(c) of the company's Quarterly Report on Form 10-Q filed May 2, 2013)
10.6(f)	Revolving Credit Note dated April 26, 2013 by and among Green Plains Trade Group LLC and Alostair Bank of Commerce (Incorporated by reference to Exhibit 10.2(d) of the company's Quarterly Report on Form 10-Q filed May 2, 2013)
10.6(g)	Revolving Credit Note dated April 26, 2013 by and among Green Plains Trade Group LLC and Bank of America (Incorporated by reference to Exhibit 10.2(e) of the company's Quarterly Report on Form 10-Q filed May 2, 2013)
*10.7	Umbrella Short-Term Incentive Plan (Incorporated by reference to Appendix A of the company's Proxy Statement filed April 3, 2014)
*10.8	Director Compensation effective May 11, 2016 (Incorporated by reference to Exhibit 10.4 of the company's Quarterly Report on Form 10-Q filed August 3, 2016)
*10.9	Employment Agreement dated March 4, 2011 by and between the company and Jeffrey S. Briggs (Incorporated by reference to Exhibit 10.1 of the company's Current Report on Form 8-K filed March 8, 2011)
*10.10	Employment Agreement dated March 4, 2011 by and between the company and Carl S. (Steve) Bleyl (Incorporated by reference to Exhibit 10.2 of the company's Current Report on Form 8-K filed March 8, 2011)
10.11(a)	Credit Agreement dated October 28, 2011 by and among Green Plains Grain Company LLC, Green Plains Grain Company TN LLC, Green Plains Essex Inc., BNP Paribas Securities Corp. as Lead Arranger, Rabo Agrifinance, Inc. as Syndication Agent, ABN AMRO Capital USA LLC as Documentation Agent and BNP Paribas as Administrative Agent (Incorporated by reference to Exhibit 10.1 of the company's Current Report on Form 8-K filed November 3, 2011)
10.11(b)	Security Agreement dated October 28, 2011 by and among Green Plains Grain Company LLC, Green Plains Grain Company TN LLC, Green Plains Essex Inc. and BNP Paribas (Incorporated by reference to Exhibit 10.2 of the company's Current Report on Form 8-K filed November 3, 2011)

- 10.11(c) Promissory Note dated October 28, 2011 by and among Green Plains Grain Company LLC, Green Plains Grain Company TN LLC, Green Plains Essex Inc. and Bank of Oklahoma (Incorporated by reference to Exhibit 10.3 of the company's Current Report on Form 8-K filed November 3, 2011)
- 10.11(d) Promissory Note dated October 28, 2011 by and among Green Plains Grain Company LLC, Green Plains Grain Company TN LLC, Green Plains Essex Inc. and U.S. Bank National Association (Incorporated by reference to Exhibit 10.4 of the company's Current Report on Form 8-K filed November 3, 2011)
- 10.11(e) Promissory Note dated October 28, 2011 by and among Green Plains Grain Company LLC, Green Plains Grain Company TN LLC, Green Plains Essex Inc. and Farm Credit Bank of Texas (Incorporated by reference to Exhibit 10.5 of the company's Current Report on Form 8-K filed November 3, 2011)
- 10.11(f) First Amendment to Credit Agreement dated January 6, 2012 by and among Green Plains Grain Company LLC, Green Plains Grain Company TN LLC, Green Plains Essex Inc., BNP Paribas and the Required Lenders (Incorporated by reference to Exhibit 10.26(k) of the company's Annual Report on Form 10-K filed February 17, 2012)
- 10.11(g) Second Amendment to Credit Agreement, dated October 26, 2012, by and among Green Plains Grain Company LLC, Green Plains Grain Company TN LLC, Green Plains Essex, Inc., BNP Paribas, as the administrative agent under the Credit Agreement, and the lenders party to the Credit Agreement (Incorporated by reference to Exhibit 10.5 of the company's Quarterly Report on Form 10-Q filed November 1, 2012)
- 10.11(h) Third Amendment to Credit Agreement, dated August 27, 2013, by and among Green Plains Grain Company LLC, Green Plains Grain Company TN LLC, Green Plains Essex, Inc., BNP Paribas, as the administrative agent under the Credit Agreement, and the lenders party to the Credit Agreement (Incorporated by reference to Exhibit 10.3 of the company's Quarterly Report on Form 10-Q filed October 31, 2013)
- 10.11(i) Fourth Amendment to Credit Agreement, dated August 8, 2014, by and among Green Plains Grain Company LLC (including in its capacity as successor by merger to Green Plains Essex Inc.), Green Plains Grain Company TN LLC, BNP Paribas, as the administrative agent under the Credit Agreement, and the lenders party to the Credit Agreement (Incorporated by reference to Exhibit 10.3 of the company's Quarterly Report on Form 10-Q filed October 30, 2014)
- 10.11(j) Fifth Amendment to Credit Agreement, dated June 1, 2015, by and among Green Plains Grain Company LLC (including in its capacity as successor by merger to Green Plains Essex Inc.), Green Plains Grain Company TN LLC, BNP Paribas, as the administrative agent under the Credit Agreement, and the lenders party to the Credit Agreement (Incorporated by reference to Exhibit 10.5 of the company's Quarterly Report on Form 10-Q filed August 3, 2016)
- 10.11(k) Sixth Amendment to Credit Agreement, dated January 5, 2016, by and among Green Plains Grain Company LLC (including in its capacity as successor by merger to Green Plains Essex Inc.), Green Plains Grain Company TN LLC, BNP Paribas, as the administrative agent under the Credit Agreement, and the lenders party to the Credit Agreement (Incorporated by reference to Exhibit 10.6 of the company's Quarterly Report on Form 10-Q filed August 3, 2016)
- 10.11(l) Seventh Amendment to Credit Agreement, dated July 27, 2016, by and among Green Plains Grain Company LLC (including in its capacity as successor by merger to Green Plains Essex Inc.), Green Plains Grain Company TN LLC, BNP Paribas, as the administrative agent under the Credit Agreement, and the lenders party to the Credit Agreement (Incorporated by reference to Exhibit 10.7 of the company's Quarterly Report on Form 10-Q filed August 3, 2016)
- *10.12 Employment Agreement by and between Green Plains Renewable Energy, Inc. and Patrich Simpkins dated April 1, 2012 (Incorporated by reference to Exhibit 10.2 of the company's Quarterly Report on Form 10-Q filed May 1, 2014)
- 10.13(a) Term Loan Agreement, dated as of June 10, 2014, among Green Plains Processing, LLC, as Borrower, the Lenders Party Hereto, BNP Paribas, as Administrative Agent and as Collateral Agent, and BMO Capital Markets and BNP Paribas Securities Corp., as Joint Lead Arrangers and Joint Book Runners (Incorporated by reference to Exhibit 10.1 to the company's Current Report on Form 8-K dated June 12, 2014)

- 10.13(b) Guaranty - Green Plains Inc. (Incorporated by reference to Exhibit 10.2 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(c) Guaranty - Green Plains Processing Subsidiaries (Incorporated by reference to Exhibit 10.3 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(d) Pledge Agreement (Incorporated by reference to Exhibit 10.4 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(e) Security Agreement (Incorporated by reference to Exhibit 10.5 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(f) Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Atkinson LLC (Incorporated by reference to Exhibit 10.6 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(g) Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Central City LLC (Incorporated by reference to Exhibit 10.7 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(h) Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Ord LLC (Incorporated by reference to Exhibit 10.8 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(i) Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Bluffton LLC (Incorporated by reference to Exhibit 10.9 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(j) Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Otter Tail LLC (Incorporated by reference to Exhibit 10.10 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(k) Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Shenandoah LLC (Incorporated by reference to Exhibit 10.11 to the company's Current Report on Form 8-K dated June 12, 2014)
- 10.13(l) First Amendment to Term Loan Agreement, dated as of June 11, 2015, among Green Plains as Borrower, the Lenders Party Hereto, BNP Paribas, as Administrative Agent and as Collateral Agent, and BMO Capital Markets and BNP Paribas Securities Corp., as Joint Lead Arrangers and Joint Book Runners (Incorporated by reference to Exhibit 10.1 to the company's Current Report on Form 8-K dated June 16, 2015)
- 10.13(m) Second Amendment to Term Loan Agreement, dated as of June 11, 2015, by and between Green Plains Processing, BNP Paribas, as Administrative Agent and Collateral Agent and as a Lender (Incorporated by reference to Exhibit 10.2 to the company's Current Report on Form 8-K dated June 16, 2015)
- 10.13(n) Joinder Agreement (Incorporated by reference to Exhibit 10.3 to the company's Current Report on Form 8-K dated June 16, 2015)
- 10.13(o) Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Fairmont LLC, as mortgagor, to and for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.4 to the company's Current Report on Form 8-K dated June 16, 2015)
- 10.13(p) Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Holdings II LLC, as mortgagor, to and for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.5 to the company's Current Report on Form 8-K dated June 16, 2015)
- 10.13(q) Mortgage by and from Green Plains Holdings II LLC, as mortgagor, to and for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.6 to the company's Current Report on Form 8-K dated June 16, 2015)
- 10.13(r) Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing by and from Green Plains Obion LLC, as trustor, to the trustee named therein for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.7 to the company's Current Report on Form 8-K dated June 16, 2015)

10.13(s)	Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Superior LLC, as mortgagor, to and for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.8 to the company's Current Report on Form 8-K dated June 16, 2015)
10.13(t)	Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by and from Green Plains Wood River LLC, as trustor, to the trustee named therein for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.9 to the company's Current Report on Form 8-K dated June 16, 2015)
10.13(u)	Amendment to Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Otter Tail LLC, as mortgagor, to and for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.10 to the company's Current Report on Form 8-K dated June 16, 2015)
10.13(v)	Amendment to Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Bluffton LLC, as mortgagor, to and for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.11 to the company's Current Report on Form 8-K dated June 16, 2015)
10.13(w)	Amendment to Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by and from Green Plains Atkinson LLC, as trustor, to the trustee named therein for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.12 to the company's Current Report on Form 8-K dated June 16, 2015)
10.13(x)	Amendment to Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by and from Green Plains Central City LLC, as trustor, to the trustee named therein for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.13 to the company's Current Report on Form 8-K dated June 16, 2015)
10.13(y)	Amendment to Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by and from Green Plains Ord LLC, as trustor, to the trustee named therein for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.14 to the company's Current Report on Form 8-K dated June 16, 2015)
10.13(z)	Amendment to Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Statement by Green Plains Shenandoah LLC, as mortgagor, to and for the benefit of BNP Paribas (Incorporated by reference to Exhibit 10.15 to the company's Current Report on Form 8-K dated June 16, 2015)
10.14(a)	Credit Agreement dated December 3, 2014 among Green Plains Cattle Company, LLC, Bank of the West and ING Capital LLC, as Joint Administrative Agents, and the lenders party to the Credit Agreement (Incorporated by reference to Exhibit 10.1 to the company's Current Report on Form 8-K dated December 5, 2014)
10.14(b)	Security and Pledge Agreement dated December 3, 2014 among Green Plains Cattle Company, LLC, and Bank of the West and ING Capital LLC in their capacity as Joint Administrative Agents (Incorporated by reference to Exhibit 10.2 to the company's Current Report on Form 8-K dated December 5, 2014)
10.15	Contribution, Conveyance and Assumption Agreement, dated July 1, 2015, by and among Green Plains Inc., Green Plains Obion LLC, Green Plains Trucking LLC, Green Plains Holdings LLC, Green Plains Partners LP and Green Plains Operating Company LLC (Incorporated by reference to Exhibit 10.1 to the company's Current Report on Form 8-K dated July 6, 2015)
10.16(a)	Omnibus Agreement, dated July 1, 2015, by and among Green Plains Inc., Green Plains Holdings LLC, Green Plains Partners LP and Green Plains Operating Company LLC (Incorporated by reference to Exhibit 10.2 to the company's Current Report on Form 8-K dated July 6, 2015)
10.16(b)	First Amendment to the Omnibus Agreement, dated January 1, 2016, by and among Green Plains Inc., Green Plains Holdings LLC, Green Plains Partners LP and Green Plains Operating Company LLC (Incorporated by reference to Exhibit 10.22(b) to the company's Annual Report on Form 10-K for the year ended December 31, 2015)

- 10.16(c) Second Amendment to the Omnibus Agreement, dated September 23, 2016, by and among Green Plains Inc., Green Plains Partners LP, Green Plains Holdings LLC and Green Plains Operating Company LLC (Incorporated by reference to Exhibit 10.1 to the company's Current Report on Form 8-K dated September 26, 2016)
- 10.17(a) Operational Services and Secondment Agreement, dated July 1, 2015, by and between Green Plains Inc. and Green Plains Holdings LLC (Incorporated by reference to Exhibit 10.3 to the company's Current Report on Form 8-K dated July 6, 2015)
- 10.17(b) Amendment No. 1 to the Operational Services and Secondment Agreement, dated January 1, 2016, by and between Green Plains Inc. and Green Plains Holdings LLC (Incorporated by reference to Exhibit 10.23(b) to the company's Annual Report on Form 10-K for the year ended December 31, 2015)
- 10.17(c) Amendment No. 2 to Operational Services and Secondment Agreement, dated September 23, 2016, between Green Plains Inc. and Green Plains Holdings LLC (Incorporated by reference to Exhibit 10.2 to the company's Current Report on Form 8-K dated September 26, 2016)
- 10.18(a) Rail Transportation Services Agreement, dated July 1, 2015, by and between Green Plains Logistics LLC and Green Plains Trade Group LLC (Incorporated by reference to Exhibit 10.4 to the company's Current Report on Form 8-K dated July 6, 2015)
- 10.18(b) Amendment No. 1 to Rail Transportation Services Agreement, dated September 1, 2015, by and between Green Plains Logistics LLC and Green Plains Trade Group LLC (Incorporated by reference to Exhibit 10.1 of the company's Quarterly Report on Form 10-Q filed August 3, 2016)
- 10.18(c) Correction to Rail Transportation Services Agreement, dated May 12, 2016, by and between Green Plains Logistics LLC and Green Plains Trade Group LLC (Incorporated by reference to Exhibit 10.3 of the company's Quarterly Report on Form 10-Q filed August 3, 2016)
- 10.18(d) Amendment No. 2 to Rail Transportation Services Agreement, dated November 30, 2016 (Incorporated by reference to Exhibit 10.1 to the company's Current Report on Form 8-K dated December 1, 2016)
- 10.19(a) Ethanol Storage and Throughput Agreement, dated July 1, 2015, by and between Green Plains Ethanol Storage LLC and Green Plains Trade Group LLC (Incorporated by reference to Exhibit 10.5 to the company's Current Report on Form 8-K dated July 6, 2015)
- 10.19(b) Amendment No. 1 to the Ethanol Storage and Throughput Agreement, dated January 1, 2016, by and between Green Plains Ethanol Storage LLC and Green Plains Trade Group LLC (Incorporated by reference to Exhibit 10.25(b) to the company's Annual Report on Form 10-K for the year ended December 31, 2015)
- 10.19(c) Clarifying Amendment to Ethanol Storage and Throughput Agreement, dated January 4, 2016, by and between Green Plains Ethanol Storage LLC and Green Plains Trade Group LLC (Incorporated by reference to Exhibit 10.2 of the company's Quarterly Report on Form 10-Q filed August 3, 2016)
- 10.19(d) Amendment No. 2 to Ethanol Storage and Throughput Agreement, dated September 23, 2016, by and between Green Plains Ethanol Storage LLC and Green Plains Trade Group LLC (Incorporated by reference to Exhibit 10.3 to the company's Current Report on Form 8-K dated September 26, 2016)
- 10.20 Credit Agreement, dated July 1, 2015, by and among Green Plains Operating Company LLC, as the Borrower, the subsidiaries of the Borrower identified therein, Bank of America, N.A., and the other lenders party thereto (Incorporated by reference to Exhibit 10.6 to the company's Current Report on Form 8-K dated July 6, 2015)
- 10.21 Asset Purchase Agreement, dated January 1, 2016, by and among Green Plains Inc., Green Plains Hereford LLC, Green Plains Hopewell LLC, Green Plains Holdings LLC, Green Plains Partners LP, Green Plains Operating Company LLC, Green Plains Ethanol Storage LLC and Green Plains Logistics LLC (Incorporated by reference to Exhibit 10.27 to the company's Annual Report on Form 10-K for the year ended December 31, 2015)
- 10.22(a) Credit Agreement, dated as of October 3, 2016, by and among Green Plains II LLC, Green Plains I LLC (as borrower and guarantor) and Maranon Capital, L.P. (as agent for lenders). (Incorporated by reference to Exhibit 10.1(a) to the company's Current Report on Form 8-K dated October 3, 2016)

10.22(b)	Term Notes, dated as of October 3, 2016, by and among Green Plains II LLC (as borrower), Northwestern Mutual Life Insurance Company, Axa Equitable Life Insurance Company, Metropolitan Life Insurance Company and MetLife Insurance Company USA (as lenders) and Maranon Capital, L.P. (as agent for lenders). (Incorporated by reference to Exhibit 10.1(b) to the company's Current Report on Form 8-K dated October 3, 2016)
10.22(c)	Revolving Notes, dated as of October 3, 2016, by and among Green Plains II LLC (as borrower), Northwestern Mutual Life Insurance Company, Metropolitan Life Insurance Company (as lenders) and Maranon Capital, L.P. (as agent for lenders). (Incorporated by reference to Exhibit 10.1(c) to the company's Current Report on Form 8-K dated October 3, 2016)
10.22(d)	Borrower Joinder to Credit Agreement and Notes, dated as of October 3, 2016, by and among SCI Ingredients Holdings, Inc., FVC Intermediate Holdings, Inc., Fleischmann's Vinegar Company, Inc., FVC Houston, Inc. (as new borrowers) and Maranon Capital, L.P. (as agent for lenders). (Incorporated by reference to Exhibit 10.1(d) to the company's Current Report on Form 8-K dated October 3, 2016)
10.22(e)	Security Agreement, dated as of October 3, 2016, by and among Green Plains II LLC, Green Plains I LLC (as borrowers and guarantor) and Maranon Capital, L.P. (as agent for lenders). (Incorporated by reference to Exhibit 10.1(e) to the company's Current Report on Form 8-K dated October 3, 2016)
10.22(f)	Joinder Agreement to Security Agreement, dated as of October 3, 2016, by and among SCI Ingredients Holdings, Inc., FVC Intermediate Holdings, Inc., Fleischmann's Vinegar Company, Inc., FVC Houston, Inc. and Maranon Capital, L.P. (as agent for lenders). (Incorporated by reference to Exhibit 10.1(f) to the company's Current Report on Form 8-K dated October 3, 2016)
10.22(g)	Pledge Agreement, dated as of October 3, 2016, by and among Green Plains II LLC, Green Plains I LLC (as pledgors) and Maranon Capital, L.P. (as agent for lenders). (Incorporated by reference to Exhibit 10.1(g) to the company's Current Report on Form 8-K dated October 3, 2016)
10.22(h)	Pledge Supplement, dated as of October 3, 2016, by and among Green Plains II LLC and each Pledgor and Maranon Capital, L.P. (as agent for lenders). (Incorporated by reference to Exhibit 10.1(h) to the company's Current Report on Form 8-K dated October 3, 2016)
10.22(i)	Joinder to Pledge Agreement, dated as of October 3, 2016, by and among SCI Ingredients Holdings, Inc., FVC Intermediate Holdings, Inc., Fleischmann's Vinegar Company, Inc., FVC Houston, Inc. (as new pledgors) and Maranon Capital, L.P. (as agent for lenders). (Incorporated by reference to Exhibit 10.1(i) to the company's Current Report on Form 8-K dated October 3, 2016)
10.22(j)	Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing Statement by Fleischmann's Vinegar Company, Inc., as mortgagor, to and for the benefit of Maranon Capital, L.P. (State of Alabama)
10.22(k)	Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing by Fleischmann's Vinegar Company, Inc., as mortgagor, to and for the benefit of Maranon Capital, L.P. (State of California)
10.22(l)	Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing Statement by Fleischmann's Vinegar Company, Inc., as mortgagor, to and for the benefit of Maranon Capital, L.P. (State of Illinois)
10.22(m)	Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing by Fleischmann's Vinegar Company, Inc., as mortgagor, to and for the benefit of Maranon Capital, L.P. (State of Maryland)
10.22(n)	Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing by Fleischmann's Vinegar Company, Inc., as mortgagor, to and for the benefit of Maranon Capital, L.P. (State of Missouri)
10.22(o)	Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing Statement by Fleischmann's Vinegar Company, Inc., as mortgagor, to and for the benefit of Maranon Capital, L.P. (State of New York)
21.1	Schedule of Subsidiaries
23.1	Consent of KPMG LLP

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following information from Green Plains Inc.'s Annual Report on Form 10-K for the annual period ended December 31, 2016, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income (iv) the Consolidated Statements of Stockholders' Equity (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements and Financial Statement Schedule.

* Represents management compensatory contracts

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREEN PLAINS INC.
(Registrant)

Date: February 22, 2017

By: /s/ Todd A. Becker
Todd A. Becker
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Todd A. Becker</u> Todd A. Becker	President and Chief Executive Officer (Principal Executive Officer) and Director	February 22, 2017
<u>/s/ Jerry L. Peters</u> Jerry L. Peters	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 22, 2017
<u>/s/ Wayne B. Hoovestol</u> Wayne B. Hoovestol	Chairman of the Board	February 22, 2017
<u>/s/ Jim Anderson</u> Jim Anderson	Director	February 22, 2017
<u>/s/ James F. Crowley</u> James F. Crowley	Director	February 22, 2017
<u>/s/ S. Eugene Edwards</u> S. Eugene Edwards	Director	February 22, 2017
<u>/s/ Gordon F. Glade</u> Gordon F. Glade	Director	February 22, 2017
<u>/s/ Ejnar A. Knudsen III</u> Ejnar A. Knudsen III	Director	February 22, 2017
<u>/s/ Thomas L. Manuel</u> Thomas L. Manuel	Director	February 22, 2017
<u>/s/ Brian D. Peterson</u> Brian D. Peterson	Director	February 22, 2017
<u>/s/ Alain Treuer</u> Alain Treuer	Director	February 22, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Green Plains Inc. and subsidiaries:

We have audited the accompanying consolidated balance sheets of Green Plains Inc. and subsidiaries (the company) as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule listed in the Index in Item 15. These consolidated financial statements and financial statement schedule are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Green Plains Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the company's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 22, 2017 expressed an unqualified opinion on the effectiveness of the company's internal control over financial reporting.

/s/ KPMG LLP

Omaha, Nebraska
February 22, 2017

GREEN PLAINS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

	December 31,	
	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 304,211	\$ 384,867
Restricted cash	51,979	27,018
Accounts receivable, net of allowances of \$266 and \$285, respectively	147,495	96,150
Income taxes receivable	10,379	9,104
Inventories	422,181	353,957
Prepaid expenses and other	17,095	10,941
Derivative financial instruments	47,236	30,540
Total current assets	<u>1,000,576</u>	<u>912,577</u>
Property and equipment, net	1,178,706	922,070
Goodwill	183,696	40,877
Other assets	143,514	42,396
Total assets	<u>\$ 2,506,492</u>	<u>\$ 1,917,920</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 192,275	\$ 166,963
Accrued and other liabilities	67,473	32,026
Derivative financial instruments	8,916	8,245
Short-term notes payable and other borrowings	291,223	226,928
Current maturities of long-term debt	35,059	4,507
Total current liabilities	<u>594,946</u>	<u>438,669</u>
Long-term debt	782,610	432,139
Deferred income taxes	140,262	81,797
Other liabilities	9,483	6,406
Total liabilities	<u>1,527,301</u>	<u>959,011</u>
Commitments and contingencies (Note 16)		
Stockholders' equity		
Common stock, \$0.001 par value; 75,000,000 shares authorized; 46,079,108 and 45,281,571 shares issued, and 38,364,118 and 37,889,871 shares outstanding, respectively	46	45
Additional paid-in capital	659,200	577,787
Retained earnings	283,214	290,974
Accumulated other comprehensive loss	(4,137)	(1,165)
Treasury stock, 7,714,990 and 7,391,700 shares, respectively	(75,816)	(69,811)
Total Green Plains stockholders' equity	<u>862,507</u>	<u>797,830</u>
Noncontrolling interests	116,684	161,079
Total stockholders' equity	<u>979,191</u>	<u>958,909</u>
Total liabilities and stockholders' equity	<u>\$ 2,506,492</u>	<u>\$ 1,917,920</u>

See accompanying notes to the consolidated financial statements.

GREEN PLAINS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Year Ended December 31,		
	2016	2015	2014
Revenues			
Product revenues	\$3,402,579	\$2,957,201	\$3,227,127
Service revenues	8,302	8,388	8,484
Total revenues	<u>3,410,881</u>	<u>2,965,589</u>	<u>3,235,611</u>
Costs and expenses			
Cost of goods sold	3,096,079	2,729,367	2,783,045
Operations and maintenance expenses	34,211	29,601	26,424
Selling, general and administrative expenses	104,677	79,594	77,729
Depreciation and amortization expenses	84,226	65,950	62,139
Total costs and expenses	<u>3,319,193</u>	<u>2,904,512</u>	<u>2,949,337</u>
Operating income	<u>91,688</u>	<u>61,077</u>	<u>286,274</u>
Other income (expense)			
Interest income	1,541	1,211	635
Interest expense	(51,851)	(40,366)	(39,908)
Other, net	(3,027)	(457)	3,429
Total other expense	<u>(53,337)</u>	<u>(39,612)</u>	<u>(35,844)</u>
Income before income taxes	<u>38,351</u>	<u>21,465</u>	<u>250,430</u>
Income tax expense	7,860	6,237	90,926
Net income	<u>30,491</u>	<u>15,228</u>	<u>159,504</u>
Net income attributable to noncontrolling interests	19,828	8,164	-
Net income attributable to Green Plains	<u>\$ 10,663</u>	<u>\$ 7,064</u>	<u>\$ 159,504</u>
Earnings per share:			
Net income attributable to Green Plains - basic	<u>\$ 0.28</u>	<u>\$ 0.19</u>	<u>\$ 4.37</u>
Net income attributable to Green Plains - diluted	<u>\$ 0.28</u>	<u>\$ 0.18</u>	<u>\$ 3.96</u>
Weighted average shares outstanding:			
Basic	<u>38,318</u>	<u>37,947</u>	<u>36,467</u>
Diluted	<u>38,573</u>	<u>39,028</u>	<u>40,730</u>

See accompanying notes to the consolidated financial statements.

GREEN PLAINS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2016	2015	2014
Net income	\$ 30,491	\$ 15,228	\$ 159,504
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on derivatives arising during period, net of tax (expense) benefit of \$10,494, \$(4,413), and \$138,874, respectively	(18,744)	7,169	(160,810)
Reclassification of realized (gains) losses on derivatives, net of tax expense (benefit) of \$(8,830), \$1,855, and \$(139,754), respectively	15,772	(3,014)	161,829
Total other comprehensive income (loss), net of tax	(2,972)	4,155	1,019
Comprehensive income	27,519	19,383	160,523
Comprehensive income attributable to noncontrolling interests	19,828	8,164	-
Comprehensive income attributable to Green Plains	\$ 7,691	\$ 11,219	\$ 160,523

See accompanying notes to the consolidated financial statements.

GREEN PLAINS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Total										
	Common		Additional		Accum. Other Comp. Income		Treasury Stock		Green Plains Stockholders' Control.		Total
	Shares	Amount	Paid-in Capital	Retained Earnings	(Loss)	Shares	Amount	Equity	Interests	Equity	
Balance, December 31, 2013	37,704	\$ 38	\$ 468,962	\$ 148,505	\$ (6,339)	7,200	\$ (65,808)	\$ 545,358	\$ -	\$ 545,358	
Net income	-	-	-	159,504	-	-	-	159,504	-	159,504	
Cash dividends declared	-	-	-	(8,908)	-	-	-	(8,908)	-	(8,908)	
Other comp. loss before reclassification	-	-	-	-	(160,810)	-	-	-	-	-	
Amounts reclassified from accum. other comp. loss	-	-	-	-	<u>161,829</u>	-	-	-	-	-	
Other comp. income, net of tax	-	-	-	-	1,019	-	-	1,019	-	1,019	
Stock-based compensation	302	-	5,729	-	-	-	-	5,729	-	5,729	
Stock options exercised	270	-	4,404	-	-	-	-	4,404	-	4,404	
Conversion of 5.75% Notes	6,533	7	90,336	-	-	-	-	90,343	-	90,343	
Balance, December 31, 2014	44,809	45	569,431	299,101	(5,320)	7,200	(65,808)	797,449	-	797,449	
Net income	-	-	-	7,064	-	-	-	7,064	8,164	15,228	
Cash dividends and distributions declared	-	-	-	(15,191)	-	-	-	(15,191)	(4,604)	(19,795)	
Other comp. income before reclassification	-	-	-	-	7,169	-	-	-	-	-	
Amounts reclassified from accum. other comp. income	-	-	-	-	<u>(3,014)</u>	-	-	-	-	-	
Other comp. income, net of tax	-	-	-	-	4,155	-	-	4,155	-	4,155	
Repurchase of common stock	-	-	-	-	-	192	(4,003)	(4,003)	-	(4,003)	
Net proceeds from issuance of common units - Green Plains Partners LP	-	-	-	-	-	-	-	-	157,452	157,452	
Stock-based compensation	432	-	7,590	-	-	-	-	7,590	67	7,657	
Stock options exercised	41	-	766	-	-	-	-	766	-	766	
Balance, December 31, 2015	45,282	45	577,787	290,974	(1,165)	7,392	(69,811)	797,830	161,079	958,909	
Net income	-	-	-	10,663	-	-	-	10,663	19,828	30,491	
Cash dividends and distributions declared	-	-	-	(18,423)	-	-	-	(18,423)	(18,855)	(37,278)	
Other comp. loss before reclassification	-	-	-	-	(18,744)	-	-	-	-	-	
Amounts reclassified from accum. other comp. loss	-	-	-	-	<u>15,772</u>	-	-	-	-	-	
Other comp. loss, net of tax	-	-	-	-	(2,972)	-	-	(2,972)	-	(2,972)	
Transfer of assets to Green Plains Partners LP	-	-	47,390	-	-	-	-	47,390	(47,390)	-	
Consolidation of BioProcess Algae	-	-	-	-	-	-	-	-	2,807	2,807	
Investment in BioProcess Algae	-	-	928	-	-	-	-	928	(928)	-	
Repurchase of common stock	-	-	-	-	-	323	(6,005)	(6,005)	-	(6,005)	
Issuance of 4.125% convertible notes due 2022, net of tax	-	-	24,492	-	-	-	-	24,492	-	24,492	
Stock-based compensation	647	1	6,846	-	-	-	-	6,847	143	6,990	
Stock options exercised	150	-	1,757	-	-	-	-	1,757	-	1,757	
Balance, December 31, 2016	46,079	\$ 46	\$ 659,200	\$ 283,214	\$ (4,137)	7,715	\$ (75,816)	\$ 862,507	\$ 116,684	\$ 979,191	

See accompanying notes to the consolidated financial statements.

GREEN PLAINS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2016	2015	2014
Cash flows from operating activities:			
Net income	\$ 30,491	\$ 15,228	\$ 159,504
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization	84,226	65,950	62,139
Amortization of debt issuance costs and debt discount	11,488	7,853	8,766
Gain on disposal of assets	-	-	(4,658)
Deferred income taxes	4,910	(27,513)	23,537
Stock-based compensation	7,285	5,108	3,440
Undistributed equity in loss of affiliates	3,055	1,519	4,129
Other	-	-	923
Changes in operating assets and liabilities before effects of business combinations:			
Accounts receivable	(36,888)	41,923	(28,145)
Inventories	(42,012)	(78,410)	(90,910)
Derivative financial instruments	(20,581)	15,148	14,184
Prepaid expenses and other assets	(4,092)	7,851	(5,391)
Accounts payable and accrued liabilities	49,077	(33,212)	72,606
Current income taxes	(1,887)	(9,586)	4,417
Other	(2,085)	(1,633)	(2,991)
Net cash provided by operating activities	<u>82,987</u>	<u>10,226</u>	<u>221,550</u>
Cash flows from investing activities:			
Purchases of property and equipment	(58,171)	(63,418)	(59,547)
Acquisition of businesses, net of cash acquired	(508,143)	(116,796)	(23,900)
Proceeds on disposal of assets, net	58	68	9,258
Investments in unconsolidated subsidiaries	(6,342)	(3,055)	(4,406)
Net cash used by investing activities	<u>(572,598)</u>	<u>(183,201)</u>	<u>(78,595)</u>
Cash flows from financing activities:			
Proceeds from the issuance of long-term debt	524,000	178,400	542,692
Payments of principal on long-term debt	(106,803)	(195,810)	(557,850)
Proceeds from short-term borrowings	4,130,946	3,237,477	3,708,896
Payments on short-term borrowings	(4,066,968)	(3,219,566)	(3,670,529)
Proceeds from issuance of Green Plains Partners common units, net	-	157,452	-
Payments for repurchase of common stock	(6,005)	(4,003)	-
Payments of cash dividends and distributions	(37,278)	(19,795)	(8,908)
Change in restricted cash	(18,641)	2,725	(547)
Payments of loan fees	(12,053)	(5,314)	(7,630)
Proceeds from exercises of stock options	1,757	766	4,404
Net cash provided by financing activities	<u>408,955</u>	<u>132,332</u>	<u>10,528</u>
Net change in cash and cash equivalents	(80,656)	(40,643)	153,483
Cash and cash equivalents, beginning of period	384,867	425,510	272,027
Cash and cash equivalents, end of period	<u>\$ 304,211</u>	<u>\$ 384,867</u>	<u>\$ 425,510</u>

Continued on the following page

GREEN PLAINS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Continued from the previous page

	Year Ended December 31,		
	2016	2015	2014
Supplemental disclosures of cash flow:			
Cash paid for income taxes	\$ 4,692	\$ 43,833	\$ 61,817
Cash paid for interest	\$ 38,245	\$ 32,753	\$ 34,756
Assets acquired in acquisitions and mergers, net of cash	\$ 568,383	\$ 120,910	\$ 25,611
Less: liabilities assumed	(57,433)	(4,114)	(1,711)
Less: allocation of noncontrolling interest in consolidation of BioProcess Algae	(2,807)	-	-
Net assets acquired	\$ 508,143	\$ 116,796	\$ 23,900
Common stock issued for conversion of 5.75% Notes	\$ -	\$ -	\$ 89,950

See accompanying notes to the consolidated financial statements.

GREEN PLAINS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

References to the Company

References to “Green Plains” or the “company” in the consolidated financial statements and in these notes to the consolidated financial statements refer to Green Plains Inc., an Iowa corporation, and its subsidiaries.

Consolidated Financial Statements

The consolidated financial statements include the company’s accounts and all significant intercompany balances and transactions are eliminated. Unconsolidated entities are included in the financial statements on an equity basis.

Reclassifications

Certain prior year amounts were reclassified to conform to the current year presentation. These reclassifications did not affect total revenues, costs and expenses, net income or stockholders’ equity.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The company bases its estimates on historical experience and assumptions that it believes are proper and reasonable under the circumstances and regularly evaluates the appropriateness of its estimates and assumptions. Actual results could differ from those estimates. Key accounting policies, including but not limited to those relating to revenue recognition, depreciation of property and equipment, impairment of long-lived assets and goodwill, derivative financial instruments, and accounting for income taxes, are impacted significantly by judgments, assumptions and estimates used in the preparation of the consolidated financial statements.

Description of Business

The company operates within four business segments: (1) ethanol production, which includes the production of ethanol, distillers grains and corn oil, (2) agribusiness and energy services, which includes grain handling and storage and marketing and merchant trading for company-produced and third-party ethanol, distillers grains, corn oil, natural gas and other commodities, (3) food and food ingredients, which includes vinegar production and cattle feedlot operations, and (4) partnership, which includes fuel storage and transportation services.

Ethanol Production Segment

Green Plains is North America’s second largest consolidated owner of ethanol plants. The company operates 17 ethanol plants in nine states through separate wholly owned operating subsidiaries. The company’s ethanol plants use a dry mill process to produce ethanol and co-products such as wet, modified wet or dried distillers grains, as well as corn oil. The corn oil systems are designed to extract non-edible corn oil from the whole stillage immediately prior to production of distillers grains. At capacity, the company expects to process approximately 524 million bushels of corn and produce approximately 1.5 billion gallons of ethanol, 4.1 million tons of distillers grains and 340 million pounds of industrial grade corn oil annually.

Agribusiness and Energy Services Segment

The company owns and operates grain handling and storage assets through its agribusiness and energy services segment, which has grain storage capacity of approximately 60.3 million bushels, with 48.7 million bushels of storage capacity at the company’s ethanol plants and 11.6 million bushels of total storage capacity at its five separate grain elevators. The company’s agribusiness operations provide synergies with the ethanol production segment as it supplies a portion of the feedstock needed to produce ethanol. The company has an in-house marketing business that is responsible for the sale, marketing and distribution of all ethanol, distillers grains and corn oil produced at its ethanol plants. The company also purchases and sells ethanol, distillers grains, corn oil, grain, natural gas and other commodities and participates in other merchant trading activities in various markets.

Food and Food Ingredients Segment

The company owns a cattle feedlot with the capacity to support 73,000 head of cattle and grain storage capacity of approximately 2.8 million bushels. The company also owns a vinegar operation, which is one of the world's largest producers of food-grade industrial vinegar and includes seven production facilities and four distribution warehouses.

Partnership Segment

The company's partnership segment provides fuel storage and transportation services by owning, operating, developing and acquiring ethanol and fuel storage tanks, terminals, transportation assets and other related assets and businesses. As of December 31, 2016, the partnership owns (i) 39 ethanol storage facilities located at or near the company's 17 ethanol production plants, which have the ability to efficiently and effectively store and load railcars and tanker trucks with all of the ethanol produced at the company's ethanol production plants, (ii) eight fuel terminal facilities, located near major rail lines, which enable the partnership to receive, store and deliver fuels from and to markets that seek access to renewable fuels, and (iii) transportation assets, including a leased railcar fleet of approximately 3,100 railcars which is utilized to transport ethanol from the company's ethanol production plants to refineries throughout the United States and international export terminals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents includes bank deposits, as well as, short-term, highly liquid investments with original maturities of three months or less. The company also has restricted cash, which can only be used for the funding of letters of credit or for payment towards a revolving credit agreement.

Revenue Recognition

The company recognizes revenue when the following criteria are satisfied: persuasive evidence that an arrangement exists, title of product and risk of loss are transferred to the customer, price is fixed and determinable and collectability is reasonably assured.

Sales of ethanol, distillers grains, corn oil, natural gas and other commodities by the company's marketing business are recognized when title of product and risk of loss are transferred to an external customer. Revenues related to marketing for third parties are presented on a gross basis when the company takes title of the product and assumes risk of loss. Unearned revenue is recorded for goods in transit when the company has received payment but the title has not yet been transferred to the customer. Revenues for receiving, storing, transferring and transporting ethanol and other fuels are recognized when the product is delivered to the customer.

The company routinely enters into fixed-price, physical-delivery energy commodity purchase and sale agreements. At times, the company settles these transactions by transferring its obligations to other counterparties rather than delivering the physical commodity. These transactions are reported net as a component of revenues. Revenues also include realized gains and losses on related derivative financial instruments, ineffectiveness on cash flow hedges and reclassifications of realized gains and losses on effective cash flow hedges from accumulated other comprehensive income or loss.

Sales of products, including agricultural commodities, cattle and vinegar, are recognized when title of product and risk of loss are transferred to the customer, which depends on the agreed upon terms. The sales terms provide passage of title when shipment is made or the commodity is delivered. Revenues related to grain merchandising are presented gross and include shipping and handling, which is also a component of cost of goods sold. Revenues from grain storage are recognized when services are rendered.

A substantial portion of the partnership revenues are derived from fixed-fee commercial agreements for storage, terminal or transportation services. The partnership recognizes revenue when there is evidence an arrangement exists; risk of loss and title transfer to the customer; the price is fixed or determinable; and collectability is reasonably ensured. Revenues from base storage, terminal or transportation services are recognized once these services are performed, which occurs when the product is delivered to the customer.

Cost of Goods Sold

Cost of goods sold includes direct labor, materials and plant overhead costs. Direct labor includes all compensation and related benefits of non-management personnel involved in ethanol plant, vinegar and cattle feedlot operations. Grain purchasing and receiving costs, excluding labor costs for grain buyers and scale operators, are also included in cost of goods sold. Materials include the cost of corn feedstock, denaturant, process chemicals, cattle and veterinary supplies. Corn feedstock costs include unrealized gains and losses on related derivative financial instruments not designated as cash flow hedges, inbound freight charges, inspection costs and transfer costs as well as realized gains and losses on related derivative financial instruments, ineffectiveness on cash flow hedges and reclassifications of realized gains and losses on effective cash flow hedges from accumulated other comprehensive income or loss. Plant overhead consists primarily of plant and feedlot utilities, repairs and maintenance, yard expenses and outbound freight charges. Shipping costs incurred by the company, including railcar costs, are also reflected in cost of goods sold.

The company uses exchange-traded futures and options contracts to minimize the effect of price changes on the agribusiness and energy services and food and food ingredients segments' grain and cattle inventories and forward purchase and sales contracts. Exchange-traded futures and options contracts are valued at quoted market prices and settled predominantly in cash. The company is exposed to loss when counterparties default on forward purchase and sale contracts. Grain inventories held for sale and forward purchase and sale contracts are valued at market prices when available or other market quotes adjusted for differences, primarily in transportation, between the exchange-traded market and local market where the terms of the contract is based. Changes in the fair value of grain inventories held for sale, forward purchase and sale contracts and exchange-traded futures and options contracts are recognized as a component of cost of goods sold.

Operations and Maintenance Expenses

In the partnership segment, transportation expenses represent the primary components of operations and maintenance expenses. Transportation expense includes rail car leases, freight and shipping of the company's ethanol and co-products, as well as costs incurred in storing ethanol at destination terminals.

Derivative Financial Instruments

The company uses various derivative financial instruments, including exchange-traded futures and exchange-traded and over-the-counter options contracts, to minimize risk and the effect of price changes related to corn, ethanol, cattle and natural gas. The company monitors and manages this exposure as part of its overall risk management policy to reduce the adverse effect market volatility may have on its operating results. The company may hedge these commodities as one way to mitigate risk, however, there may be situations when these hedging activities themselves result in losses.

By using derivatives to hedge exposures to changes in commodity prices, the company is exposed to credit and market risk. The company's exposure to credit risk includes the counterparty's failure to fulfill its performance obligations under the terms of the derivative contract. The company minimizes its credit risk by entering into transactions with high quality counterparties, limiting the amount of financial exposure it has with each counterparty and monitoring their financial condition. Market risk is the risk that the value of the financial instrument might be adversely affected by a change in commodity prices or interest rates. The company manages market risk by incorporating parameters to monitor exposure within its risk management strategy, which limits the types of derivative instruments and strategies the company can use and the degree of market risk it can take using derivative instruments.

The company evaluates its physical delivery contracts to determine if they qualify for normal purchase or sale exemptions which are expected to be used or sold over a reasonable period in the normal course of business. Contracts that do not meet the normal purchase or sale criteria are recorded at fair value. Changes in fair value are recorded in operating income unless the contracts qualify for, and the company elects, hedge accounting treatment.

Certain qualifying derivatives related to the ethanol production and agribusiness and energy services segments are designated as cash flow hedges. The company evaluates the derivative instrument to ascertain its effectiveness prior to entering into cash flow hedges. Ineffectiveness is recognized in current period results, while other unrealized gains and losses are reflected in accumulated other comprehensive income until the gain or loss from the underlying hedged transaction is realized. When it becomes probable a forecasted transaction will not occur, the cash flow hedge treatment is discontinued, which affects earnings. These derivative financial instruments are recognized in current assets or other current liabilities at fair value.

At times, the company hedges its exposure to changes in the value of inventories and designates qualifying derivatives as fair value hedges. The carrying amount of the hedged inventory is adjusted in current period results for changes in fair value.

Ineffectiveness of the hedges is recognized in current period results to the extent the change in fair value of the inventory is not offset by the change in fair value of the derivative.

Concentrations of Credit Risk

The company is exposed to credit risk resulting from the possibility that another party may fail to perform according to the terms of the company's contract. The company sells ethanol, corn oil and distillers grains and markets products for third parties, which can result in concentrations of credit risk from a variety of customers, including major integrated oil companies, large independent refiners, petroleum wholesalers and other marketers. The company also sells grain to large commercial buyers, including other ethanol plants, and sells cattle to meat processors. Although payments are typically received within fifteen days of the sale, the company continually monitors its exposure. The company is also exposed to credit risk on prepayments of undelivered inventories with a few major suppliers of petroleum products and agricultural inputs.

Inventories

Corn held for ethanol production, ethanol, corn oil and distillers grains inventories are recorded at lower of average cost or market. Fair value hedged inventories are recorded at market.

Other grain inventories include readily marketable grain, forward contracts to buy and sell grain, and exchange traded futures and option contracts, which are all stated at market value. Futures and options contracts, which are used to hedge the value of owned grain and forward contracts, are considered derivatives. All grain inventories held for sale are marked to market. Changes are reflected in cost of goods sold. The forward contracts require performance in future periods. Contracts to purchase grain generally relate to current or future crop years for delivery periods quoted by regulated commodity exchanges. Contracts for the sale of grain to processors or other consumers generally do not extend beyond one year. The terms of the purchase and sale agreements for grain are consistent with industry standards.

Raw materials and finished goods inventories are valued at the lower of average cost or market. In addition to ethanol and related co-products in process, work-in-process inventory includes the cost of acquired cattle and related feed and veterinary supplies, as well as direct labor and feedlot overhead costs, all of which are valued at lower of average cost or market.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is generally calculated using the straight-line method over the following estimated useful life of the assets:

	Years
Plant, buildings and improvements	10-40
Ethanol production equipment	15-40
Other machinery and equipment	5-7
Land improvements	20
Railroad track and equipment	20
Computer and software	3-5
Office furniture and equipment	5-7

Property and equipment is capitalized at cost. Land and other property improvements are capitalized and depreciated. Costs of repairs and maintenance are charged to expense when incurred. The company periodically evaluates whether events and circumstances have occurred that warrant a revision of the estimated useful life of its fixed assets.

Intangible Assets

Our intangible assets consist of trademarks, customer relationships, research and development technology and licenses acquired through acquisitions. These assets were capitalized at their fair value at the date of the acquisition and are being amortized over their estimated useful lives, with the exception of the vinegar trade name, which has an indefinite life.

Impairment of Long-Lived Assets

The company's long-lived assets consist of property and equipment and intangible assets. The company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Recoverability is measured by comparing the carrying amount of the asset to the estimated undiscounted future cash flows the asset is expected to generate. Impairment is recorded when the asset's carrying amount exceeds its estimated future cash flows. Significant management judgment is required to determine the fair value of long-lived assets, which includes discounted cash flows projections. There were no material impairment charges recorded for the periods reported.

Goodwill

Goodwill represents future economic benefits that are not individually recognized in an acquisition. The company records goodwill when the purchase price for an acquisition exceeds the fair value of its identified net tangible and intangible assets. The company's goodwill currently consists of amounts related to the acquisition of five ethanol plants, its fuel terminal and distribution business and Fleischmann's Vinegar.

Goodwill is reviewed for impairment at least annually. The qualitative factors of goodwill are assessed to determine whether it is necessary to perform a two-step goodwill impairment test. Under the first step, the estimated fair value of the reporting unit is compared with its carrying value, including goodwill. If the estimated fair value is less than the carrying value, the company completes a second step to determine the amount of goodwill impairment that should be recorded. In the second step, the reporting unit's fair value is allocated to all of its assets and liabilities other than goodwill to determine the implied fair value. The result is compared with the carrying amount and an impairment charge is recorded for the difference. The company performs an annual impairment review on October 1 and when a triggering event occurs between annual impairment tests. No impairment losses were recorded for the periods reported.

Financing Costs

Fees and costs related to securing debt are recorded as financing costs. Debt issuance costs are stated at cost and are amortized using the effective interest method for term loans and the straight-line basis over the life of the agreements for revolving credit arrangements and convertible notes. During periods of construction, amortization is capitalized in construction-in-progress.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consists of various expenses including employee salaries, incentives and benefits; office expenses; director compensation; professional fees for accounting, legal, consulting, and investor relations activities; and non-plant depreciation and amortization costs.

Environmental Expenditures

Environmental expenditures that pertain to current operations and relate to future revenue are expensed or capitalized. Probable liabilities that can be reasonably estimated are expensed or capitalized and disclosed in the company's quarterly and annual filings, if material. Expenditures resulting from the remediation of an existing condition caused by past operations which do not contribute to future revenue are expensed when incurred.

Stock-Based Compensation

The company recognizes compensation cost using a fair value based method whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The company uses the Black-Scholes pricing model to calculate the fair value of options and warrants issued to both employees and non-employees. Stock issued for compensation is valued using the market price of the stock on the date of the related agreement.

Income Taxes

The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial reporting carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in

operating results in the period of enactment. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The company recognizes uncertainties in income taxes within the financial statements under a process by which the likelihood of a tax position is gauged based upon the technical merits of the position, and then a subsequent measurement relates the maximum benefit and the degree of likelihood to determine the amount of benefit recognized in the financial statements.

Recent Accounting Pronouncements

Effective January 1, 2016, the company adopted the amended guidance in ASC Topic 835-30, *Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a deduction from the carrying amount of the debt, consistent with debt discounts. The amended guidance has been applied on a retrospective basis, and the balance sheet of each individual period presented has been adjusted to reflect the period-specific effects of the new guidance.

Effective January 1, 2017, the company will adopt the amended guidance in ASC Topic 330, *Inventory: Simplifying the Measurement of Inventory*, which requires inventory to be measured at lower of cost or net realizable value. Net realizable value is the estimated selling prices during the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The amended guidance will be applied prospectively.

Effective January 1, 2017, the company will adopt the amended guidance in ASC Topic 718, *Compensation – Stock Compensation*, which requires all income tax effects of awards to be recognized in the income statement when the awards vest or settle. The amended guidance also will allow an employer to repurchase more of an employee's shares than it can currently for tax withholding purposes without triggering liability accounting and make a policy election to account for forfeitures as they occur. The amended guidance related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value will be applied on a modified retrospective basis, with a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption. The amended guidance related to the presentation of employee taxes paid on the statement of cash flows will be applied retrospectively. The amended guidance requiring recognition of excess tax benefits and tax deficiencies in the income statement and practical expedient for estimating expected term will be applied prospectively.

Effective January 1, 2018, the company will adopt the amended guidance in ASC Topic 230, *Statement of Cash Flows: Restricted Cash*, which requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amended guidance will be applied retrospectively.

Effective January 1, 2018, the company will adopt the amended guidance in ASC Topic 606, *Revenue from Contracts with Customers*, which requires revenue recognition to reflect the transfer of promised goods or services to customers. The updated standard permits either the retrospective or cumulative effect transition method. Early application beginning January 1, 2017, is permitted. The company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

Effective January 1, 2018, the company will adopt the amended guidance in ASC Topic 740, *Income Taxes: Intra-Entity Transfers of Assets other than Inventory*, which requires the recognition of current and deferred income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amended guidance will be applied on a modified retrospective basis, with a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption.

Effective January 1, 2018, the company will adopt the amended guidance in ASC Topic 805, *Business Combinations: Clarifying the Definition of a Business*, which clarifies the definition of a business with the objective of adding guidance to assist companies and other reporting organizations with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The amended guidance will be applied prospectively.

Effective January 1, 2019, the company will adopt the amended guidance in ASC Topic 842, *Leases*, which aims to make leasing activities more transparent and comparable and requires substantially all leases to be recognized by lessees on their balance sheet as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. Early application is permitted. The company is currently evaluating the impact the adoption of the amended guidance will have on the consolidated financial statements and related disclosures.

3. GREEN PLAINS PARTNERS LP

Initial Public Offering of Subsidiary

On July 1, 2015, Green Plains Partners LP closed its initial public offering, or the IPO. In conjunction with the IPO, the company contributed its downstream ethanol transportation and storage assets to the partnership. A total of 11,500,000 common units, representing limited partner interests including 1,500,000 common units pursuant to the underwriters' over-allotment option, were sold to the public for \$15.00 per common unit. The partnership received net proceeds of approximately \$157.5 million, after deducting underwriting discounts, structuring fees and offering expenses. The partnership used the proceeds to make a distribution to the company of \$155.3 million and to pay approximately \$0.9 million in origination fees under its new \$100.0 million revolving credit facility. The remaining \$1.3 million was retained for general partnership purposes. The company now owns a 62.5% limited partner interest, consisting of 4,389,642 common units and 15,889,642 subordinated units, and a 2.0% general partner interest in the partnership. The public owns the remaining 35.5% limited partner interest in the partnership. As such, the partnership is consolidated in the company's financial statements.

During the subordination period, which is described in the partnership agreement for Green Plains Partners, holders of the subordinated units are not entitled to receive distributions until the common units have received the minimum quarterly distribution plus any arrearages of the minimum quarterly distribution from prior quarters. If the partnership does not pay distributions on the subordinated units, the subordinated units will not accrue arrearages for those unpaid distributions. Each subordinated unit will convert into one common unit at the end of the subordination period.

The partnership is a fee-based master limited partnership formed by Green Plains to provide fuel storage and transportation services by owning, operating, developing and acquiring ethanol and fuel storage tanks, terminals, transportation assets and other related assets and businesses. The partnership's assets currently include (i) 39 ethanol storage facilities, located at or near the company's 17 ethanol production plants, which have the ability to efficiently and effectively store and load railcars and tanker trucks with all of the ethanol produced at the company's ethanol production plants, (ii) eight fuel terminal facilities, located near major rail lines, which enable the partnership to receive, store and deliver fuels from and to markets that seek access to renewable fuels, and (iii) transportation assets, including a leased railcar fleet of approximately 3,100 railcars, which are contracted to transport ethanol from the company's ethanol production plants to refineries throughout the United States and international export terminals. The partnership expects to be the company's primary downstream logistics provider to support its approximately 1.5 bgy ethanol marketing and distribution business since the partnership's assets are the principal method of storing and delivering the ethanol the company produces.

A substantial portion of the partnership's revenues is derived from long-term, fee-based commercial agreements with Green Plains Trade, a subsidiary of the company. In connection with the IPO, the partnership (1) entered into (i) a ten-year fee-based storage and throughput agreement; (ii) an amended ten-year fee-based rail transportation services agreement; and (iii) a one-year fee-based trucking transportation agreement, and (2) assumed (i) an approximately 2.5-year terminal services agreement for the partnership's Birmingham, Alabama-unit train terminal; and (ii) various other terminal services agreements for its other fuel terminal facilities, each with Green Plains Trade. The partnership's storage and throughput agreement, and certain terminal services agreements, including the terminal services agreement for the Birmingham facility, are supported by minimum volume commitments. The partnership's rail transportation services agreement is supported by minimum take-or-pay capacity commitments. The company also has agreements which establish fees for general and administrative, and operational and maintenance services it provides. These transactions are eliminated when the company consolidates its financial results.

The company consolidates the financial results of the partnership and records a noncontrolling interest in the partnership held by public common unitholders. Noncontrolling interest on the consolidated statements of income includes the portion of net income attributable to the economic interest held by the partnership's public common unitholders. Noncontrolling interest on the consolidated balance sheets includes the portion of net assets attributable to the partnership's public common unitholders.

4. ACQUISITIONS

Acquisition of Fleischmann's Vinegar Company

On October 3, 2016, the company acquired all of the issued and outstanding stock of SCI Ingredients, the holding company of Fleischmann's Vinegar Company, Inc., for \$258.3 million in cash. Fleischmann's Vinegar is one of the world's largest producers of food-grade industrial vinegar. The company recorded \$2.3 million of acquisition costs for Fleischmann's Vinegar to selling, general and administrative expenses during the year ended December 31, 2016.

The purchase price allocation is based on the preliminary results of independent valuations. The purchase price and purchase price allocation are preliminary until contractual post-closing working capital adjustments are finalized and the final independent valuation reports are issued. The following is a summary of the preliminary purchase price of assets acquired and liabilities assumed (in thousands):

**Amounts of Identifiable Assets Acquired
and Liabilities Assumed**

Cash	\$ 4,148
Inventory	9,308
Accounts receivable, net	13,919
Prepaid expenses and other	1,054
Property and equipment	43,011
Intangible assets	94,500
Current liabilities	(9,689)
Income taxes payable	(330)
Deferred tax liabilities	(40,421)
Total identifiable net assets	<u>115,500</u>
Goodwill	142,819
Purchase price	<u>\$ 258,319</u>

As of December 31, 2016, based on the preliminary valuations, the company's customer relationship intangible asset recognized in connection with the Fleischmann's acquisition is \$82.6 million, net of \$1.4 million of accumulated amortization, and has a 15 year weighted-average amortization period. As of December 31, 2016, the company also has an indefinite-lived trade name intangible asset of \$10.5 million. The company recognized \$1.4 million of amortization expense associated with the amortizing customer relationship intangible asset during the year ended December 31, 2016 and estimated amortization expense for the next five years is \$5.6 million per annum. The excess of the purchase price over the intangibles fair values was allocated to goodwill, none of which is expected to be deductible for tax purposes. The goodwill is primarily attributable to the synergies expected to arise after the acquisition.

Acquisition of Abengoa Ethanol Plants

On September 23, 2016, the company acquired three ethanol plants located in Madison, Illinois, Mount Vernon, Indiana, and York, Nebraska from subsidiaries of Abengoa S.A. for approximately \$234.9 million for the ethanol plant assets, and \$19.1 million for working capital acquired and liabilities assumed, subject to certain post-closing adjustments. These ethanol facilities have a combined annual production capacity of 230 mmgy. The company recorded \$1.3 million of acquisition costs for the Abengoa ethanol plants to selling, general and administrative expenses during the year ended December 31, 2016.

The purchase price allocation is based on the preliminary results of an independent valuation. The purchase price and purchase price allocation are preliminary until contractual post-closing working capital adjustments are finalized and the final independent valuation report is issued. The following is a summary of the preliminary purchase price of assets acquired and liabilities assumed (in thousands):

**Amounts of Identifiable Assets Acquired
and Liabilities Assumed**

Inventory	\$ 16,904
Accounts receivable, net	1,826
Prepaid expenses and other	2,224
Property and equipment	234,947
Other assets	3,885
Current maturities of long-term debt	(406)
Current liabilities	(2,580)
Long-term debt	(2,763)
Total identifiable net assets	<u>\$ 254,037</u>

Concurrently with the company's acquisition of the Abengoa ethanol plants, on September 23, 2016, the partnership acquired the storage assets of the Abengoa ethanol plants from the company for \$90.0 million in a transfer between entities under common control and entered into amendments to the related commercial agreements with Green Plains Trade.

The operating results of the Abengoa ethanol plant have been included in the company's consolidated financial statements since September 23, 2016. The operating results of Fleischmann's Vinegar have been included in the company's consolidated financial statements since October 4, 2016. Pro forma revenue and net loss, had the acquisitions occurred on January 1, 2016, would have been \$3.8 billion and \$9.1 million, respectively, for the year ended December 31, 2016. Diluted loss per share would have been \$0.24 for the year ended December 31, 2016. This information is based on historical results of operations, and, in the company's opinion, is not necessarily indicative of the results that would have been achieved had the company operated the ethanol plant acquired since such date.

Acquisition of Hereford Ethanol Plant

On November 12, 2015, the company acquired an ethanol production facility in Hereford, Texas, with an annual production capacity of approximately 100 mmgy for approximately \$78.8 million for the ethanol plant assets, as well as working capital acquired or assumed of approximately \$19.4 million.

The following is a summary of the final purchase price of assets acquired and liabilities assumed (in thousands):

Amounts of Identifiable Assets Acquired and Liabilities Assumed	
Inventory	\$ 20,487
Derivative financial instruments	2,625
Property and equipment	78,786
Current liabilities	(2,542)
Other liabilities	(1,128)
Total identifiable net assets	<u>\$ 98,228</u>

Effective January 1, 2016, the partnership acquired the storage and transportation assets of the Hereford and Hopewell production facilities in a transfer between entities under common control for approximately \$62.3 million and entered into amendments to the related commercial agreements with Green Plains Trade.

The operating results of the Hereford ethanol plant have been included in the company's consolidated financial statements since November 12, 2015. Pro forma revenue and net income, had the acquisition occurred on January 1, 2015, would have been \$3.1 billion and \$10.8 million, respectively, for the year ended December 31, 2015. Diluted earnings per share would have been \$0.28 for the year ended December 31, 2015. This information is based on historical results of operations, and, in the company's opinion, is not necessarily indicative of the results that would have been achieved had the company operated the ethanol plant acquired since such date.

5. FAIR VALUE DISCLOSURES

The following methods, assumptions and valuation techniques were used in estimating the fair value of the company's financial instruments:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities the company can access at the measurement date. Level 1 unrealized gains and losses on commodity derivatives relate to exchange-traded open trade equity and option values in the company's brokerage accounts.

Level 2 – directly or indirectly observable inputs such as quoted prices for similar assets or liabilities in active markets other than quoted prices included within Level 1, quoted prices for identical or similar assets in markets that are not active, and other inputs that are observable or can be substantially corroborated by observable market data through correlation or other means. Grain inventories held for sale in the agribusiness and energy services segment are valued at nearby futures values, plus or minus nearby basis.

Level 3 – unobservable inputs that are supported by little or no market activity and comprise a significant component of the fair value of the assets or liabilities. The company currently does not have any recurring Level 3 financial instruments.

There have been no changes in valuation techniques and inputs used in measuring fair value. The company's assets and liabilities by level are as follows (in thousands):

Fair Value Measurements at December 31, 2016				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Reclassification for Balance Sheet Presentation	Total
Assets:				
Cash and cash equivalents	\$ 304,211	\$ -	\$ -	\$ 304,211
Restricted cash	51,979	-	-	51,979
Margin deposits	50,601	-	(50,601)	-
Inventories carried at market	-	77,043	-	77,043
Unrealized gains on derivatives	8,272	14,818	24,146	47,236
Other assets	116	-	-	116
Total assets measured at fair value	<u>\$ 415,179</u>	<u>\$ 91,861</u>	<u>\$ (26,455)</u>	<u>\$ 480,585</u>
Liabilities:				
Accounts payable (1)	\$ -	\$ 35,288	\$ -	\$ 35,288
Unrealized losses on derivatives	26,455	8,916	(26,455)	8,916
Other liabilities	-	81	-	81
Total liabilities measured at fair value	<u>\$ 26,455</u>	<u>\$ 44,285</u>	<u>\$ (26,455)</u>	<u>\$ 44,285</u>

Fair Value Measurements at December 31, 2015				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Reclassification for Balance Sheet Presentation	Total
Assets:				
Cash and cash equivalents	\$ 384,867	\$ -	\$ -	\$ 384,867
Restricted cash	27,018	-	-	27,018
Margin deposits	7,658	-	(7,658)	-
Inventories carried at market	-	43,936	-	43,936
Unrealized gains on derivatives	19,756	7,145	3,639	30,540
Other assets	117	-	-	117
Total assets measured at fair value	<u>\$ 439,416</u>	<u>\$ 51,081</u>	<u>\$ (4,019)</u>	<u>\$ 486,478</u>
Liabilities:				
Accounts payable (1)	\$ -	\$ 25,935	\$ -	\$ 25,935
Unrealized losses on derivatives	4,492	7,772	(4,019)	8,245
Total liabilities measured at fair value	<u>\$ 4,492</u>	<u>\$ 33,707</u>	<u>\$ (4,019)</u>	<u>\$ 34,180</u>

(1) Accounts payable is generally stated at historical amounts with the exception of \$35.3 million and \$25.9 million at December 31, 2016 and 2015, respectively, related to certain delivered inventory for which the payable fluctuates based on changes in commodity prices. These payables are hybrid financial instruments for which the company has elected the fair value option.

The company believes the fair value of its debt was approximately \$1.1 billion compared with a book value of \$1.1 billion at December 31, 2016, and the fair value of its debt was approximately \$661.8 million compared with a book value of \$663.6 million at December 31, 2015. The company estimated the fair value of its outstanding debt using Level 2 inputs. The company believes the fair values of its accounts receivable approximated book value, which was \$147.5 million and \$96.2 million, respectively, at December 31, 2016, and 2015.

Although the company currently does not have any recurring Level 3 financial measurements, the fair values of tangible assets and goodwill acquired and the equity component of convertible debt represent Level 3 measurements which were derived using a combination of the income approach, market approach and cost approach for the specific assets or liabilities being valued.

6. SEGMENT INFORMATION

As a result of acquisitions during the year, the company implemented organizational changes during the fourth quarter of 2016, whereby the company management now reports the financial and operating performance for the following four operating segments: (1) ethanol production, which includes the production of ethanol, distillers grains and corn oil, (2) agribusiness and energy services, which includes grain handling and storage and marketing and merchant trading for company-produced and third-party ethanol, distillers grains, corn oil and other commodities, (3) food and food ingredients, which includes the vinegar operations and cattle feedlot operations and (4) partnership, which includes fuel storage and transportation services. Prior periods have been reclassified to conform to the revised segment presentation.

Under GAAP, when transferring assets between entities under common control, the entity receiving the net assets initially recognizes the carrying amounts of the assets and liabilities at the date of transfer. The transferee's prior period financial statements are restated for all periods its operations were part of the parent's consolidated financial statements. On July 1, 2015, Green Plains Partners received ethanol storage and railcar assets and liabilities in a transfer between entities under common control. Effective January 1, 2016, the partnership acquired the storage and transportation assets of the Hereford and Hopewell production facilities in a transfer between entities under common control and entered into amendments to the related commercial agreements with Green Plains Trade. The transferred assets and liabilities are recognized at the company's historical cost and reflected retroactively in the segment information of the consolidated financial statements presented in this Form 10-K. The partnership's assets were previously included in the ethanol production and agribusiness and energy services segments. Expenses related to the ethanol storage and railcar assets, such as depreciation, amortization and railcar lease expenses, are also reflected retroactively in the following segment information. There were no revenues related to the operation of the ethanol storage and railcar assets in the partnership segment prior to their respective transfers to the partnership, when the related commercial agreements with Green Plains Trade became effective.

Corporate activities include selling, general and administrative expenses, consisting primarily of compensation, professional fees and overhead costs not directly related to a specific operating segment.

During the normal course of business, the operating segments do business with each other. For example, the agribusiness and energy services segment procures grain and natural gas and sells products, including ethanol, distillers grains and corn oil for the ethanol production segment. The partnership segment provides fuel storage and transportation services for the agribusiness and energy services segment. These intersegment activities are treated like third-party transactions with origination, marketing and storage fees charged at estimated market values. Consequently, these transactions affect segment performance; however, they do not impact the company's consolidated results since the revenues and corresponding costs are eliminated.

The following tables set forth certain financial data for the company's operating segments (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Revenues:			
Ethanol production:			
Revenues from external customers (1)	\$ 2,409,102	\$ 2,063,172	\$ 2,590,428
Intersegment revenues	-	-	-
Total segment revenues	<u>2,409,102</u>	<u>2,063,172</u>	<u>2,590,428</u>
Agribusiness and energy services:			
Revenues from external customers (1)	675,446	674,719	607,323
Intersegment revenues	34,461	24,114	24,535
Total segment revenues	<u>709,907</u>	<u>698,833</u>	<u>631,858</u>
Food and food ingredients:			
Revenues from external customers (1)	318,031	219,310	29,376
Intersegment revenues	150	75	-
Total segment revenues	<u>318,181</u>	<u>219,385</u>	<u>29,376</u>
Partnership:			
Revenues from external customers	8,302	8,388	8,484
Intersegment revenues	95,470	42,549	4,359
Total segment revenues	<u>103,772</u>	<u>50,937</u>	<u>12,843</u>
Revenues including intersegment activity	3,540,962	3,032,327	3,264,505
Intersegment eliminations	(130,081)	(66,738)	(28,894)
Revenues as reported	<u>\$ 3,410,881</u>	<u>\$ 2,965,589</u>	<u>\$ 3,235,611</u>

(1) Revenues from external customers include realized gains and losses from derivative financial instruments.

	Year Ended December 31,		
	2016	2015	2014
Cost of goods sold:			
Ethanol production	\$ 2,280,906	\$ 1,939,824	\$ 2,230,141
Agribusiness and energy services	650,538	639,470	555,200
Food and food ingredients	294,396	216,661	26,538
Partnership	-	-	-
Intersegment eliminations	(129,761)	(66,588)	(28,834)
	<u>\$ 3,096,079</u>	<u>\$ 2,729,367</u>	<u>\$ 2,783,045</u>

	Year Ended December 31,		
	2016	2015	2014
Operating income (loss):			
Ethanol production	\$ 28,125	\$ 43,266	\$ 285,579
Agribusiness and energy services	34,039	37,253	52,176
Food and food ingredients	16,436	(952)	1,200
Partnership	60,903	12,990	(19,975)
Intersegment eliminations	(170)	-	-
Corporate activities	(47,645)	(31,480)	(32,706)
	<u>\$ 91,688</u>	<u>\$ 61,077</u>	<u>\$ 286,274</u>

	Year Ended December 31,		
	2016	2015	2014
Income (loss) before income taxes:			
Ethanol production	\$ 5,862	\$ 21,582	\$ 269,604
Agribusiness and energy services	24,368	33,952	45,423
Food and food ingredients	10,950	(3,585)	847
Partnership	58,441	12,695	(20,038)
Intersegment eliminations	(170)	-	-
Corporate activities	(61,100)	(43,179)	(45,406)
	<u>\$ 38,351</u>	<u>\$ 21,465</u>	<u>\$ 250,430</u>

	Year Ended December 31,		
	2016	2015	2014
Depreciation and amortization:			
Ethanol production	\$ 68,746	\$ 55,604	\$ 53,465
Agribusiness and energy services	2,536	1,542	926
Food and food ingredients	3,705	1,004	528
Partnership	5,647	5,828	5,544
Corporate activities	3,592	1,972	1,676
	<u>\$ 84,226</u>	<u>\$ 65,950</u>	<u>\$ 62,139</u>

	Year Ended December 31,		
	2016	2015	2014
Interest expense:			
Ethanol production	\$ 22,505	\$ 22,816	\$ 22,830
Agribusiness and energy services	7,305	5,161	7,196
Food and food ingredients	5,536	2,799	443
Partnership	2,545	381	138
Intersegment eliminations	(562)	(71)	(238)
Corporate activities	14,522	9,280	9,539
	<u>\$ 51,851</u>	<u>\$ 40,366</u>	<u>\$ 39,908</u>

	Year Ended December 31,		
	2016	2015	2014
Capital expenditures:			
Ethanol production	\$ 39,555	\$ 48,881	\$ 40,991
Agribusiness and energy services	2,340	12,552	16,771
Food and food ingredients	2,479	1,049	395
Partnership	400	1,496	547
Corporate activities	11,638	1,589	2,829
	<u>\$ 56,412</u>	<u>\$ 65,567</u>	<u>\$ 61,533</u>

The following table sets forth total assets by operating segment (in thousands):

	Year Ended December 31,	
	2016	2015
Total assets (1):		
Ethanol production	\$ 1,206,155	\$ 1,004,342
Agribusiness and energy services	579,977	418,168
Food and food ingredients	406,429	110,775
Partnership	74,999	81,430
Corporate assets	257,652	314,068
Intersegment eliminations	(18,720)	(10,863)
	<u>\$ 2,506,492</u>	<u>\$ 1,917,920</u>

(1) Asset balances by segment exclude intercompany payable and receivable balances.

The following table sets forth revenues by product line (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Revenues:			
Ethanol	\$ 2,258,575	\$ 1,868,043	\$ 2,362,812
Distillers grains	488,297	474,699	531,696
Corn oil	152,075	101,126	99,167
Grain	174,525	240,466	174,997
Food and food ingredients	279,039	219,046	29,262
Service revenues	8,302	8,388	8,484
Other	50,068	53,821	29,193
	<u>\$ 3,410,881</u>	<u>\$ 2,965,589</u>	<u>\$ 3,235,611</u>

7. INVENTORIES

Inventories are carried at lower of cost or market, except for commodities held for sale and fair value hedged inventories, which are reported at market value.

The components of inventories are as follows (in thousands):

	December 31,	
	2016	2015
Finished goods	\$ 99,009	\$ 71,595
Commodities held for sale	65,926	43,936
Raw materials	135,516	116,673
Work-in-process	91,093	96,950
Supplies and parts	30,637	24,803
	<u>\$ 422,181</u>	<u>\$ 353,957</u>

8. PROPERTY AND EQUIPMENT

The components of property and equipment are as follows (in thousands):

	December 31,	
	2016	2015
Plant equipment	\$ 1,167,914	\$ 892,915
Buildings and improvements	205,806	176,094
Land and improvements	126,088	84,257
Railroad track and equipment	42,234	41,732
Construction-in-progress	13,745	38,200
Computers and software	15,000	11,115
Office furniture and equipment	3,503	2,492
Leasehold improvements and other	22,409	13,823
Total property and equipment	1,596,699	1,260,628
Less: accumulated depreciation	(417,993)	(338,558)
Property and equipment, net	\$ 1,178,706	\$ 922,070

9. GOODWILL

Changes in the carrying amount of goodwill attributable to each business segment during the years ended December 31, 2016 and 2015 were as follows (in thousands):

	Ethanol Production Production	Food and Food Ingredients	Partnership	Total
Balance, December 31, 2014 and 2015	\$ 30,279	\$ -	\$ 10,598	\$ 40,877
Acquisition of Fleischmann's Vinegar	-	142,819	-	142,819
Balance, December 31, 2016	\$ 30,279	\$ 142,819	\$ 10,598	\$ 183,696

Goodwill related to the acquisition results largely from economies of scale expected to be realized in the Company's operations.

10. DERIVATIVE FINANCIAL INSTRUMENTS

At December 31, 2016, the company's consolidated balance sheet reflected unrealized losses of \$4.1 million, net of tax, in accumulated other comprehensive loss. The company expects these losses will be reclassified as operating income over the next 12 months as a result of hedged transactions that are forecasted to occur. The amount realized in operating income will differ as commodity prices change.

Fair Values of Derivative Instruments

The fair values of the company's derivative financial instruments and the line items on the consolidated balance sheets where they are reported are as follows (in thousands):

	Asset Derivatives' Fair Value at December 31,		Liability Derivatives' Fair Value at December 31,	
	2016	2015	2016	2015
Derivative financial instruments (1)	\$ 14,818	(2) \$ 22,882	(3) \$ -	\$ -
Accrued and other liabilities	-	-	27,099	8,245
Other liabilities	-	-	81	-
Total	\$ 14,818	\$ 22,882	\$ 27,180	\$ 8,245

(1) Derivative financial instruments as reflected on the balance sheet include a margin deposit assets of \$50.6 million and \$7.7 million at December 31, 2016 and 2015, respectively.

(2) Balance at December 31, 2016, includes \$17.0 million of net unrealized losses on derivative financial instruments designated as cash flow hedging instruments.

(3) Balance at December 31, 2015, includes \$2.3 million of net unrealized gains on derivative financial instruments designated as cash flow hedging instruments.

Refer to Note 5 - Fair Value Disclosures, which contains fair value information related to derivative financial instruments.

Effect of Derivative Instruments on Consolidated Statements of Income and Consolidated Statements of Stockholders' Equity and Comprehensive Income

The gains or losses recognized in income and other comprehensive income related to the company's derivative financial instruments and the line items on the consolidated financial statements where they are reported are as follows (in thousands):

Gains (Losses) on Derivative Instruments Not Designated in a Hedging Relationship	Year Ended December 31,		
	2016	2015	2014
Revenues	\$ 6,112	\$ (12,952)	\$ 13,369
Cost of goods sold	11	10,492	165
Net increase (decrease) recognized in earnings before tax	\$ 6,123	\$ (2,460)	\$ 13,534

Gains (Losses) Due to Ineffectiveness of Cash Flow Hedges	Year Ended December 31,		
	2016	2015	2014
Revenues	\$ (41)	\$ (43)	\$ (326)
Cost of goods sold	-	-	481
Net increase (decrease) recognized in earnings before tax	\$ (41)	\$ (43)	\$ 155

Gains (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Net Income	Year Ended December 31,		
	2016	2015	2014
Revenues	\$ (8,094)	\$ 8,420	\$ (257,730)
Cost of goods sold	(16,508)	(3,551)	(43,853)
Net increase (decrease) recognized in earnings before tax	\$ (24,602)	\$ 4,869	\$ (301,583)

Effective Portion of Cash Flow Hedges Recognized in Other Comprehensive Income (Loss)	Year Ended December 31,		
	2016	2015	2014
Commodity Contracts	\$ (29,238)	\$ 11,582	\$ (299,684)

Gains (Losses) from Fair Value Hedges of Inventory	Year Ended December 31,		
	2016	2015	2014
Revenues (effect of change in inventory value)	\$ 1,388	\$ -	\$ -
Cost of goods sold (effect of change in inventory value)	21,430	(7,819)	304
Revenues (effect of fair value hedge)	(1,388)	-	-
Cost of goods sold (effect of fair value hedge)	(16,219)	12,045	2,612
Ineffectiveness recognized in earnings before tax	\$ 5,211	\$ 4,226	\$ 2,916

There were no gains or losses from discontinuing cash flow or fair value hedge treatment during the years ended December 31, 2016, 2015 and 2014.

The open commodity derivative positions as of December 31, 2016, are as follows (in thousands):

Derivative Instruments	December 31, 2016				Unit of Measure	Commodity
	Exchange Traded	Non-Exchange Traded		Commodity		
	Net Long & (Short) (1)	Long (2)	(Short) (2)			
Futures	(88,850)			Bushels	Corn, Soybeans and Wheat	
Futures	18,185 (3)			Bushels	Corn	
Futures	22,515 (4)			Bushels	Corn	
Futures	109,536			Gallons	Ethanol	
Futures	(213,570)(3)			Gallons	Ethanol	
Futures	(4,778)			mmBTU	Natural Gas	
Futures	2,310 (3)			Gallons	Natural Gasoline	
Futures	(8,320)(4)			mmBTU	Natural Gas	
Futures	(1,250)			Pounds	Livestock	
Futures	(85,480)(3)			Pounds	Livestock	
Futures	(3,150)(4)			Pounds	Livestock	
Futures	(483)			Barrels	Crude Oil	
Futures	(43)(4)			Barrels	Crude Oil	
Futures	(71,580)			Pounds	Soybean Oil	
Futures	14,896			Pounds	Sugar	
Options	2,664			Bushels	Corn, Soybeans and Wheat	
Options	(38,767)			Gallons	Ethanol	
Options	41			mmBTU	Natural Gas	
Options	(3,086)			Pounds	Livestock	
Options	331			Barrels	Crude Oil	
Options	(14,224)			Pounds	Sugar	
Forwards		27,604	(1,146)	Bushels	Corn and Soybeans	
Forwards		36,410	(360,796)	Gallons	Ethanol	
Forwards		112	(322)	Tons	Distillers Grains	
Forwards (4)		35,465	(40,616)	Pounds	Corn Oil	
Forwards		-	(34,104)	Pounds	Corn Oil	
Forwards		15,932	(1,462)	mmBTU	Natural Gas	
Forwards		1,376	(1,146)	Barrels	Crude Oil	

(1) Exchange traded futures and options are presented on a net long and (short) position basis. Options are presented on a delta-adjusted basis.

(2) Non-exchange traded forwards are presented on a gross long and (short) position basis including both fixed-price and basis contracts.

(3) Futures used for cash flow hedges.

(4) Futures used for fair value hedges

Energy trading contracts that do not involve physical delivery are presented net in revenues on the consolidated statements of income. Included in revenues are net gains of \$11.6 million, \$9.6 million, and \$8.0 million for the years ended December 31, 2016, 2015 and 2014, respectively, on energy trading contracts.

11. DEBT

The components of long-term debt are as follows (in thousands):

	December 31,	
	2016	2015
Green Plains Partners:		
\$155.0 million revolving credit facility	\$ 129,000	\$ -
Green Plains Processing:		
\$345.0 million term loan	294,011	306,439
Fleischmann's Vinegar:		
\$130.0 million term loan	125,609	-
\$15.0 million revolving credit facility	4,000	-
Corporate:		
\$120.0 million convertible notes due 2018	108,817	103,072
\$170.0 million convertible notes due 2022	127,239	-
Other	28,993	27,135
Total long-term debt	817,669	436,646
Less: current portion of long-term debt	(35,059)	(4,507)
Long-term debt	<u>\$ 782,610</u>	<u>\$ 432,139</u>

Scheduled long-term debt repayments, including full accretion of the \$120.0 million convertible notes due 2018 and of the \$170.0 million convertible notes due 2022 at maturity but excluding the effects of any debt discounts and debt issuance costs, are as follows (in thousands):

Year Ending December 31,	Amount
2017	\$ 39,058
2018	126,193
2019	6,215
2020	393,363
2021	2,307
Thereafter	315,801
Total	<u>\$ 882,937</u>

Short-term notes payable and other borrowings at December 31, 2016 include working capital revolvers at Green Plains Cattle, Green Plains Grain and Green Plains Trade with outstanding balances of \$63.5 million, \$102.0 million, and \$125.7 million, respectively. Short-term notes payable and other borrowings at December 31, 2015 include working capital revolvers at Green Plains Cattle, Green Plains Grain and Green Plains Trade with outstanding balances of \$69.7 million, \$77.0 million and \$80.2 million, respectively.

Effective January 1, 2016, the company adopted ASC 835-30, *Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*, which resulted in the reclassification of approximately \$11.4 million from other assets to long-term debt within the balance sheet as of December 31, 2015. As of December 31, 2016, there was \$16.9 million of debt issuance costs recorded as a reduction of the carrying value of the company's long-term debt.

Ethanol Production Segment

Green Plains Processing has a \$345.0 million senior secured credit facility, which is guaranteed by the company and subsidiaries of Green Plains Processing and secured by the stock and substantially all of the assets of Green Plains Processing. The interest rate is 5.50% plus LIBOR, subject to a 1.00% floor and matures on June 30, 2020. The terms of the credit facility require the borrower to maintain a maximum total leverage ratio of 4.00x at the end of each quarter, decreasing to 3.25x over the life of the credit facility and a minimum fixed charge coverage ratio of 1.25x. As of December 31, 2016, the maximum total leverage ratio was 3.75x. The credit facility also has a provision requiring the company to make special quarterly payments of 50% to 75% of its available free cash flow, subject to certain limitations. The total leverage ratio is calculated by dividing total debt by the sum of the eight preceding fiscal quarters' adjusted EBITDA, divided by two. The fixed charge coverage ratio is calculated by dividing the sum of the four preceding fiscal quarters' adjusted EBITDA by the

sum of four preceding fiscal quarters scheduled principal payments and interest expense. The credit agreement also allows the inclusion of net equity contributions made by the parent company in the calculation of adjusted EBITDA.

At December 31, 2016, the interest rate on this term debt was 6.50%. Scheduled principal payments are \$0.9 million each quarter.

Agribusiness and Energy Services Segment

Green Plains Grain has a \$125.0 million senior secured asset-based revolving credit facility, to finance working capital up to the maximum commitment based on eligible collateral equal to the sum of percentages of eligible cash, receivables and inventories, less miscellaneous adjustments. The credit facility was amended on July 27, 2016, extending the maturity date to July 26, 2019. Advances under the amended credit facility are subject to an interest rate equal to LIBOR plus 3.00% or the lenders' base rate plus 2.00%. The credit facility also includes an accordion feature that enables the facility to be increased by up to \$75.0 million with agent approval. The credit facility can also be increased by up to \$50.0 million for seasonal borrowings. Total commitments outstanding cannot exceed \$250.0 million.

Lenders receive a first priority lien on certain cash, inventory, accounts receivable and other assets owned by Green Plains Grain as security on the credit facility. The terms impose affirmative and negative covenants, including maintaining working capital of \$20.3 million and tangible net worth of \$26.3 million for 2016. Capital expenditures are limited to \$8.0 million per year under the credit facility, plus equity contributions from the company and unused amounts of up to \$8.0 million from the previous year. In addition, the credit facility requires the company to maintain a minimum fixed charge coverage ratio of 1.25 to 1.00 for long-term indebtedness and a maximum annual leverage ratio of 6.00 to 1.00 at the end of each quarter. The credit facility also contains restrictions on distributions related to capital stock, with exceptions for distributions up to 50% of net profit before tax, subject to certain conditions. Working capital is defined as current assets minus current liabilities and tangible net worth is defined as total assets minus total liabilities, subject to certain limitations. The leverage ratio is calculated by dividing total liabilities by tangible net worth. The fixed charge coverage ratio and long-term capitalization ratio apply only if the company has incurred long-term indebtedness on the date of calculation. As of December 31, 2016, Green Plains Grain had not incurred long-term indebtedness.

Green Plains Trade has a \$150.0 million senior secured asset-based revolving credit facility, which matures on November 26, 2019, to finance working capital for marketing and distribution activities up to \$150.0 million based on eligible collateral equal to the sum of percentages of eligible receivables and inventories, less miscellaneous adjustments. Advances are subject to variable interest rates equal to LIBOR plus 2.50% or the base rate plus 1.50%. The unused portion of the credit facility is also subject to a commitment fee of 0.5% per annum.

The terms impose affirmative and negative covenants, including maintaining a fixed charge coverage ratio of 1.15x. Capital expenditures are limited to \$1.5 million per year under the credit facility. The credit facility also restricts distributions related to capital stock, with an exception for distributions up to 50% of net income if, on a pro forma basis, (a) availability has been greater than \$10.0 million for the last 30 days and (b) the borrower would be in compliance with the fixed charge coverage ratio on the distribution date. The fixed charge coverage ratio is calculated by summing the four preceding fiscal quarters' EBITDA less capital expenditures, distributions and cash taxes, and dividing that sum by all debt payments made over the prior four quarters.

At December 31, 2016, Green Plains Trade had \$35.0 million presented as restricted cash on the consolidated balance sheet, the use of which was restricted for repayment towards the outstanding loan balance.

Food and Food Ingredients Segment

Green Plains Cattle has a \$100.0 million senior secured asset-based revolving credit facility, which matures on October 31, 2017, to finance working capital for the cattle feedlot operations up to the maximum commitment based on eligible collateral equal to the sum of percentages of eligible receivables, inventories and other current assets, less miscellaneous adjustments. Advances are subject to variable interest rates equal to LIBOR plus 2.00% to 3.00%, or the base rate plus 0.00% to 0.25%, depending upon the preceding three months' excess borrowing availability. The credit facility also includes an accordion feature that enables the credit facility to be increased by up to \$50.0 million with agent approval. The unused portion of the credit facility is also subject to a commitment fee of 0.20% to 0.25% per annum, depending on the preceding three months' excess borrowing availability.

Lenders receive a first priority lien on certain cash, inventory, accounts receivable, property and equipment and other assets owned by Green Plains Cattle as security on the credit facility. The terms impose affirmative and negative covenants, including maintaining working capital of \$15.0 million and tangible net worth of \$20.3 million for 2016 and a total debt to

tangible net worth ratio of 3.50x. Capital expenditures are limited to \$3.0 million per year under the credit facility, plus \$5.0 million per year if funded by a contribution from parent, plus any unused amounts from the previous year. Working capital is defined as current assets minus current liabilities and tangible net worth is defined as total tangible assets minus total liabilities, plus subordinated debt. The total debt to tangible net worth ratio is calculated by dividing total liabilities by tangible net worth.

Fleischmann's Vinegar has a \$130.0 million senior secured term loan and a \$15.0 million senior secured revolving credit facility, which mature on October 3, 2022, to finance the purchase of Fleischmann's Vinegar and to fund working capital for its vinegar manufacturing operations. Beginning January 1, 2017, the term loan is subject to mandatory prepayments based on the preceding fiscal year's excess cash flow. Term loan prepayments are generally subject to prepayment fees of 1.0% to 2.0% if prepaid before the second anniversary of the credit agreement. The term loan and loans under the revolving credit facility each bear interest at a floating rate based on the consolidated total net leverage ratio, adjusted quarterly beginning September 30, 2017, to either a base rate plus an applicable margin of 5.0% to 6.0% or to LIBOR plus an applicable margin of 6.0% to 7.0%. The unused portion of the Revolving Loan Commitment is also subject to a commitment fee of 0.5% per annum.

The credit agreement contains certain customary representations and warranties, affirmative covenants, negative covenants, financial covenants and events of default. The negative covenants include restrictions on the ability to incur additional indebtedness, acquire and sell assets, create liens, make investments, make distributions and enter into transactions with affiliates. The financial covenants include requirements to maintain a minimum consolidated fixed charge coverage ratio ranging from 1.00x to 1.10x and a maximum consolidated total net leverage ratio ranging from 5.00x to 7.00x. The consolidated fixed charge coverage ratio is calculated by summing the four preceding fiscal quarters' EBITDA less capital expenditures and dividing that sum by the sum of the four preceding fiscal quarters' cash interest and taxes, scheduled principal payments and parent management fees. The consolidated total net leverage ratio is calculated by dividing total net indebtedness by the sum of the four preceding fiscal quarters' EBITDA.

Partnership Segment

Green Plains Partners, through a wholly owned subsidiary, has a \$155.0 million revolving credit facility, which matures on July 1, 2020, to fund working capital, acquisitions, distributions, capital expenditures and other general partnership purposes. The credit facility was amended on September 16, 2016, increasing the total amount available from \$100.0 million to \$155.0 million. Advances under the amended credit facility are subject to a floating interest rate based on the preceding fiscal quarter's consolidated leverage ratio at a base rate plus 1.25% to 2.00% or LIBOR plus 2.25% to 3.00%. The amended credit facility may be increased up to \$100.0 million without the consent of the lenders. The unused portion of the credit facility is also subject to a commitment fee of 0.35% to 0.50%, depending on the preceding fiscal quarter's consolidated leverage ratio.

The partnership's obligations under the credit facility are secured by a first priority lien on (i) the capital stock of the partnership's present and future subsidiaries, (ii) all of the partnership's present and future personal property, such as investment property, general intangibles and contract rights, including rights under agreements with Green Plains Trade, and (iii) all proceeds and products of the equity interests of the partnership's present and future subsidiaries and its personal property. The terms impose affirmative and negative covenants, including restricting the partnership's ability to incur additional debt, acquire and sell assets, create liens, invest capital, pay distributions and materially amend the partnership's commercial agreements with Green Plains Trade. The credit facility also requires the partnership to maintain a maximum consolidated net leverage ratio of no more than 3.50x, and a minimum consolidated interest coverage ratio of no less than 2.75x, each of which is calculated on a pro forma basis with respect to acquisitions and divestitures occurring during the applicable period. The consolidated interest coverage ratio is calculated by dividing the sum of the four preceding fiscal quarters' consolidated EBITDA by the sum of the four preceding fiscal quarters' interest charges. The consolidated leverage ratio is calculated by dividing total funded indebtedness minus the lesser of cash in excess of \$5.0 million or \$30.0 million by the sum of the four preceding fiscal quarters' consolidated EBITDA.

In June 2013, the company issued promissory notes payable of \$10.0 million and a note receivable of \$8.1 million to execute a New Markets Tax Credit transaction related to the Birmingham, Alabama terminal. Beginning in March 2020, the promissory notes and note receivable each require quarterly principal and interest payments of approximately \$0.2 million. The company retains the right to call \$8.1 million of the promissory notes in 2020. The promissory notes payable and note receivable will be fully amortized upon maturity in September 2031. Income tax credits were generated for the lender, which the company has guaranteed over their statutory life of seven years in the event the credits are recaptured or reduced. At the time of the transaction, the income tax credits were valued at \$5.0 million. The company has not established a liability in connection with the guarantee because it believes the likelihood of recapture or reduction is remote.

Corporate Activities

In August 2016, the company issued \$170.0 million of 4.125% convertible senior notes due 2022, or the 4.125% notes. The 4.125% notes are senior, unsecured obligations of the company, with interest payable on March 1 and September 1 of each year. The company may settle the 4.125% notes in cash, common stock or a combination of cash and common stock.

The 4.125% notes contain liability and equity components which were bifurcated and accounted for separately. The liability component of the 4.125% notes, as of the issuance date, was calculated by estimating the fair value of a similar liability issued at a 9.31% effective interest rate, which was determined by considering the rate of return investors would require for comparable debt of the company without conversion rights. The amount of the equity component was calculated by deducting the fair value of the liability component from the principal amount of the 4.125% notes, resulting in the initial recognition of \$40.6 million as debt discount costs recorded in additional paid-in capital. The carrying amount of the 4.125% notes will be accreted to the principal amount over the remaining term to maturity, and the company will record a corresponding amount of noncash interest expense. Additionally, the company incurred debt issuance costs of \$5.7 million related to the 4.125% notes and allocated \$4.3 million of debt issuance costs to the liability component of the 4.125% notes. These costs will be amortized to noncash interest expense over the six-year term of the 4.125% notes.

Prior to March 1, 2022, the 4.125% notes are not convertible unless certain conditions are satisfied. The conversion rate is subject to adjustment upon the occurrence of certain events, including when the quarterly cash dividend exceeds \$0.12 per share and upon redemption of the 4.125% notes. The initial conversion rate is 35.7143 shares of common stock per \$1,000 of principal, which is equal to a conversion price of approximately \$28.00 per share.

The company may redeem all, but not less than all, of the 4.125% notes at any time on or after September 1, 2020, if the company's common stock equals or exceeds 140% of the applicable conversion price for a specified time period ending on the trading day immediately prior to the date the company delivers notice of the redemption. The redemption price will equal 100% of the principal plus any accrued and unpaid interest. Holders of the 4.125% notes have the option to require the company to repurchase the 4.125% notes in cash at a price equal to 100% of the principal plus accrued and unpaid interest when there is a fundamental change, such as change in control. If an event of default occurs, it could result in the 4.125% notes being declared due and payable.

In September 2013, the company issued \$120.0 million of 3.25% convertible senior notes due 2018, or the 3.25% notes. The 3.25% notes are senior, unsecured obligations of the company, with interest payable on April 1 and October 1 of each year. The Company may settle the 3.25% notes in cash, common stock or a combination of cash and common stock.

Prior to April 1, 2018, the 3.25% notes are not convertible unless certain conditions are satisfied. The conversion rate is subject to adjustment when the quarterly cash dividend exceeds \$0.04 per share. The conversion rate was recently adjusted to 49.4123 shares of common stock per \$1,000 of principal, which is equal to a conversion price of approximately \$20.24 per share. The company may be obligated to increase the conversion rate in certain events, including redemption of the 3.25% notes.

The company may redeem all of the 3.25% notes at any time on or after October 1, 2016, if the company's common stock equals or exceeds 140% of the applicable conversion price for a specified time period ending on the trading day immediately prior to the date the company delivers notice of the redemption. The redemption price will equal 100% of the principal plus any accrued and unpaid interest. Holders of the 3.25% notes have the option to require the company to repurchase the 3.25% notes in cash at a price equal to 100% of the principal plus accrued and unpaid interest when there is a fundamental change, such as change in control. If an event of default occurs, it could result in the 3.25% notes being declared due and payable.

Covenant Compliance

The company was in compliance with its debt covenants as of December 31, 2016.

Capitalized Interest

The company had \$0.8 million, \$1.1 million, and \$191 thousand in capitalized interest during the years ended December 31, 2016, 2015 and 2014, respectively.

Restricted Net Assets

At December 31, 2016, there were approximately \$835.0 million of net assets at the company's subsidiaries that could not be transferred to the parent company in the form of dividends, loans or advances due to restrictions contained in the credit facilities of these subsidiaries.

12. STOCK-BASED COMPENSATION

The company has an equity incentive plan that reserves 3,500,000 shares of common stock for issuance to its directors and employees. The plan provides for shares, including options to purchase shares of common stock, stock appreciation rights tied to the value of common stock, restricted stock, and restricted and deferred stock unit awards, to be granted to eligible employees, non-employee directors and consultants. The company measures stock-based compensation at fair value on the grant date, adjusted for estimated forfeitures. The company records noncash compensation expense related to equity awards in its consolidated financial statements over the requisite period on a straight-line basis. Substantially all of the existing stock-based compensation has been equity awards.

Grants under the equity incentive plans may include options, stock awards or deferred stock units:

· **Options** – Stock options may be granted that can be exercised immediately in installments or at a fixed future date. Certain options are exercisable regardless of employment status while others expire following termination. Options issued to date may be exercised immediately or at future vesting dates, and expire five to eight years after the grant date. Compensation expense for stock options that vest over time is recognized on a straight-line basis over the requisite service period.

· **Stock Awards** – Stock awards may be granted to directors and employees that vest immediately or over a period of time as determined by the compensation committee. Stock awards granted to date vested immediately and over a period of time, and included sale restrictions. Compensation expense is recognized on the grant date if fully vested or over the requisite vesting period.

· **Deferred Stock Units** – Deferred stock units may be granted to directors and employees that vest immediately or over a period of time as determined by the compensation committee. Deferred stock units granted to date vest over a period of time with underlying shares of common stock that are issuable after the vesting date. Compensation expense is recognized on the grant date if fully vested, or over the requisite vesting period.

The fair value of the stock options is estimated on the date of the grant using the Black-Scholes option-pricing model, a pricing model acceptable under GAAP. The expected life of the options in the period of time the options are expected to be outstanding. The company did not grant any stock option awards during the years ended December 31, 2016, 2015 and 2014.

The activity related to the exercisable stock options for the year ended December 31, 2016, is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2015	298,750	\$ 9.81	2.4	\$ 3,866
Granted	-	-	-	-
Exercised	(150,000)	7.28	-	2,250
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2016	148,750	\$ 12.36	2.8	\$ 2,305
Exercisable at December 31, 2016 (1)	148,750	\$ 12.36	2.8	\$ 2,305

(1) Includes in-the-money options totaling 148,750 shares at a weighted-average exercise price of \$12.36.

Option awards allow employees to exercise options through cash payment for the shares of common stock or simultaneous broker-assisted transactions in which the employee authorizes the exercise and immediate sale of the option in the open market. The company uses newly issued shares of common stock to satisfy its stock-based payment obligations.

The non-vested stock award and deferred stock unit activity for the year ended December 31, 2016, are as follows:

	Non-Vested Shares and Deferred Stock Units	Weighted- Average Grant- Date Fair Value	Weighted-Average Remaining Vesting Term (in years)
Nonvested at December 31, 2015	736,728	\$ 22.96	
Granted	825,246	14.20	
Forfeited	(49,149)	18.59	
Vested	(373,265)	20.36	
Nonvested at December 31, 2016	1,139,560	\$ 17.65	1.7

Green Plains Partners

Green Plains Partners has adopted the LTIP, an incentive plan intended to promote the interests of the partnership, its general partner and affiliates by providing incentive compensation based on units to employees, consultants and directors to encourage superior performance. The incentive plan reserves 2,500,000 common units for issuance in the form of options, restricted units, phantom units, distributable equivalent rights, substitute awards, unit appreciation rights, unit awards, profits interest units or other unit-based awards. The partnership measures unit-based compensation related to equity awards in its consolidated financial statements over the requisite service period on a straight-line basis.

The non-vested stock award and deferred stock unit activity for the year ended December 31, 2016, are as follows:

	Non-Vested Shares and Deferred Stock Units	Weighted- Average Grant-Date Fair Value	Weighted-Average Remaining Vesting Term (in years)
Non-Vested at December 31, 2015	10,089	\$ 14.93	
Granted	16,260	15.82	
Forfeited	(5,333)	14.93	
Vested	(6,007)	14.69	
Nonvested at December 31, 2016	15,009	\$ 15.99	0.5

Compensation costs for stock-based and unit-based payment plans during the years ended December 31, 2016, 2015 and 2014, were approximately \$9.5 million, \$8.8 million and \$7.2 million, respectively. At December 31, 2016, there were \$11.6 million of unrecognized compensation costs from stock-based and unit-based compensation related to non-vested awards. This compensation is expected to be recognized over a weighted-average period of approximately 1.7 years. The potential tax benefit related to stock-based payment is approximately 37.7% of these expenses.

13. EARNINGS PER SHARE

Basic earnings per share, or EPS, is calculated by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income on an if-converted basis for the first quarter of 2014, associated with the 3.25% notes and 5.75% convertible senior notes due 2015, or the 5.75% notes, by the weighted average number of common shares outstanding during the period, adjusted for the dilutive effect of any outstanding dilutive securities. All of the 5.75% notes were retired during the first quarter of 2014. During the second quarter of 2014, shareholders approved flexible settlement, which gives the company the option to settle the 3.25% notes and the 4.125% notes in cash, common stock or a combination of cash and common stock. The company intends to settle the 3.25% notes and the 4.125% notes with cash for the principal and cash or common stock the conversion premium. Accordingly, diluted EPS is computed using the treasury stock method by dividing net income by the weighted average number of common shares outstanding during the period, adjusted for the dilutive effect of any outstanding dilutive securities.

The basic and diluted EPS are calculated as follows (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Basic EPS:			
Net income attributable to Green Plains	\$ 10,663	\$ 7,064	\$ 159,504
Weighted average shares outstanding - basic	38,318	37,947	36,467
EPS - basic	\$ 0.28	\$ 0.19	\$ 4.37
Diluted EPS:			
Net income attributable to Green Plains	\$ 10,663	\$ 7,064	\$ 159,504
Interest and amortization on convertible debt, net of tax effect:			
5.75% notes	-	-	576
3.25% notes	-	-	1,379
Net income attributable to Green Plains - diluted	<u>\$ 10,663</u>	<u>\$ 7,064</u>	<u>\$ 161,459</u>
Weighted average shares outstanding - basic	38,318	37,947	36,467
Effect of dilutive convertible debt:			
5.75% notes	-	-	1,006
3.25% notes	155	939	3,040
Effect of dilutive stock-based compensation awards	100	142	217
Weighted average shares outstanding - diluted	<u>38,573</u>	<u>39,028</u>	<u>40,730</u>
EPS - diluted	\$ 0.28	\$ 0.18	\$ 3.96

14. STOCKHOLDERS' EQUITY

Treasury Stock

The company holds 7.7 million shares of its common stock at a cost of \$75.8 million. Treasury stock is recorded at cost and reduces stockholders' equity in the consolidated balance sheets. When shares are reissued, the company will use the weighted average cost method for determining the cost basis. The difference between the cost and the issuance price is added or deducted from additional paid-in capital.

Share Repurchase Program

In August 2014, the company announced a share repurchase program of up to \$100 million of its common stock. Under the program, the company may repurchase shares in open market transactions, privately negotiated transactions, accelerated share buyback programs, tender offers or by other means. The timing and amount of repurchase transactions are determined by its management based on market conditions, share price, legal requirements and other factors. The program may be suspended, modified or discontinued at any time without prior notice. The company repurchased 323,290 shares of common stock for approximately \$6.0 million during the second quarter of 2016. Since inception, the company has repurchased 514,990 shares of common stock for approximately \$10.0 million under the program.

Dividends

The company has paid a quarterly cash dividend since August 2013 and anticipates declaring a cash dividend in future quarters on a regular basis. Future declarations of dividends, however, are subject to board approval and may be adjusted as the company's liquidity, business needs or market conditions change. On February 8, 2017, the company's board of directors declared a quarterly cash dividend of \$0.12 per share. The dividend is payable on March 17, 2017, to shareholders of record at the close of business on February 24, 2017.

For each calendar quarter commencing with the quarter ended September 30, 2015, the partnership agreement requires the partnership to distribute all available cash, as defined, to its partners within 45 days after the end of each calendar quarter. Available cash generally means all cash and cash equivalents on hand at the end of that quarter less cash reserves established by the general partner of the partnership plus all or any portion of the cash on hand resulting from working capital borrowings made subsequent to the end of that quarter. On January 23, 2017, the board of directors of the general partner of

the partnership declared a cash distribution of \$0.43 per unit on outstanding common and subordinated units. The distribution is payable on February 14, 2017, to unitholders of record at the close of business on February 3, 2017.

Accumulated Other Comprehensive Income

Changes in accumulated other comprehensive income are associated primarily with gains and losses on derivative financial instruments. Amounts reclassified from accumulated other comprehensive income are as follows (in thousands):

	Year Ended December 31,			Statements of Income Classification
	2016	2015	2014	
Gains (losses) on cash flow hedges:				
Commodity derivatives	\$ (8,094)	\$ 8,420	\$ (257,730)	Revenues
Commodity derivatives	(16,508)	(3,551)	(43,853)	Cost of goods sold
Total	(24,602)	4,869	(301,583)	Income (loss) before income taxes
Income tax expense (benefit)	(8,830)	1,855	(139,754)	Income tax expense (benefit)
Amounts reclassified from accumulated other comprehensive income (loss)	\$ (15,772)	\$ 3,014	\$ (161,829)	

15. INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, and net operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted rates expected to be applicable to taxable income in the years those temporary differences are recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income during the period that includes the enactment date.

Green Plains Partners is a limited partnership, which is treated as a flow-through entity for federal income tax purposes and is not subject to federal income taxes. As a result, the consolidated financial statements do not reflect such income taxes on pre-tax income or loss attributable to the noncontrolling interest in the partnership.

Income tax expense consists of the following (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Current	\$ 2,950	\$ 33,750	\$ 67,389
Deferred	4,910	(27,513)	23,537
Total	\$ 7,860	\$ 6,237	\$ 90,926

Differences between income tax expense at the statutory federal income tax rate and as presented on the consolidated statements of income are summarized as follows (in thousands):

	Year Ended December 31,		
	2016	2015	2014
Tax expense at federal statutory rate of 35%	\$ 13,423	\$ 7,513	\$ 87,650
State income tax expense, net of federal benefit	323	1,397	6,810
Qualified production activities deduction	-	-	(4,637)
Nondeductible compensation	185	-	848
Noncontrolling interests	(6,940)	(2,857)	-
Other	869	184	255
Income tax expense	\$ 7,860	\$ 6,237	\$ 90,926

Significant components of deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2016	2015
Deferred tax assets:		
Net operating loss carryforwards - Federal	\$ 2,112	\$ -
Net operating loss carryforwards - State	1,290	337
Tax credit carryforwards - State	3,701	4,348
Derivative financial instruments	1,218	-
Investment in partnerships	91,951	46,519
Organizational and start-up costs	-	26
Stock-based compensation	3,535	3,080
Accrued expenses	10,722	10,649
Capital leases	3,764	3,800
Other	3,001	1,858
Total deferred tax assets	121,294	70,617
Deferred tax liabilities:		
Convertible debt	(17,593)	(5,329)
Fixed assets	(205,189)	(139,383)
Derivative financial instruments	-	(4,542)
Organizational and start-up costs	(36,464)	-
Total deferred tax liabilities	(259,246)	(149,254)
Valuation allowance	(2,310)	(3,160)
Deferred income taxes	\$ (140,262)	\$ (81,797)

The company maintains a valuation allowance for its net deferred tax assets due to uncertainty that it will realize these assets in the future. The deferred tax valuation allowance of \$2.3 million as of December 31, 2016, relates to Iowa tax credits that started expiring in 2013 and will continue to expire through 2018. Management considers whether it is more likely than not that some or all of the deferred tax assets will be realized, which is dependent on the generation of future taxable income and other tax attributes during the periods those temporary differences become deductible. Scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies are considered to make this assessment.

The company's federal and state returns for the tax years ended December 31, 2013, and later are still subject to audit. A reconciliation of unrecognized tax benefits is as follows (in thousands):

Unrecognized Tax Benefits	
Balance at January 1, 2016	\$ 189
Additions for prior year tax positions	5
Reductions for prior year tax positions	-
Balance at December 31, 2016	\$ 194

Recognition of these tax benefits would favorably impact the company's effective tax rate. Interest and penalties associated with uncertain tax positions are accrued as part of income taxes payable.

16. COMMITMENTS AND CONTINGENCIES

Operating Leases

The company leases certain facilities, equipment and parcels of land under agreements that expire at various dates. For accounting purposes, rent expense is based on a straight-line amortization of the total payments required over the lease. The company incurred lease expenses of \$38.0 million, \$33.2 million and \$31.8 million during the years ended December 31, 2016, 2015 and 2014, respectively.

Aggregate minimum lease payments under these agreements for future fiscal years are as follows (in thousands):

Year Ending December 31,	Amount	
2017	\$	35,170
2018		25,959
2019		16,991
2020		11,442
2021		5,042
Thereafter		20,653
Total	\$	115,257

Commodities

As of December 31, 2016, the company had contracted future purchases of grain, corn oil, natural gas, crude oil, ethanol, distillers grains and cattle, valued at approximately \$504.4 million.

Legal

In November 2013, the company acquired two ethanol plants located in Fairmont, Minnesota and Wood River, Nebraska. There is ongoing litigation related to the consideration for this acquisition. On August 19, 2016, the Delaware Superior Court granted Green Plains' motion for summary judgment in part and held that the seller's attempt to disclaim liability for certain shortfall amounts through the use of a disclaimer provision was ineffective. Based on the court order, the company determined that previously accrued contingent liabilities of approximately \$6.3 million no longer represent probable losses. These accruals were reversed as a reduction of cost of goods sold during the year ended December 31, 2016, because the adjustment relates to a reduction in the cost of inventory purchased in the acquisitions. The court has directed the company and the seller to work together to determine the precise total of the shortfall amount due to Green Plains. The company believes the remaining amount due to Green Plains is approximately \$5.5 million; however, the seller has the right to dispute the details of the calculation and appeal the underlying Superior Court order. Accordingly, the total amount Green Plains may receive is yet to be determined. The remaining amount due to the company represents a gain contingency, which will not be recorded until all contingencies are resolved.

In addition to the above-described proceeding, the company is currently involved in other litigation that has arisen in the ordinary course of business, but does not believe any pending litigation will have a material adverse effect on its financial position, results of operations or cash flows.

Insurance Recoveries

In March 2014, the Green Plains Otter Tail ethanol plant was damaged by a fire, which caused substantial property damage and business interruption costs. The company had property damage and business interruption insurance coverage and, as a result, the incident did not have a material adverse impact on the company's financial results. As of December 31, 2014, the company had received \$7.8 million for the property damage portion of the claim, representing reimbursement, net of deductible, for the replacement value of the damaged property and equipment. This recovery was in excess of the book value of the damaged assets, resulting in a gain of \$4.2 million, which was recorded in other income during the year ended December 31, 2014. The company had also received insurance proceeds of \$10.5 million as of December 31, 2014 related to the business interruption portion of the claim, reimbursing a substantial majority of lost profits, net of deductible, during the repair of this equipment. These proceeds were recorded as a reduction of cost of goods sold. The amounts above for both property damage and business interruption insurance claims are final.

17. EMPLOYEE BENEFIT PLANS

The company offers eligible employees a comprehensive employee benefits plan that includes health, dental, vision, life and accidental death, short-term disability and long-term disability insurance, and flexible spending accounts. The company also offers a 401(k) plan enabling eligible employees to save for retirement on a tax-deferred basis up to the limits allowed under the Internal Revenue Code and matches up to 4% of eligible employee contributions. Employee and employer contributions are 100% vested immediately. Employer contributions to the 401(k) plan for the years ended December 31, 2016, 2015 and 2014 were \$1.6 million, \$1.4 million and \$1.1 million, respectively.

The company contributes to a defined benefit pension plan. Since January of 2009, the benefits under the plan were frozen; however, the company remains obligated to ensure the plan is funded according to its requirements. As of December

31, 2016, the plan's assets were \$5.5 million and liabilities were \$6.6 million. At December 31, 2016 and 2015, net liabilities of \$1.1 million were included in other liabilities on the consolidated balance sheet.

18. RELATED PARTY TRANSACTIONS

Commercial Contracts

Three subsidiaries of the company have executed separate financing agreements for equipment with Amur Equipment Finance. Gordon Glade, a director of Amur Equipment Finance, is a member of the company's board of directors. In March 2014, a subsidiary of the company entered into \$1.4 million of new equipment financing agreements with Amur Equipment Finance. Balances of \$0.8 million and \$1.0 million related to these financing arrangements were included in debt at December 31, 2016 and 2015, respectively. Payments, including principal and interest, totaled \$0.3 million for each of the years ended December 31, 2016, 2015 and 2014. The weighted average interest rate for the financing agreements with Amur Equipment Finance was 6.8%.

Aircraft Leases

Effective January 1, 2015, the company entered into two agreements with an entity controlled by Wayne Hoovestol for the lease of two aircrafts. Mr. Hoovestol is chairman of the company's board of directors. The company agreed to pay \$9,766 per month for the combined use of up to 125 hours per year of the aircrafts. Flight time in excess of 125 hours per year will incur additional hourly charges. These agreements replaced prior agreements with entities controlled by Mr. Hoovestol for the lease of two aircrafts for \$15,834 per month for use of up to 125 hours per year, with flight time in excess of 125 hours per year incurring additional hourly charges. During the years ended December 31, 2016, 2015 and 2014, payments related to these leases totaled \$190 thousand, \$270 thousand and \$187 thousand, respectively. The company had no outstanding payables related to these agreements at December 31, 2016 or 2015.

19. QUARTERLY FINANCIAL DATA (Unaudited)

The following table includes unaudited financial data for each of the quarters within the years ended December 31, 2016, and 2015 (in thousands, except per share amounts), which is derived from the company's consolidated financial statements. In management's opinion, the financial data reflects all of the adjustments necessary for a fair presentation of the quarters presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	Three Months Ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Revenues	\$ 932,098	\$ 841,852	\$ 887,727	\$ 749,204
Costs and expenses	876,028	810,997	860,318	771,850
Operating income (loss)	56,070	30,855	27,409	(22,646)
Other expense	(19,433)	(12,888)	(8,953)	(12,063)
Income tax expense (benefit)	12,199	5,083	5,471	(14,893)
Net income (loss) attributable to Green Plains	18,682	7,928	8,191	(24,138)
Basic earnings (loss) per share attributable to Green Plains	0.49	0.21	0.21	(0.63)
Diluted earnings (loss) per share attributable to Green Plains	0.47	0.20	0.21	(0.63)

	Three Months Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Revenues	\$ 739,914	\$ 742,797	\$ 744,490	\$ 738,388
Costs and expenses	727,176	722,964	720,088	734,284
Operating income	12,738	19,833	24,402	4,104
Other expense	(7,959)	(10,396)	(11,388)	(9,869)
Income tax expense (benefit)	4,066	(604)	5,222	(2,447)
Net income (loss) attributable to Green Plains	(3,589)	6,179	7,792	(3,318)
Basic earnings (loss) per share attributable to Green Plains	(0.09)	0.16	0.20	(0.09)
Diluted earnings (loss) per share attributable to Green Plains	(0.09)	0.16	0.19	(0.09)

Schedule I – Condensed Financial Information of the Registrant (Parent Company Only)

GREEN PLAINS INC.

CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

STATEMENTS OF BALANCE SHEET – PARENT COMPANY ONLY

(in thousands)

	December 31,	
	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 188,953	\$ 273,294
Restricted cash	16,947	10,130
Accounts receivable, including amounts from related parties of \$0 and \$1,080, respectively	285	1,188
Income tax receivable	10,379	9,104
Prepaid expenses and other	1,199	1,189
Due from subsidiaries	48,785	26,109
Total current assets	266,548	321,014
Property and equipment, net	12,900	3,811
Investment in consolidated subsidiaries	916,138	549,642
Deferred income taxes	87,310	53,273
Other assets	9,642	14,846
Total assets	\$ 1,292,538	\$ 942,586
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 6,916	\$ 1,889
Due to subsidiaries	160,486	25,973
Accrued liabilities	20,488	12,511
Total current liabilities	187,890	40,373
Long-term debt	236,056	103,072
Other liabilities	2,890	146
Total liabilities	426,836	143,591
Stockholders' equity		
Common stock	46	45
Additional paid-in capital	658,258	577,787
Retained earnings	283,214	290,974
Treasury stock	(75,816)	(69,811)
Total stockholders' equity	865,702	798,995
Total liabilities and stockholders' equity	\$ 1,292,538	\$ 942,586

See accompanying notes to the condensed financial statements.

GREEN PLAINS INC.
CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT
STATEMENTS OF INCOME – PARENT COMPANY ONLY
(in thousands)

	Year Ended December 31,		
	2016	2015	2014
Selling, general and administrative expenses	\$ 3,174	\$ -	\$ -
Operating (loss)	(3,174)	-	-
Other income (expense)			
Interest income	1,193	838	462
Interest expense	(14,511)	(9,280)	(9,539)
Other, net	(8,072)	(3,366)	(3,860)
Total other expense	(21,390)	(11,808)	(12,937)
Loss before income taxes	(24,564)	(11,808)	(12,937)
Income tax benefit	12,381	4,106	4,361
Loss before equity in earnings of subsidiaries	(12,183)	(7,702)	(8,576)
Equity in earnings of consolidated subsidiaries	22,846	14,766	168,080
Net income	\$ 10,663	\$ 7,064	\$ 159,504

See accompanying notes to the condensed financial statements.

GREEN PLAINS INC.
CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT
STATEMENTS OF CASH FLOWS – PARENT COMPANY ONLY
(in thousands)

	Year Ended December 31,		
	2016	2015	2014
Cash flows from operating activities:	\$ 72,172	\$ 19,844	\$ (13,962)
Net cash provided (used) by operating activities	<u>72,172</u>	<u>19,844</u>	<u>(13,962)</u>
Cash flows from investing activities:			
Purchases of property and equipment	(11,556)	(1,191)	(2,829)
Acquisition of businesses	(512,356)	(116,796)	-
Transfer of assets to Green Plains Partners LP	152,312	-	-
Investment in consolidated subsidiaries, net	77,615	143,151	125,179
Issuance of notes receivable from subsidiaries, net of payments received	3,000	(3,000)	9,500
Investments in unconsolidated subsidiaries	(7,206)	(2,975)	(4,309)
Net cash provided (used) by investing activities	<u>(298,191)</u>	<u>19,189</u>	<u>127,541</u>
Cash flows from financing activities:			
Proceeds from the issuance of long-term debt	170,000	-	-
Payments of principal on long-term debt	-	-	(238)
Payments for repurchase of common stock	(6,005)	(4,003)	-
Payment of cash dividends	(18,423)	(15,191)	(8,908)
Payment of loan fees	(5,651)	-	-
Proceeds from the exercise of stock options	1,757	766	4,404
Net cash provided (used) by financing activities	<u>141,678</u>	<u>(18,428)</u>	<u>(4,742)</u>
Net change in cash and equivalents	(84,341)	20,605	108,837
Cash and cash equivalents, beginning of period	<u>273,294</u>	<u>252,689</u>	<u>143,852</u>
Cash and cash equivalents, end of period	<u>\$ 188,953</u>	<u>\$ 273,294</u>	<u>\$ 252,689</u>

See accompanying notes to the condensed financial statements.

GREEN PLAINS INC.

CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

NOTES TO CONDENSED FINANCIAL STATEMENTS – PARENT COMPANY ONLY

1. BASIS OF PRESENTATION

References to “parent company” refer to Green Plains Inc., a holding company that conducts substantially all of its business operations through its subsidiaries. The parent company is restricted from obtaining funds from certain subsidiaries through dividends, loans or advances. See *Note 11 – Debt* in the notes to the consolidated financial statements for additional information. Accordingly, these condensed financial statements are presented on a “parent-only” basis, in which the parent company’s investments in its consolidated subsidiaries are presented under the equity method of accounting. These financial statements should be read in conjunction with Green Plains Inc.’s audited consolidated financial statements included in this report.

Reclassifications

Certain prior year amounts were reclassified to conform to the current year presentation. These reclassifications did not affect total revenues, costs and expenses, net income or stockholders’ equity.

2. COMMITMENTS AND CONTINGENCIES

Operating Leases

The parent company leases certain facilities under agreements that expire at various dates. For accounting purposes, rent expense is based on a straight-line amortization of the total payments required over the lease term. The parent company incurred lease expenses of \$1.1 million, \$1.1 million and \$1.0 million during the years ended December 31, 2016, 2015 and 2014, respectively. Aggregate minimum lease payments under these agreements for future fiscal years are as follows (in thousands):

Year Ending December 31,	Amount
2017	\$ 1,951
2018	1,919
2019	1,897
2020	1,372
2021	1,333
Thereafter	14,682
Total	<u>\$ 23,154</u>

Parent Guarantees

The various operating subsidiaries of the parent company enter into contracts as a routine part of their business activities, which are guaranteed by the parent company in certain instances. Examples of these contracts include financing and lease arrangements, commodity purchase and sale agreements, and agreements with vendors. As of December 31, 2016, the parent company had \$275.9 million in guarantees of subsidiary contracts and indebtedness.

3. DEBT

Parent company debt as of December 31, 2016, consists of the 3.25% convertible senior notes due 2018 and 4.125% convertible senior notes due 2022. Scheduled long-term debt repayments, including full accretion at their maturity but excluding the effects of the debt discounts, are as follows (in thousands):

Year Ending December 31,	Amount
2017	\$ -
2018	120,000
2019	-
2020	-
2021	-
Thereafter	170,000
Total	\$ 290,000

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THE AGGREGATE MAXIMUM PRINCIPAL AMOUNT OF INDEBTEDNESS THAT MAY BE SECURED HEREBY IS \$145,000,000.00. MORTGAGE RECORDING PRIVILEGE TAX IN THE AMOUNT OF \$_____ IS REMITTED HEREWITH PURSUANT TO THAT CERTAIN APPORTIONMENT ORDER ISSUED BY THE ALABAMA DEPARTMENT OF REVENUE ON DECEMBER 19, 2016, A COPY OF WHICH IS BEING PROVIDED TO THE RECORDING OFFICER.

THIS DOCUMENT WAS
PREPARED BY:
AND AFTER RECORDING,
RETURN TO:

Katten Muchin Rosenman LLP
525 W. Monroe
Chicago, Illinois 60661
Attention: Claudia Duncan, Esq.

STATE OF ALABAMA)

COUNTY OF MONTGOMERY)

FUTURE ADVANCE MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF
LEASES AND RENTS AND FIXTURE FILING

made by

FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation,
as Mortgagor,

To

MARANON CAPITAL, L.P., a Delaware limited partnership,
as Agent for the Lenders described herein,
as the Mortgagee

THIS MORTGAGE SERVES AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTIONS 7-9A-102(a)(40) AND 7-9A-502(c) OF THE CODE OF ALABAMA (1975), AS AMENDED

FUTURE ADVANCE MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING

THIS FUTURE ADVANCE MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING (this "**Mortgage**"), is dated as of December 19, 2016, by FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation ("**Mortgagor**"), whose address for notice hereunder is 12604 Hiddencreek Way, Suite A, Cerritos, California 90703, Attention: Chief Financial Officer, to and for the benefit of MARANON CAPITAL, L.P., a Delaware limited partnership ("**Maranon**"), in its capacity as agent on behalf of the Lenders (as defined below; Maranon acting in such capacity, together with any successors or assigns in such capacity, is referred to herein as "**Mortgagee**" or "**Agent**"), whose address for notices is 303 West Madison Street, Suite 2500, Chicago, Illinois 60606, Attention: Chief Financial Officer.

RECITALS:

A. Subject to the terms and conditions of that certain Credit Agreement dated as of October 3, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), by and among Mortgagor and certain affiliates of Mortgagor, as borrowers (collectively, "**Borrowers**"), and Maranon, as agent for certain financial institutions, funds and other investors who are or hereafter become parties to such Credit Agreement from time to time as lenders (such lender parties are, collectively, the "**Lenders**"), Lenders have agreed to make available to Borrowers certain loans, including a revolving credit facility (including a letter of credit sub facility) in a principal amount not to exceed \$15,000,000.00 at any time outstanding (as such amount may be adjusted, if at all, from time to time in accordance with the Credit Agreement) (collectively, the "**Revolving Loans**") and a term loan facility in the original principal amount of \$130,000,000.00 (the "**Term Loans**"; the Term Loans and the Revolving Loans are, together, the "**Loans**"). All capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Credit Agreement. The Revolving Loans are evidenced by the Credit Agreement and may be further evidenced by certain Revolving Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the "**Revolving Notes**"), and the Term Loans are evidenced by the Credit Agreement and may be evidenced by certain Term Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the "**Term Notes**"; the Revolving Notes and the Term Notes, collectively with all notes issued in substitution or exchange therefor and all amendments thereto, are referred to as the "**Notes**"). The Credit Agreement and Notes provide for certain payments as set forth therein and in the Credit Agreement with the balances thereof due and payable at such times and in such amounts

specified in the Credit Agreement. **EACH NOTE PROVIDES FOR A VARIABLE RATE OF INTEREST WHICH VARIES WITH CHANGES IN THE BASE RATE OR THE LIBOR RATE IN ACCORDANCE WITH THE PROVISIONS OF SUCH NOTE AND THE CREDIT AGREEMENT;**

B. As a Borrower, Mortgagor will directly benefit from Lenders making the Loans to Borrowers and the provision of extensions of credit and other accommodations provided for in the Credit Agreement, and has therefore agreed to execute and deliver this Mortgage to Agent upon the terms and conditions set forth herein to secure the prompt payment and performance of all Obligations of Borrowers, subject to the terms and conditions set forth in the Credit Agreement.

AGREEMENT

NOW, THEREFORE, for the premises considered, Mortgagor covenants and agrees with Mortgagee as follows:

ARTICLE 1 **DEFINITIONS**

Section 1.1 **Definitions**. As used herein, the following terms shall have the following meanings:

“Default Rate” means the rate of interest set forth in Section 1.2(d) of the Credit Agreement.

“Mortgaged Property” means (1) the real property described in Exhibit A attached hereto and made a part hereof (the **“Land”**), (2) all buildings, structures and other improvements, now or at any time situated, placed or constructed upon the Land (the **“Improvements”**), (3) all materials, supplies, appliances, equipment (as such term is defined in the UCC), fixtures, apparatus and other items of personal property now owned or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the **“Fixtures”**), (4) all goods, inventory, accounts, general intangibles, software, investment property, instruments, letters of credit, letter-of-credit rights, deposit accounts, documents, chattel paper and supporting obligations, as each such term is presently or hereafter defined in the UCC, and all other personal property of any kind or character, now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Land and Improvements or which may be used in or relating to the planning, development, financing or operation of the Mortgaged Property, including, without limitation, furniture, furnishings, equipment, machinery, money, insurance proceeds, accounts, contract rights, software, trademarks, goodwill, promissory notes, electronic and tangible chattel paper, payment intangibles, documents, trade names, licenses and/or franchise agreements, rights of Mortgagor under leases of Fixtures or other personal property or equipment, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness

deposited by or on behalf of Mortgagor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs, and commercial tort claims arising from the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the “**Personalty**”), (5) all reserves, escrows or impounds required under the Credit Agreement and all deposit accounts (including accounts holding security deposits) maintained by Mortgagor with respect to the Mortgaged Property, (6) all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (the “**Plans**”), (7) all leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the “**Leases**”), (8) all of the rents, revenues, income, proceeds, profits, security and other types of deposits, lease cancellation payments and other benefits paid or payable by parties to the Leases other than Mortgagor for using, leasing, licensing, possessing, operating from, residing in, selling, terminating the occupancy of or otherwise enjoying the Mortgaged Property (the “**Rents**”), (9) all other agreements, such as construction contracts, architects’ agreements, engineers’ contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the “**Property Agreements**”), (10) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Mortgagor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof, (11) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (12) all insurance policies (regardless of whether required by Mortgagee), unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Mortgagor, (13) all mineral, water, oil and gas rights relating to all or any part of the Mortgaged Property, (14) any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, Fixtures or Personalty and (15) all improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, Mortgagor or constructed, assembled or placed by Mortgagor on the Land, and all conversions of the security constituted thereby (the “**After Acquired Property Interests**”). As used in this Mortgage, the term “Mortgaged Property” shall mean all or, where the context permits or requires, any portion of the above or any interest therein, wherever located.

“**Secured Obligations**” means

(i) the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of all the Obligations, including without limitation, all obligations, liabilities and indebtedness (including, without limitation, principal, premium, interest (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of Mortgagor at the rate provided for in the respective documentation, whether or not

a claim for post-petition interest is allowed in any such proceeding), fees, costs and indemnities) of Mortgagor to the Lenders, whether now existing or hereafter incurred under, arising out of, or in connection with, each Loan Document, if any, to which Mortgagor is a party (regardless of whether each such Loan Document is now in existence or hereafter arising) and the due performance and compliance by Mortgagor with all of the terms, conditions and agreements contained in each such Loan Document;

(ii) any and all sums advanced by the Agent in order to preserve the Mortgaged Property or preserve its lien and security interest in the Mortgaged Property;

(iii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of Mortgagor referred to in clause (i) above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Mortgaged Property, or of any exercise by the Agent of its rights hereunder, together with reasonable attorneys' fees and court costs;

(iv) all amounts paid by any Indemnitee (as hereinafter defined) as to which such Indemnitee has the right to reimbursement under Section 7.16 of this Mortgage; and

(v) all amounts owing to the Agent pursuant to any of the Loan Documents in its capacity as such;

it being acknowledged and agreed that the "Secured Obligations" shall include extensions of credit of the types described above, whether outstanding on the date of this Mortgage or extended from time to time after the date of this Mortgage.

"UCC" means the Uniform Commercial Code as enacted and in effect in the state where the Land is located (and as it may from time to time be amended); provided that, to the extent that the UCC is used to define any term herein or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, any security interest herein granted is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where the Land is located, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

ARTICLE 2

GRANT

Section 2.1 Grant. To secure the full and timely payment and performance of the Secured Obligations, Mortgagor hereby irrevocably MORTGAGES, GIVES, GRANTS,

WARRANTS, BARGAINS, SELLS, ALIENS, PLEDGES, ASSIGNS, TRANSFERS, HYPOTHECATES and CONVEYS to Mortgagee the Mortgaged Property, WITH POWER OF SALE, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD, and Mortgagor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Mortgagee.

ARTICLE 3

WARRANTIES, REPRESENTATIONS AND COVENANTS

Mortgagor warrants, represents and covenants to Mortgagee as follows:

Section 3.1 **Title to Mortgaged Property and Lien of This Instrument.** Mortgagor has good and marketable title to the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances, and has rights and the power to transfer each item of the Mortgaged Property. This Mortgage creates valid, enforceable first priority liens and security interests against the Mortgaged Property.

Section 3.2 **First Lien Status.** Mortgagor shall preserve and protect the first lien and security interest status of this Mortgage and the other Loan Documents. If any lien or security interest other than the Permitted Encumbrances is asserted against the Mortgaged Property, Mortgagor shall promptly, and at its expense, (a) give Mortgagee a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Credit Agreement.

Section 3.3 **Payment and Performance.** Mortgagor shall pay the Secured Obligations when due under the Loan Documents and shall perform the Secured Obligations in full when they are required to be performed.

Section 3.4 **Replacement of Fixtures and Personalty.** Except as permitted by the Credit Agreement, Mortgagor shall not, without the prior written consent of Mortgagee, permit any of the Fixtures, Personalty or any equipment necessary for Mortgagor's operations to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Mortgagor subject to the liens and security interests of this Mortgage and the other Loan Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Mortgagee. Mortgagor shall not incorporate into the Mortgaged Property any item of personalty, fixtures or other property that is not owned by Mortgagor free and clear of all liens or security interests except the liens and security interests in favor of Mortgagee created by the Loan Documents.

Section 3.5 **Maintenance of Rights of Way, Easements and Licenses.** Mortgagor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements, and franchises necessary for the use of the Mortgaged Property and will not, without the prior consent of Mortgagee, consent to any public restriction (including any

zoning ordinance) or private restriction as to the use of the Mortgaged Property. Mortgagor shall comply with all restrictive covenants affecting the Mortgaged Property, and all zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property. Mortgagor shall not demolish any Improvements or alter them in any manner that substantially decreases the value thereof.

Section 3.6 **Inspection**. Mortgagor shall permit Mortgagee and its agents, representatives and employees, upon reasonable prior notice to Mortgagor, to inspect the Mortgaged Property and conduct such environmental and engineering studies as Mortgagee may require, provided that such inspections and studies will be conducted during normal business hours and shall not materially interfere with the use and operation of the Mortgaged Property.

Section 3.7 **Other Covenants**. All of the covenants in the Credit Agreement are incorporated herein by reference and, together with covenants in this **Article 3**, shall be covenants running with the land.

Section 3.8 **Condemnation Awards and Insurance Proceeds**.

(a) **Condemnation Awards**. All awards and compensation for any condemnation or other taking, or any purchase in lieu thereof shall be subject to the terms and conditions set forth in the Credit Agreement.

(b) **Insurance Proceeds**. All proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property shall be payable to such parties and in such manner as set forth in the Credit Agreement.

Section 3.9 **Insurance**. Mortgagor shall maintain or cause to be maintained, insurance with respect to the Mortgaged Property in accordance the Credit Agreement, provided, however, that Mortgagor shall not be required to obtain hazard insurance coverage against risks to improvements in an amount exceeding the replacement value of the improvements. Mortgagor shall purchase a Federal Emergency Management Agency Standard Flood Hazard Determination Form for the Mortgaged Property, and if any portion of the Improvements is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, then Mortgagor shall maintain, or cause to be maintained, flood insurance in an amount as required by law and reasonably satisfactory to Mortgagee and in no event less than the maximum limit of coverage available under the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, each as amended from time to time.

Unless Mortgagor provides Mortgagee with evidence of the insurance coverage required hereunder and under the Credit Agreement, Mortgagee may purchase insurance at Mortgagor's expense to protect Mortgagee's interests in the collateral. This insurance may, but need not, protect Mortgagor's interests. The coverage that Mortgagee purchases may not pay any claim that Mortgagor makes or any claim that is made against Mortgagor in connection with the collateral. Mortgagor may later cancel any insurance purchased by Mortgagee, but only after providing Mortgagee with evidence that Mortgagor has obtained insurance as required hereunder and under the Credit

Agreement. If Mortgagee purchases insurance for the collateral, Mortgagor will be responsible for the costs of that insurance, including interest and any other charges Mortgagee may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the total outstanding balance, obligation or indebtedness secured by this Mortgage. The costs of the insurance may be more than the cost of insurance Mortgagee may be able to obtain on Mortgagor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

Section 3.10 **Transfer or Encumbrance of the Mortgaged Property.** Mortgagor shall not, except as and to the extent permitted in the Credit Agreement, sell, convey, alienate, mortgage, encumber, pledge, lease or otherwise transfer the Mortgaged Property or any part thereof, or permit the Mortgaged Property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged, leased or otherwise transferred.

Section 3.11 **After Acquired Property Interests.** All After Acquired Property Interests, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the Lien of this Mortgage (as provided in the granting clauses hereof) as fully and completely, and with the same effect, as though owned by Mortgagor on the date hereof and specifically described in the granting clauses hereof. Mortgagor shall execute and deliver to Mortgagee all such other assurances, deeds of trust, conveyances or assignments thereof as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting such After Acquired Property Interests to the Lien of this Mortgage. Mortgagor hereby irrevocably authorizes and appoints Mortgagee as the agent and attorney-in-fact of Mortgagor to, following the occurrence and during the continuance of an Event of Default, execute all such documents and instruments on behalf of Mortgagor, which appointment shall be irrevocable and coupled with an interest.

ARTICLE 4

DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), Mortgagee, as Agent for the benefit of the Lenders, may, at Mortgagee's election and by or through Mortgagee or otherwise, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Secured Obligations to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable.

(b) **Entry on Mortgaged Property.** Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto. If

Mortgagor remains in possession of the Mortgaged Property after an Event of Default and without Mortgagee's prior written consent, Mortgagee may invoke any legal remedies to dispossess Mortgagor.

(c) **Operation of Mortgaged Property.** Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Mortgagee may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Mortgagee deems necessary or desirable), and apply all Rents and other amounts collected by Mortgagee in connection therewith in accordance with the provisions of Section 4.7.

(d) **Foreclosure and Sale.** Institute proceedings for the complete judicial or, to the extent permitted by applicable law and at all times in accordance with Section 7.20(f), nonjudicial foreclosure of this Mortgage, in which case the Mortgaged Property may be sold for cash or credit in one or more parcels. With respect to any notices required or permitted under the UCC, Mortgagor agrees that ten (10) days prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings, power of sale or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Mortgagor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity of redemption and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against all other persons claiming or to claim the property sold or any part thereof, by, through or under Mortgagor. Mortgagee or any of the other Lenders may be a purchaser at such sale and if Mortgagee or such Lender is the highest bidder, may credit the portion of the purchase price that would be distributed to Mortgagee or such other Lender against the Secured Obligations in lieu of paying cash.

(e) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Mortgagor or regard to the adequacy of the Mortgaged Property for the repayment of the Secured Obligations, the appointment of a receiver of the Mortgaged Property, and Mortgagor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) **Other.** Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Loans either before, during or after any proceeding to enforce this Mortgage).

Section 4.2 **Separate Sales.** Subject to the provisions of Section 4.1(d), the Mortgaged Property may be sold in one or more parcels and in such manner and order as Mortgagee, in its sole discretion, may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 **Remedies Cumulative, Concurrent and Nonexclusive.** Mortgagee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Mortgagor or others obligated under the Credit Agreement and the other Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Mortgagee, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Mortgagee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 **Release of and Resort to Collateral.** Mortgagee may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Loan Documents or their stature as a first priority lien and security interest in and to the Mortgaged Property. For payment of the Secured Obligations, Mortgagee may resort to any other security in such order and manner as Mortgagee may elect.

Section 4.5 **Waiver of Redemption, Notice and Marshalling of Assets.** To the fullest extent permitted by law, Mortgagor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Mortgagor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default or of Mortgagee's election to exercise or the actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 **Discontinuance of Proceedings.** If Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Mortgagee shall have the unqualified right to do so and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Secured Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Mortgagee thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 **Application of Proceeds.** The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Mortgagee (or the receiver, if one is appointed) in accordance with, and in any order of priority set forth in, the Credit Agreement, or as otherwise permitted under the other Loan Documents or applicable law.

Section 4.8 **Occupancy After Foreclosure.** The purchaser at any foreclosure sale pursuant to Section 4.1(d) shall become the legal owner of the Mortgaged Property. All occupants of the Mortgaged Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Mortgaged Property other than the statutory action of forcible detainer in any justice court having jurisdiction over the Mortgaged Property.

Section 4.9 **Additional Advances and Disbursements; Costs of Enforcement.**

(a) Upon the occurrence and during the continuance of an Event of Default, Mortgagee shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Mortgagor. All sums advanced and expenses incurred at any time by Mortgagee under this Section 4.9, or otherwise under this Mortgage or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement, and shall be secured by this Mortgage.

(b) Mortgagor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Mortgage and the other Loan Documents, or the enforcement, compromise or settlement of the Secured Obligations or any claim under this Mortgage and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Mortgagee in respect thereof, by litigation or otherwise.

Section 4.10 **No Mortgagee in Possession.** Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Mortgagee under the Loan Documents, at law or in equity shall cause Mortgagee or be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Mortgagee to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5

ASSIGNMENT OF RENTS AND LEASES

Section 5.1 **Assignment.** Mortgagor hereby absolutely grants and assigns to Mortgagee the Leases and Rents. Nevertheless, subject to the terms of this Section 5.1, Mortgagee grants to Mortgagor a revocable license to operate and manage the Leases and Rents and to collect the Rents. Upon the occurrence and during the continuance of an Event of Default, without need for notice or demand to Mortgagor, the license granted to Mortgagor herein shall automatically be revoked, and Mortgagee shall immediately be entitled to possession of all Leases and Rents, whether or not Mortgagee enters upon or takes control of the Leases and Rents. Additionally, upon the occurrence and during the continuance of an Event of Default,

Mortgagee shall be entitled to: (a) notify any person that the Leases have been assigned to Mortgagee and that all Rents are to be paid directly to Mortgagee, whether or not Mortgagee has commenced or completed foreclosure or taken possession of the Mortgaged Property; (b) settle, compromise, release, extend the time of payment of, and make allowances, adjustments and discounts of any Rents or other obligations under the Leases; (c) enforce payment of Rents and other rights under the Leases, prosecute any action or proceeding, and defend against any claim with respect to Rents and Leases; (d) enter upon, take possession of and operate the Mortgaged Property; (e) lease all or any part of the Mortgaged Property; and/or (f) perform any and all obligations of Mortgagor under the Leases and exercise any and all rights of Mortgagor therein contained to the full extent of Mortgagor's rights and obligations thereunder, with or without the bringing of any action or the appointment of a receiver. Mortgagor hereby irrevocably authorizes and directs each tenant under any Lease to rely upon any written notice of the existence of an Event of Default sent by Mortgagee to any such tenant, and thereafter to pay Rents to Mortgagee, without any obligation or right to inquire as to whether an Event of Default actually exists and even if some notice to the contrary is received from Mortgagor, who shall have no right or claim against any such tenant for any such Rents so paid to Mortgagee.

Section 5.2 **No Merger of Estates.** So long as any part of the Secured Obligations remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Mortgagor, Mortgagee, any lessee or any third party by purchase or otherwise.

ARTICLE 6

SECURITY AGREEMENT

Section 6.1 **Security Interest.** This Mortgage constitutes a "Security Agreement" on personal property within the meaning of the UCC and other applicable law with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property under the UCC. To this end, Mortgagor grants to Mortgagee, for the benefit of the Agent and the Lenders, a security interest in the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property to secure the payment and performance of the Secured Obligations and agrees that Mortgagee shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and other Mortgaged Property which is personal property sent to Mortgagor at least five (5) days prior to any action under the UCC shall constitute reasonable notice to Mortgagor.

Section 6.2 **Financing Statements.** Mortgagor hereby irrevocably authorizes Mortgagee at any time and from time to time to file in any filing office in any UCC jurisdiction one or more financing or continuation statements and amendments thereto, relative to all or any part of the Mortgaged Property, without the signature of Mortgagor where permitted by law. Mortgagor agrees to furnish Mortgagee, promptly upon request, with any information required by

Mortgagee to complete such financing or continuation statements. If Mortgagee has filed any initial financing statements or amendments in any UCC jurisdiction prior to the date hereof, Mortgagor ratifies and confirms its authorization of all such filings. Mortgagor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Mortgagee, and agrees that it will not do so without Mortgagee's prior written consent, subject to Mortgagor's rights under Section 9-509(d)(2) of the UCC. Mortgagor shall execute and deliver to Mortgagee, in form and substance satisfactory to Mortgagee, such additional financing statements and such further assurances as Mortgagee may, from time to time, reasonably consider necessary to create, perfect and preserve Mortgagee's security interest hereunder and Mortgagee may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest.

Section 6.3 **Fixture Filing.** This Mortgage shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Mortgagor) and Secured Party (Mortgagee) as set forth in the first paragraph of this Mortgage. The name of the record owner of the real property on which goods are or are to become fixtures FLEISCHMANN'S VINEGAR COMPANY, INC.. Mortgagor's Delaware organizational identification number is 3559265.

ARTICLE 7

MISCELLANEOUS

Section 7.1 **Notices.** Any notice required or permitted to be given under this Mortgage shall be in writing and given in the manner set forth in the Credit Agreement.

Section 7.2 **Covenants Running with the Land.** All Secured Obligations contained in this Mortgage are intended by Mortgagor and Mortgagee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Mortgagor" shall refer to the party named in the first paragraph of this Mortgage and to any subsequent owner of all or any portion of the Mortgaged Property (without in any way implying that Mortgagee has or will consent to any such conveyance or transfer of the Mortgaged Property). All persons or entities who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Mortgagee.

Section 7.3 **Attorney-in-Fact.** Mortgagor hereby irrevocably appoints Mortgagee and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Mortgagee deems appropriate to protect Mortgagee's interest, if Mortgagor shall fail to do so within ten (10) days after written request by Mortgagee, (b) upon the issuance of a deed pursuant to the foreclosure of this Mortgage or the delivery of a deed in lieu of

foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Mortgagee's security interests and rights in or to any of the collateral, and (d) while any Event of Default exists, to perform any obligation of Mortgagor hereunder; however: (1) Mortgagee shall not under any circumstances be obligated to perform any obligation of Mortgagor; (2) any sums advanced by Mortgagee in such performance shall be added to and included in the Secured Obligations and shall bear interest at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement; (3) Mortgagee as such attorney-in-fact shall only be accountable for such funds as are actually received by Mortgagee; and (4) Mortgagee shall not be liable to Mortgagor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

Section 7.4 **Successors and Assigns**. This Mortgage shall be binding upon and inure to the benefit of Mortgagee and Mortgagor and their respective successors and assigns. Mortgagor shall not, without the prior written consent of Mortgagee, assign any rights, duties or obligations hereunder.

Section 7.5 **No Waiver**. Any failure by Mortgagee to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver of same, and Mortgagee shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 7.6 **Subrogation**. To the extent proceeds of the Loans have been used to extinguish, extend or renew any indebtedness against the Mortgaged Property, then Mortgagee shall be subrogated to all of the rights, liens and interests existing against the Mortgaged Property and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Mortgagee.

Section 7.7 **Conflicts**. If any conflict or inconsistency exists between this Mortgage and the Credit Agreement, the Credit Agreement shall govern. If any conflict or inconsistency exists between this Mortgage and any of the Notes, the Notes shall govern.

Section 7.8 **Release**. Upon payment in full and performance of all of the Secured Obligations, and otherwise in accordance with the terms, conditions and provisions set forth in Section 9.20 of the Credit Agreement, Mortgagee shall deliver to Mortgagor a written release or satisfaction of this Mortgage (without recourse and without representation and warranty). Mortgagor shall pay Mortgagee's reasonable costs incurred in connection with same.

Section 7.9 **Waiver of Stay, Moratorium and Similar Rights**. Mortgagor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisalment, valuation, stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Mortgage or the Secured Obligations or any agreement between Mortgagor and Mortgagee or any rights or remedies of Mortgagee.

Section 7.10 **Obligations of Mortgagor, Joint and Several.** If more than one person or entity has executed this Mortgage as “Mortgagor,” the obligations of all such persons or entities hereunder shall be joint and several.

Section 7.11 **Governing Law.** THE PROVISIONS OF THIS MORTGAGE REGARDING THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS HEREIN GRANTED SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE LAND IS LOCATED. ALL OTHER PROVISIONS OF THIS MORTGAGE SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

Section 7.12 **Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 7.13 **Severability.** If any provision of this Mortgage shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Mortgage.

Section 7.14 **Counterparts.** This Mortgage may be executed in counterparts, all of which counterparts together shall constitute one and the same instrument (and original signature pages and notary pages from each counterpart may be assembled into one original document to be recorded).

Section 7.15 **Entire Agreement.** This Mortgage and the other Loan Documents embody the entire agreement and understanding between Mortgagee and Mortgagor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 7.16 **Indemnity and Expenses**

(a) Mortgagor agrees to indemnify, reimburse and hold the Mortgagee, each other Lender and their respective successors, assigns, employees, affiliates and agents (hereinafter in this Section 7.16 referred to individually as “Indemnitee,” and collectively as “Indemnitees”) harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements (including reasonable attorneys’ fees and expenses) (for the purposes of this Section 7.16 the foregoing are collectively called “expenses”) of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Mortgage or in any other way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms of, or the preservation of any rights under any thereof, or in any way relating to or arising out of the manufacture, ownership, ordering,

purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Mortgaged Property (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section 7.16 for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction in a final and non-appealable decision). Mortgagor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, suit or judgment, Mortgagor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify Mortgagor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 7.16(a) hereof, Mortgagor agrees to pay or reimburse the Mortgagee for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Mortgagee's Liens on, and security interest in, the Mortgaged Property, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Mortgaged Property, premiums for insurance with respect to the Mortgaged Property and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Mortgaged Property and the Mortgagee's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Mortgaged Property.

(c) Without limiting the application of Section 7.16(a) or 7.16(b) hereof, Mortgagor agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by Mortgagor in this Mortgage or in any writing contemplated by or made or delivered pursuant to or in connection with this Mortgage. If and to the extent that the obligations of Mortgagor under this Section 7.16 are unenforceable for any reason, Mortgagor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

(d) Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Mortgaged Property. The indemnity obligations of Mortgagor contained in this Section 7.16 shall continue in full force and effect notwithstanding the full payment of all of the other Secured Obligations.

Section 7.17 **Reduction of Secured Amount.** In the event that the maximum principal amount secured by this Mortgage is less than the aggregate Secured Obligations then the amount secured hereby shall be reduced only by the last and final sums that Mortgagor or any other Credit Party repays with respect to the Secured Obligations and shall not be reduced by any intervening repayments of the Secured Obligations. So long as the balance of the Secured Obligations exceeds the amount secured hereby, any payments of the Secured Obligations shall

not be deemed to be applied against, or to reduce, the portion of the Secured Obligations secured by this Mortgage.

Section 7.18 **Future Advances.** This Mortgage is given to secure the Secured Obligations and shall secure not only presently existing Secured Obligations under the Loan Documents but also any and all other Secured Obligations which may hereafter be owing by Mortgagor to the Lenders under the Loan Documents, however incurred, whether interest, discount or otherwise, and whether the same shall be deferred, accrued or capitalized, including future advances and re-advances, pursuant to the Credit Agreement or the other Loan Documents, whether such advances are obligatory or to be made at the option of the Lenders, or otherwise, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The Lien of this Mortgage shall be valid as to all Secured Obligations secured hereby, including future advances, from the time of the original recording of the Original Mortgage for record in the recorder's office of the county in which the Mortgaged Property is located. To the maximum extent permitted by law, this Mortgage is intended to and shall be valid and have priority over all subsequent Liens and encumbrances, including statutory Liens, excepting solely taxes and assessments levied on the real estate, to the extent of the maximum amount secured hereby, and Permitted Encumbrances related thereto. Although this Mortgage is given to secure all future advances made by Mortgagee and the other Lenders to or for the benefit of Mortgagor or the Mortgaged Property, whether obligatory or optional, Mortgagor and Mortgagee hereby acknowledge and agree that Mortgagee and the other Lenders are obligated by the terms of the Loan Documents to make certain future advances, including advances of a revolving nature, subject to the fulfillment of the relevant conditions set forth in the Loan Documents.

Section 7.19 **WAIVER OF JURY TRIAL.** **TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, MORTGAGOR AND MORTGAGEE HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS. MORTGAGOR AND MORTGAGEE ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. MORTGAGOR AND MORTGAGEE EACH WARRANT AND REPRESENT THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.**

Section 7.20 **Local Law Provisions.** In the event of any conflict between the terms and provisions of any other sections or this Mortgage and this Section 7.20, the terms and provisions of this Section 7.20 shall govern and control. At any time after an Event of Default, Mortgagee shall be entitled to invoke any and all of the rights and remedies described below, in addition to all other rights and remedies available to Mortgagee at law or in equity. All of such rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies.

(a) Acceleration. Mortgagee may declare any or all of the Secured Obligations to be due and payable immediately.

(b) Receiver. Mortgagee shall, as a matter of right, without notice and without giving bond to Mortgagor or anyone claiming by, under or through Mortgagor, and without regard for the solvency or insolvency of Mortgagor or the then value of the Mortgaged Property, to the extent permitted by applicable law, be entitled to have a receiver appointed for all or any part of the Mortgaged Property and the Rents, and the proceeds, issues and profits thereof, with the rights and powers referenced below and such other rights and powers as the court making such appointment shall confer, and Mortgagor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Such receiver shall have all powers and duties prescribed by applicable law, all other powers which are necessary or usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property, and such rights and powers as Mortgagee would have, upon entering and taking possession of the Mortgaged Property under subsection (c) below.

(c) Entry. Mortgagee, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Mortgaged Property, may exclude Mortgagor and its agents and employees wholly therefrom, and may also do any and all other things in connection with those actions that Mortgagee may in its sole discretion consider necessary and appropriate to protect the security of this Mortgage. Such other things may include: taking and possessing all of Mortgagor's or the then owner's books and records and accounts; entering into, enforcing, modifying or canceling leases on such terms and conditions as Mortgagee may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Mortgagee; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Mortgagee so requests, Mortgagor shall assemble all of the Mortgaged Property that has been removed from the Land and make all of it available to Mortgagee at the site of the Land. Mortgagor hereby irrevocably constitutes and appoints Mortgagee as Mortgagor's attorney-in-fact to perform such acts and execute such documents as Mortgagee in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Mortgagor's name on any instruments. If Mortgagor shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after such demand by Mortgagee, Mortgagee or such receiver may obtain a judgment or decree conferring on Mortgagee or such receiver, the right to immediate possession of the Mortgaged Property or requiring the delivery of the Mortgaged Property to Mortgagee or such receiver, and Mortgagor specifically consents to the entry of such judgment or decree.

(d) Cure; Protection of Security. Mortgagee may cure any breach or default of Mortgagor, and if it chooses to do so in connection with any such cure or with respect to preventing a loss to Mortgagee's interest in the Mortgaged Property, Mortgagee may also enter the Mortgaged Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Mortgage. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Mortgagee under, this Mortgage; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien against the Mortgaged Property; obtaining insurance and/or paying any premiums or charges for insurance

required to be carried under the Credit Agreement; repairing, restoring or otherwise caring for and protecting any and all of the Mortgaged Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Mortgagee. Mortgagee may take any of the actions permitted under this Subsection 7.20(d) either with or without giving notice to any person. Any amounts disbursed by Mortgagee under this Subsection 7.20(d) together with interest thereon at the Default Rate from the date of disbursement, shall be secured by this Mortgage and shall be due and payable on demand. Nothing contained in the Loan Documents shall require Mortgagee or Lenders to incur any expense or take any action hereunder.

(e) Uniform Commercial Code Remedies. Mortgagee may exercise any or all of the remedies granted to a secured party under the Uniform Commercial Code in the State in which the Mortgaged Property is located.

(f) Foreclosure; Lawsuits. If an Event of Default shall have occurred and be continuing, Mortgagee shall have the right, in one or several concurrent or consecutive proceedings, to foreclose the lien hereof upon the Mortgaged Property or any part thereof, for the Secured Obligations, or any part thereof, by any proceedings appropriate under applicable law of the State in which the Mortgaged Property is located. If an Event of Default shall have occurred and be continuing, Mortgagee may sell the Mortgaged Property to the highest bidder at public auction in front of the courthouse door in the county or counties, as may be required, where the Mortgaged Property is located, either in person or by auctioneer, after having first given notice of the time, place and terms of sale, together with a description of the property to be sold, by publication once a week for three (3) successive weeks prior to said sale in some newspaper published in said county or counties, as may be required, and, upon payment of the purchase money, Mortgagee or any person conducting the sale for Mortgagee is authorized to execute to the purchaser at said sale a deed to the Mortgaged Property so purchased provided, however, that (i) if the Land is located in more than one county, publication is to be made in all counties in which the Land is located, and (ii) if no newspaper is published in a county where the Land is located, notice shall be in a newspaper in an adjoining county. In the event of a sale hereunder, Mortgagee or owners of the Secured Obligations and Mortgage, or the auctioneer, shall execute to the purchaser for and in the name of Mortgagor, a good and sufficient deed to the Mortgaged Property. Mortgagee may sell such property either as a whole or in separate parcels and in such order as Mortgagee may direct (Mortgagor waiving any right to direct the order of sale), at public auction to the highest bidder for cash in lawful money of the United States of America (or cash equivalents acceptable to Mortgagee to the extent permitted by applicable law), payable at the time of sale. Mortgagee may postpone the sale of all or any part of the Mortgaged Property by public announcement at such time and place of sale, and from time to time after any such postponement may postpone such sale by public announcement at the time fixed by the preceding postponement. Mortgagee shall deliver to the purchaser at such sale its deed conveying the property so sold, but without any covenant or warranty, express or implied, and the recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Mortgagee or its nominee may bid and become the purchaser of all or any part of the Mortgaged Property at any foreclosure or other sale hereunder, and the amount of Mortgagee's successful bid shall be credited on the Secured Obligations. Without limiting the foregoing, Mortgagee may proceed by a suit or suits in law or equity, whether for specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure under the judgment or decree of any court of competent

jurisdiction. Notwithstanding any statute or rule of law to the contrary, the failure to join any tenant or tenants of the Mortgaged Property as party defendant or defendants in any foreclosure action or the failure of any such order or judgment to foreclose their rights shall not be asserted by Mortgagor as a defense in any civil action instituted to collect (i) the Secured Obligations, or any part thereof or (ii) any deficiency remaining unpaid after foreclosure and sale of the Mortgaged Property. To the extent a notice of sale shall be required by law for the sale or disposition of any portion of the Mortgaged Property which constitutes personal property, a reasonable authenticated notification of disposition shall be notification given at least ten (10) days' prior to any such sale, provided however, that no notification need be given to Mortgagor if it has authenticated after default a statement renouncing or modifying any right to notification of sale or other intended disposition.

(g) Other Remedies. Mortgagee may exercise all rights and remedies contained in any other instrument, document, agreement or other writing heretofore, concurrently or in the future executed by Mortgagor or any other person or entity in favor of Mortgagee in connection with the Secured Obligations or any part thereof, without prejudice to the right of Mortgagee thereafter to enforce any appropriate remedy against Mortgagor. Mortgagee shall have the right to pursue all remedies afforded to a mortgagee under applicable law, and shall have the benefit of all of the provisions of such applicable law, including all amendments thereto which may become effective from time to time after the date hereof.

(h) Sale of Personal Property. Mortgagee shall have the discretionary right to cause some or all of the Mortgaged Property, which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

(1) For purposes of this power of sale, Mortgagee may elect to treat as personal property any Mortgaged Property which is intangible or which can be severed from the Land or Improvements without causing structural damage. If it chooses to do so, Mortgagee may dispose of any personal property, in any manner permitted by Article 9 of the Uniform Commercial Code of the State in which such personal property is located, including any public or private sale, or in any manner permitted by any other applicable law.

(2) In connection with any sale or other disposition of such personal property, Mortgagor agrees that the following procedures constitute a commercially reasonable sale: Mortgagee shall mail written notice of the sale to Mortgagor not later than fifteen (15) days prior to such sale. Mortgagee will publish notice of the sale in a local daily newspaper of general circulation. Upon receipt of any written request, Mortgagee will make such personal property available to any bona fide prospective purchaser for inspection during reasonable business hours. Notwithstanding the foregoing, Mortgagee shall be under no obligation to consummate a sale if, in its judgment, none of the offers received by it equals the fair value of such personal property offered for sale. The foregoing procedures do not constitute the only procedures that may be commercially reasonable.

(i) Single or Multiple Foreclosure Sales. If the Mortgaged Property consists of more than one lot, parcel or item of property, Mortgagee may:

(1) Designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition; and

(2) Elect to dispose of the lots, parcels and/or items through a single consolidated sale or disposition to be held or made under or in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions; or in any other manner Mortgagee may deem to be in its best interests (any such sale or disposition, a "Foreclosure Sale;" and any two or more, "Foreclosure Sales").

If Mortgagee chooses to have more than one Foreclosure Sale, Mortgagee at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or on such different days and at such different times and in such order as Mortgagee may deem to be in its best interests. No Foreclosure Sale shall terminate or affect the liens of this Mortgage on any part of the Mortgaged Property which has not been sold, until all of the Secured Obligations have been paid in full.

Mortgagee and any receiver, or any of their agents or representatives, shall have no liability for any loss, damage, injury, cost or expenses resulting from any action or omission that was taken or omitted in good faith.

It is specifically covenanted and agreed that the Mortgagee may proceed, at the same or different times, to foreclose this Mortgage or any of the other security documents as shall have been executed and delivered in connection with the extension of the Loans to Mortgagor (the "**Other Security Documents**") or resort to any of their remedies thereunder, by any proceedings appropriate in the state where any of the land lies, and that no event of enforcement taking place in any state, including, without limiting the generality of the foregoing, any pending foreclosure, judgment or decree of foreclosure, foreclosure sale, rents received, possession taken, deficiency judgment or decrees, or judgment taken on any of the Notes or other Security Documents, shall in any way stay, preclude or bar enforcement of this Mortgage or any of the other Loan Documents or any of them in any other state, and that Mortgagee may pursue any or all of its remedies to the maximum extent permitted by state laws until all Secured Obligations have been paid or discharged in full.

(j) Credit Bids. At any Foreclosure Sale, any person, including Mortgagor or Mortgagee, may bid for and acquire the Mortgaged Property or any part of it to the extent permitted by then applicable law.

Mortgagee shall have no liability for any funds which it does not actually receive. To the extent permitted by applicable law, Mortgagor waives all claims, damages and demands against Mortgagee arising out of the disposition, repossession or retention of the Mortgaged Property.

(k) Foreclosure Laws. In the event that any provision in this Mortgage shall be inconsistent with any applicable provision of the law of the state in which the Land is located governing foreclosure, (herein collectively called the "**Foreclosure Laws**"), the provisions of the Foreclosure Laws shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in

a manner consistent with the Foreclosure Laws. If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Foreclosure Laws in the absence of said provision, Mortgagee shall be vested with the rights granted in the Foreclosure Laws to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under the Foreclosure Laws, whether incurred before or after any decree or judgment of foreclosure, and whether or not provided for elsewhere in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

[SIGNATURE PAGE FOLLOWS]

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

The land referred to herein below is situated in the county of Montgomery, state of Alabama, and is described as follows:

PARCEL #1:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 in Block U, according to the Plat of Vesuvius as recorded in the Office of the Judge of Probate of Montgomery County, Alabama, in Deed Book Number 20, at Page 640 subject to the right of way across the southeast corner of Lot Number 10 which was heretofore conveyed to L. B. Whitfield for the purpose of constructing a certain spur railroad track as shown by deed recorded in Deed Book 62, at Page 628 in the Probate Office of Montgomery County, Alabama.

PARCEL #2:

Begin at the southwest corner of Lot 1, Block U of the Plat of Vesuvius and the East R.O.W. of Rebecca Street and run North along said R.O.W. to the northwest corner of Lot 1; thence West 25 feet to the centerline of Rebecca Street; thence South along said centerline, 201.17 feet; thence East 25 feet to the point of beginning.

Common Address: 10 Proctor Street, Montgomery, Alabama 36101

THIS DOCUMENT WAS
PREPARED BY, AND AFTER RECORDING,
RETURN TO:

Katten Muchin Rosenman LLP
525 W. Monroe
Chicago, Illinois 60661
Attention: Claudia Duncan, Esq.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

THE OBLIGATIONS SECURED BY THIS DEED OF TRUST INCLUDE REVOLVING CREDIT OBLIGATIONS THAT PERMIT BORROWING, REPAYMENT AND REBORROWING. THIS DEED OF TRUST SECURES ONE OR MORE VARIABLE RATE PROMISSORY NOTES WHICH VARY IN ACCORDANCE WITH THE TERMS OF THE CREDIT AGREEMENT.

This document is intended to be recorded in the
Official Records of Los Angeles County, California.

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS
AND FIXTURE FILING

made by

FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation,
as Grantor,

to

MARANON CAPITAL, L.P., a Delaware limited partnership,
as Agent for the Lenders described herein,
as the Beneficiary

ATTENTION COUNTY RECORDER: THIS DEED OF TRUST IS INTENDED TO BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTION 9502 OF THE CALIFORNIA UNIFORM COMMERCIAL CODE. PORTIONS OF THE GOODS COMPRISING A PART OF THE PROPERTY ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN EXHIBIT A HERETO. THIS DEED OF TRUST IS TO BE FILED FOR RECORD IN THE OFFICIAL RECORDS OF THE COUNTY WHERE DEEDS OF TRUST ON REAL PROPERTY ARE RECORDED AND SHOULD BE INDEXED AS BOTH A DEED OF TRUST AND AS A FINANCING STATEMENT COVERING FIXTURES. THE ADDRESSES OF GRANTOR (DEBTOR) AND AGENT (SECURED PARTY) ARE SPECIFIED IN THE FIRST PARAGRAPH ON PAGE 1 OF THIS DEED OF TRUST.

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING (this "**Deed of Trust**"), is dated as of December 19, 2016, by FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation ("**Grantor**"), whose address for notice hereunder is 12604 Hiddencreek Way, Suite A, Cerritos, California 90703, Attention: Chief Financial Officer, to FIDELITY NATIONAL TITLE INSURANCE COMPANY (the "**Trustee**"), whose address is 601 Riverside Avenue, Jacksonville, FL 32204, for the benefit of MARANON CAPITAL, L.P., a Delaware limited partnership ("**Maranon**"), in its capacity as agent on behalf of the Lenders (as defined below; Maranon acting in such capacity, together with any successors or assigns in such capacity, is referred to herein as "**Beneficiary**" or "**Agent**"), whose address for notices is 303 West Madison Street, Suite 2500, Chicago, Illinois 60606, Attention: Chief Financial Officer.

RECITALS:

A. Subject to the terms and conditions of that certain Credit Agreement dated as of October 3, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), by and among Grantor and certain affiliates of Grantor, as borrowers (collectively, "**Borrowers**"), and Maranon, as agent for certain financial institutions, funds and other investors who are or hereafter become parties to such Credit Agreement from time to time as lenders (such lender parties are, collectively, the "**Lenders**"), Lenders have agreed to make available to Borrowers certain loans, including a revolving credit facility (including a letter of credit sub facility) in a principal amount not to exceed \$15,000,000.00 at any time outstanding (as such amount may be adjusted, if at all, from time to time in accordance with the Credit Agreement) (collectively, the "**Revolving Loans**") and a term loan facility in the original principal amount of \$130,000,000.00 (the "**Term Loans**"; the Term Loans and the Revolving Loans are, together, the "**Loans**"). All capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Credit Agreement. The Revolving Loans are evidenced by the Credit Agreement and may be further evidenced by certain Revolving Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the "**Revolving Notes**"), and the Term Loans are evidenced by the Credit Agreement and may be evidenced by certain Term Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the "**Term Notes**"; the Revolving Notes and the Term Notes, collectively with all notes issued in substitution or exchange therefor and all amendments thereto, are referred to as the "**Notes**"). The Credit Agreement and Notes provide for certain payments as set forth therein and in the Credit Agreement with the balances thereof due and payable at such times and in such amounts specified in the Credit Agreement and in no event later than October 3, 2022 (such final outside maturity date of all Loans pursuant to the Credit Agreement is referred to herein as the "**Maturity Date**"). **EACH NOTE PROVIDES FOR A VARIABLE RATE OF INTEREST WHICH VARIES WITH CHANGES IN THE BASE RATE OR THE LIBOR RATE IN ACCORDANCE WITH THE PROVISIONS OF SUCH NOTE AND THE CREDIT AGREEMENT.** Grantor hereby

acknowledges receipt of a copy of this Deed of Trust, together with a copy of each promissory note secured hereby.

B. As a Borrower, Grantor will directly benefit from Lenders making the Loans to Borrowers and the provision of extensions of credit and other accommodations provided for in the Credit Agreement, and has therefore agreed to execute and deliver this Deed of Trust to Agent upon the terms and conditions set forth herein to secure the prompt payment and performance of all Obligations of Borrowers, subject to the terms and conditions set forth in the Credit Agreement.

AGREEMENT

NOW, THEREFORE, for the premises considered, Grantor covenants and agrees with Beneficiary and Trustee as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 **Definitions**. As used herein, the following terms shall have the following meanings:

“**Default Rate**” means the rate of interest set forth in Section 1.2(d) of the Credit Agreement.

“**Secured Obligations**” means

(i) the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of all the Obligations, including without limitation, all obligations, liabilities and indebtedness (including, without limitation, principal, premium, interest (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of Grantor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding, and including interest rate increases or decreases, maturity date extensions, and payment modifications (including deferrals or accelerations of principal or interest)), fees, costs and indemnities) of Grantor to the Lenders, whether now existing or hereafter incurred under, arising out of, or in connection with, each Loan Document, if any, to which Grantor is a party (regardless of whether each such Loan Document is now in existence or hereafter arising) and the due performance and compliance by Grantor with all of the terms, conditions and agreements contained in each such Loan Document;

(ii) any and all sums advanced by the Agent in order to preserve the Trust Estate or preserve its lien and security interest in the Trust Estate;

(iii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of Grantor referred to in clause (i) above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing

on the Trust Estate, or of any exercise by the Agent of its rights hereunder, together with reasonable attorneys' fees and court costs;

(iv) all amounts paid by any Indemnitee (as hereinafter defined) as to which such Indemnitee has the right to reimbursement under Section 8.16 of this Deed of Trust; and

(v) all amounts owing to the Agent pursuant to any of the Loan Documents in its capacity as such;

it being acknowledged and agreed that the "Secured Obligations" shall include extensions of credit of the types described above, whether outstanding on the date of this Deed of Trust or extended from time to time after the date of this Deed of Trust.

Notwithstanding the above or anything in this Deed of Trust to the contrary, however, this Deed of Trust shall not secure (i) any separate environmental indemnity agreement given or executed in connection with the Loans, and (ii) any separate guaranty agreement given or executed in connection with the Loans, or (iii) any other Loan Document that specifically states that it is not secured by this Deed of Trust.

"Trust Estate" means (1) the real property described in Exhibit A attached hereto and made a part hereof (the "**Land**"), (2) all buildings, structures and other improvements, now or at any time situated, placed or constructed upon the Land (the "**Improvements**"), (3) all materials, supplies, appliances, equipment (as such term is defined in the UCC), fixtures, apparatus and other items of personal property now owned or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the "**Fixtures**"), (4) all goods, inventory, accounts, general intangibles, software, investment property, instruments, letters of credit, letter-of-credit rights, deposit accounts, documents, chattel paper and supporting obligations, as each such term is presently or hereafter defined in the UCC, and all other personal property of any kind or character, now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Land and Improvements or which may be used in or relating to the planning, development, financing or operation of the Trust Estate, including, without limitation, furniture, furnishings, equipment, machinery, money, insurance proceeds, accounts, contract rights, software, trademarks, goodwill, promissory notes, electronic and tangible chattel paper, payment intangibles, documents, trade names, licenses and/or franchise agreements, rights of Grantor under leases of Fixtures or other personal property or equipment, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Grantor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs, and commercial tort claims arising from the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Trust Estate (the "**Personalty**"), (5) all reserves, escrows or impounds required under the Credit Agreement and all deposit accounts (including accounts holding security deposits) maintained by Grantor with respect to the Trust Estate, (6) all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all

amendments and modifications thereof (the “**Plans**”), (7) all leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or the right to use, all or any part of the Trust Estate, together with all related security and other deposits (the “**Leases**”), (8) all of the rents, revenues, income, proceeds, profits, security and other types of deposits, lease cancellation payments and other benefits paid or payable by parties to the Leases other than Grantor for using, leasing, licensing, possessing, operating from, residing in, selling, terminating the occupancy of or otherwise enjoying the Trust Estate (the “**Rents**”), (9) all other agreements, such as construction contracts, architects’ agreements, engineers’ contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Trust Estate (the “**Property Agreements**”), (10) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Grantor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof, (11) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (12) all insurance policies (regardless of whether required by Beneficiary), unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Grantor, (13) all mineral, water, oil and gas rights relating to all or any part of the Trust Estate, (14) any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, Fixtures or Personalty and (15) all improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Trust Estate, hereafter acquired by, or released to, Grantor or constructed, assembled or placed by Grantor on the Land, and all conversions of the security constituted thereby (the “**After Acquired Property Interests**”). As used in this Deed of Trust, the term “Trust Estate” shall mean all or, where the context permits or requires, any portion of the above or any interest therein, wherever located.

“**UCC**” means the Uniform Commercial Code as enacted and in effect in the state where the Land is located (and as it may from time to time be amended); provided that, to the extent that the UCC is used to define any term herein or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, any security interest herein granted is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where the Land is located, the term “UCC” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

ARTICLE 2

GRANT

Section 2.1 **Grant.** To secure the full and timely payment and performance of the Secured Obligations, Grantor hereby irrevocably GIVES, GRANTS,

WARRANTS, BARGAINS, SELLS, ASSIGNS and CONVEYS to Trustee for the benefit of Beneficiary the Trust Estate, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD, IN TRUST, WITH POWER OF SALE and right of entry and possession, and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Trust Estate unto Trustee for and on behalf of Beneficiary.

ARTICLE 3

WARRANTIES, REPRESENTATIONS AND COVENANTS

Grantor warrants, represents and covenants to Beneficiary as follows:

Section 3.1 **Title to Trust Estate and Lien of This Instrument.** Grantor has good and marketable title to the Trust Estate free and clear of any liens, claims or interests, except the Permitted Encumbrances, and has rights and the power to transfer each item of the Trust Estate. This Deed of Trust creates valid, enforceable first priority liens and security interests against the Trust Estate.

Section 3.2 **First Lien Status.** Grantor shall preserve and protect the first lien and security interest status of this Deed of Trust and the other Loan Documents. If any lien or security interest other than the Permitted Encumbrances is asserted against the Trust Estate, Grantor shall promptly, and at its expense, (a) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Credit Agreement.

Section 3.3 **Payment and Performance.** Grantor shall pay the Secured Obligations when due under the Loan Documents and shall perform the Secured Obligations in full when they are required to be performed.

Section 3.4 **Replacement of Fixtures and Personalty.** Except as permitted by the Credit Agreement, Grantor shall not, without the prior written consent of Beneficiary, permit any of the Fixtures, Personalty or any equipment necessary for Grantor's operations to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Grantor subject to the liens and security interests of this Deed of Trust and the other Loan Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Beneficiary. Grantor shall not incorporate into the Trust Estate any item of personalty, fixtures or other property that is not owned by Grantor free and clear of all liens or security interests except the liens and security interests in favor of Beneficiary created by the Loan Documents.

Section 3.5 **Maintenance of Rights of Way, Easements and Licenses.** Grantor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements, and franchises necessary for the use of the Trust Estate and will not, without the prior consent of Beneficiary, consent to any public restriction (including any zoning ordinance) or private restriction as to the use of the Trust Estate. Grantor shall comply with all restrictive

covenants affecting the Trust Estate, and all zoning ordinances and other public or private restrictions as to the use of the Trust Estate. Grantor shall not demolish any Improvements or alter them in any manner that substantially decreases the value thereof.

Section 3.6 **Inspection**. Grantor shall permit Trustee, Beneficiary, and their agents, representatives and employees, upon reasonable prior notice to Grantor, to inspect the Trust Estate and conduct such environmental and engineering studies as Beneficiary may require, provided that such inspections and studies will be conducted during normal business hours and shall not materially interfere with the use and operation of the Trust Estate.

Section 3.7 **Reserved**.

Section 3.8 **Condemnation Awards and Insurance Proceeds**.

(a) **Condemnation Awards**. All awards and compensation for any condemnation or other taking, or any purchase in lieu thereof shall be subject to the terms and conditions set forth in the Credit Agreement. Notwithstanding anything contained herein to the contrary, Beneficiary may, in its sole discretion, elect to (i) apply the net proceeds of any condemnation award (after deduction of Beneficiary's reasonable costs and expenses, if any, in collecting the same) in reduction of the Secured Obligations in such order and manner as Beneficiary may elect, whether due or not, or (ii) make the proceeds available to Grantor for the restoration or repair of the Trust Estate. Any implied covenant in this Deed of Trust restricting the right of Beneficiary to make such an election is waived by Grantor. In addition, Grantor hereby waives the provisions of any law prohibiting Beneficiary from making such an election, including, without limitation, the provisions of California Code of Civil Procedure ("**CCCP**") commencing with Section 1265.210.

(b) **Insurance Proceeds**. All proceeds of any insurance policies insuring against loss or damage to the Trust Estate shall be payable to such parties and in such manner as set forth in the Credit Agreement.

Section 3.9 **Insurance**. Grantor shall maintain or cause to be maintained, insurance with respect to the Trust Estate in accordance the Credit Agreement, provided, however, that Grantor shall not be required to obtain hazard insurance coverage against risks to improvements in an amount exceeding the replacement value of the improvements. Grantor shall purchase a Federal Emergency Management Agency Standard Flood Hazard Determination Form for the Trust Estate, and if any portion of the Improvements is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, then Grantor shall maintain, or cause to be maintained, flood insurance in an amount as required by law and reasonably satisfactory to Beneficiary and in no event less than the maximum limit of coverage available under the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, each as amended from time to time.

Unless Grantor provides Beneficiary with evidence of the insurance coverage required hereunder and under the Credit Agreement, Beneficiary may purchase insurance at Grantor's expense to protect Beneficiary's interests in the collateral. This insurance may, but need not, protect Grantor's interests. The coverage that Beneficiary purchases may not

pay any claim that Grantor makes or any claim that is made against Grantor in connection with the collateral. Grantor may later cancel any insurance purchased by Beneficiary, but only after providing Beneficiary with evidence that Grantor has obtained insurance as required hereunder and under the Credit Agreement. If Beneficiary purchases insurance for the collateral, Grantor will be responsible for the costs of that insurance, including interest and any other charges Beneficiary may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the total outstanding balance, obligation or indebtedness secured by this Deed of Trust. The costs of the insurance may be more than the cost of insurance Grantor may be able to obtain on Grantor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

Section 3.10 **Transfer or Encumbrance of the Trust Estate.** Grantor shall not, except as and to the extent permitted in the Credit Agreement, sell, convey, alienate, mortgage, encumber, pledge, lease or otherwise transfer the Trust Estate or any part thereof, or permit the Trust Estate or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged, leased or otherwise transferred.

Section 3.11 **After Acquired Property Interests.** All After Acquired Property Interests, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further deed of trust, conveyance, assignment or other act by Grantor, shall become subject to the Lien of this Deed of Trust (as provided in the granting clauses hereof) as fully and completely, and with the same effect, as though owned by Grantor on the date hereof and specifically described in the granting clauses hereof. Grantor shall execute and deliver to Beneficiary all such other assurances, deeds of trust, conveyances or assignments thereof as Beneficiary may reasonably require for the purpose of expressly and specifically subjecting such After Acquired Property Interests to the Lien of this Deed of Trust. Grantor hereby irrevocably authorizes and appoints Beneficiary as the agent and attorney-in-fact of Grantor to, following the occurrence and during the continuance of an Event of Default, execute all such documents and instruments on behalf of Grantor, which appointment shall be irrevocable and coupled with an interest.

ARTICLE 4

DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), Beneficiary, as Agent for the benefit of the Lenders, may, at Beneficiary's election and by or through Trustee or otherwise, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Secured Obligations to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

(b) **Entry on Trust Estate.** Enter the Trust Estate and take exclusive possession thereof and of all books, records and accounts relating thereto. If Grantor remains in possession of the Trust Estate after an Event of Default and without Beneficiary's prior written consent, Beneficiary may invoke any legal remedies to dispossess Grantor.

(c) **Operation of Trust Estate.** Hold, lease, develop, manage, operate or otherwise use the Trust Estate upon such terms and conditions as Beneficiary may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Beneficiary deems necessary or desirable), and apply all Rents and other amounts collected by Trustee or Beneficiary in connection therewith in accordance with the provisions of Section 4.7.

(d) **Foreclosure and Sale.** Foreclose upon the Land, Improvements and Fixtures judicially or non-judicially, and sell or offer for sale the Trust Estate, in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of same, to the highest bidder, for cash, at public auction. Such foreclosure, sale and notice thereof shall be made by accomplishing all or any of the aforesaid in such manner as permitted or required by the laws of the state in which the Land is located or by Article 9 of the UCC relating to the sale of collateral after default by a debtor (as such laws now exist or may be hereafter amended or succeeded), or by any other present or subsequent amendments or enactments relating to same. If the Land is situated in more than one county, all required notices shall be given in each such county, and such notices shall designate the county in which the Trust Estate will be sold. The affidavit of any person having knowledge of the facts to the effect that notice was properly given shall be prima facie evidence of such fact. At any such sale (a) whether made under the power herein contained, the aforesaid laws of the state in which the Land is located, the UCC, any other requirement of applicable law or governmental regulation or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have been physically present on, or to have constructive possession of, the Trust Estate (Grantor hereby covenanting and agreeing to deliver to Trustee any portion of the Trust Estate not actually or constructively possessed by Trustee immediately upon demand by Trustee), and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to the purchaser at such sale, (b) each instrument of conveyance executed by Trustee shall contain a warranty of title as allowed by the laws of the state in which the Land is located, binding upon Grantor, (c) each and every recital contained in any instrument of conveyance made by Trustee shall be prima facie evidence of the truth and accuracy of the matters recited therein, including, without limitation, non-payment of the Secured Obligations, advertisement and conduct of such sale in the manner provided therein and otherwise by law, and appointment of any successor Trustee hereunder, (d) any and all prerequisites to the validity thereof shall be conclusively presumed to have been performed, (e) the receipt of Trustee or of such other party or officer making the sale shall be a sufficient discharge to the purchaser or purchasers for his or their purchase money, and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or non-application thereof, (f) to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the Trust Estate sold, and such sale shall be a perpetual bar, both at law and in equity, against Grantor and against any and all other persons claiming or to claim the Trust Estate sold or

any part thereof, by, through or under Grantor, and (g) to the extent and under such circumstances as are permitted by law, Beneficiary and any entity related by ownership or control to Beneficiary may be a purchaser at any such sale.

(e) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Grantor or regard to the adequacy of the Trust Estate for the repayment of the Secured Obligations, the appointment of a receiver of the Trust Estate, and Grantor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Trust Estate upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) **Other.** Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Loans either before, during or after any proceeding to enforce this Deed of Trust).

Section 4.2 **Separate Sales.** Subject to the provisions of Section 4.1(d), the Trust Estate may be sold in one or more parcels and in such manner and order as Trustee, in its sole discretion, may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 **Remedies Cumulative, Concurrent and Nonexclusive.** Beneficiary shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Grantor or others obligated under the Credit Agreement and the other Loan Documents, or against the Trust Estate, or against any one or more of them, at the sole discretion of Beneficiary, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Trustee or Beneficiary in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 **Release of and Resort to Collateral.** Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Trust Estate, any part of the Trust Estate without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Loan Documents or their stature as a first priority lien and security interest in and to the Trust Estate. For payment of the Secured Obligations, Beneficiary may resort to any other security in such order and manner as Beneficiary may elect.

Section 4.5 **Waiver of Redemption, Notice and Marshalling of Assets.** To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or law or judicial decision exempting the Trust Estate from attachment, levy or sale on execution or providing for any appraisalment, valuation, stay of execution, exemption from civil

process, redemption or extension of time for payment, (b) all notices of any Event of Default or of Beneficiary's or Trustee's election to exercise or the actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation, including, without limitation, as provided by California Civil Code Sections 2899 and 3433.

Section 4.6 **Discontinuance of Proceedings.** If Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Beneficiary shall have the unqualified right to do so and, in such an event, Grantor and Beneficiary shall be restored to their former positions with respect to the Secured Obligations, the Loan Documents, the Trust Estate and otherwise, and the rights, remedies, recourses and powers of Beneficiary shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Beneficiary thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 **Application of Proceeds.** The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Trust Estate, shall be applied by Beneficiary (or the receiver, if one is appointed) in accordance with, in any order of priority set forth in, the Credit Agreement, or as otherwise permitted under the other Loan Documents or applicable law.

Section 4.8 **Occupancy After Foreclosure.** The purchaser at any foreclosure sale pursuant to Section 4.1(d) shall become the legal owner of the Trust Estate. All occupants of the Trust Estate shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Trust Estate other than the statutory action of forcible detainer in any justice court having jurisdiction over the Trust Estate.

Section 4.9 **Additional Advances and Disbursements; Costs of Enforcement.**

(a) Upon the occurrence and during the continuance of an Event of Default, Beneficiary shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Grantor. All sums advanced and expenses incurred at any time by Beneficiary under this Section 4.9, or otherwise under this Deed of Trust or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement, and shall be secured by this Deed of Trust.

(b) Grantor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust and the other Loan Documents, or the enforcement, compromise or settlement of the Secured Obligations or any claim under this Deed of Trust and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise. In addition to the foregoing award of attorneys' fees and costs, Beneficiary shall be

entitled to its reasonable attorneys' fees, expenses and costs incurred in any post-judgment proceedings to collect or enforce any judgment or order relating to this Deed of Trust and shall survive the merger of this provision into any judgment.

Section 4.10 **No Mortgagee in Possession.** Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Beneficiary under the Loan Documents, at law or in equity shall cause Beneficiary or Trustee to be deemed or construed to be a mortgagee in possession of the Trust Estate, to obligate Beneficiary or Trustee to lease the Trust Estate or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5

ASSIGNMENT OF RENTS AND LEASES

Section 5.1 **Assignment.** Grantor hereby absolutely grants and assigns to Beneficiary the Leases and Rents. Nevertheless, subject to the terms of this Section 5.1, Beneficiary grants to Grantor a revocable license to operate and manage the Leases and Rents and to collect the Rents. Upon the occurrence and during the continuance of an Event of Default, without need for notice or demand to Grantor, the license granted to Grantor herein shall automatically be revoked, and Beneficiary shall immediately be entitled to possession of all Leases and Rents, whether or not Beneficiary enters upon or takes control of the Leases and Rents. Additionally, upon the occurrence and during the continuance of an Event of Default, Beneficiary shall be entitled to: (a) notify any person that the Leases have been assigned to Beneficiary and that all Rents are to be paid directly to Beneficiary, whether or not Beneficiary has commenced or completed foreclosure or taken possession of the Trust Estate; (b) settle, compromise, release, extend the time of payment of, and make allowances, adjustments and discounts of any Rents or other obligations under the Leases; (c) enforce payment of Rents and other rights under the Leases, prosecute any action or proceeding, and defend against any claim with respect to Rents and Leases; (d) enter upon, take possession of and operate the Trust Estate; (e) lease all or any part of the Trust Estate; and/or (f) perform any and all obligations of Grantor under the Leases and exercise any and all rights of Grantor therein contained to the full extent of Grantor's rights and obligations thereunder, with or without the bringing of any action or the appointment of a receiver. Grantor hereby irrevocably authorizes and directs each tenant under any Lease to rely upon any written notice of the existence of an Event of Default sent by Beneficiary to any such tenant, and thereafter to pay Rents to Beneficiary, without any obligation or right to inquire as to whether an Event of Default actually exists and even if some notice to the contrary is received from Grantor, who shall have no right or claim against any such tenant for any such Rents so paid to Beneficiary.

Section 5.2 **No Merger of Estates.** So long as any part of the Secured Obligations remain unpaid and undischarged, the fee and leasehold estates to the Trust Estate shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Grantor, Beneficiary, any lessee or any third party by purchase or otherwise.

ARTICLE 6

SECURITY AGREEMENT

Section 6.1 **Security Interest.** This Deed of Trust constitutes a “Security Agreement” on personal property within the meaning of the UCC and other applicable law with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Trust Estate which is personal property under the UCC. To this end, Grantor grants to Trustee and Beneficiary, for the benefit of the Agent and the Lenders, a security interest in the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Trust Estate which is personal property to secure the payment and performance of the Secured Obligations and agrees that Beneficiary shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and other Trust Estate which is personal property sent to Grantor at least five (5) days prior to any action under the UCC shall constitute reasonable notice to Grantor.

Section 6.2 **Financing Statements.** Grantor hereby irrevocably authorizes Beneficiary at any time and from time to time to file in any filing office in any UCC jurisdiction one or more financing or continuation statements and amendments thereto, relative to all or any part of the Trust Estate, without the signature of Grantor where permitted by law. Grantor agrees to furnish Beneficiary, promptly upon request, with any information required by Beneficiary to complete such financing or continuation statements. If Beneficiary has filed any initial financing statements or amendments in any UCC jurisdiction prior to the date hereof, Grantor ratifies and confirms its authorization of all such filings. Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Beneficiary, and agrees that it will not do so without Beneficiary’s prior written consent, subject to Grantor’s rights under Section 9-509(d)(2) of the UCC. Grantor shall execute and deliver to Beneficiary, in form and substance satisfactory to Beneficiary, such additional financing statements and such further assurances as Beneficiary may, from time to time, reasonably consider necessary to create, perfect and preserve Beneficiary’s security interest hereunder and Beneficiary may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest.

Section 6.3 **Fixture Filing.** This Deed of Trust shall also constitute a “fixture filing” within the meaning of the UCC and all other applicable provisions of the UCC against all of the Trust Estate which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Grantor) and Secured Party (Beneficiary) as set forth in the first paragraph of this Deed of Trust. The name of the record owner of the real property on which goods are or are to become fixtures FLEISCHMANN’S VINEGAR COMPANY, INC.. Grantor’s Delaware organizational identification number is on file with Beneficiary. A carbon, photographic or other reproduction of this Deed of Trust or of any financing statement relating to this Deed of Trust shall be sufficient as a financing statement for any of the purposes referred to in this Section 6.3.

ARTICLE 7

CONCERNING THE TRUSTEE

Section 7.1 **Trustee Liability**. In no event or circumstance shall Trustee or any substitute Trustee hereunder be personally liable under or as a result of this Deed of Trust, either as a result of any action by Trustee (or any substitute Trustee) in the exercise of the powers hereby granted or otherwise. From time to time upon written request of Beneficiary and presentation of this Deed of Trust for endorsement and without affecting the personal liability of any person for payment of the indebtedness secured hereby or performance of the Secured Obligations, Trustee may, without liability therefor and without notice, (i) reconvey all or any part of the Trust Estate; (ii) consent to the making of any map or plat thereof; (iii) join in granting any easement thereon; (iv) join in any declaration of covenants and restrictions; or (v) join in any extension agreement or any agreement subordinating the lien or charge hereof. Trustee or Beneficiary may from time to time apply in any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and, following an Event of Default, the enforcement of the rights and remedies available hereunder, and Trustee or Beneficiary may obtain orders or decrees directing or confirming or approving acts in the execution of such trusts and the enforcement of such remedies. Trustee has no obligation to notify any party of any pending sale or any action or proceeding unless held or commenced and maintained by Trustee under this Deed of Trust. Grantor shall pay to Trustee reasonable compensation and reimbursement for services and expenses in the enforcement of the trusts created hereunder, including reasonable attorneys' fees. Grantor shall indemnify Trustee and Beneficiary against all losses, claims, demands and liabilities which either may incur, suffer or sustain in the execution of the trusts created hereunder or in the performance of any act required or permitted hereunder or by law, except to the extent arising out of Trustee's and Beneficiary's gross negligence or willful misconduct. From time to time, by a writing signed by Beneficiary, Beneficiary may appoint another trustee to act in the place and stead of Trustee or any successor, with the same effect as if originally named Trustee herein.

ARTICLE 8

MISCELLANEOUS

Section 8.1 **Notices**. Any notice required or permitted to be given under this Deed of Trust shall be in writing and given in the manner set forth in the Credit Agreement.

Section 8.2 **Covenants Running with the Land**. All Secured Obligations contained in this Deed of Trust are intended by Grantor, Beneficiary and Trustee to be, and shall be construed as, covenants running with the Trust Estate. As used herein, "Grantor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Trust Estate (without in any way implying that Beneficiary has or will consent to any such conveyance or transfer of the Trust Estate). All persons or entities who may have or acquire an interest in the Trust Estate shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

Section 8.3 **Attorney-in-Fact**. Grantor hereby irrevocably appoints Beneficiary and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, if Grantor shall fail to do so within ten (10) days after written request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the collateral, and (d) while any Event of Default exists, to perform any obligation of Grantor hereunder; however: (1) Beneficiary shall not under any circumstances be obligated to perform any obligation of Grantor; (2) any sums advanced by Beneficiary in such performance shall be added to and included in the Secured Obligations and shall bear interest at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement; (3) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (4) Beneficiary shall not be liable to Grantor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

Section 8.4 **Successors and Assigns**. This Deed of Trust shall be binding upon and inure to the benefit of Beneficiary and Grantor and their respective successors and assigns. Grantor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

Section 8.5 **No Waiver**. Any failure by Trustee or Beneficiary to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver of same, and Trustee or Beneficiary shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 8.6 **Subrogation**. To the extent proceeds of the Loans have been used to extinguish, extend or renew any indebtedness against the Trust Estate, then Beneficiary shall be subrogated to all of the rights, liens and interests existing against the Trust Estate and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Beneficiary.

Section 8.7 **Conflicts**. If any conflict or inconsistency exists between this Deed of Trust and the Credit Agreement, the Credit Agreement shall govern. If any conflict or inconsistency exists between this Deed of Trust and any of the Notes, the Notes shall govern.

Section 8.8 **Release**. Upon payment in full and performance of all of the Secured Obligations, and otherwise in accordance with the terms, conditions and provisions set forth in Section 9.20 of the Credit Agreement, Beneficiary shall deliver to Grantor a written release or satisfaction of this Deed of Trust (without recourse and without representation and warranty). Grantor shall pay Beneficiary's reasonable costs incurred in connection with same.

Section 8.9 **Waiver of Stay, Moratorium and Similar Rights.** Grantor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Deed of Trust or the Secured Obligations or any agreement between Grantor and Beneficiary or any rights or remedies of Beneficiary.

Section 8.10 **Obligations of Grantor, Joint and Several.** If more than one person or entity has executed this Deed of Trust as “Grantor,” the obligations of all such persons or entities hereunder shall be joint and several.

Section 8.11 **Governing Law.** THE PROVISIONS OF THIS DEED OF TRUST REGARDING THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS HEREIN GRANTED SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE LAND IS LOCATED. ALL OTHER PROVISIONS OF THIS DEED OF TRUST SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

Section 8.12 **Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 8.13 **Severability.** If any provision of this Deed of Trust shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Deed of Trust.

Section 8.14 **Counterparts.** This Deed of Trust may be executed in counterparts, all of which counterparts together shall constitute one and the same instrument (and original signature pages and notary pages from each counterpart may be assembled into one original document to be recorded).

Section 8.15 **Entire Agreement.** This Deed of Trust and the other Loan Documents embody the entire agreement and understanding between Beneficiary and Grantor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 8.16 **Indemnity and Expenses**

(a) Grantor agrees to indemnify, reimburse and hold the Trustee, Beneficiary, each other Lender and their respective successors, assigns, employees, affiliates and agents (hereinafter in this Section 8.16 referred to individually as “Indemnitee,” and collectively as “Indemnitees”) harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements

(including reasonable attorneys' fees and expenses) (for the purposes of this Section 8.16 the foregoing are collectively called "expenses") of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Deed of Trust or in any other way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms of, or the preservation of any rights under any thereof, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Trust Estate (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section 8.16 for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction in a final and non-appealable decision). Grantor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, suit or judgment, Grantor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify Grantor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 8.16(a) hereof, Grantor agrees to pay or reimburse the Beneficiary and the Trustee for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Beneficiary's Liens on, and security interest in, the Trust Estate, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Trust Estate, premiums for insurance with respect to the Trust Estate and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Trust Estate and the Beneficiary's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Trust Estate.

(c) Without limiting the application of Section 8.16(a) or 8.16(b) hereof, Grantor agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by Grantor in this Deed of Trust or in any writing contemplated by or made or delivered pursuant to or in connection with this Deed of Trust. If and to the extent that the obligations of Grantor under this Section 8.16 are unenforceable for any reason, Grantor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

(d) Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Trust Estate. The indemnity obligations of Grantor contained in this Section 8.16 shall continue in full force and effect notwithstanding the full payment of all of the other Secured Obligations.

Section 8.17 Reduction of Secured Amount. In the event that the maximum principal amount secured by this Deed of Trust is less than the aggregate Secured Obligations then

the amount secured hereby shall be reduced only by the last and final sums that Grantor or any other Credit Party repays with respect to the Secured Obligations and shall not be reduced by any intervening repayments of the Secured Obligations. So long as the balance of the Secured Obligations exceeds the amount secured hereby, any payments of the Secured Obligations shall not be deemed to be applied against, or to reduce, the portion of the Secured Obligations secured by this Deed of Trust.

Section 8.18 **Future Advances.** This Deed of Trust is given to secure the Secured Obligations and shall secure not only presently existing Secured Obligations under the Loan Documents but also any and all other Secured Obligations which may hereafter be owing by Grantor to the Lenders under the Loan Documents, however incurred, whether interest, discount or otherwise, and whether the same shall be deferred, accrued or capitalized, including future advances and re-advances, pursuant to the Credit Agreement or the other Loan Documents, whether such advances are obligatory or to be made at the option of the Lenders, or otherwise, to the same extent as if such future advances were made on the date of the execution of this Deed of Trust. The Lien of this Deed of Trust shall be valid as to all Secured Obligations secured hereby, including future advances, from the time of the original recording of the original Deed of Trust for record in the recorder's office of the county in which the Trust Estate is located. To the maximum extent permitted by law, this Deed of Trust is intended to and shall be valid and have priority over all subsequent Liens and encumbrances, including statutory Liens, excepting solely taxes and assessments levied on the real estate, to the extent of the maximum amount secured hereby, and Permitted Encumbrances related thereto. Although this Deed of Trust is given to secure all future advances made by Beneficiary and the other Lenders to or for the benefit of Grantor or the Trust Estate, whether obligatory or optional, Grantor and Beneficiary hereby acknowledge and agree that Beneficiary and the other Lenders are obligated by the terms of the Loan Documents to make certain future advances, including advances of a revolving nature, subject to the fulfillment of the relevant conditions set forth in the Loan Documents.

Section 8.19 **WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, GRANTOR AND BENEFICIARY HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS. GRANTOR AND BENEFICIARY ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. GRANTOR AND BENEFICIARY EACH WARRANT AND REPRESENT THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.**

Section 8.20 **Local Law Provisions.** In the event of any conflict between the terms and provisions of any other sections or this Deed of Trust and this Section 8.20, the terms and provisions of this Section 8.20 shall govern and control.

(a) Continuing Lien. In the event of a sale, by foreclosure, power of sale or otherwise, of less than all of the Trust Estate, this Deed of Trust shall continue as a lien and security interest on the remaining portion of the Trust Estate unimpaired and without loss of priority.

(b) Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale contained herein, Beneficiary shall notify Trustee and shall, if required, deposit with Trustee the Note, the original or a certified copy of this Deed of Trust, and such other documents, receipts and evidences of expenditures made and secured hereby as Trustee may require.

(1) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded and delivered to Grantor such notice of default as may then be required by law and by this Deed of Trust. Trustee shall, without demand on Grantor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale has been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in said notice of sale, either as whole or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to the purchaser or purchasers at such sale its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Grantor, Trustee or Beneficiary, may purchase at such sale. If Beneficiary purchases the Trust Estate at the foreclosure sale, Beneficiary shall be entitled to apply all of any part of the secured indebtedness as a credit towards the purchase price.

(2) Subject to applicable law, including, without limitation, California Civil Code Section 2924g, Trustee may postpone the sale of all or any portion of the Trust Estate from time to time in accordance with the laws of the State in which the Land is located.

(3) To the fullest extent allowed by law, Grantor hereby expressly waives any right which it may have to direct the order in which any of the Trust Estate shall be sold in the event of any sale or sales pursuant to this Deed of Trust.

(4) Beneficiary and any Lender shall have the right to become the purchaser at any sale held by any Trustee or substitute or successor Trustee, or by any receiver or public officer. Beneficiary or any Lender purchasing at any such sale shall have the right to credit the secured indebtedness owing to such Beneficiary of Lender upon the amount of its bid entered at such sale to the extent necessary to satisfy such bid. Said Trustee may appoint an attorney-in-fact to act in its stead as Trustee to conduct sale as hereinbefore provided. Beneficiary authorizes and empowers the Trustee to sell the Trust Estate, in lots or parcels or as a whole, and to execute and deliver to the purchaser or purchasers thereof good and sufficient deeds of conveyance thereto of the estate of title then existing on the Trust Estate and bills of sale with covenants of general warranty. Grantor agrees to accept proceeds of said sale, if any, which are payable to Grantor as provided herein.

Upon the occurrence and during the continuance of an Event of Default, Beneficiary, pursuant to the appropriate provisions of the UCC, shall have an option to proceed with respect to both the real property portion of the Trust Estate and the portion of the Trust Estate consisting of personal property in accordance with its rights, powers and remedies with respect to such real property, in which event the default provisions of the UCC shall not apply. Such option shall be revocable by Beneficiary as to all or any portion of the Trust Estate consisting of personal property at any time prior to the sale of the remainder of the Trust Estate. In such event Beneficiary shall designate Trustee to conduct the sale of the personal property in combination with the sale of the remainder of the Trust Estate. Should Beneficiary elect to sell any Trust Estate consisting of personal property or any part thereof which is real property or which Beneficiary has elected to treat as real property or which may be sold together with the real property as provided above, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. The parties agree that if Beneficiary shall elect to proceed with respect to any portion of Trust Estate consisting of personal property separately from such real property, five (5) days' notice of the sale of such personal property shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by Beneficiary shall include, but not be limited to, reasonable attorneys' fees, costs and expenses, and other expenses incurred by Beneficiary.

Beneficiary may from time to time rescind any notice of default or notice of sale before any Trustee's sale as provided above in accordance with the laws of the State in which the Land is located. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations or notices of default to satisfy the obligations of this Deed of Trust, or otherwise affect any provision, covenant or condition of any Loan Document or any of the rights, obligations or remedies of Trustee or Beneficiary hereunder or thereunder.

Trustee and Beneficiary shall have all powers, rights and, upon the occurrence and during the continuance of an Event of Default, remedies under applicable law whether or not specifically or generally granted or described in this Deed of Trust. Nothing contained herein shall be construed to impair or to restrict such powers, rights and remedies or to preclude any procedures or process otherwise available to trustees or beneficiaries under deeds of trust in the State in which the Land is located. Trustee and Beneficiary, and each of them, shall be entitled to enforce the payment and performance of the Secured Obligations and to exercise all rights and powers under this Deed of Trust or under any other Loan Document or other agreement of any laws now or hereafter in force, notwithstanding the fact that some or all of the Secured Obligations may now or hereafter be otherwise secured, whether by deed of trust, mortgage, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers contained herein, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other rights or security now or hereafter held by Trustee or Beneficiary. Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other rights or security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy contained herein or by law provided or permitted, but each shall to the extent permitted by law be cumulative and in addition to every other remedy

given hereunder or now or hereafter existing at law or in equity. Every power or remedy given by any of the Loan Documents to Trustee or Beneficiary, or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary, and either of them may pursue inconsistent remedies. By exercising or by failing to exercise any right, option or election hereunder, Beneficiary shall not be deemed to have waived any provision hereof or to have released Grantor from any of the obligations secured hereby unless such waiver or release is in writing and signed by Beneficiary. The waiver by Beneficiary of Grantor's failure to perform or observe any term, covenant or condition referred to or contained herein to be performed or observed by Grantor shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent failure of Grantor to perform or observe the same or any other such term, covenant or condition referred to or contained herein, and no custom or practice which may develop between Grantor and Beneficiary during the term hereof shall be deemed a waiver of or in any way affect the right of Beneficiary to insist upon the performance by Grantor of the obligations secured hereby in strict accordance with the terms hereof or of any other Loan Document.

In addition, upon the occurrence and during the continuation of an Event of Default, Beneficiary shall have the right to appoint a receiver when permitted under Section 564 of the CCCP, including, without limitation, in order to enforce Beneficiary's rights under Section 2929.5 of the California Civil Code. The receiver shall have all of the rights and powers to the fullest extent permitted by law. The receiver shall have the right to apply Rents to cleanup, remediation or other response actions concerning the release or threatened release of Hazardous Substances, whether or not such actions are pursuant to an order of any federal, state or local governmental agency.

(c) Notice of Default. In accordance with California Civil Code Section 2924b, Grantor hereby requests that any notice of default and any notice of sale hereunder be mailed to them at their respective addresses set forth in the preamble to this Deed of Trust (unless changed by similar notice in writing given by the particular party whose address is to be changed).

(d) Delivery of Recorded Deed of Trust. If California Civil Code Section 8710(b) is applicable to Grantor in connection with the Loan, as soon as practicable following recordation of this Deed of Trust, Grantor shall deliver to any general contractor a copy of the recorded Deed of Trust, certified by the county recorder and shall otherwise fully comply with said Section 8710(b).

(e) California Deed of Trust Provisions.

(1) Concerning the Trustee. Trustee shall be under no duty to take any action hereunder except as expressly required hereunder or by law, or to perform any act which would involve Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. Trustee, by acceptance of this Deed of Trust, covenants to perform and fulfill the trusts herein created, being liable, however, only for gross negligence or willful misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by Trustee in accordance with the terms hereof. Trustee may resign at any time upon giving thirty (30) days' notice to Grantor and to Beneficiary.

Beneficiary may remove Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act, or inability to act of Trustee, or in its sole discretion for any reason whatsoever Beneficiary may, without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Deed of Trust is recorded and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Beneficiary. The procedure provided for in this paragraph for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or otherwise.

(2) Trustee's Fees. Grantor shall pay all reasonable out-of-pocket costs, fees and expenses actually incurred by Trustee and Trustee's agents and counsel in connection with the performance by Trustee of Trustee's duties hereunder and all such costs, fees and expenses shall be secured by this Deed of Trust.

(3) Certain Rights. With the approval of Beneficiary, Trustee shall have the right to take any and all of the following actions: (a) to select, employ, and advise with counsel (who may be, but need not be, counsel for Beneficiary) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Notes, this Deed of Trust or the other Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (b) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his/her agents or attorneys, (c) to select and employ, in and about the execution of his/her duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith and (d) any and all other lawful action as Beneficiary may instruct Trustee to take to protect or enforce Beneficiary's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Trust Estate for debts contracted for or liability or damages incurred in the management or operation of the Trust Estate. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting an action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for actual expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered.

(4) Retention of Money. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

(5) Perfection of Appointment. Should any deed, conveyance, or instrument of any nature be required from Grantor by any Trustee or substitute trustee to more fully and certainly vest in and confirm to the Trustee or substitute trustee such estates rights, powers, and duties, then, upon request by the Trustee or substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Grantor.

(6) Succession Instruments. Any substitute trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its or his/her predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Beneficiary or of the substitute trustee, the Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute trustee so appointed in the Trustee's place.

(f) Action for Environmental Claims. In accordance with, and subject to limitations of, CCCP Section 736, Beneficiary may seek a judgment that Grantor has breached its covenants, representations and/or warranties with respect to the environmental matters contained in the Loan Documents (the "**Environmental Provisions**"), and may commence and maintain an action or actions in any court of competent jurisdiction for enforcement of the Environmental Provisions and/or recovery of any all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses (including, without limitation, court costs, consultants' fees and attorneys' fees, whether incurred in litigation or not and whether before or after judgment), incurred or advanced by Beneficiary pursuant to the Environmental Provisions (collectively, the "**Environmental Costs**"), excluding, however, any Environmental Costs not permitted to be recovered pursuant to Section 736 of the CCCP. Environmental Costs that are not permitted to be recovered pursuant to Section 736 may be referred to hereinafter as the "**Unsecured Environmental Costs,**" and Environmental Costs other than the Unsecured Environmental Costs may be referred to hereinafter as the "**Secured Environmental Costs.**" Any Unsecured Environmental Costs shall not be secured by this Deed of Trust. All Secured Environmental Costs together with interest thereon at the rate then in effect under the Loans shall be secured by this Deed of Trust and shall enjoy the same priority as the original principal amount of the Loans. Grantor's obligations hereunder shall survive foreclosure, deed in lieu of foreclosure, release, reconveyance or any other transfer of the Trust Estate or this Deed of Trust. For the purposes of any action brought under this subparagraph, Grantor hereby waives the defense of laches and any applicable statute of limitations.

(g) Foreclosure Laws. In the event that any provision in this Deed of Trust shall be inconsistent with any applicable provision of the law of the state in which the Land is located governing foreclosure, (herein collectively called the "**Foreclosure Laws**"), the provisions of the Foreclosure Laws shall take precedence over the provisions of this Deed of Trust, but shall not invalidate or render unenforceable any other provision of this Deed of Trust that can be construed in a manner consistent with the Foreclosure Laws. If any provision of this Deed of Trust shall grant to Trustee and/or Beneficiary any rights or remedies upon default of Grantor which are more

limited than the rights that would otherwise be vested in Trustee and/or Beneficiary under the Foreclosure Laws in the absence of said provision, Trustee and/or Beneficiary shall be vested with the rights granted in the Foreclosure Laws to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Beneficiary to the extent reimbursable under the Foreclosure Laws, whether incurred before or after any decree or judgment of foreclosure, and whether or not provided for elsewhere in this Deed of Trust, shall be added to the indebtedness secured by this Deed of Trust or by the judgment of foreclosure.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the date first above written.

Grantor:

FLEISCHMANN'S VINEGAR COMPANY,
INC., a Delaware corporation

By: /s/ Jerry Peters

Name: Jerry Peters

Title: Executive Vice President &
Assistant Secretary

ACKNOWLEDGEMENT

STATE OF Nebraska)

)

COUNTY OF Douglas)

On December 19th, 2016 before me, Sara Beller, General Notary (here insert name and title of the officer), personally appeared Jerry Peters who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature /s/ Sara Beller

(Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

Real property in the City of Montebello, County of Los Angeles, State of California, described as follows:

THAT PORTION OF LOT 8 IN THE RE-SUBDIVISION OF PORTION OF MONTEBELLO, IN THE CITY OF MONTEBELLO, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGE 27 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

BEGINNING AT A POINT IN THE SOUTHWESTERLY LINE OF SAID LOT 8, DISTANT THEREON NORTH 54° 00' 00" WEST 125.00 FEET FROM THE MOST SOUTHERLY CORNER OF SAID LOT 8; THENCE ALONG SAID SOUTHWESTERLY LINE, NORTH 54° 00' 00" WEST 270.00 FEET; THENCE AT RIGHT ANGLES TO SAID SOUTHWESTERLY LINE OF SAID LOT 8, NORTH 36° 00' 00" EAST, 264.12 FEET TO THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT OF WAY (100.00 FEET WIDE); THENCE ALONG SAID SOUTHERLY RIGHT OF WAY LINE, SOUTH 83° 48' 50" EAST 311.19 FEET, MORE OR LESS, TO ITS POINT OF INTERSECTION WITH THE WESTERLY LINE OF THE EASTERLY 125.00 FEET OF SAID LOT 8; THENCE SOUTHERLY ALONG SAID WESTERLY LINE 418.84 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ALL RIGHT, TITLE AND INTEREST OF THE EMPIRE CHAIR COMPANY, PARTNERSHIP, OR THEIR SUCCESSORS IN INTEREST, AS EXCEPTED IN THE DEED FROM THE EMPIRE CHAIR COMPANY, A PARTNERSHIP TO SPEAS COMPANY, A CORPORATION, RECORDED SEPTEMBER 18, 1951 IN BOOK 37221 PAGE 415, OFFICIAL RECORDS, WHICH EXCEPTION RECITES IN PART AS FOLLOWS:

EXCEPT HOWEVER THE LAND IN PARCEL 1 HEREINABOVE FOR THE CONSTRUCTION, OPERATION AND USE OF RAILROAD SPUR TRACK AND A SWITCH SOLELY AND EXCLUSIVE BY AND FOR THE UNION PACIFIC RAILROAD COMPANY AND THE GRANTEE, PROVIDED HOWEVER, THAT NOTHING HEREIN CONTAINED SHALL BE DEEMED TO REQUIRE THE GRANTOR TO MAKE ANY CHANGE OR ALTERNATION ON ANY EXISTING BUILDING OR STRUCTURE, AND PROVIDED HOWEVER THAT THE GRANTOR AND ITS GRANTEE RESERVE THE RIGHT TO USE SUCH SPUR TRACK AND SWITCH THEREIN UPON AND AFTER THE PAYMENT TO SPEAS COMPANY OR A SUM EQUAL TO ONE-HALF OF THE PER FOOT COST OF THE SPUR TRACKAGE IN THIS PARCEL 2, PLUS ONE-HALF OF THE ENTIRE COST OF THE SWITCH 1 CONNECTION WITH THE SPUR TRACKAGE ON PARCELS 1 AND 2.

APN: **6349-016-002**

Common Address: 444 West Roosevelt Avenue, Montebello, CA 90640

This document is intended
to be recorded in
Cook County, Illinois

THIS DOCUMENT WAS
PREPARED BY, AND AFTER RECORDING,
RETURN TO:

Katten Muchin Rosenman LLP
525 W. Monroe
Chicago, Illinois 60661
Attention: Claudia Duncan, Esq.

MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND
FIXTURE FILING

made by

FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation,
as Mortgagor,

to

MARANON CAPITAL, L.P., a Delaware limited partnership,
as Agent for the Lenders described herein,
as the Mortgagee

MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING

THIS MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING (this "**Mortgage**"), is dated as of December 19, 2016, by FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation ("**Mortgagor**"), whose address for notice hereunder is 12604 Hiddencreek Way, Suite A, Cerritos, California 90703, Attention: Chief Financial Officer, to and for the benefit of MARANON CAPITAL, L.P., a Delaware limited partnership ("**Maranon**"), in its capacity as agent on behalf of the Lenders (as defined below; Maranon acting in such capacity, together with any successors or assigns in such capacity, is referred to herein as "**Mortgagee**" or "**Agent**"), whose address for notices is 303 West Madison Street, Suite 2500, Chicago, Illinois 60606, Attention: Chief Financial Officer.

RECITALS:

A. Subject to the terms and conditions of that certain Credit Agreement dated as of October 3, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), by and among Mortgagor and certain affiliates of Mortgagor, as borrowers (collectively, "**Borrowers**"), and Maranon, as agent for certain financial institutions, funds and other investors who are or hereafter become parties to such Credit Agreement from time to time as lenders (such lender parties are, collectively, the "**Lenders**"), Lenders have agreed to make available to Borrowers certain loans, including a revolving credit facility (including a letter of credit sub facility) in a principal amount not to exceed \$15,000,000.00 at any time outstanding (as such amount may be adjusted, if at all, from time to time in accordance with the Credit Agreement) (collectively, the "**Revolving Loans**") and a term loan facility in the original principal amount of \$130,000,000.00 (the "**Term Loans**"; the Term Loans and the Revolving Loans are, together, the "**Loans**"). All capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Credit Agreement. The Revolving Loans are evidenced by the Credit Agreement and may be further evidenced by certain Revolving Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the "**Revolving Notes**"), and the Term Loans are evidenced by the Credit Agreement and may be evidenced by certain Term Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the "**Term Notes**"; the Revolving Notes and the Term Notes, collectively with all notes issued in substitution or exchange therefor and all amendments thereto, are referred to as the "**Notes**"). The Credit Agreement and Notes provide for certain payments as set forth therein and in the Credit Agreement with the balances thereof due and payable at such times and in such amounts specified in the Credit Agreement and in no event later than October 3, 2022 (such final outside maturity date of all Loans pursuant to the Credit Agreement is referred to herein as the "**Maturity Date**"). **EACH NOTE PROVIDES FOR A VARIABLE RATE OF INTEREST WHICH VARIES WITH CHANGES IN THE BASE RATE OR THE LIBOR RATE IN ACCORDANCE WITH THE PROVISIONS OF SUCH NOTE AND THE CREDIT AGREEMENT;**

B. As a Borrower, Mortgagor will directly benefit from Lenders making the Loans to Borrowers and the provision of extensions of credit and other accommodations provided for in the

Credit Agreement, and has therefore agreed to execute and deliver this Mortgage to Agent upon the terms and conditions set forth herein to secure the prompt payment and performance of all Obligations of Borrowers, subject to the terms and conditions set forth in the Credit Agreement.

AGREEMENT

NOW, THEREFORE, for the premises considered, Mortgagor covenants and agrees with Mortgagee as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 **Definitions**. As used herein, the following terms shall have the following meanings:

“Default Rate” means the rate of interest set forth in Section 1.2(d) of the Credit Agreement.

“Mortgaged Property” means (1) the real property described in Exhibit A attached hereto and made a part hereof (the **“Land”**), (2) all buildings, structures and other improvements, now or at any time situated, placed or constructed upon the Land (the **“Improvements”**), (3) all materials, supplies, appliances, equipment (as such term is defined in the UCC), fixtures, apparatus and other items of personal property now owned or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the **“Fixtures”**), (4) all goods, inventory, accounts, general intangibles, software, investment property, instruments, letters of credit, letter-of-credit rights, deposit accounts, documents, chattel paper and supporting obligations, as each such term is presently or hereafter defined in the UCC, and all other personal property of any kind or character, now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Land and Improvements or which may be used in or relating to the planning, development, financing or operation of the Mortgaged Property, including, without limitation, furniture, furnishings, equipment, machinery, money, insurance proceeds, accounts, contract rights, software, trademarks, goodwill, promissory notes, electronic and tangible chattel paper, payment intangibles, documents, trade names, licenses and/or franchise agreements, rights of Mortgagor under leases of Fixtures or other personal property or equipment, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Mortgagor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs, and commercial tort claims arising from the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the **“Personalty”**), (5) all reserves, escrows or impounds required under the Credit Agreement and all deposit accounts (including accounts holding security deposits) maintained by Mortgagor with respect to the Mortgaged Property, (6) all plans, specifications, shop drawings and other technical

descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (the “**Plans**”), (7) all leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the “**Leases**”), (8) all of the rents, revenues, income, proceeds, profits, security and other types of deposits, lease cancellation payments and other benefits paid or payable by parties to the Leases other than Mortgagor for using, leasing, licensing, possessing, operating from, residing in, selling, terminating the occupancy of or otherwise enjoying the Mortgaged Property (the “**Rents**”), (9) all other agreements, such as construction contracts, architects’ agreements, engineers’ contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the “**Property Agreements**”), (10) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Mortgagor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof, (11) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (12) all insurance policies (regardless of whether required by Mortgagee), unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Mortgagor, (13) all mineral, water, oil and gas rights relating to all or any part of the Mortgaged Property, (14) any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, Fixtures or Personalty and (15) all improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, Mortgagor or constructed, assembled or placed by Mortgagor on the Land, and all conversions of the security constituted thereby (the “**After Acquired Property Interests**”). As used in this Mortgage, the term “Mortgaged Property” shall mean all or, where the context permits or requires, any portion of the above or any interest therein, wherever located.

“Secured Obligations” means

(i) the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of all the Obligations, including without limitation, all obligations, liabilities and indebtedness (including, without limitation, principal, premium, interest (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of Mortgagor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding), fees, costs and indemnities) of Mortgagor to the Lenders, whether now existing or hereafter incurred under, arising out of, or in connection with, each Loan Document, if any, to which Mortgagor is a party (regardless of whether each such Loan Document is now in existence or hereafter arising) and the due performance and compliance by Mortgagor with all of the terms, conditions and agreements contained in each such Loan Document;

(ii) any and all sums advanced by the Agent in order to preserve the Mortgaged Property or preserve its lien and security interest in the Mortgaged Property;

(iii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of Mortgagor referred to in clause (i) above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Mortgaged Property, or of any exercise by the Agent of its rights hereunder, together with reasonable attorneys' fees and court costs;

(iv) all amounts paid by any Indemnitee (as hereinafter defined) as to which such Indemnitee has the right to reimbursement under Section 7.16 of this Mortgage; and

(v) all amounts owing to the Agent pursuant to any of the Loan Documents in its capacity as such;

it being acknowledged and agreed that the "Secured Obligations" shall include extensions of credit of the types described above, whether outstanding on the date of this Mortgage or extended from time to time after the date of this Mortgage.

"**UCC**" means the Uniform Commercial Code as enacted and in effect in the state where the Land is located (and as it may from time to time be amended); provided that, to the extent that the UCC is used to define any term herein or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, any security interest herein granted is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where the Land is located, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

ARTICLE 2

GRANT

Section 2.1 **Grant.** To secure the full and timely payment and performance of the Secured Obligations, Mortgagor hereby irrevocably MORTGAGES, GIVES, GRANTS, WARRANTS, BARGAINS, SELLS, ALIENS, PLEDGES, ASSIGNS, TRANSFERS, HYPOTHECATES and CONVEYS to Mortgagee the Mortgaged Property, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD, IN TRUST, and Mortgagor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Mortgagee.

ARTICLE 3

WARRANTIES, REPRESENTATIONS AND COVENANTS

Mortgagor warrants, represents and covenants to Mortgagee as follows:

Section 3.1 **Title to Mortgaged Property and Lien of This Instrument.** Mortgagor has good and marketable title to the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances, and has rights and the power to transfer each item of the Mortgaged Property. This Mortgage creates valid, enforceable first priority liens and security interests against the Mortgaged Property.

Section 3.2 **First Lien Status.** Mortgagor shall preserve and protect the first lien and security interest status of this Mortgage and the other Loan Documents. If any lien or security interest other than the Permitted Encumbrances is asserted against the Mortgaged Property, Mortgagor shall promptly, and at its expense, (a) give Mortgagee a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Credit Agreement.

Section 3.3 **Payment and Performance.** Mortgagor shall pay the Secured Obligations when due under the Loan Documents and shall perform the Secured Obligations in full when they are required to be performed.

Section 3.4 **Replacement of Fixtures and Personalty.** Except as permitted by the Credit Agreement, Mortgagor shall not, without the prior written consent of Mortgagee, permit any of the Fixtures, Personalty or any equipment necessary for Mortgagor's operations to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Mortgagor subject to the liens and security interests of this Mortgage and the other Loan Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Mortgagee. Mortgagor shall not incorporate into the Mortgaged Property any item of personalty, fixtures or other property that is not owned by Mortgagor free and clear of all liens or security interests except the liens and security interests in favor of Mortgagee created by the Loan Documents.

Section 3.5 **Maintenance of Rights of Way, Easements and Licenses.** Mortgagor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements, and franchises necessary for the use of the Mortgaged Property and will not, without the prior consent of Mortgagee, consent to any public restriction (including any zoning ordinance) or private restriction as to the use of the Mortgaged Property. Mortgagor shall comply with all restrictive covenants affecting the Mortgaged Property, and all zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property. Mortgagor shall not demolish any Improvements or alter them in any manner that substantially decreases the value thereof.

Section 3.6 **Inspection.** Mortgagor shall permit Mortgagee and its agents, representatives and employees, upon reasonable prior notice to Mortgagor, to inspect the Mortgaged Property and conduct such environmental and engineering studies as Mortgagee may require, provided that such inspections and studies will be conducted during normal business hours and shall not materially interfere with the use and operation of the Mortgaged Property.

Section 3.7 **Other Covenants.** All of the covenants in the Credit Agreement are incorporated herein by reference and, together with covenants in this Article 3, shall be covenants running with the land.

Section 3.8 **Condemnation Awards and Insurance Proceeds.**

(a) **Condemnation Awards.** All awards and compensation for any condemnation or other taking, or any purchase in lieu thereof shall be subject to the terms and conditions set forth in the Credit Agreement.

(b) **Insurance Proceeds.** All proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property shall be payable to such parties and in such manner as set forth in the Credit Agreement.

Section 3.9 **Insurance.** Mortgagor shall maintain or cause to be maintained, insurance with respect to the Mortgaged Property in accordance the Credit Agreement, provided, however, that Mortgagor shall not be required to obtain hazard insurance coverage against risks to improvements in an amount exceeding the replacement value of the improvements. Mortgagor shall purchase a Federal Emergency Management Agency Standard Flood Hazard Determination Form for the Mortgaged Property, and if any portion of the Improvements is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, then Mortgagor shall maintain, or cause to be maintained, flood insurance in an amount as required by law and reasonably satisfactory to Mortgagee and in no event less than the maximum limit of coverage available under the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, each as amended from time to time.

Unless Mortgagor provides Mortgagee with evidence of the insurance coverage required hereunder and under the Credit Agreement, Mortgagee may purchase insurance at Mortgagor's expense to protect Mortgagee's interests in the collateral. This insurance may, but need not, protect Mortgagor's interests. The coverage that Mortgagee purchases may not pay any claim that Mortgagor makes or any claim that is made against Mortgagor in connection with the collateral. Mortgagor may later cancel any insurance purchased by Mortgagee, but only after providing Mortgagee with evidence that Mortgagor has obtained insurance as required hereunder and under the Credit Agreement. If Mortgagee purchases insurance for the collateral, Mortgagor will be responsible for the costs of that insurance, including interest and any other charges Mortgagee may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the total outstanding balance, obligation or indebtedness secured by this Mortgage. The costs of the insurance may be more than the cost of insurance Mortgagor may be able to obtain on Mortgagor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

Section 3.10 **Transfer or Encumbrance of the Mortgaged Property.** Mortgagor shall not, except as and to the extent permitted in the Credit Agreement, sell, convey, alienate, mortgage, encumber, pledge, lease or otherwise transfer the Mortgaged Property or any

part thereof, or permit the Mortgaged Property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged, leased or otherwise transferred.

Section 3.11 **After Acquired Property Interests.** All After Acquired Property Interests, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the Lien of this Mortgage (as provided in the granting clauses hereof) as fully and completely, and with the same effect, as though owned by Mortgagor on the date hereof and specifically described in the granting clauses hereof. Mortgagor shall execute and deliver to Mortgagee all such other assurances, deeds of trust, conveyances or assignments thereof as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting such After Acquired Property Interests to the Lien of this Mortgage. Mortgagor hereby irrevocably authorizes and appoints Mortgagee as the agent and attorney-in-fact of Mortgagor to, following the occurrence and during the continuance of an Event of Default, execute all such documents and instruments on behalf of Mortgagor, which appointment shall be irrevocable and coupled with an interest.

ARTICLE 4

DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), Mortgagee, as Agent for the benefit of the Lenders, may, at Mortgagee's election and by or through Mortgagee or otherwise, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Secured Obligations to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable.

(b) **Entry on Mortgaged Property.** Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto. If Mortgagor remains in possession of the Mortgaged Property after an Event of Default and without Mortgagee's prior written consent, Mortgagee may invoke any legal remedies to dispossess Mortgagor.

(c) **Operation of Mortgaged Property.** Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Mortgagee may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Mortgagee deems necessary or desirable), and apply all Rents and other amounts collected by Mortgagee in connection therewith in accordance with the provisions of Section 4.7.

(d) **Foreclosure and Sale.** Institute proceedings for the complete judicial or, to the extent permitted by applicable law, nonjudicial foreclosure of this Mortgage, in which case the Mortgaged Property may be sold for cash or credit in one or more parcels. With respect to any

notices required or permitted under the UCC, Mortgagor agrees that ten (10) days prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings, power of sale or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Mortgagor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity of redemption and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against all other persons claiming or to claim the property sold or any part thereof, by, through or under Mortgagor. Mortgagee or any of the other Lenders may be a purchaser at such sale and if Mortgagee or such Lender is the highest bidder, may credit the portion of the purchase price that would be distributed to Mortgagee or such other Lender against the Secured Obligations in lieu of paying cash.

(e) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Mortgagor or regard to the adequacy of the Mortgaged Property for the repayment of the Secured Obligations, the appointment of a receiver of the Mortgaged Property, and Mortgagor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) **Other.** Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Loans either before, during or after any proceeding to enforce this Mortgage).

Section 4.2 **Separate Sales.** Subject to the provisions of Section 4.1(d), the Mortgaged Property may be sold in one or more parcels and in such manner and order as Mortgagee, in its sole discretion, may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 **Remedies Cumulative, Concurrent and Nonexclusive.** Mortgagee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Mortgagor or others obligated under the Credit Agreement and the other Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Mortgagee, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Mortgagee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 **Release of and Resort to Collateral.** Mortgagee may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as

to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Loan Documents or their stature as a first priority lien and security interest in and to the Mortgaged Property. For payment of the Secured Obligations, Mortgagee may resort to any other security in such order and manner as Mortgagee may elect.

Section 4.5 **Waiver of Redemption, Notice and Marshalling of Assets.** To the fullest extent permitted by law, Mortgagor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Mortgagor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default or of Mortgagee's election to exercise or the actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 **Discontinuance of Proceedings.** If Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Mortgagee shall have the unqualified right to do so and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Secured Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Mortgagee thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 **Application of Proceeds.** The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Mortgagee (or the receiver, if one is appointed) in accordance with, an in any order of priority set forth in, the Credit Agreement, or as otherwise permitted under the other Loan Documents or applicable law.

Section 4.8 **Occupancy After Foreclosure.** The purchaser at any foreclosure sale pursuant to Section 4.1(d) shall become the legal owner of the Mortgaged Property. All occupants of the Mortgaged Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Mortgaged Property other than the statutory action of forcible detainer in any justice court having jurisdiction over the Mortgaged Property.

Section 4.9 **Additional Advances and Disbursements; Costs of Enforcement.**

(a) Upon the occurrence and during the continuance of an Event of Default, Mortgagee shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Mortgagor. All sums advanced and expenses incurred at any time by Mortgagee under this Section 4.9, or otherwise under this Mortgage or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to

and including the date of reimbursement, computed at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement, and shall be secured by this Mortgage.

(b) Mortgagor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Mortgage and the other Loan Documents, or the enforcement, compromise or settlement of the Secured Obligations or any claim under this Mortgage and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Mortgagee in respect thereof, by litigation or otherwise.

Section 4.10 **No Mortgagee in Possession**. Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Mortgagee under the Loan Documents, at law or in equity shall cause Mortgagee or be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Mortgagee to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5

ASSIGNMENT OF RENTS AND LEASES

Section 5.1 **Assignment**. Mortgagor hereby absolutely grants and assigns to Mortgagee the Leases and Rents. Nevertheless, subject to the terms of this Section 5.1, Mortgagee grants to Mortgagor a revocable license to operate and manage the Leases and Rents and to collect the Rents. Upon the occurrence and during the continuance of an Event of Default, without need for notice or demand to Mortgagor, the license granted to Mortgagor herein shall automatically be revoked, and Mortgagee shall immediately be entitled to possession of all Leases and Rents, whether or not Mortgagee enters upon or takes control of the Leases and Rents. Additionally, upon the occurrence and during the continuance of an Event of Default, Mortgagee shall be entitled to: (a) notify any person that the Leases have been assigned to Mortgagee and that all Rents are to be paid directly to Mortgagee, whether or not Mortgagee has commenced or completed foreclosure or taken possession of the Mortgaged Property; (b) settle, compromise, release, extend the time of payment of, and make allowances, adjustments and discounts of any Rents or other obligations under the Leases; (c) enforce payment of Rents and other rights under the Leases, prosecute any action or proceeding, and defend against any claim with respect to Rents and Leases; (d) enter upon, take possession of and operate the Mortgaged Property; (e) lease all or any part of the Mortgaged Property; and/or (f) perform any and all obligations of Mortgagor under the Leases and exercise any and all rights of Mortgagor therein contained to the full extent of Mortgagor's rights and obligations thereunder, with or without the bringing of any action or the appointment of a receiver. Mortgagor hereby irrevocably authorizes and directs each tenant under any Lease to rely upon any written notice of the existence of an Event of Default sent by Mortgagee to any such tenant, and thereafter to pay Rents to Mortgagee, without any obligation or right to inquire as to whether an Event of Default actually exists and even if some notice to the contrary is received from Mortgagor, who shall have no right or claim against any such tenant for any such Rents so paid to Mortgagee.

Section 5.2 **No Merger of Estates.** So long as any part of the Secured Obligations remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Mortgagor, Mortgagee, any lessee or any third party by purchase or otherwise.

ARTICLE 6

SECURITY AGREEMENT

Section 6.1 **Security Interest.** This Mortgage constitutes a “Security Agreement” on personal property within the meaning of the UCC and other applicable law with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property under the UCC. To this end, Mortgagor grants to Mortgagee, for the benefit of the Agent and the Lenders, a security interest in the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property to secure the payment and performance of the Secured Obligations and agrees that Mortgagee shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and other Mortgaged Property which is personal property sent to Mortgagor at least five (5) days prior to any action under the UCC shall constitute reasonable notice to Mortgagor.

Section 6.2 **Financing Statements.** Mortgagor hereby irrevocably authorizes Mortgagee at any time and from time to time to file in any filing office in any UCC jurisdiction one or more financing or continuation statements and amendments thereto, relative to all or any part of the Mortgaged Property, without the signature of Mortgagor where permitted by law. Mortgagor agrees to furnish Mortgagee, promptly upon request, with any information required by Mortgagee to complete such financing or continuation statements. If Mortgagee has filed any initial financing statements or amendments in any UCC jurisdiction prior to the date hereof, Mortgagor ratifies and confirms its authorization of all such filings. Mortgagor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Mortgagee, and agrees that it will not do so without Mortgagee’s prior written consent, subject to Mortgagor’s rights under Section 9-509(d)(2) of the UCC. Mortgagor shall execute and deliver to Mortgagee, in form and substance satisfactory to Mortgagee, such additional financing statements and such further assurances as Mortgagee may, from time to time, reasonably consider necessary to create, perfect and preserve Mortgagee’s security interest hereunder and Mortgagee may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest.

Section 6.3 **Fixture Filing.** This Mortgage shall also constitute a “fixture filing” for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Mortgagor) and Secured Party (Mortgagee) as set forth in the first paragraph of this Mortgage. The name of the record owner of the real property on which goods are or are to

ARTICLE 7
MISCELLANEOUS

Section 7.1 **Notices**. Any notice required or permitted to be given under this Mortgage shall be in writing and given in the manner set forth in the Credit Agreement.

Section 7.2 **Covenants Running with the Land**. All Secured Obligations contained in this Mortgage are intended by Mortgagor and Mortgagee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Mortgagor" shall refer to the party named in the first paragraph of this Mortgage and to any subsequent owner of all or any portion of the Mortgaged Property (without in any way implying that Mortgagee has or will consent to any such conveyance or transfer of the Mortgaged Property). All persons or entities who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Mortgagee.

Section 7.3 **Attorney-in-Fact**. Mortgagor hereby irrevocably appoints Mortgagee and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Mortgagee deems appropriate to protect Mortgagee's interest, if Mortgagor shall fail to do so within ten (10) days after written request by Mortgagee, (b) upon the issuance of a deed pursuant to the foreclosure of this Mortgage or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Mortgagee's security interests and rights in or to any of the collateral, and (d) while any Event of Default exists, to perform any obligation of Mortgagor hereunder; however: (1) Mortgagee shall not under any circumstances be obligated to perform any obligation of Mortgagor; (2) any sums advanced by Mortgagee in such performance shall be added to and included in the Secured Obligations and shall bear interest at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement; (3) Mortgagee as such attorney-in-fact shall only be accountable for such funds as are actually received by Mortgagee; and (4) Mortgagee shall not be liable to Mortgagor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

Section 7.4 **Successors and Assigns**. This Mortgage shall be binding upon and inure to the benefit of Mortgagee and Mortgagor and their respective successors and assigns. Mortgagor shall not, without the prior written consent of Mortgagee, assign any rights, duties or obligations hereunder.

Section 7.5 **No Waiver.** Any failure by Mortgagee to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver of same, and Mortgagee shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 7.6 **Subrogation.** To the extent proceeds of the Loans have been used to extinguish, extend or renew any indebtedness against the Mortgaged Property, then Mortgagee shall be subrogated to all of the rights, liens and interests existing against the Mortgaged Property and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Mortgagee.

Section 7.7 **Conflicts.** If any conflict or inconsistency exists between this Mortgage and the Credit Agreement, the Credit Agreement shall govern. If any conflict or inconsistency exists between this Mortgage and any of the Notes, the Notes shall govern.

Section 7.8 **Release.** Upon payment in full and performance of all of the Secured Obligations, and otherwise in accordance with the terms, conditions and provisions set forth in Section 9.20 of the Credit Agreement, Mortgagee shall deliver to Mortgagor a written release or satisfaction of this Mortgage (without recourse and without representation and warranty). Mortgagor shall pay Mortgagee's reasonable costs incurred in connection with same.

Section 7.9 **Waiver of Stay, Moratorium and Similar Rights.** Mortgagor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Mortgage or the Secured Obligations or any agreement between Mortgagor and Mortgagee or any rights or remedies of Mortgagee.

Section 7.10 **Obligations of Mortgagor, Joint and Several.** If more than one person or entity has executed this Mortgage as "Mortgagor," the obligations of all such persons or entities hereunder shall be joint and several.

Section 7.11 **Governing Law.** THE PROVISIONS OF THIS MORTGAGE REGARDING THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS HEREIN GRANTED SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE LAND IS LOCATED. ALL OTHER PROVISIONS OF THIS MORTGAGE SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

Section 7.12 **Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 7.13 **Severability.** If any provision of this Mortgage shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such

provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Mortgage.

Section 7.14 **Counterparts.** This Mortgage may be executed in counterparts, all of which counterparts together shall constitute one and the same instrument (and original signature pages and notary pages from each counterpart may be assembled into one original document to be recorded).

Section 7.15 **Entire Agreement.** This Mortgage and the other Loan Documents embody the entire agreement and understanding between Mortgagee and Mortgagor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 7.16 **Indemnity and Expenses**

(a) Mortgagor agrees to indemnify, reimburse and hold the Mortgagee, each other Lender and their respective successors, assigns, employees, affiliates and agents (hereinafter in this Section 7.16 referred to individually as "Indemnitee," and collectively as "Indemnitees") harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements (including reasonable attorneys' fees and expenses) (for the purposes of this Section 7.16 the foregoing are collectively called "expenses") of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Mortgage or in any other way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms of, or the preservation of any rights under any thereof, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Mortgaged Property (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section 7.16 for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction in a final and non-appealable decision). Mortgagor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, suit or judgment, Mortgagor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify Mortgagor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 7.16(a) hereof, Mortgagor agrees to pay or reimburse the Mortgagee for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Mortgagee's Liens on, and security interest in, the Mortgaged Property, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and

documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Mortgaged Property, premiums for insurance with respect to the Mortgaged Property and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Mortgaged Property and the Mortgagee's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Mortgaged Property.

(c) Without limiting the application of Section 7.16(a) or 7.16(b) hereof, Mortgagor agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by Mortgagor in this Mortgage or in any writing contemplated by or made or delivered pursuant to or in connection with this Mortgage. If and to the extent that the obligations of Mortgagor under this Section 7.16 are unenforceable for any reason, Mortgagor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

(d) Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Mortgaged Property. The indemnity obligations of Mortgagor contained in this Section 7.16 shall continue in full force and effect notwithstanding the full payment of all of the other Secured Obligations.

Section 7.17 **Reduction of Secured Amount.** In the event that the maximum principal amount secured by this Mortgage is less than the aggregate Secured Obligations then the amount secured hereby shall be reduced only by the last and final sums that Mortgagor or any other Credit Party repays with respect to the Secured Obligations and shall not be reduced by any intervening repayments of the Secured Obligations. So long as the balance of the Secured Obligations exceeds the amount secured hereby, any payments of the Secured Obligations shall not be deemed to be applied against, or to reduce, the portion of the Secured Obligations secured by this Mortgage.

Section 7.18 **Future Advances.** This Mortgage is given to secure the Secured Obligations and shall secure not only presently existing Secured Obligations under the Loan Documents but also any and all other Secured Obligations which may hereafter be owing by Mortgagor to the Lenders under the Loan Documents, however incurred, whether interest, discount or otherwise, and whether the same shall be deferred, accrued or capitalized, including future advances and re-advances, pursuant to the Credit Agreement or the other Loan Documents, whether such advances are obligatory or to be made at the option of the Lenders, or otherwise, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The Lien of this Mortgage shall be valid as to all Secured Obligations secured hereby, including future advances, from the time of the original recording of the Original Mortgage for record in the recorder's office of the county in which the Mortgaged Property is located. To the maximum extent permitted by law, this Mortgage is intended to and shall be valid and have priority over all subsequent Liens and encumbrances, including statutory Liens, excepting solely taxes and assessments levied on the real estate, to the extent of the maximum amount secured hereby, and Permitted Encumbrances related thereto. Although this Mortgage is given to secure all future advances made by Mortgagee and the other Lenders to or for the benefit of Mortgagor or the Mortgaged Property, whether obligatory or optional, Mortgagor and Mortgagee hereby

acknowledge and agree that Mortgagee and the other Lenders are obligated by the terms of the Loan Documents to make certain future advances, including advances of a revolving nature, subject to the fulfillment of the relevant conditions set forth in the Loan Documents.

Section 7.19 **WAIVER OF JURY TRIAL.** TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, MORTGAGOR AND MORTGAGEE HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS. MORTGAGOR AND MORTGAGEE ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. MORTGAGOR AND MORTGAGEE EACH WARRANT AND REPRESENT THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

Section 7.20 **Local Law Provisions.** In the event of any conflict between the terms and provisions of any other sections or this Mortgage and this Section 7.20, the terms and provisions of this Section 7.20 shall govern and control.

(a) It is the express intention of Mortgagor and Mortgagee that the rights, remedies, powers and authorities conferred upon the Mortgagee pursuant to this Mortgage shall include all rights, remedies, powers and authorities that a mortgagor may confer upon a mortgagee under the Illinois Mortgage Foreclosure Law (735 ILCS § 5/15-1101 et seq.) (the “IMFL”) and/or as otherwise permitted by applicable law, as if they were expressly provided for herein. In the event that any provision in this Mortgage shall be inconsistent with any provision in the IMFL, the provisions of the IMFL shall take precedent over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the IMFL.

(b) Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under Sections 15-1510 and 15-1512 of the IMFL, whether incurred before or after any decree or judgment of foreclosure, and whether provided for in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

(c) In addition to any provision of this Mortgage authorizing Mortgagee to take or be placed in possession of the Mortgaged Property, or for the appointment of a receiver, Mortgagee shall have the right, in accordance with Sections 5/15-1701 and 5/15-1702 of IMFL, to be placed in possession of the Mortgaged Property or, at its request, to have a receiver appointed, and such receiver, or Mortgagee, if and when placed in possession, shall have, in addition to any other powers provided in this Mortgage, all rights, powers, immunities and duties, as provided for in

Sections 5/15-1701, 5/15-1702, 5/15-1703 and 5/15-1704 of the IMFL. The powers, authorities and duties conferred upon the Mortgagee, in the event that the Mortgagee takes possession of the Mortgaged Property, and upon a receiver hereunder, shall also include all such powers, authority and duties as may be conferred upon an Mortgagee in possession or receiver under and pursuant to the IMFL. To the extent the IMFL may limit the powers, authorities and duties purportedly conferred hereby, such power, authorities and duties shall include those allowed, and be limited as proscribed by IMFL at the time of their exercise or discharge.

(d) MORTGAGOR KNOWINGLY AND VOLUNTARILY RELEASES AND WAIVES, ON BEHALF OF ITSELF AND ALL PERSONS OR ENTITIES NOW OR HEREAFTER INTERESTED IN THE MORTGAGED PROPERTY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW INCLUDING IMFL, (I) ALL RIGHTS UNDER ALL APPRAISEMENT, HOMESTEAD, MORATORIUM, VALUATION, EXEMPTION, STAY, EXTENSION, REDEMPTION, SINGLE ACTION, ELECTION OF REMEDIES AND MARSHALING STATUTES, LAWS OR EQUITIES NOW OR HEREAFTER EXISTING, (II) ANY AND ALL REQUIREMENTS THAT AT ANY TIME ANY ACTION MAY BE TAKEN AGAINST ANY OTHER PERSON OR ENTITY AND MORTGAGOR AGREES THAT NO DEFENSE BASED ON ANY THEREOF WILL BE ASSERTED IN ANY ACTION ENFORCING THIS MORTGAGE, AND (III) ANY AND ALL RIGHTS TO REINSTATEMENT AND REDEMPTION AS ALLOWED UNDER SECTION 15-1601(B) AND SECTION 1602 OF THE IMFL OR TO CURE ANY DEFAULTS, EXCEPT SUCH RIGHTS OF REINSTATEMENT AND CURE AS MAY BE EXPRESSLY PROVIDED BY THE TERMS OF THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS.

(e) MORTGAGOR HEREBY KNOWINGLY AND VOLUNTARILY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHTS OF REDEMPTION FROM SALE OR OTHERWISE UNDER ANY ORDER OR DECREE OF FORECLOSURE, DISCLAIMS ANY STATUS WHICH IT MAY HAVE AS AN "OWNER OF REDEMPTION" AS THAT TERM MAY BE DEFINED IN SECTION 15-1212 OF THE IMFL, PURSUANT TO RIGHTS HEREIN GRANTED, ON BEHALF OF MORTGAGOR AND ALL PERSONS BENEFICIALLY INTERESTED THEREIN, AND EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN, OR TITLE TO, THE MORTGAGED PROPERTY DESCRIBED HEREIN SUBSEQUENT TO THE DATE OF THIS MORTGAGE, AND ON BEHALF OF ALL OTHER PERSONS TO THE FULLEST EXTENT PERMITTED BY THE PROVISIONS OF THE ILLINOIS STATUTES.

(f) Mortgagor acknowledges that the transaction of which this Mortgage is a part, is a transaction which does not include either agricultural real estate (as defined in Section 15-1201 of the IMFL) or residential real estate (as defined in Section 15-1219 of the IMFL).

(g) Mortgagor represents and warrants to Mortgagee that the proceeds of the obligations secured hereby shall be used solely for business purpose, and the entire principal obligations secured by this Mortgage constitute (i) a “business loan” as that term is defined in, and for all purposes of, 815 ILCS 205/4(1)(c), and (ii) a “loan secured by a mortgage on real estate” within the purview and operation of 815 ILCS 205/4(1).

(h) The maximum indebtedness secured by this Mortgage shall not exceed two hundred percent (200%) of the aggregate, original principal amount of the Loans.

(i) **Protective Advances.**

1) All advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale, and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise by authorized by this Mortgage and/or the other Loan Documents or by the IMFL (collectively “**Protective Advances**”), shall have the benefit of all applicable provisions of the IMFL, including those provisions of the IMFL hereinbelow referred to:

i. all advances by Mortgagee in accordance with the terms of this Mortgage and/or the other Loan Documents to: (A) preserve or maintain, repair, restore or rebuild the improvements upon the Mortgaged Property; (B) preserve the lien of this Mortgage or the priority hereof; or (C) enforce this Mortgage, each as referred to in subsection (b)(5) of Section 5/15-1302 of the IMFL;

ii. payments by Mortgagee of: (A) when due, installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance; (B) when due installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Mortgaged Property or any part thereof; (C) other obligations authorized by this Mortgage; or (D) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the IMFL;

iii. advances by Mortgagee in settlement or compromise of any claims asserted by claimants under senior mortgages or any other prior liens;

iv. attorneys’ fees and other costs incurred: (A) in connection with the foreclosure of this Mortgage as referred to in Sections 1504(d)(2) and 5/15-1510 of the IMFL; (B) in connection with any action, suit or proceeding brought by or against the Mortgagee for the enforcement of this Mortgage or arising from the interest of the Mortgagee hereunder; or (C) in the preparation for the

commencement or defense of any such foreclosure or other action related to this Mortgage or the Mortgaged Property;

v. Mortgagee's fees and costs, including attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(l) of Section 5/15-1508 of the IMFL;

vi. expenses deductible from proceeds of sale as referred to in subsections (a) and (b) of Section 5/15-1512 of the IMFL;

vii. expenses incurred and expenditures made by Mortgagee for any one or more of the following: (A) if the Mortgaged Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof which are required to be paid; (B) if Mortgagor's interest in the Mortgaged Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (C) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or Mortgagee takes possession of the Mortgaged Property imposed by subsection (c)(l) of Section 5/15-1704 of the IMFL; (D) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (E) payments required or deemed by Mortgagee to be for the benefit of the Mortgaged Property or required to be made by the owner of the Mortgaged Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (F) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property is a member in any way affecting the Mortgaged Property; (G) if the Loans are a construction loan, costs incurred by Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment, loan agreement or other agreement; and (H) pursuant to any lease or other agreement for occupancy of the Mortgaged Property for amounts required to be paid by Mortgagor;

viii. all Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the rate due and payable after a default under the terms of the Loan Documents;

ix. this Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to subsection (b)(l) of Section 5/15-1302 of the IMFL; and all Protective Advances shall, except to the extent, if any, that any of the same is clearly

contrary to or inconsistent with the provisions of the IMFL, apply to and be included in:

- 1) determination of the amount of indebtedness secured by this Mortgage at any time;
- 2) the indebtedness found due and owing to the Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;
- 3) determination of amount deductible from sale proceeds pursuant to Section 5/15-1512 of the IMFL;
- 4) application of income in the hands of any receiver or Mortgagee in possession; and
- 5) computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Section 5/15-1508 and Section 5/15-1511 of the IMFL.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the date first above written.

Mortgagor:

FLEISCHMANN'S VINEGAR COMPANY,
INC., a Delaware corporation

By: /s/ Jerry Peters
Name: Jerry Peters
Title: Executive Vice President &
Assistant Secretary

ACKNOWLEDGEMENT

STATE OF Nebraska)

)

COUNTY OF Douglas)

On December 19th, 2016, before me, Sara Beller, a Notary Public in and for said County and State, personally appeared Jerry Peters, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) (is/are) subscribed to the within instrument, and acknowledged to me that (he/she/they) executed the same in (his/her/their) authorized capacit(-y/-ies), and that by (his/her/their) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

/s/ Sara Beller
Signature of Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

PARCEL 1:

THE WEST 1/2 OF LOT 12 AND LOTS 13 THROUGH THE WEST 1/2 OF LOT 43 IN BLOCK 1 ALSO THE SOUTH 18.44 FEET OF WEST 1/2 OF LOT 4 THROUGH THE WEST 1/2 OF LOT 12 IN BLOCK 1, ALL IN GEORGE AND WANNER'S BOULEVARD SUBDIVISION OF BLOCK 18 IN STONE AND WHITNEY'S SUBDIVISION OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 6 AND THE NORTH 1/2 OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 7, TOWNSHIP 38, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THEREFROM THE EAST 17 FEET OF THE NORTH 1/2 AND THE EAST 50 FEET OF SOUTH 1/2 OF BLOCK 18).

PARCEL 2:

THE SOUTH 34 FEET OF LOT 24 THROUGH THE WEST 1/2 OF LOT 35 IN BLOCK 4 IN MCDAVID AND RHOADS SUBDIVISION OF BLOCK 15 AND 16 OF STONE AND WHITNEY'S SUBDIVISION OF THE NORTH 1/2 OF SECTION 7, TOWNSHIP 38, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THEREFROM THE LAND OF THE P.C. AND ST. LOUIS R.R. AND WESTERN AVENUE BOULEVARD).

PARCEL 3:

THOSE PARTS OF VACATED 48TH STREET LYING BETWEEN LOTS 24 THROUGH THE WEST 1/2 OF LOT 35 IN BLOCK 4 IN MCDAVID AND RHOADS SUBDIVISION AFOREMENTIONED AND LOTS 23 THROUGH WEST 1/2 OF LOT 12 IN BLOCK 1 IN GEORGE AND WANNER'S BOULEVARD SUBDIVISION AFOREMENTIONED ALSO THE VACATED ALLEY LYING BETWEEN THE WEST 1/2 OF LOT 4 THROUGH 23, IN BLOCK 1 IN MCDAVID AND RHOADS SUBDIVISION AFOREMENTIONED AND LOTS 24 THROUGH THE WEST 1/2 OF LOT 43 IN BLOCK 1 IN MCDAVID AND RHOADS SUBDIVISION AFOREMENTIONED.

PARCELS 1, 2 AND 3 ALSO BEING DESCRIBED AS FOLLOWS:

THOSE PARTS OF LOTS 4 THROUGH 43 IN BLOCK 1 OF GEORGE AND WANNER'S BOULEVARD AFOREMENTIONED AND LOT 24 THROUGH 35 IN BLOCK 4 IN MCDAVID AND RHOADS SUBDIVISION AFOREMENTIONED, TAKEN AS A TRACT AND BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF BLOCK 1 IN GEORGE AND WANNER'S BOULEVARD SUBDIVISION; THENCE NORTH 364.50 FEET; THENCE EAST AT 90 DEGREES 288.75 FEET; THENCE SOUTH AT 90 DEGREES 206.45 FEET; THENCE EAST AT 90 DEGREES 196.05 FEET; THENCE SOUTH AT 90 DEGREES 158.05 FEET TO THE SOUTH LINE OF BLOCK 1 ALSO KNOWN AS THE NORTH LINE OF WEST 48TH PLACE;

THENCE WEST AT 90 DEGREES 484.5 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

THE ABOVE-DESCRIBED PREMISES MAY ALSO BE DESCRIBED AS FOLLOWS:

PARTS OF LOTS 4 TO 12 AND ALL OF LOTS 13 TO 42 INCLUSIVE AND THE WEST 1/2 OF LOT 43 IN SUB BLOCK 1 OF GEORGE AND WANNER'S BOULEVARD SUBDIVISION, BEING A SUBDIVISION OF BLOCK 18 IN STONE AND WHITNEY'S SUBDIVISION OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 6 AND THE NORTH 1/2 AND THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 7, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO

ALL OF THE EAST AND WEST 16 FOOT PUBLIC ALLEY ABUTTING LOTS 5 TO 42 AND THE WEST 1/2 OF LOTS 4 AND 43 IN SUB BLOCK 1 IN GEORGE AND WANNER'S BOULEVARD SUBDIVISION AFORESAID, LYING SOUTH OF AND ADJOINING THE SOUTH LINE OF THE WEST 1/2 OF LOT 4 AND LOTS 5 THROUGH 23 AND LYING NORTH OF AND ADJOINING THE NORTH LINE OF THE WEST 1/2 OF LOT 43 AND LOTS 24 THROUGH 42 AFORESAID,

ALSO

THAT PART VACATED 48TH STREET LYING BETWEEN LOTS 24 THROUGH THE WEST 1/2 OF LOT 35 IN BLOCK 4 IN MCDAVID AND RHOADS SUBDIVISION AFOREMENTIONED AND LOTS 23 THROUGH THE WEST 1/2 OF LOT 12 IN BLOCK 1 IN GEORGE AND WANNER'S BOULEVARD SUBDIVISION AFORESAID, LYING SOUTH OF AND ADJOINING THE SOUTH LINE OF LOTS 24 THROUGH 34 AND THE WEST 1/2 OF LOT 35 AND LYING NORTH OF AND ADJOINING THE NORTH LINE OF THE WEST 1/2 OF LOT 12 AND LOTS 13 THROUGH 23 AFORESAID.

ALSO

PARTS OF LOTS 24 TO 35 IN SUB BLOCK 4 IN MCDAVID AND RHOAD'S SUBDIVISION OF BLOCKS 15 AND 16 (EXCEPT RAILROAD AND BOULEVARD), ALL IN STONE AND WHITNEY'S SUBDIVISION OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 6 AND THE NORTH 1/2 AND THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 7, TOWNSHIP 38 NORTH, RANGE, 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A TRACT OF LAND COMPRISED OF PART OF EACH OF LOTS 4 TO 12, BOTH INCLUSIVE, ALL OF LOTS 13 TO 42, BOTH INCLUSIVE, PART OF LOT 43 AND THE VACATED EAST AND WEST 16 FOOT ALLEY ABUTTING SAID LOTS AND PARTS OF LOTS IN SUB BLOCK 1 OF GEORGE AND WANNER'S BOULEVARD SUBDIVISION, BEING A SUBDIVISION OF BLOCK 18 OF STONE AND WHITNEY'S SUBDIVISION OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 6, AND THE NORTH 1/2 AND THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 7, ALL IN TOWNSHIP 38 NORTH,

RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPTING THEREFROM THE EAST 17 FEET OF THE NORTH 1/2 AND THE EAST 50 FEET OF THE SOUTH 1/2 OF SAID BLOCK 18) ALSO COMPRISED OF PART OF EACH OF LOTS 24 TO 35, BOTH INCLUSIVE, IN SUB-BLOCK 4 IN MCDAVID AND RHOAD'S SUBDIVISION OF BLOCKS 15 AND 16 OF STONE AND WHITNEY SUBDIVISION AFORSAID ALSO THAT PART OF VACATED WEST 48TH STREET ADJOINING SAID LOTS AND PARTS OF LOTS IN SUB-BLOCKS 1 AND 4 AFORESAID, WHICH TRACT OF LAND IS BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SUB-BLOCK 1, BEING THE INTERSECTION OF THE NORTH LINE OF WEST 48TH PLACE WITH THE EAST LINE OF SOUTH OAKLEY AVENUE; AND RUNNING THENCE NORTH ALONG THE EAST LINE OF SOUTH OAKLEY AVENUE, BEING ALSO THE WEST LINE OF SUB-BLOCKS 1 AND 4 AFORESAID, A DISTANCE OF 364.50 FEET; THENCE EAST ALONG A STRAIGHT LINE, PARALLEL WITH THE SOUTH LINE OF SAID SUB-BLOCK 1, A DISTANCE OF 288.75 FEET; THENCE SOUTH ALONG A STRIGHT LINE PARALLEL WITH SAID EAST LINE OF SOUTH OAKLEY AVENUE, A DISTANCE OF 206.45 FEET TO A POINT 158.05 FEET NORTH OF THE INTERSECTION OF SAID PARALLEL LINE WITH THE SOUTH LINE OF SAID SUB-BLOCK 1; THENCE EAST ALONG A STRAIGHT LINE, PARALLEL WITH THE SOUTH LINE OF SAID SUB-BLOCK 1, A DISTANCE OF 196.05 FEET TO AN INTERSECTION WITH THE EAST LINE OF THE WEST 1/2 OF LOT 4 IN SAID SUB-BLOCK 1; THENCE SOUTH ALONG SAID EAST LINE OF THE WEST 1/2 OF LOT 4, ALONG SAID EAST LINE EXTENDED, AND ALONG THE EAST LINE OF THE WEST 1/2 OF LOT 43 IN SAID SUB-BLOCK 1, A DISTANCE OF 158.05 FEET TO THE SOUTH LINE OF SAID SUB-BLOCK 1; THENCE WEST ALONG THE SOUTH LINE OF SUB-BLOCK 1, BEING ALSO THE NORTH LINE OF WEST 48TH PLACE, A DISTANCE OF 484.70 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Common Address: 4801 South Oakley Avenue, Chicago, Illinois 60609
PIN: 20-07-103-031-0000 and 20-07-103-033-0000

This document is intended to be
recorded in the Land Records
of Baltimore City, Maryland

THIS DOCUMENT WAS PREPARED BY,
AND AFTER RECORDING, RETURN TO:
Katten Muchin Rosenman LLP
525 W. Monroe
Chicago, Illinois 60661
Attention: Claudia Duncan, Esq.
(prepared under supervision of Pat Clancy, Esq.)

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE
FILING

made by

FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation,
as Grantor,

to

MARANON CAPITAL, L.P., a Delaware limited partnership,
as Agent for the Lenders described herein,
as the Beneficiary

Maximum Principal Amount Secured: \$867,900.00

Dated: As of December 19, 2016

Property Address: 1900 Brand Avenue, Baltimore, Maryland 21209

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING (this "**Deed of Trust**"), is dated as of December 19, 2016, by FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation ("**Grantor**"), whose address for notice hereunder is 12604 Hiddencreek Way, Suite A, Cerritos, California 90703, Attention: Chief Financial Officer, to LAWYERS TITLE REALTY SERVICES, INC., a Virginia corporation (the "**Trustee**"), whose address is 7130 Glen Forest Drive, Suite 403, Richmond, VA 23226, for the benefit of MARANON CAPITAL, L.P., a Delaware limited partnership ("**Maranon**"), in its capacity as agent on behalf of the Lenders (as defined below; Maranon acting in such capacity, together with any successors or assigns in such capacity, is referred to herein as "**Beneficiary**" or "**Agent**"), whose address for notices is 303 West Madison Street, Suite 2500, Chicago, Illinois 60606, Attention: Chief Financial Officer.

RECITALS:

A. Subject to the terms and conditions of that certain Credit Agreement dated as of October 3, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), by and among Grantor and certain affiliates of Grantor, as borrowers (collectively, "**Borrowers**"), and Maranon, as agent for certain financial institutions, funds and other investors who are or hereafter become parties to such Credit Agreement from time to time as lenders (such lender parties are, collectively, the "**Lenders**"), Lenders have agreed to make available to Borrowers certain loans, including a revolving credit facility (including a letter of credit sub facility) in a principal amount not to exceed \$15,000,000.00 at any time outstanding (as such amount may be adjusted, if at all, from time to time in accordance with the Credit Agreement) (collectively, the "**Revolving Loans**") and a term loan facility in the original principal amount of \$130,000,000.00 (the "**Term Loans**"; the Term Loans and the Revolving Loans are, together, the "**Loans**"). All capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Credit Agreement. The Revolving Loans are evidenced by the Credit Agreement and may be further evidenced by certain Revolving Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the "**Revolving Notes**"), and the Term Loans are evidenced by the Credit Agreement and may be evidenced by certain Term Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the "**Term Notes**"; the Revolving Notes and the Term Notes, collectively with all notes issued in substitution or exchange therefor and all amendments thereto, are referred to as the "**Notes**"). The Credit Agreement and Notes provide for certain payments as set forth therein and in the Credit Agreement with the balances thereof due and payable at such times and in such amounts specified in the Credit Agreement and in no event later than October 3, 2022 (such final outside maturity date of all Loans pursuant to the Credit Agreement is referred to herein as the "**Maturity Date**"). **EACH NOTE PROVIDES FOR A VARIABLE RATE OF INTEREST WHICH VARIES WITH CHANGES IN THE BASE RATE OR THE LIBOR RATE IN ACCORDANCE WITH THE PROVISIONS OF SUCH NOTE AND THE CREDIT AGREEMENT. Notwithstanding anything set forth in the Credit Agreement or the other Loan Documents, THE MAXIMUM**

PRINCIPAL AMOUNT SECURED BY THIS DEED OF TRUST IS EIGHT HUNDRED SIXTY-SEVEN THOUSAND NINE HUNDRED AND NO/100 DOLLARS (\$867,900.00);

B. As a Borrower, Grantor will directly benefit from Lenders making the Loans to Borrowers and the provision of extensions of credit and other accommodations provided for in the Credit Agreement, and has therefore agreed to execute and deliver this Deed of Trust to Agent upon the terms and conditions set forth herein to secure the prompt payment and performance of all Obligations of Borrowers, subject to the terms and conditions set forth in the Credit Agreement..

AGREEMENT

NOW, THEREFORE, for the premises considered, Grantor covenants and agrees with Beneficiary and Trustee as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 **Definitions**. As used herein, the following terms shall have the following meanings:

“Default Rate” means the rate of interest set forth in Section 1.2(d) of the Credit Agreement.

“Mortgaged Property” means (1) the real property described in Exhibit A attached hereto and made a part hereof (the **“Land”**), (2) all buildings, structures and other improvements, now or at any time situated, placed or constructed upon the Land (the **“Improvements”**), (3) all materials, supplies, appliances, equipment (as such term is defined in the UCC), fixtures, apparatus and other items of personal property now owned or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the **“Fixtures”**), (4) all goods, inventory, accounts, general intangibles, software, investment property, instruments, letters of credit, letter-of-credit rights, deposit accounts, documents, chattel paper and supporting obligations, as each such term is presently or hereafter defined in the UCC, and all other personal property of any kind or character, now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Land and Improvements or which may be used in or relating to the planning, development, financing or operation of the Mortgaged Property, including, without limitation, furniture, furnishings, equipment, machinery, money, insurance proceeds, accounts, contract rights, software, trademarks, goodwill, promissory notes, electronic and tangible chattel paper, payment intangibles, documents, trade names, licenses and/or franchise agreements, rights of Grantor under leases of Fixtures or other personal property or equipment, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Grantor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs, and commercial tort claims arising from the development, construction, use, occupancy, operation, maintenance,

enjoyment, acquisition or ownership of the Mortgaged Property (the “**Personalty**”), (5) all reserves, escrows or impounds required under the Credit Agreement and all deposit accounts (including accounts holding security deposits) maintained by Grantor with respect to the Mortgaged Property, (6) all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (the “**Plans**”), (7) all leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the “**Leases**”), (8) all of the rents, revenues, income, proceeds, profits, security and other types of deposits, lease cancellation payments and other benefits paid or payable by parties to the Leases other than Grantor for using, leasing, licensing, possessing, operating from, residing in, selling, terminating the occupancy of or otherwise enjoying the Mortgaged Property (the “**Rents**”), (9) all other agreements, such as construction contracts, architects’ agreements, engineers’ contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the “**Property Agreements**”), (10) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Grantor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof, (11) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (12) all insurance policies (regardless of whether required by Beneficiary), unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Grantor, (13) all mineral, water, oil and gas rights relating to all or any part of the Mortgaged Property, (14) any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, Fixtures or Personalty and (15) all improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, Grantor or constructed, assembled or placed by Grantor on the Land, and all conversions of the security constituted thereby (the “**After Acquired Property Interests**”). As used in this Deed of Trust, the term “Mortgaged Property” shall mean all or, where the context permits or requires, any portion of the above or any interest therein, wherever located.

“Secured Obligations” means

(i) the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of all the Obligations, including without limitation, all obligations, liabilities and indebtedness (including, without limitation, principal, premium, interest (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of Grantor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding), fees, costs and indemnities) of Grantor to the Lenders, whether now existing or hereafter incurred under, arising out of, or in connection with, each Loan Document, if any, to which Grantor is a party (regardless of whether each such Loan Document is now in existence or hereafter arising) and the due performance and compliance by Grantor with all of the terms, conditions and agreements contained in each such Loan Document;

(ii) any and all sums advanced by the Agent in order to preserve the Mortgaged Property or preserve its lien and security interest in the Mortgaged Property;

(iii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of Grantor referred to in clause (i) above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Mortgaged Property, or of any exercise by the Agent of its rights hereunder, together with reasonable attorneys' fees and court costs;

(iv) all amounts paid by any Indemnitee (as hereinafter defined) as to which such Indemnitee has the right to reimbursement under Section 8.16 of this Deed of Trust; and

(v) all amounts owing to the Agent pursuant to any of the Loan Documents in its capacity as such;

it being acknowledged and agreed that the "Secured Obligations" shall include extensions of credit of the types described above, whether outstanding on the date of this Deed of Trust or extended from time to time after the date of this Deed of Trust.

"UCC" means the Uniform Commercial Code as enacted and in effect in the state where the Land is located (and as it may from time to time be amended); provided that, to the extent that the UCC is used to define any term herein or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, any security interest herein granted is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where the Land is located, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

ARTICLE 2

GRANT

Section 2.1 **Grant.** To secure the full and timely payment and performance of the Secured Obligations, Grantor hereby irrevocably GIVES, GRANTS, WARRANTS, BARGAINS, SELLS, ASSIGNS and CONVEYS to Trustee for the benefit of Beneficiary the Mortgaged Property, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD, IN TRUST, WITH THE POWER OF SALE, and right of entry and possession, under and subject to the terms and conditions hereof, for the benefit and security of Beneficiary, on behalf of itself and the Lenders, and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Trustee for and on behalf of Beneficiary.

WARRANTIES, REPRESENTATIONS AND COVENANTS

Grantor warrants, represents and covenants to Beneficiary as follows:

Section 3.1 **Title to Mortgaged Property and Lien of This Instrument.** Grantor has good and marketable title to the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances, and has rights and the power to transfer each item of the Mortgaged Property. This Deed of Trust creates valid, enforceable first priority liens and security interests against the Mortgaged Property.

Section 3.2 **First Lien Status.** Grantor shall preserve and protect the first lien and security interest status of this Deed of Trust and the other Loan Documents. If any lien or security interest other than the Permitted Encumbrances is asserted against the Mortgaged Property, Grantor shall promptly, and at its expense, (a) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Credit Agreement.

Section 3.3 **Payment and Performance.** Grantor shall pay the Secured Obligations when due under the Loan Documents and shall perform the Secured Obligations in full when they are required to be performed.

Section 3.4 **Replacement of Fixtures and Personalty.** Except as permitted by the Credit Agreement, Grantor shall not, without the prior written consent of Beneficiary, permit any of the Fixtures, Personalty or any equipment necessary for Grantor's operations to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Grantor subject to the liens and security interests of this Deed of Trust and the other Loan Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Beneficiary. Grantor shall not incorporate into the Mortgaged Property any item of personalty, fixtures or other property that is not owned by Grantor free and clear of all liens or security interests except the liens and security interests in favor of Beneficiary created by the Loan Documents.

Section 3.5 **Maintenance of Rights of Way, Easements and Licenses.** Grantor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements, and franchises necessary for the use of the Mortgaged Property and will not, without the prior consent of Beneficiary, consent to any public restriction (including any zoning ordinance) or private restriction as to the use of the Mortgaged Property. Grantor shall comply with all restrictive covenants affecting the Mortgaged Property, and all zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property. Grantor shall not demolish any Improvements or alter them in any manner that substantially decreases the value thereof.

Section 3.6 **Inspection.** Grantor shall permit Trustee, Beneficiary, and their agents, representatives and employees, upon reasonable prior notice to Grantor, to inspect the Mortgaged Property and conduct such environmental and engineering studies as Beneficiary may require, provided that such inspections and studies will be conducted during normal business hours and shall not materially interfere with the use and operation of the Mortgaged Property.

Section 3.7 **Other Covenants.** All of the covenants in the Credit Agreement are incorporated herein by reference and, together with covenants in this Article 3, shall be covenants running with the land.

Section 3.8 **Condemnation Awards and Insurance Proceeds.**

(a) **Condemnation Awards.** All awards and compensation for any condemnation or other taking, or any purchase in lieu thereof shall be subject to the terms and conditions set forth in the Credit Agreement.

(b) **Insurance Proceeds.** All proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property shall be payable to such parties and in such manner as set forth in the Credit Agreement.

Section 3.9 **Insurance.** Grantor shall maintain or cause to be maintained, insurance with respect to the Mortgaged Property in accordance the Credit Agreement, provided, however, that Grantor shall not be required to obtain hazard insurance coverage against risks to improvements in an amount exceeding the replacement value of the improvements. Grantor shall purchase a Federal Emergency Management Agency Standard Flood Hazard Determination Form for the Mortgaged Property, and if any portion of the Improvements is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, then Grantor shall maintain, or cause to be maintained, flood insurance in an amount as required by law and reasonably satisfactory to Beneficiary and in no event less than the maximum limit of coverage available under the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, each as amended from time to time.

Unless Grantor provides Beneficiary with evidence of the insurance coverage required hereunder and under the Credit Agreement, Beneficiary may purchase insurance at Grantor's expense to protect Beneficiary's interests in the collateral. This insurance may, but need not, protect Grantor's interests. The coverage that Beneficiary purchases may not pay any claim that Grantor makes or any claim that is made against Grantor in connection with the collateral. Grantor may later cancel any insurance purchased by Beneficiary, but only after providing Beneficiary with evidence that Grantor has obtained insurance as required hereunder and under the Credit Agreement. If Beneficiary purchases insurance for the collateral, Grantor will be responsible for the costs of that insurance, including interest and any other charges Beneficiary may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the total outstanding balance, obligation or indebtedness secured by this Deed of Trust. The costs of the insurance may be more than the cost of insurance Grantor may be able to obtain on Grantor's own and may not satisfy any need for

property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

Section 3.10 **Transfer or Encumbrance of the Mortgaged Property.** Grantor shall not, except as and to the extent permitted in the Credit Agreement, sell, convey, alienate, mortgage, encumber, pledge, lease or otherwise transfer the Mortgaged Property or any part thereof, or permit the Mortgaged Property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged, leased or otherwise transferred.

Section 3.11 **After Acquired Property Interests.** All After Acquired Property Interests, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further deed of trust, conveyance, assignment or other act by Grantor, shall become subject to the Lien of this Deed of Trust (as provided in the granting clauses hereof) as fully and completely, and with the same effect, as though owned by Grantor on the date hereof and specifically described in the granting clauses hereof. Grantor shall execute and deliver to Beneficiary all such other assurances, deeds of trust, conveyances or assignments thereof as Beneficiary may reasonably require for the purpose of expressly and specifically subjecting such After Acquired Property Interests to the Lien of this Deed of Trust. Grantor hereby irrevocably authorizes and appoints Beneficiary as the agent and attorney-in-fact of Grantor to, following the occurrence and during the continuance of an Event of Default, execute all such documents and instruments on behalf of Grantor, which appointment shall be irrevocable and coupled with an interest.

ARTICLE 4

DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), Beneficiary, as Agent for the benefit of the Lenders, may, at Beneficiary's election and by or through Trustee or otherwise, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Secured Obligations to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

(b) **Entry on Mortgaged Property.** Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto. If Grantor remains in possession of the Mortgaged Property after an Event of Default and without Beneficiary's prior written consent, Beneficiary may invoke any legal remedies to dispossess Grantor.

(c) **Operation of Mortgaged Property.** Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Beneficiary may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Beneficiary deems necessary or desirable), and

apply all Rents and other amounts collected by Trustee or Beneficiary in connection therewith in accordance with the provisions of Section 4.7.

(d) **Foreclosure and Sale.** Foreclose upon the Land, Improvements and Fixtures judicially or non-judicially, and sell or offer for sale the Mortgaged Property, in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of same, to the highest bidder, for cash, at public auction. Such foreclosure, sale and notice thereof shall be made by accomplishing all or any of the aforesaid in such manner as permitted or required by the laws of the state in which the Land is located or by Article 9 of the UCC relating to the sale of collateral after default by a debtor (as such laws now exist or may be hereafter amended or succeeded), or by any other present or subsequent amendments or enactments relating to same. If the Land is situated in more than one county, all required notices shall be given in each such county, and such notices shall designate the county in which the Mortgaged Property will be sold. The affidavit of any person having knowledge of the facts to the effect that notice was properly given shall be prima facie evidence of such fact. At any such sale (a) whether made under the power herein contained, the aforesaid laws of the state in which the Land is located, the UCC, any other requirement of applicable law or governmental regulation or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have been physically present on, or to have constructive possession of, the Mortgaged Property (Grantor hereby covenanting and agreeing to deliver to Trustee any portion of the Mortgaged Property not actually or constructively possessed by Trustee immediately upon demand by Trustee), and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to the purchaser at such sale, (b) each instrument of conveyance executed by Trustee shall contain a warranty of title as allowed by the laws of the state in which the Land is located, binding upon Grantor, (c) each and every recital contained in any instrument of conveyance made by Trustee shall be prima facie evidence of the truth and accuracy of the matters recited therein, including, without limitation, non-payment of the Secured Obligations, advertisement and conduct of such sale in the manner provided therein and otherwise by law, and appointment of any successor Trustee hereunder, (d) any and all prerequisites to the validity thereof shall be conclusively presumed to have been performed, (e) the receipt of Trustee or of such other party or officer making the sale shall be a sufficient discharge to the purchaser or purchasers for his or their purchase money, and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or non-application thereof, (f) to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the Mortgaged Property sold, and such sale shall be a perpetual bar, both at law and in equity, against Grantor and against any and all other persons claiming or to claim the Mortgaged Property sold or any part thereof, by, through or under Grantor, and (g) to the extent and under such circumstances as are permitted by law, Beneficiary and any entity related by ownership or control to Beneficiary may be a purchaser at any such sale.

(e) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Grantor or regard to the adequacy of the Mortgaged Property for the repayment of the Secured Obligations, the appointment of a receiver of the Mortgaged Property, and Grantor irrevocably consents to such

appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) **Other.** Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Loans either before, during or after any proceeding to enforce this Deed of Trust).

Section 4.2 **Separate Sales.** Subject to the provisions of Section 4.1(d), the Mortgaged Property may be sold in one or more parcels and in such manner and order as Trustee, in its sole discretion, may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 **Remedies Cumulative, Concurrent and Nonexclusive.** Beneficiary shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Grantor or others obligated under the Credit Agreement and the other Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Beneficiary, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Trustee or Beneficiary in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 **Release of and Resort to Collateral.** Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Loan Documents or their stature as a first priority lien and security interest in and to the Mortgaged Property. For payment of the Secured Obligations, Beneficiary may resort to any other security in such order and manner as Beneficiary may elect.

Section 4.5 **Waiver of Redemption, Notice and Marshalling of Assets.** To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default or of Beneficiary's or Trustee's election to exercise or the actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 **Discontinuance of Proceedings.** If Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall

thereafter elect to discontinue or abandon it for any reason, Beneficiary shall have the unqualified right to do so and, in such an event, Grantor and Beneficiary shall be restored to their former positions with respect to the Secured Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Beneficiary thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 **Application of Proceeds.** The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Beneficiary (or the receiver, if one is appointed) in accordance with, an in any order of priority set forth in, the Credit Agreement, or as otherwise permitted under the other Loan Documents or applicable law.

Section 4.8 **Occupancy After Foreclosure.** The purchaser at any foreclosure sale pursuant to Section 4.1(d) shall become the legal owner of the Mortgaged Property. All occupants of the Mortgaged Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Mortgaged Property other than the statutory action of forcible detainer in any justice court having jurisdiction over the Mortgaged Property.

Section 4.9 **Additional Advances and Disbursements; Costs of Enforcement.**

(a) Upon the occurrence and during the continuance of an Event of Default, Beneficiary shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Grantor. All sums advanced and expenses incurred at any time by Beneficiary under this Section 4.9, or otherwise under this Deed of Trust or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement, and shall be secured by this Deed of Trust.

(b) Grantor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust and the other Loan Documents, or the enforcement, compromise or settlement of the Secured Obligations or any claim under this Deed of Trust and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise.

Section 4.10 **No Mortgagee in Possession.** Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Beneficiary under the Loan Documents, at law or in equity shall cause Beneficiary or Trustee to be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Beneficiary or Trustee to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5

ASSIGNMENT OF RENTS AND LEASES

Section 5.1 **Assignment.** Grantor hereby absolutely grants and assigns to Beneficiary the Leases and Rents. Nevertheless, subject to the terms of this Section 5.1, Beneficiary grants to Grantor a revocable license to operate and manage the Leases and Rents and to collect the Rents. Upon the occurrence and during the continuance of an Event of Default, without need for notice or demand to Grantor, the license granted to Grantor herein shall automatically be revoked, and Beneficiary shall immediately be entitled to possession of all Leases and Rents, whether or not Beneficiary enters upon or takes control of the Leases and Rents. Additionally, upon the occurrence and during the continuance of an Event of Default, Beneficiary shall be entitled to: (a) notify any person that the Leases have been assigned to Beneficiary and that all Rents are to be paid directly to Beneficiary, whether or not Beneficiary has commenced or completed foreclosure or taken possession of the Mortgaged Property; (b) settle, compromise, release, extend the time of payment of, and make allowances, adjustments and discounts of any Rents or other obligations under the Leases; (c) enforce payment of Rents and other rights under the Leases, prosecute any action or proceeding, and defend against any claim with respect to Rents and Leases; (d) enter upon, take possession of and operate the Mortgaged Property; (e) lease all or any part of the Mortgaged Property; and/or (f) perform any and all obligations of Grantor under the Leases and exercise any and all rights of Grantor therein contained to the full extent of Grantor's rights and obligations thereunder, with or without the bringing of any action or the appointment of a receiver. Grantor hereby irrevocably authorizes and directs each tenant under any Lease to rely upon any written notice of the existence of an Event of Default sent by Beneficiary to any such tenant, and thereafter to pay Rents to Beneficiary, without any obligation or right to inquire as to whether an Event of Default actually exists and even if some notice to the contrary is received from Grantor, who shall have no right or claim against any such tenant for any such Rents so paid to Beneficiary.

Section 5.2 **No Merger of Estates.** So long as any part of the Secured Obligations remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Grantor, Beneficiary, any lessee or any third party by purchase or otherwise.

ARTICLE 6

SECURITY AGREEMENT

Section 6.1 **Security Interest.** This Deed of Trust constitutes a "Security Agreement" on personal property within the meaning of the UCC and other applicable law with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property under the UCC. To this end, Grantor grants to Trustee and Beneficiary, for the benefit of the Agent and the Lenders, a security interest in the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property to secure the payment and performance of the Secured Obligations and agrees that Beneficiary shall have all the rights and remedies of a secured party under the UCC

with respect to such property. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and other Mortgaged Property which is personal property sent to Grantor at least five (5) days prior to any action under the UCC shall constitute reasonable notice to Grantor.

Section 6.2 **Financing Statements**. Grantor hereby irrevocably authorizes Beneficiary at any time and from time to time to file in any filing office in any UCC jurisdiction one or more financing or continuation statements and amendments thereto, relative to all or any part of the Mortgaged Property, without the signature of Grantor where permitted by law. Grantor agrees to furnish Beneficiary, promptly upon request, with any information required by Beneficiary to complete such financing or continuation statements. If Beneficiary has filed any initial financing statements or amendments in any UCC jurisdiction prior to the date hereof, Grantor ratifies and confirms its authorization of all such filings. Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Beneficiary, and agrees that it will not do so without Beneficiary's prior written consent, subject to Grantor's rights under Section 9-509(d)(2) of the UCC. Grantor shall execute and deliver to Beneficiary, in form and substance satisfactory to Beneficiary, such additional financing statements and such further assurances as Beneficiary may, from time to time, reasonably consider necessary to create, perfect and preserve Beneficiary's security interest hereunder and Beneficiary may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest.

Section 6.3 **Fixture Filing**. This Deed of Trust shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Grantor) and Secured Party (Beneficiary) as set forth in the first paragraph of this Deed of Trust. The name of the record owner of the real property on which goods are or are to become fixtures FLEISCHMANN'S VINEGAR COMPANY, INC.. Grantor's Delaware organizational identification number is 3559265.

ARTICLE 7

CONCERNING THE TRUSTEE

Section 7.1 **Certain Rights**. With the approval of Beneficiary, Trustee shall have the right to select, employ and consult with counsel. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. Trustee shall be entitled to reimbursement for actual, reasonable expenses incurred by him in the performance of his duties. Grantor shall, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and indemnify, defend and save Trustee harmless against, all liability and reasonable expenses which may be incurred by him in the performance of his duties, including those arising from the joint, concurrent, or comparative negligence of Trustee; however, Grantor shall not be liable under such indemnification to the extent such liability or expenses result solely from

Trustee's gross negligence or willful misconduct hereunder. Grantor's obligations under this Section 7.1 shall not be reduced or impaired by principles of comparative or contributory negligence.

Section 7.2 **Retention of Money**. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by him hereunder.

Section 7.3 **Successor Trustees**. If Trustee or any successor Trustee shall die, resign or become disqualified from acting in the execution of this trust, or Beneficiary shall desire to appoint a substitute Trustee, Beneficiary shall have full power to appoint one or more substitute Trustees and, if preferred, several substitute Trustees in succession who shall succeed to all the estates, rights, powers and duties of Trustee. Such appointment may be executed by any authorized agent of Beneficiary, and as so executed, such appointment shall be conclusively presumed to be executed with authority, valid and sufficient, without further proof of any action.

Section 7.4 **Perfection of Appointment**. Should any deed, conveyance or instrument of any nature be required from Grantor by any successor Trustee to more fully and certainly vest in and confirm to such successor Trustee such estates, rights, powers and duties, then, upon request by such Trustee, all such deeds, conveyances and instruments shall be made, executed, acknowledged and delivered and shall be caused to be recorded and/or filed by Grantor.

Section 7.5 **Trustee Liability**. In no event or circumstance shall Trustee or any substitute Trustee hereunder be personally liable under or as a result of this Deed of Trust, either as a result of any action by Trustee (or any substitute Trustee) in the exercise of the powers hereby granted or otherwise.

ARTICLE 8

MISCELLANEOUS

Section 8.1 **Notices**. Any notice required or permitted to be given under this Deed of Trust shall be in writing and given in the manner set forth in the Credit Agreement.

Section 8.2 **Covenants Running with the Land**. All Secured Obligations contained in this Deed of Trust are intended by Grantor, Beneficiary and Trustee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Grantor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Mortgaged Property (without in any way implying that Beneficiary has or will consent to any such conveyance or transfer of the Mortgaged Property). All persons or entities who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

Section 8.3 **Attorney-in-Fact**. Grantor hereby irrevocably appoints Beneficiary and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, if Grantor shall fail to do so within ten (10) days after written request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the collateral, and (d) while any Event of Default exists, to perform any obligation of Grantor hereunder; however: (1) Beneficiary shall not under any circumstances be obligated to perform any obligation of Grantor; (2) any sums advanced by Beneficiary in such performance shall be added to and included in the Secured Obligations and shall bear interest at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement; (3) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (4) Beneficiary shall not be liable to Grantor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

Section 8.4 **Successors and Assigns**. This Deed of Trust shall be binding upon and inure to the benefit of Beneficiary and Grantor and their respective successors and assigns. Grantor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

Section 8.5 **No Waiver**. Any failure by Trustee or Beneficiary to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver of same, and Trustee or Beneficiary shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 8.6 **Subrogation**. To the extent proceeds of the Loans have been used to extinguish, extend or renew any indebtedness against the Mortgaged Property, then Beneficiary shall be subrogated to all of the rights, liens and interests existing against the Mortgaged Property and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Beneficiary.

Section 8.7 **Conflicts**. If any conflict or inconsistency exists between this Deed of Trust and the Credit Agreement, the Credit Agreement shall govern. If any conflict or inconsistency exists between this Deed of Trust and any of the Notes, the Notes shall govern.

Section 8.8 **Release**. Upon payment in full and performance of all of the Secured Obligations, and otherwise in accordance with the terms, conditions and provisions set forth in Section 9.20 of the Credit Agreement, Beneficiary shall deliver to Grantor a written release or satisfaction of this Deed of Trust (without recourse and without representation and warranty). Grantor shall pay Beneficiary's reasonable costs incurred in connection with same.

Section 8.9 **Waiver of Stay, Moratorium and Similar Rights.** Grantor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Deed of Trust or the Secured Obligations or any agreement between Grantor and Beneficiary or any rights or remedies of Beneficiary.

Section 8.10 **Obligations of Grantor, Joint and Several.** If more than one person or entity has executed this Deed of Trust as “Grantor,” the obligations of all such persons or entities hereunder shall be joint and several.

Section 8.11 **Governing Law.** THE PROVISIONS OF THIS DEED OF TRUST REGARDING THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS HEREIN GRANTED SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE LAND IS LOCATED. ALL OTHER PROVISIONS OF THIS DEED OF TRUST SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

Section 8.12 **Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 8.13 **Severability.** If any provision of this Deed of Trust shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Deed of Trust.

Section 8.14 **Counterparts.** This Deed of Trust may be executed in counterparts, all of which counterparts together shall constitute one and the same instrument (and original signature pages and notary pages from each counterpart may be assembled into one original document to be recorded).

Section 8.15 **Entire Agreement.** This Deed of Trust and the other Loan Documents embody the entire agreement and understanding between Beneficiary and Grantor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 8.16 **Indemnity and Expenses**

(a) Grantor agrees to indemnify, reimburse and hold the Trustee, Beneficiary, each other Lender and their respective successors, assigns, employees, affiliates and agents (hereinafter in this Section 8.16 referred to individually as “Indemnitee,” and collectively as “Indemnitees”) harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements

(including reasonable attorneys' fees and expenses) (for the purposes of this Section 8.16 the foregoing are collectively called "expenses") of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Deed of Trust or in any other way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms of, or the preservation of any rights under any thereof, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Mortgaged Property (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section 8.16 for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction in a final and non-appealable decision). Grantor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, suit or judgment, Grantor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify Grantor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 8.16(a) hereof, Grantor agrees to pay or reimburse the Beneficiary and the Trustee for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Beneficiary's Liens on, and security interest in, the Mortgaged Property, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Mortgaged Property, premiums for insurance with respect to the Mortgaged Property and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Mortgaged Property and the Beneficiary's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Mortgaged Property.

(c) Without limiting the application of Section 8.16(a) or 8.16(b) hereof, Grantor agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by Grantor in this Deed of Trust or in any writing contemplated by or made or delivered pursuant to or in connection with this Deed of Trust. If and to the extent that the obligations of Grantor under this Section 8.16 are unenforceable for any reason, Grantor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

(d) Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Mortgaged Property. The indemnity obligations of Grantor contained in this Section 8.16 shall continue in full force and effect notwithstanding the full payment of all of the other Secured Obligations.

Section 8.17 **Reduction of Secured Amount.** In the event that the maximum principal amount secured by this Deed of Trust is less than the aggregate Secured Obligations then the amount secured hereby shall be reduced only by the last and final sums that Grantor or any other Credit Party repays with respect to the Secured Obligations and shall not be reduced by any intervening repayments of the Secured Obligations. So long as the balance of the Secured Obligations exceeds the amount secured hereby, any payments of the Secured Obligations shall not be deemed to be applied against, or to reduce, the portion of the Secured Obligations secured by this Deed of Trust.

Section 8.18 **Future Advances.** This Deed of Trust is given to secure the Secured Obligations and shall secure not only presently existing Secured Obligations under the Loan Documents but also any and all other Secured Obligations which may hereafter be owing by Grantor to the Lenders under the Loan Documents, however incurred, whether interest, discount or otherwise, and whether the same shall be deferred, accrued or capitalized, including future advances and re-advances, pursuant to the Credit Agreement or the other Loan Documents, whether such advances are obligatory or to be made at the option of the Lenders, or otherwise, to the same extent as if such future advances were made on the date of the execution of this Deed of Trust. The Lien of this Deed of Trust shall be valid as to all Secured Obligations secured hereby, including future advances, from the time of the original recording of the original Deed of Trust for record in the recorder's office of the county in which the Mortgaged Property is located. To the maximum extent permitted by law, this Deed of Trust is intended to and shall be valid and have priority over all subsequent Liens and encumbrances, including statutory Liens, excepting solely taxes and assessments levied on the real estate, to the extent of the maximum amount secured hereby, and Permitted Encumbrances related thereto. Although this Deed of Trust is given to secure all future advances made by Beneficiary and the other Lenders to or for the benefit of Grantor or the Mortgaged Property, whether obligatory or optional, Grantor and Beneficiary hereby acknowledge and agree that Beneficiary and the other Lenders are obligated by the terms of the Loan Documents to make certain future advances, including advances of a revolving nature, subject to the fulfillment of the relevant conditions set forth in the Loan Documents.

Section 8.19 **WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, GRANTOR AND BENEFICIARY HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS. GRANTOR AND BENEFICIARY ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. GRANTOR AND BENEFICIARY EACH WARRANT AND REPRESENT THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.**

Section 8.20 **Local Law Provisions.** In the event of any conflict between the terms and provisions of any other sections or this Deed of Trust and this Section 8.20, the terms and provisions of this Section 8.20 shall govern and control.

(a) All of the Beneficiary's rights and remedies set forth herein shall be exercised in accordance with the Real Property Article of the Annotated Code of Maryland and Title 14 of the Maryland Rules, as amended and supplemented. A Trustee's deed or assignment shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital will be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value. The receipt of Trustee, after payment to them of such purchase money, shall be full and sufficient discharge of any purchaser(s) of the Mortgaged Property, sold as aforesaid for the purchase money, and no such purchaser(s) or its representatives, grantees, or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money.

(b) (i) Grantor, in accordance with applicable law and rules of court, does hereby assent to the passing and entry of a decree for the sale of the Mortgaged Property or enforcing or otherwise relating to any of the remedies set forth in this Deed of Trust or the other Loan Documents by any court of competent jurisdiction, and (ii) Trustee shall have the power, and is hereby authorized, to sell the Mortgaged Property and, in the event of a default by any purchaser at any such sale, to resell the Mortgaged Property, all at the cost and expense of Grantor.

(c) Any sale of the Mortgaged Property, whether by way of the asset to decree or power of sale, shall be made in accordance with (i) the provisions of Section 7-105, Real Property Article, Annotated Code of Maryland, as amended, (ii) Rule 14-201 et seq. of the Maryland Rules of Procedure, as amended, (iii) and other applicable general or local laws of the State of Maryland or judicial rules of procedure relating to the foreclosure of deeds of trust.

(d) Grantor warrants and represents that each loan evidenced by the Notes is a "commercial loan" as defined in Section 12-103(e) of the Commercial Loan Articles of the Annotated Code of Maryland.

(e) In the event that any provision in this Deed of Trust shall be inconsistent with any applicable provision of the law of the state in which the Land is located governing foreclosure, (herein collectively called the "**Foreclosure Laws**"), the provisions of the Foreclosure Laws shall take precedence over the provisions of this Deed of Trust, but shall not invalidate or render unenforceable any other provision of this Deed of Trust that can be construed in a manner consistent with the Foreclosure Laws. If any provision of this Deed of Trust shall grant to Trustee and/or Beneficiary any rights or remedies upon default of Grantor which are more limited than the rights that would otherwise be vested in Trustee and/or Beneficiary under the Foreclosure Laws in the absence of said provision, Trustee and/or Beneficiary shall be vested with the rights granted in the Foreclosure Laws to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Beneficiary to the extent reimbursable under the Foreclosure Laws, whether incurred before or after any decree or judgment of foreclosure, and whether or not provided for elsewhere in this Deed of Trust, shall be added to the indebtedness secured by this Deed of Trust or by the judgment of foreclosure.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the date first above written.

Grantor:

FLEISCHMANN'S VINEGAR COMPANY,
INC., a Delaware corporation

By: /s/ Jerry Peters

Name: Jerry Peters

Title: Executive Vice President &
Assistant Secretary

ACKNOWLEDGEMENT

STATE OF Nebraska)

)

COUNTY OF Douglas)

I, Sara Beller, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Jerry Peters personally known to me to be the Executive Vice President & Assistant Secretary of Fleischmann's Vinegar Company, Inc., a Delaware corporation, and the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument as Executive Vice President & Assistant Secretary of said corporation, pursuant to authority given by the Board of Directors of said corporation, as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 19th day of December, 2016.

/s/ Sara Beller

Notary Public

My Commission Expires:

May 20, 2019

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

All that lot of ground situate, lying and being in City of Baltimore, State of Maryland, and described as follows, that is to say:

PARCEL 1

BEGINNING for the same in the center of Cold Spring Lane where it is intersected by the center line of the right of way of the Northern Central Railway, and running thence with and binding on the center of Cold Spring Lane, the three following courses and distances, viz: North 83 degrees 53 minutes West 36.64 feet, North 69 degrees 17 minutes West 115.64 feet, North 60 degrees 38 minutes West 95 feet to the waters of Jones Falls; thence binding on the waters of Jones Falls, and following the various meanders thereof, North 21 degrees 46 minutes East 275.7 feet, North 36 degrees 41 minutes East 187.7 feet, North 54 degrees 55 minutes East 53.10 feet, North 45 degrees 24 minutes East 42.11 feet, North 73 degrees 19 minutes East 40 feet to the center line of the aforesaid right of way of the Northern Central Railway, thence southwesterly binding thereon 581 feet to the place of beginning. Containing exclusive of the land, in the bed of the right of way, 1.47 acres of land, more or less.

PARCEL 2:

BEGINNING at a point in the middle line of the old location of Cold Spring Lane at the distance of 120 feet measured North 68 degrees 2 minutes West, along said middle line of old location of Cold Spring Lane, from a point in the line established as the center line of the railroad of The Northern Central Railway Company, said point in center line of railroad being at the distance of 569 feet measured Southwardly along said center line of railroad, from the backwall of said Railway Company's Bridge Number 4.43, which carries said railroad over a stream known as Jones Falls; extending from said beginning point the following two courses at distances by other land of said Railway Company: (1) South 6 degrees 20 minutes 10 seconds East, crossing Cold Spring Lane Viaduct, 340 feet to a point, and (2) South 7 degrees 31 minutes 29 seconds West 257 feet and 21 one-hundredths of a foot to the said stream known as Jones Falls; thence the following five courses and distances along said stream, (1) North 34 degrees 8 minutes West 75 feet to a point, (2) North 17 degrees 32 minutes West 219.58 feet to a point, (3) North 31 degrees 49 minutes West, recrossing said Cold Spring Lane Viaduct 154 feet to a point, (4) North 4 degrees 29 minutes West 115 feet to a point, and (5) North 29 degrees 18 minutes East 171.66 feet to the said middle line of old location of Cold Spring Lane; and thence South 56 degrees 24 minutes East, along said middle line of old location of Cold Spring Lane, 135.83 feet to the place of beginning. Containing 87,369.748 square feet, more or less, or 2.05 acres, more or less.

PARCEL 3

BEGINNING at a point in the northerly line of Cold Spring Lane Viaduct, distant 33 feet westwardly radially from the line established as the center line of railroad of The Northern Central

Railway Company; extending from said beginning point the following four courses and distances: (1) South 89 degrees 33 minutes 20 seconds West along said northerly line of Viaduct, 48.78 feet, more or less, to the easterly line of land of William A. Boykin, Jr. and others, the following two courses and distances being along lines of said last mentioned land, (2) North 6 degrees 20 minutes 10 seconds West 199.44 feet, more or less, to a corner, (3) South 68 degrees 02 minutes East 85.88 feet, more or less, to a corner, and (4) southwardly by remaining land of said Railway Company, parallel with and 33 feet westwardly, radially from said center line of railroad on a curve to the left having a radius of 1,138.83 feet, the chord of which bears South 3 degrees 28 minutes 02 seconds West for a length of 160.12 feet, an arc length of 160.24 feet to the place of beginning. Containing 11,216 square feet, more or less.

PARCEL 4

BEGINNING for the same on the North side of Cold Spring Lane where it is intersected by the North 27 degrees West 4-1/2 perches line of the land described in a deed from Mount Vernon Woodberry Mills Incorporated to The Arundel Corporation, dated June __, 1941, and recorded among the Land Records of Baltimore City in Liber M.L.P. No. 6178, folio 188, said place of beginning being at the end of the first line of the land described in a Deed from A.G. Dulkerian and wife to William A. Boykin, Jr. and wife, dated February 9, 1937, and recorded among the aforesaid Land Records in Liber S.C.L. No. 5688, folio 490, etc.; and running thence with and bounding on the outlines of the land described in the deed above referred to from Mount Vernon Woodberry Mills Incorporated to The Arundel Corporation, as stated in said deed, North 27 degrees West 3 perches to intersect the 8th line of "Come by Chance"; thence binding on said line and reversely along the 47th line of the parcel of land firstly described in a Deed from William J. Hooper, et al. to the Woodberry Manufacturing Company, dated August 23, 1886, and recorded among the Land Records of Baltimore County in Liber J.W.S. No. 153, folio 165, etc., as described in said deed, North 7 degrees West 1-1/4 perches to the West bank of Jones Falls and still binding reversely along the outlines of said parcel of land as described in said Deed, the five following courses and distances: North 44 degrees West 4 1/2 perches, North 53 degrees West 6 perches, North 6-1/2 degrees East 4-3/10 perches, North 13 degrees East 5 perches, and North 18 degrees East 5 perches; thence binding on a line established in a Deed of February 7, 1806 from Isaac Green to Elisha Tyson, and still reversely on the 41st line of the hereinbefore mentioned parcel of land firstly described in said deed to the Woodberry Manufacturing Company, and described in said deed, and crossing Jones Falls, South 52 degrees East 3-9/10 perches to the East bank of said Falls and still reversely along the outlines of said parcel of land, as described in said Deed, the three following courses and distances, South 15-1/4 degrees West 8-1/4 perches, South 20-1/2 degrees East 2-3/10 perches, and South 54 degrees East 3 perches to the hereinbefore mentioned 8th line of "Come by Change"; thence binding thereon and still reversely on the 37th line of said parcel firstly described in said deed to the Woodberry Manufacturing Company as described in said deed, North 7 degrees West 1-1/4 perches; thence still binding reversely on the outlines of said parcel of land as described in said deed and parallel with and one perch from said Falls, the six following courses and distance: South 54 degrees East 5-1/2 perches, South 46 degrees East 3 perches, South 10 degrees East 6 perches, South 33 degrees East 8 perches, South 15 degrees East 9 perches, South 32 degrees East 1 perch, more or

less, to intersect the South 7 degrees 31 minutes 29 seconds West 257.21 foot line of the parcel of land described in a deed from Northern Central Railway Company to William A. Boykin, Jr. and wife, dated February 6, 1932; thence binding on said line Southwesterly 4-1/2 perches, more or less, to the east side of Jones Falls; thence Northwesterly binding thereon, 18 perches to the South side of Cold Spring Lane; and thence Northwesterly 66 feet to the place of beginning.

EXCEPTING from the fourthly described lot all that portion thereof that lies West and North of the East bank of Jones Falls;

SAVING AND EXCEPTING so much of the above described parcels except for the easements described below which was granted and conveyed by Deed from Standard Brands Incorporated to the Mayor and City Council of Baltimore dated December 21, 1960 and recorded among the Land Records of Baltimore City in Liber J.F.C. No. 1001, folio 558.

FURTHER SAVING AND EXCEPTING the two (2) fee simple tracts of land with accompanying easements as described in a Deed from Fleischmann's Yeast, Inc. to the Mayor and City Council of Baltimore dated May 16, 1991 and recorded among the Land Records of Baltimore City, Maryland in Liber SEB 2841, folio 284 and described as follows:

TRACT 1 AS SET FORTH IN DEED RECORDED AT LIBER SEB 2841 FOLIO 284:

BEGINNING for Parcel No. 2 at the point formed by the intersection of the south side of Cold Spring Lane, varying in width and the first line of the second parcel of land described in schedule "A" conveyed by Nabisco, Inc. to Fleischmann's Yeast, Inc. by deed dated June 30, 1986 and recorded among the Land Records of Baltimore City in Liber SEB No. 925, folio 107 and running thence binding on a part of the first line of the second South 12 degrees 23 minutes 16 seconds East 25.2 feet to intersect the south side of Cold Spring Lane, as realigned and widened, varying in width thence binding on the south side of last said Cold Spring Lane by a line curving to the left with a radius of 292.00 feet the distance of 106.37 feet which arc is subtended by a chord bearing North 85 degrees 53 minutes 25.5 seconds West 105.78 feet to the south side of Cold Spring Lane, as realigned and widened from its former width of 85 feet to a width of 96 feet; thence binding on the south side of Cold Spring Lane, South 83 degrees 40 minutes 25 seconds West 144 feet, more or less to intersect the center line of Jones Falls; thence binding along the center line of said Jones Falls in a Northwesterly direction 8 feet, more or less to intersect the south side of Cold Spring Lane, 85 feet wide and thence binding in part on the south side of last said Cold Spring Lane in part on the south side of Cold Spring Lane mentioned firstly herein, and in all, North 83 degrees 39 minutes 50 seconds East 251 feet, more or less, to the place of beginning.

Together with a Temporary Construction Easement as shown on City of Baltimore Plat No. 117- D-60, Sheet No. 4 of 6.

TRACT 2 AS SET FORTH IN DEED RECORDED AT LIBER SEB 2841 FOLIO 284:

BEGINNING for Parcel No. 1 at the point formed by the intersection of the northwest side of Cold Spring Lane, varying in width, and the first line of the second parcel described in Schedule

"A" conveyed by Nabisco, Inc. to Fleischmann's Yeast, Inc. by deed dated June 30, 1986 and recorded among the Land Records of Baltimore City in Liber SEB No. 925 folio 107 and running thence binding on the northwest side of last said Cold Spring Lane, South 70 degrees 25 minutes 49 seconds West 65.14 feet to the north side of Cold Spring Lane 85 feet wide; thence binding on the north side of last said Cold Spring Lane, South 83 degrees 39 minutes 50 seconds West 186.5 feet, more or less to intersect the center line of Jones Falls; thence binding along the center line of said Jones Falls, in a Northerly direction, 5 feet, more or less, to intersect the north side of Cold Spring Lane, as realigned and widened from its former width of 85 feet to a width of 96 feet; thence binding on the north side of last said Cold Spring Lane, North 83 degrees 40 minutes 25 seconds East 155 feet more or less, to the northwest side of Cold Spring Lane, as realigned and widened varying in width; thence binding on the northwest side of Cold Spring Lane the two following courses and distances; namely by a line curving to the left with a radius of 242.00 feet the distance of 108.62 feet which arc is subtended to a chord bearing North 70 degrees 48 minutes 53 seconds East, 107.72 feet and North 72 degrees 24 minutes 45 seconds East 8.56 feet to intersect the Northwest side of Cold Spring Lane mentioned firstly herein, South 44 degrees 30 minutes 11 seconds West 24.91 feet to the place of beginning.

Together with a temporary Construction Easement and a Temporary Access Easement as shown on City of Baltimore Plat No. 117-D-60, Sheet 3 of 6. Being a part of Block 4756, Lot 2 also known as 1915 W. Cold Spring Lane in fee simple as shown on IDBC Plat No. I-83-135.

The temporary easements for construction of approximately 6,840 +/- square feet is more fully described on IDBC Plat No. I-83-130.

The temporary easements for construction of approximately 5,230 +/- square feet is more fully described on IDBC Plat No. I-83-130.

Together with and easement for ingress and egress as set forth in Deed dated December 21, 1960 made by and between Standard Branch Incorporated and Mayor and City Council of Baltimore recorded among the Land Records of Baltimore City in Liber JFC No. 1001, folio 558.

Tax Parcel Numbers:

1. Ward 27 Section 69 Block 4756 Lot 005, being also known as 1916 West Old Cold Spring Lane
2. Ward 27 Section 69 Block 4756 Lot 002, being also known as 1915 West Old Cold Spring Lane.
3. Ward 27 Section 69 Block 4756 Lot 001

ATTORNEY CERTIFICATION

This is to certify that the within instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

/s/ PATRICK J. CLANCY

Printed Name: PATRICK J. CLANCY

Space Above for Recorder's Use Only

DOCUMENT COVER SHEET

TITLE OF DOCUMENT: MISSOURI DEED OF TRUST,
ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE
FILING

DATE OF DOCUMENT: December 19, 2016

**GRANTOR:
MAILING ADDRESS:** Fleischmann's Vinegar Company, Inc.
12604 Hiddencreek Way, Suite A
Cerritos, California 90703
Attention: Chief Financial Officer

**BENEFICIARY/GRANTEE:
MAILING ADDRESS:** Maranon Capital, L.P.
303 West Madison Street, Suite 2500
Chicago, Illinois 60606
Attention: Chief Financial Officer

LEGAL DESCRIPTION: See the **Exhibit A** attached to the document to
which this Cover Page is attached, which
Exhibit A is incorporated herein by this
reference as though fully set forth

AFTER RECORDING, RETURN TO:
Katten Muchin Rosenman LLP
525 W. Monroe
Chicago, Illinois 60661
Attention: Claudia Duncan, Esq.

THIS DEED OF TRUST SECURES FUTURE ADVANCES AND FUTURE OBLIGATIONS AS PERMITTED BY SECTION 443.055 OF THE REVISED MISSOURI STATUTES, AS IT MAY BE AMENDED FROM TIME TO TIME. THIS DEED OF TRUST IS GOVERNED BY SAID SECTION 443.055. THE FACE AMOUNT SECURED BY THIS DEED OF TRUST IS \$145,000,000.00, PLUS INTEREST AND OTHER OBLIGATIONS AS PROVIDED HEREIN AND PERMITTED BY SAID SECTION 443.055.

THIS DOCUMENT ALSO CONSTITUTES A FINANCING STATEMENT FILED AS A FIXTURE FILING IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE

**MISSOURI DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

THIS MISSOURI DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "**Deed of Trust**"), is made and entered into as of December 19, 2016, by FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation ("**Grantor**"), whose address for notice hereunder is 12604 Hiddencreek Way, Suite A, Cerritos, California 90703, Attention: Chief Financial Officer, to Steven M. Leigh (the "**Trustee**"), whose address is c/o Martin Leigh Attorneys PC, 1044 Main St., Ste. 900, Kansas City, MO 64105, for the benefit of MARANON CAPITAL, L.P., a Delaware limited partnership ("**Maranon**"), in its capacity as agent on behalf of the Lenders (as defined below; Maranon acting in such capacity, together with any successors or assigns in such capacity, is referred to herein as "**Beneficiary**" or "**Agent**"), whose address for notices is 303 West Madison Street, Suite 2500, Chicago, Illinois 60606, Attention: Chief Financial Officer.

RECITALS:

A. Subject to the terms and conditions of that certain Credit Agreement dated as of October 3, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), by and among Grantor and certain affiliates of Grantor, as borrowers (collectively, "**Borrowers**"), and Maranon, as agent for certain financial institutions, funds and other investors who are or hereafter become parties to such Credit Agreement from time to time as lenders (such lender parties are, collectively, the "**Lenders**"), Lenders have agreed to make available to Borrowers certain loans, including a revolving credit facility (including a letter of credit sub facility) in a principal amount not to exceed \$15,000,000.00 at any time outstanding (as such amount may be adjusted, if at all, from time to time in accordance

with the Credit Agreement) (collectively, the “**Revolving Loans**”) and a term loan facility in the original principal amount of \$130,000,000.00 (the “**Term Loans**”; the Term Loans and the Revolving Loans are, together, the “**Loans**”). All capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Credit Agreement. The Revolving Loans are evidenced by the Credit Agreement and may be further evidenced by certain Revolving Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the “**Revolving Notes**”), and the Term Loans are evidenced by the Credit Agreement and may be evidenced by certain Term Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the “**Term Notes**”; the Revolving Notes and the Term Notes, collectively with all notes issued in substitution or exchange therefor and all amendments thereto, are referred to as the “**Notes**”). The Credit Agreement and Notes provide for certain payments as set forth therein and in the Credit Agreement with the balances thereof due and payable at such times and in such amounts specified in the Credit Agreement and in no event later than October 3, 2022 (such final outside maturity date of all Loans pursuant to the Credit Agreement is referred to herein as the “**Maturity Date**”).

B. As a Borrower, Grantor will directly benefit from Lenders making the Loans to Borrowers and the provision of extensions of credit and other accommodations provided for in the Credit Agreement, and has therefore agreed to execute and deliver this Deed of Trust to Agent upon the terms and conditions set forth herein to secure the prompt payment and performance of all Obligations of Borrowers, subject to the terms and conditions set forth in the Credit Agreement..

AGREEMENT

NOW, THEREFORE, in consideration of Lenders’ agreement to make the Loans to Borrowers and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor covenants and agrees with Beneficiary and Trustee as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 **Definitions**. As used herein, the following terms shall have the following meanings:

“**Default Rate**” means the rate of interest set forth in Section 1.2(d) of the Credit Agreement.

“**Mortgaged Property**” means (1) the real property described in Exhibit A attached hereto and made a part hereof (the “**Land**”), (2) all buildings, structures and other improvements, now or at any time situated, placed or constructed upon the Land (the “**Improvements**”), (3) all materials, supplies, appliances, equipment (as such term is defined in the UCC), fixtures, apparatus and other items of personal property now owned or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the “**Fixtures**”), (4) all goods, inventory, accounts, general intangibles, software,

investment property, instruments, letters of credit, letter-of-credit rights, deposit accounts, documents, chattel paper and supporting obligations, as each such term is presently or hereafter defined in the UCC, and all other personal property of any kind or character, now or hereafter affixed to, placed upon, used in connection with, arising from or otherwise related to the Land and Improvements or which may be used in or relating to the planning, development, financing or operation of the Mortgaged Property, including, without limitation, furniture, furnishings, equipment, machinery, money, insurance proceeds, accounts, contract rights, software, trademarks, goodwill, promissory notes, electronic and tangible chattel paper, payment intangibles, documents, trade names, licenses and/or franchise agreements, rights of Grantor under leases of Fixtures or other personal property or equipment, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Grantor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs, and commercial tort claims arising from the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the “**Personalty**”), (5) all reserves, escrows or impounds required under the Credit Agreement and all deposit accounts (including accounts holding security deposits) maintained by Grantor with respect to the Mortgaged Property, (6) all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (the “**Plans**”), (7) all leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the “**Leases**”), (8) all of the rents, revenues, income, proceeds, profits, security and other types of deposits, lease cancellation payments and other benefits paid or payable by parties to the Leases other than Grantor for using, leasing, licensing, possessing, operating from, residing in, selling, terminating the occupancy of or otherwise enjoying the Mortgaged Property (the “**Rents**”), (9) all other agreements, such as construction contracts, architects’ agreements, engineers’ contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the “**Property Agreements**”), (10) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Grantor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof, (11) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (12) all insurance policies (regardless of whether required by Beneficiary), unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Grantor, (13) all mineral, water, oil and gas rights relating to all or any part of the Mortgaged Property, (14) any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, Fixtures or Personalty and (15) all improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, Grantor or constructed, assembled or placed by Grantor on the Land, and all conversions of the security constituted thereby (the “**After Acquired Property Interests**”). As used in this Deed of Trust, the term “Mortgaged Property” shall mean

all or, where the context permits or requires, any portion of the above or any interest therein, wherever located.

“Secured Obligations” means

(i) the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of all the Obligations, including without limitation, all obligations, liabilities and indebtedness (including, without limitation, principal, premium, interest (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of Grantor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding), fees, costs and indemnities) of Grantor to the Lenders, whether now existing or hereafter incurred under, arising out of, or in connection with, each Loan Document, if any, to which Grantor is a party (regardless of whether each such Loan Document is now in existence or hereafter arising) and the due performance and compliance by Grantor with all of the terms, conditions and agreements contained in each such Loan Document;

(ii) any and all sums advanced by the Agent in order to preserve the Mortgaged Property or preserve its lien and security interest in the Mortgaged Property;

(iii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of Grantor referred to in clause (i) above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Mortgaged Property, or of any exercise by the Agent of its rights hereunder, together with reasonable attorneys’ fees and court costs;

(iv) all amounts paid by any Indemnitee (as hereinafter defined) as to which such Indemnitee has the right to reimbursement under Section 8.16 of this Deed of Trust; and

(v) all amounts owing to the Agent pursuant to any of the Loan Documents in its capacity as such;

it being acknowledged and agreed that the “Secured Obligations” shall include extensions of credit of the types described above, whether outstanding on the date of this Deed of Trust or extended from time to time after the date of this Deed of Trust.

“UCC” means the Uniform Commercial Code as enacted and in effect in the state where the Land is located (and as it may from time to time be amended); provided that, to the extent that the UCC is used to define any term herein or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, any security interest herein granted is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where the Land is located, the term “UCC” shall mean the Uniform Commercial Code as enacted and in effect in such other

jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

ARTICLE 2

GRANT

Section 2.1 **Grant.** To secure the full and timely payment and performance of the Secured Obligations, Grantor hereby irrevocably GIVES, GRANTS, WARRANTS, BARGAINS, SELLS, ASSIGNS and CONVEYS to Trustee for the benefit of Beneficiary the Mortgaged Property, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD, IN TRUST, FOR THE BENEFIT OF BENEFICIARY, WITH POWER OF SALE, and Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Trustee for and on behalf of Beneficiary.

ARTICLE 3

WARRANTIES, REPRESENTATIONS AND COVENANTS

Grantor warrants, represents and covenants to Beneficiary as follows:

Section 3.1 **Title to Mortgaged Property and Lien of This Instrument.** Grantor has good and marketable title to the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances, and has rights and the power to transfer each item of the Mortgaged Property. This Deed of Trust creates valid, enforceable first priority liens and security interests against the Mortgaged Property.

Section 3.2 **First Lien Status.** Grantor shall preserve and protect the first lien and security interest status of this Deed of Trust and the other Loan Documents. If any lien or security interest other than the Permitted Encumbrances is asserted against the Mortgaged Property, Grantor shall promptly, and at its expense, (a) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Credit Agreement.

Section 3.3 **Payment and Performance.** Grantor shall pay the Secured Obligations when due under the Loan Documents and shall perform the Secured Obligations in full when they are required to be performed.

Section 3.4 **Replacement of Fixtures and Personalty.** Except as permitted by the Credit Agreement, Grantor shall not, without the prior written consent of Beneficiary, permit any of the Fixtures, Personalty or any equipment necessary for Grantor's operations to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Grantor subject to the liens and security interests

of this Deed of Trust and the other Loan Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Beneficiary. Grantor shall not incorporate into the Mortgaged Property any item of personalty, fixtures or other property that is not owned by Grantor free and clear of all liens or security interests except the liens and security interests in favor of Beneficiary created by the Loan Documents.

Section 3.5 **Maintenance of Rights of Way, Easements and Licenses.** Grantor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements, and franchises necessary for the use of the Mortgaged Property and will not, without the prior consent of Beneficiary, consent to any public restriction (including any zoning ordinance) or private restriction as to the use of the Mortgaged Property. Grantor shall comply with all restrictive covenants affecting the Mortgaged Property, and all zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property. Grantor shall not demolish any Improvements or alter them in any manner that substantially decreases the value thereof.

Section 3.6 **Inspection.** Grantor shall permit Trustee, Beneficiary, and their agents, representatives and employees, upon reasonable prior notice to Grantor, to inspect the Mortgaged Property and conduct such environmental and engineering studies as Beneficiary may require, provided that such inspections and studies will be conducted during normal business hours and shall not materially interfere with the use and operation of the Mortgaged Property.

Section 3.7 **Other Covenants.** All of the covenants in the Credit Agreement are incorporated herein by reference and, together with covenants in this Article 3, shall be covenants running with the land.

Section 3.8 **Condemnation Awards and Insurance Proceeds.**

(a) **Condemnation Awards.** All awards and compensation for any condemnation or other taking, or any purchase in lieu thereof shall be subject to the terms and conditions set forth in the Credit Agreement.

(b) **Insurance Proceeds.** All proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property shall be payable to such parties and in such manner as set forth in the Credit Agreement.

Section 3.9 **Insurance.**

(a) Grantor shall maintain or cause to be maintained, insurance with respect to the Mortgaged Property in accordance the Credit Agreement, provided, however, that Grantor shall not be required to obtain hazard insurance coverage against risks to improvements in an amount exceeding the replacement value of the improvements. Grantor shall purchase a Federal Emergency Management Agency Standard Flood Hazard Determination Form for the Mortgaged Property, and if any portion of the Improvements is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, then Grantor shall maintain, or cause to be maintained, flood insurance in an amount as required by law and reasonably satisfactory to Beneficiary and in no event less than the maximum limit of coverage

available under the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, each as amended from time to time.

(b) **NOTICE UNDER MISSOURI COLLATERAL PROTECTION ACT.** The following notice is given by Beneficiary to Grantor pursuant to Missouri Revised Statutes § 427.120; nothing contained in such notice shall be deemed to limit or modify the terms of the Loan Documents:

UNLESS YOU PROVIDE EVIDENCE OF THE INSURANCE COVERAGE REQUIRED BY YOUR AGREEMENT WITH US, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTERESTS IN YOUR COLLATERAL. THIS INSURANCE MAY, BUT NEED NOT, PROTECT YOUR INTERESTS. THE COVERAGE THAT WE PURCHASE MAY NOT PAY ANY CLAIM THAT YOU MAKE OR ANY CLAIM THAT IS MADE AGAINST YOU IN CONNECTION WITH THE COLLATERAL. YOU MAY LATER CANCEL ANY INSURANCE PURCHASED BY US, BUT ONLY AFTER PROVIDING EVIDENCE THAT YOU HAVE OBTAINED INSURANCE AS REQUIRED BY OUR AGREEMENT. IF WE PURCHASE INSURANCE FOR THE COLLATERAL, YOU WILL BE RESPONSIBLE FOR THE COSTS OF THAT INSURANCE, INCLUDING THE INSURANCE PREMIUM, INTEREST AND ANY OTHER CHARGES WE MAY IMPOSE IN CONNECTION WITH THE PLACEMENT OF THE INSURANCE, UNTIL THE EFFECTIVE DATE OF THE CANCELLATION OR EXPIRATION OF THE INSURANCE. THE COSTS OF THE INSURANCE MAY BE ADDED TO YOUR TOTAL OUTSTANDING BALANCE OR OBLIGATION. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF INSURANCE YOU MAY BE ABLE TO OBTAIN ON YOUR OWN.

For the purpose of the foregoing notice and as utilized therein, the word or words: (a) “you “ and “your” means Grantor; (b) “we” and “our” means Beneficiary; (c) “your agreements with us” and “our agreements” means this Deed of Trust and the other Loan Documents; (d) “collateral” means the Mortgaged Property; and (e) “your total outstanding balance or obligation” means the Secured Obligations. Anything in this Deed of Trust to the contrary notwithstanding, if Grantor shall fail to provide Beneficiary with evidence of the insurance coverage required by this Deed of Trust and the other Loan Documents and Beneficiary shall purchase collateral protection insurance (as defined in Missouri Revised Statutes § 427.115(2)), the repayment of the costs of such collateral protection insurance, including interest at the Default Rate and any other costs and charges imposed by Beneficiary in accordance with this Deed of Trust and the other Loan Documents in connection with the placement of insurance coverage shall, as provided in Section 3(1) of Missouri Revised Statutes § 427.125, be paid in full by Grantor to Beneficiary within thirty (30) days after the date Beneficiary notifies Grantor that collateral protection insurance has been purchased by Beneficiary.

Section 3.10 **Transfer or Encumbrance of the Mortgaged Property.** Grantor shall not, except as and to the extent permitted in the Credit Agreement, sell, convey, alienate, mortgage, encumber, pledge, lease or otherwise transfer the Mortgaged Property or any part thereof, or permit the Mortgaged Property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged, leased or otherwise transferred.

Section 3.11 **After Acquired Property Interests.** All After Acquired Property Interests, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further deed of trust, conveyance, assignment or other act by Grantor, shall become subject to the Lien of this Deed of Trust (as provided in the granting clauses hereof) as fully and completely, and with the same effect, as though owned by Grantor on the date hereof and specifically described in the granting clauses hereof. Grantor shall execute and deliver to Beneficiary all such other assurances, deeds of trust, conveyances or assignments thereof as Beneficiary may reasonably require for the purpose of expressly and specifically subjecting such After Acquired Property Interests to the Lien of this Deed of Trust. Grantor hereby irrevocably authorizes and appoints Beneficiary as the agent and attorney-in-fact of Grantor to, following the occurrence and during the continuance of an Event of Default, execute all such documents and instruments on behalf of Grantor, which appointment shall be irrevocable and coupled with an interest.

ARTICLE 4

DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), Beneficiary, as Agent for the benefit of the Lenders, may, at Beneficiary's election and by or through Trustee or otherwise, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Secured Obligations to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

(b) **Entry on Mortgaged Property.** Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto. If Grantor remains in possession of the Mortgaged Property after an Event of Default and without Beneficiary's prior written consent, Beneficiary may invoke any legal remedies to dispossess Grantor.

(c) **Operation of Mortgaged Property.** Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Beneficiary may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Beneficiary deems necessary or desirable), and apply all Rents and other amounts collected by Trustee or Beneficiary in connection therewith in accordance with the provisions of Section 4.7.

(d) **Foreclosure and Sale.** Foreclose upon the Land, Improvements and Fixtures judicially or non-judicially, and sell or offer for sale the Mortgaged Property, in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of same, to the highest bidder, for cash, at public auction. Such foreclosure, sale and notice thereof shall be made by accomplishing all or any of the aforesaid in such manner as

permitted or required by the laws of the state in which the Land is located or by Article 9 of the UCC relating to the sale of collateral after default by a debtor (as such laws now exist or may be hereafter amended or succeeded), or by any other present or subsequent amendments or enactments relating to same. If the Land is situated in more than one county, all required notices shall be given in each such county, and such notices shall designate the county in which the Mortgaged Property will be sold. The affidavit of any person having knowledge of the facts to the effect that notice was properly given shall be prima facie evidence of such fact. At any such sale (a) whether made under the power herein contained, the aforesaid laws of the state in which the Land is located, the UCC, any other requirement of applicable law or governmental regulation or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have been physically present on, or to have constructive possession of, the Mortgaged Property (Grantor hereby covenanting and agreeing to deliver to Trustee any portion of the Mortgaged Property not actually or constructively possessed by Trustee immediately upon demand by Trustee), and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to the purchaser at such sale, (b) each instrument of conveyance executed by Trustee shall contain a warranty of title as allowed by the laws of the state in which the Land is located, binding upon Grantor, (c) each and every recital contained in any instrument of conveyance made by Trustee shall be prima facie evidence of the truth and accuracy of the matters recited therein, including, without limitation, non-payment of the Secured Obligations, advertisement and conduct of such sale in the manner provided therein and otherwise by law, and appointment of any successor Trustee hereunder, (d) any and all prerequisites to the validity thereof shall be conclusively presumed to have been performed, (e) the receipt of Trustee or of such other party or officer making the sale shall be a sufficient discharge to the purchaser or purchasers for his or their purchase money, and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or non-application thereof, (f) to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the Mortgaged Property sold, and such sale shall be a perpetual bar, both at law and in equity, against Grantor and against any and all other persons claiming or to claim the Mortgaged Property sold or any part thereof, by, through or under Grantor, and (g) to the extent and under such circumstances as are permitted by law, Beneficiary and any entity related by ownership or control to Beneficiary may be a purchaser at any such sale.

(e) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Grantor or regard to the adequacy of the Mortgaged Property for the repayment of the Secured Obligations, the appointment of a receiver of the Mortgaged Property, and Grantor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) **Other.** Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific

performance of any covenant contained in the Loan Documents, or a judgment on the Loans either before, during or after any proceeding to enforce this Deed of Trust).

Section 4.2 **Separate Sales**. Subject to the provisions of Section 4.1(d), the Mortgaged Property may be sold in one or more parcels and in such manner and order as Trustee, in its sole discretion, may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 **Remedies Cumulative, Concurrent and Nonexclusive**. Beneficiary shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Grantor or others obligated under the Credit Agreement and the other Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Beneficiary, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Trustee or Beneficiary in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 **Release of and Resort to Collateral**. Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Loan Documents or their stature as a first priority lien and security interest in and to the Mortgaged Property. For payment of the Secured Obligations, Beneficiary may resort to any other security in such order and manner as Beneficiary may elect.

Section 4.5 **Waiver of Redemption, Notice and Marshalling of Assets**. To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default or of Beneficiary's or Trustee's election to exercise or the actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 **Discontinuance of Proceedings**. If Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Beneficiary shall have the unqualified right to do so and, in such an event, Grantor and Beneficiary shall be restored to their former positions with respect to the Secured Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Beneficiary thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 **Application of Proceeds.** Unless otherwise required by applicable law (and Grantor hereby affirmatively and irrevocably waives any contrary provisions of Missouri law), the proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Beneficiary (or the receiver, if one is appointed) in accordance with, an in any order of priority set forth in, the Credit Agreement, or as otherwise permitted under the other Loan Documents or applicable law.

Section 4.8 **Occupancy After Foreclosure.** The purchaser at any foreclosure sale pursuant to Section 4.1(d) shall become the legal owner of the Mortgaged Property. All occupants of the Mortgaged Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Mortgaged Property other than the statutory action of forcible detainer in any justice court having jurisdiction over the Mortgaged Property.

Section 4.9 **Additional Advances and Disbursements; Costs of Enforcement.**

(a) Upon the occurrence and during the continuance of an Event of Default, Beneficiary shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Grantor. All sums advanced and expenses incurred at any time by Beneficiary under this Section 4.9, or otherwise under this Deed of Trust or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement, and shall be secured by this Deed of Trust.

(b) Grantor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust and the other Loan Documents, or the enforcement, compromise or settlement of the Secured Obligations or any claim under this Deed of Trust and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Beneficiary in respect thereof, by litigation or otherwise.

Section 4.10 **No Mortgagee in Possession.** Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Beneficiary under the Loan Documents, at law or in equity shall cause Beneficiary or Trustee to be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Beneficiary or Trustee to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5

ASSIGNMENT OF RENTS AND LEASES

Section 5.1 **Assignment.** Grantor hereby absolutely grants and assigns to Beneficiary the Leases and Rents. Nevertheless, subject to the terms of this Section 5.1, Beneficiary grants to Grantor a revocable license to operate and manage the Leases and Rents and to collect the Rents. Upon the occurrence and during the continuance of an Event of Default, without need for notice or demand to Grantor, the license granted to Grantor herein shall automatically be revoked, and Beneficiary shall immediately be entitled to possession of all Leases and Rents, whether or not Beneficiary enters upon or takes control of the Leases and Rents. Additionally, upon the occurrence and during the continuance of an Event of Default, Beneficiary shall be entitled to: (a) notify any person that the Leases have been assigned to Beneficiary and that all Rents are to be paid directly to Beneficiary, whether or not Beneficiary has commenced or completed foreclosure or taken possession of the Mortgaged Property; (b) settle, compromise, release, extend the time of payment of, and make allowances, adjustments and discounts of any Rents or other obligations under the Leases; (c) enforce payment of Rents and other rights under the Leases, prosecute any action or proceeding, and defend against any claim with respect to Rents and Leases; (d) enter upon, take possession of and operate the Mortgaged Property; (e) lease all or any part of the Mortgaged Property; and/or (f) perform any and all obligations of Grantor under the Leases and exercise any and all rights of Grantor therein contained to the full extent of Grantor's rights and obligations thereunder, with or without the bringing of any action or the appointment of a receiver. Grantor hereby irrevocably authorizes and directs each tenant under any Lease to rely upon any written notice of the existence of an Event of Default sent by Beneficiary to any such tenant, and thereafter to pay Rents to Beneficiary, without any obligation or right to inquire as to whether an Event of Default actually exists and even if some notice to the contrary is received from Grantor, who shall have no right or claim against any such tenant for any such Rents so paid to Beneficiary.

The right of Beneficiary to collect and receive the rents, gross receipts and other payments from the leases or to take possession of the Mortgaged Property or to exercise any of the rights or powers herein granted to Beneficiary shall, to the extent not prohibited by law, also extend to the period from and after the filing of any suit or the taking of other actions to foreclose the lien of this Deed of Trust, including any period allowed by law for the redemption of the Mortgaged Property after any foreclosure sale.

The acceptance by Beneficiary of the assignment contained within this Section 5.1, with all of the rights, powers, privileges and authority so created, shall not, prior to entry upon and taking possession of the Mortgaged Property by Beneficiary, be deemed or construed to constitute Beneficiary a mortgagee in possession nor thereafter or in any event to impose any liability or obligation whatsoever upon Beneficiary to appear in or defend any action or proceeding relating to the leases or agreements assigned hereunder or the Mortgaged Property, or to take any action hereunder, or to expend any money or incur any expenses, or perform or discharge any obligation, duty or liability under the leases and agreements assigned hereunder, or to assume any obligation or responsibility for any security deposits or other deposits delivered to the Grantor by any tenant and not assigned and delivered to Beneficiary or render Beneficiary liable in any way for any

repair, injury or damage to person or property sustained by any person, firm or corporation in or about the Mortgaged Property.

Section 5.2 **No Merger of Estates.** So long as any part of the Secured Obligations remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Grantor, Beneficiary, any lessee or any third party by purchase or otherwise.

ARTICLE 6 **SECURITY AGREEMENT**

Section 6.1 **Security Interest.** This Deed of Trust constitutes a “Security Agreement” on personal property within the meaning of the UCC and other applicable law with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property under the UCC. To this end, Grantor grants to Trustee and Beneficiary, for the benefit of the Agent and the Lenders, a security interest in the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property to secure the payment and performance of the Secured Obligations and agrees that Beneficiary shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and other Mortgaged Property which is personal property sent to Grantor at least five (5) days prior to any action under the UCC shall constitute reasonable notice to Grantor.

Section 6.2 **Financing Statements.** Grantor hereby irrevocably authorizes Beneficiary at any time and from time to file in any filing office in any UCC jurisdiction one or more financing or continuation statements and amendments thereto, relative to all or any part of the Mortgaged Property, without the signature of Grantor where permitted by law. Grantor agrees to furnish Beneficiary, promptly upon request, with any information required by Beneficiary to complete such financing or continuation statements. If Beneficiary has filed any initial financing statements or amendments in any UCC jurisdiction prior to the date hereof, Grantor ratifies and confirms its authorization of all such filings. Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Beneficiary, and agrees that it will not do so without Beneficiary’s prior written consent, subject to Grantor’s rights under Section 9-509(d)(2) of the UCC. Grantor shall execute and deliver to Beneficiary, in form and substance satisfactory to Beneficiary, such additional financing statements and such further assurances as Beneficiary may, from time to time, reasonably consider necessary to create, perfect and preserve Beneficiary’s security interest hereunder and Beneficiary may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest.

Section 6.3 **Fixture Filing.** This Deed of Trust shall also constitute a “fixture filing” for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the

addresses of Debtor (Grantor) and Secured Party (Beneficiary) as set forth in the first paragraph of this Deed of Trust. The name of the record owner of the real property on which goods are or are to become fixtures FLEISCHMANN'S VINEGAR COMPANY, INC.. Grantor's Delaware organizational identification number is 3559265.

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.1 From time to time upon written request of Beneficiary and presentation of this Deed of Trust for endorsement and without affecting the personal liability of any person for payment or performance of the Secured Obligations, Trustee may, without liability therefor and without notice: reconvey all or any part of the Mortgaged Property; consent to the making of any map or plat thereof; join in granting any easement thereon; join in any declaration of covenants and restrictions; or join in any extension agreement or any agreement subordinating the lien or charge hereof. Trustee or Beneficiary may from time to time apply in any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and the enforcement of the rights and remedies available hereunder, and Trustee or Beneficiary may obtain orders or decrees directing or confirming or approving acts in the execution of such trusts and the enforcement of such remedies. Trustee has no obligation to notify any party of any pending sale or any action or proceeding unless held or commenced and maintained by Trustee under this Deed of Trust. Grantor shall pay to Trustee reasonable compensation and reimbursement for services and expenses in the enforcement of the trusts created hereunder, including reasonable attorney's fees. Grantor shall indemnify Trustee, Beneficiary and each Lender against all losses, claims, demands and liabilities which either may incur, suffer or sustain in the execution of the trusts created hereunder or in the performance of any act required or permitted hereunder or by law.

Section 7.2 The Trustee may resign at any time by written instrument to that effect delivered to the Beneficiary. By instrument properly executed, acknowledged and filed for record in the office of the Recorder of Deeds in the County where this Deed of Trust is recorded, the Beneficiary may (for any reason satisfactory to the Beneficiary and whether or not the Trustee has resigned by an instrument placed of record) appoint a successor Trustee, who from and after the filing of such appointment shall become vested with the title to the Mortgaged Property in trust and shall have all of the powers, authority and duties vested in Trustee by this Deed of Trust. In the event any foreclosure advertisement is running or has run at the time of such appointment of a successor trustee, the successor trustee may consummate the advertised sale without the necessity of republishing such advertisement. The making of oath or giving of bond by the Trustee or any successor trustee is expressly waived.

ARTICLE 8
MISCELLANEOUS

Section 8.1 **Notices.** Any notice required or permitted to be given under this Deed of Trust shall be in writing and given in the manner set forth in the Credit Agreement.

Section 8.2 **Covenants Running with the Land**. All Secured Obligations contained in this Deed of Trust are intended by Grantor, Beneficiary and Trustee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Grantor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Mortgaged Property (without in any way implying that Beneficiary has or will consent to any such conveyance or transfer of the Mortgaged Property). All persons or entities who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

Section 8.3 **Attorney-in-Fact**. Grantor hereby irrevocably appoints Beneficiary and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, if Grantor shall fail to do so within ten (10) days after written request by Beneficiary, (b) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the collateral, and (d) while any Event of Default exists, to perform any obligation of Grantor hereunder; however: (1) Beneficiary shall not under any circumstances be obligated to perform any obligation of Grantor; (2) any sums advanced by Beneficiary in such performance shall be added to and included in the Secured Obligations and shall bear interest at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement; (3) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (4) Beneficiary shall not be liable to Grantor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

Section 8.4 **Successors and Assigns**. This Deed of Trust shall be binding upon and inure to the benefit of Beneficiary and Grantor and their respective successors and assigns. Grantor shall not, without the prior written consent of Beneficiary, assign any rights, duties or obligations hereunder.

Section 8.5 **No Waiver**. Any failure by Trustee or Beneficiary to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver of same, and Trustee or Beneficiary shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 8.6 **Subrogation**. To the extent proceeds of the Loans have been used to extinguish, extend or renew any indebtedness against the Mortgaged Property, then Beneficiary shall be subrogated to all of the rights, liens and interests existing against the Mortgaged Property and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Beneficiary.

Section 8.7 **Conflicts**. If any conflict or inconsistency exists between this Deed of Trust and the Credit Agreement, the Credit Agreement shall govern. If any conflict or inconsistency exists between this Deed of Trust and any of the Notes, the Notes shall govern.

Section 8.8 **Release**. Upon payment in full and performance of all of the Secured Obligations, and otherwise in accordance with the terms, conditions and provisions set forth in Section 9.20 of the Credit Agreement, Beneficiary shall deliver to Grantor a written release or satisfaction of this Deed of Trust (without recourse and without representation and warranty). Grantor shall pay Beneficiary's reasonable costs incurred in connection with same.

Section 8.9 **Waiver of Stay, Moratorium and Similar Rights**. Grantor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Deed of Trust or the Secured Obligations or any agreement between Grantor and Beneficiary or any rights or remedies of Beneficiary.

Section 8.10 **Obligations of Grantor, Joint and Several**. If more than one person or entity has executed this Deed of Trust as "Grantor," the obligations of all such persons or entities hereunder shall be joint and several.

Section 8.11 **Governing Law**. THE PROVISIONS OF THIS DEED OF TRUST REGARDING THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS HEREIN GRANTED SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE LAND IS LOCATED. ALL OTHER PROVISIONS OF THIS DEED OF TRUST SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

Section 8.12 **Headings**. The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 8.13 **Severability**. If any provision of this Deed of Trust shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Deed of Trust.

Section 8.14 **Counterparts**. This Deed of Trust may be executed in counterparts, all of which counterparts together shall constitute one and the same instrument (and original signature pages and notary pages from each counterpart may be assembled into one original document to be recorded).

Section 8.15 **Entire Agreement**. This Deed of Trust and the other Loan Documents embody the entire agreement and understanding between Beneficiary and Grantor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence

of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 8.16 **Indemnity and Expenses**

(a) Grantor agrees to indemnify, reimburse and hold the Trustee, Beneficiary, each other Lender and their respective successors, assigns, employees, affiliates and agents (hereinafter in this Section 8.16 referred to individually as “Indemnitee,” and collectively as “Indemnitees”) harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements (including reasonable attorneys’ fees and expenses) (for the purposes of this Section 8.16 the foregoing are collectively called “expenses”) of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Deed of Trust or in any other way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms of, or the preservation of any rights under any thereof, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Mortgaged Property (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section 8.16 for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction in a final and non-appealable decision). Grantor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, suit or judgment, Grantor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify Grantor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 8.16(a) hereof, Grantor agrees to pay or reimburse the Beneficiary and the Trustee for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Beneficiary’s Liens on, and security interest in, the Mortgaged Property, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Mortgaged Property, premiums for insurance with respect to the Mortgaged Property and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Mortgaged Property and the Beneficiary’s interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Mortgaged Property.

(c) Without limiting the application of Section 8.16(a) or 8.16(b) hereof, Grantor agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by Grantor in this Deed of Trust or in any writing contemplated by or made or delivered pursuant to or in connection with this Deed of Trust. If and

to the extent that the obligations of Grantor under this Section 8.16 are unenforceable for any reason, Grantor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

(d) Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Mortgaged Property. The indemnity obligations of Grantor contained in this Section 8.16 shall continue in full force and effect notwithstanding the full payment of all of the other Secured Obligations.

Section 8.17 **Reduction of Secured Amount.** In the event that the maximum principal amount secured by this Deed of Trust is less than the aggregate Secured Obligations then the amount secured hereby shall be reduced only by the last and final sums that Grantor or any other Credit Party repays with respect to the Secured Obligations and shall not be reduced by any intervening repayments of the Secured Obligations. So long as the balance of the Secured Obligations exceeds the amount secured hereby, any payments of the Secured Obligations shall not be deemed to be applied against, or to reduce, the portion of the Secured Obligations secured by this Deed of Trust.

Section 8.18 **Future Advances.** This Deed of Trust is given to secure the Secured Obligations and shall secure not only presently existing Secured Obligations under the Loan Documents but also any and all other Secured Obligations which may hereafter be owing by Grantor to the Lenders under the Loan Documents, however incurred, whether interest, discount or otherwise, and whether the same shall be deferred, accrued or capitalized, including future advances and re-advances, pursuant to the Credit Agreement or the other Loan Documents, whether such advances are obligatory or to be made at the option of the Lenders, or otherwise, to the same extent as if such future advances were made on the date of the execution of this Deed of Trust. The Lien of this Deed of Trust shall be valid as to all Secured Obligations secured hereby, including future advances, from the time of the original recording of the original Deed of Trust for record in the recorder's office of the county in which the Mortgaged Property is located. To the maximum extent permitted by law, this Deed of Trust is intended to and shall be valid and have priority over all subsequent Liens and encumbrances, including statutory Liens, excepting solely taxes and assessments levied on the real estate, to the extent of the maximum amount secured hereby, and Permitted Encumbrances related thereto. Although this Deed of Trust is given to secure all future advances made by Beneficiary and the other Lenders to or for the benefit of Grantor or the Mortgaged Property, whether obligatory or optional, Grantor and Beneficiary hereby acknowledge and agree that Beneficiary and the other Lenders are obligated by the terms of the Loan Documents to make certain future advances, including advances of a revolving nature, subject to the fulfillment of the relevant conditions set forth in the Loan Documents.

Section 8.19 **WAIVER OF JURY TRIAL.** **TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, GRANTOR AND BENEFICIARY HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS. GRANTOR AND BENEFICIARY ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS**

AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. GRANTOR AND BENEFICIARY EACH WARRANT AND REPRESENT THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

Section 8.20 **Local Law Provisions.** In the event of any conflict between the terms and provisions of any other sections or this Deed of Trust and this **Section 8.20**, the terms and provisions of this **Section 8.20** shall govern and control.

(a) **Trustee's Sale.**

(1) Upon the occurrence and during the continuance of an Event of Default under this Deed of Trust, the Credit Agreement, the Notes or any other Loan Document, then the Secured Obligations then remaining unpaid shall, at the option of the Beneficiary, become immediately due and payable regardless of maturity, without notice or demand, and this Deed of Trust shall remain in force, and the Trustee shall, after receiving notice of the election and demand for sale from the Beneficiary, proceed to sell the Mortgaged Property as one parcel in its entirety or any part thereof, either in mass or in parcels, at the absolute discretion of the Trustee, at public venue at the door of the courthouse or other location then customarily employed for that purpose in the county where the Mortgaged Property is located, first making or causing to be made or given notice of the time and place of sale, and a description of the property to be sold, by advertisement published as provided by the laws of the State of Missouri then in effect, and upon sale, the Trustee shall execute and deliver a deed of conveyance of the property sold to the purchaser or purchasers thereof, and any statement or recital of fact in such deed, in relation to the non-payment of the money hereby secured to be paid, existence of the indebtedness so secured, notice of advertisement, sale and receipt of the proceeds of sale, shall be presumptive, evidence of the truth of such statements or recital, and the Trustee shall receive the proceeds of such sale out of which the Trustee shall dispose of the proceeds in accordance with this Deed of Trust. The Trustee may bid and become purchaser at any sale under this Deed of Trust. The power of sale hereunder shall not be exhausted by any one or more such sales (or attempts to sell) as to all or any portion of the Mortgaged Property remaining unsold, but shall continue unimpaired until all of the Mortgaged Property has been sold or the indebtedness of Grantor to the Beneficiary or the Lenders secured hereby shall have been paid in full. The Trustee may sell and convey the Mortgaged Property under the power aforesaid, although the Trustee has been, may now be or may hereafter be attorney or agent of the Beneficiary in respect to the loans and other financial accommodations made by Beneficiary and the Lenders evidenced by the Credit Agreement or this Deed of Trust or in respect to any matter of business whatsoever. The Trustee hereby lets the Mortgaged Property to the Grantor until a sale be had under the foregoing provisions during the continuance of an Event of Default, upon the following terms and conditions, such letting being to-wit: The Grantor and every and all persons claiming or possessing the Mortgaged Property, or any part thereof, by, through or under Grantor shall pay rent therefor during said term at the rate of one cent per month, payable monthly upon demand, and shall surrender immediate peaceable possession of said Property, to the purchaser thereof, under such sale, without notice or demand therefor.

Should possession not be surrendered as provided for herein, the purchaser shall be entitled to institute proceedings for possession as aforesaid.

(2) Trustee may postpone the sale of all or any portion of the Mortgaged Property from time to time in accordance with the laws of the State in which the Land is located.

(3) To the fullest extent allowed by law, Grantor hereby expressly waives any right which it may have to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant to this Deed of Trust.

(b) Mixed Collateral. Upon the occurrence and during the continuance of an Event of Default under this Deed of Trust, Beneficiary, pursuant to the appropriate provisions of the Uniform Commercial Code, shall have an option to proceed with respect to both the real property portion of the Mortgaged Property and any portion of the Mortgaged Property which is personal property (“**Personal Property**”) in accordance with its rights, powers and remedies with respect to such real property, in which event the default provisions of the Uniform Commercial Code shall not apply. Such option shall be revocable by Beneficiary as to all or any portion of the Personal Property at any time prior to the sale of the remainder of the Mortgaged Property. In such event Beneficiary shall designate Trustee to conduct the sale of the Personal Property in combination with the sale of the remainder of the Mortgaged Property. Should Beneficiary elect to sell the Personal Property or any part thereof which is real property or which Beneficiary has elected to treat as real property or which may be sold together with the real property as provided above, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. The parties agree that if Beneficiary shall elect to proceed with respect to any portion of the Personal Property separately from such real property, five (5) business days notice of the sale of the Personal Property shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by Beneficiary shall include, but not be limited to, reasonable attorneys' fees, costs and expenses, and other expenses incurred by Beneficiary.

(c) Rescission of Notice of Sale. Beneficiary may from time to time rescind any notice of default or notice of sale before any Trustee's sale as provided above in accordance with the laws of the of the State in which the Land is located. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations or notices of default to satisfy the obligations of this Deed of Trust, or otherwise affect any provision, covenant or condition of any Loan Document or any of the rights, obligations or remedies of Trustee or Beneficiary hereunder or thereunder.

(d) Provisions Regarding Future Advances. As provided for in this Deed of Trust, this Deed of Trust secures future advances and future obligations within the meaning of §443.055 of the Revised Statutes of Missouri, as amended through the date hereof, and this Deed of Trust shall be governed by said §443.055. The “Face Amount” (as defined in said §443.055) is \$145,000,000.00. The total amount of indebtedness that may be secured by this Deed of Trust may decrease or increase from time to time, but the total principal amount of the obligations secured at any given time by this Deed of Trust shall not exceed the Face Amount as stated above,

except as to advances made pursuant to subsection 3 of §443.055 (dealing with future advances and/or future obligations made or incurred for the reasonable protection of Beneficiary's lien and security interest under this Deed of Trust). Future advances or future obligations described in said subsection 3 of §443.055 are secured by this Deed of Trust, even if such advances or obligations cause the total indebtedness to exceed the Face Amount. Any sum or sums which may be loaned or advanced by Beneficiary to Grantor at any time within 10 years from the date of this Deed of Trust, together with interest thereon at the rate agreed upon at the time of such loan or advance, along with all charges and expenses of collection or other enforcement or rights in connection with the Notes, incurred by Beneficiary, including court costs and reasonable fees and expenses of attorneys or other third parties, shall be secured by this Deed of Trust, shall have the same priority as the original indebtedness secured hereby and shall be subject to all of the terms and provisions of this Deed of Trust; provided, however, that the aggregate amount of principal outstanding at any time shall not exceed the amount stated in this Section plus interest thereon, and those charges and expenses set forth above. Grantor for itself, its successors and assigns, and all successors entitled to the Mortgaged Property hereby expressly waives and relinquishes any right granted under statute, or otherwise, to limit the amount of indebtedness that may be outstanding at any time during the term of the Deed of Trust. Grantor, its respective successors and assigns, and all successors entitled to the Mortgaged Property, further covenant not to file for record any notice limiting the maximum principal amount that may be secured by this Deed of Trust and agree that any such notice, if filed, shall be null and void and of no effect, and further agree that the filing of any such notice shall constitute an Event of Default hereunder.

(e) Loan Proceeds. The proceeds of each Loan secured by this Deed of Trust will be used for purposes specified in §408.035 of the Revised Missouri Statutes and the Secured Obligations secured hereby constitute both a business loan and a real estate loan which comes into the purview of §408.035 of the Revised Missouri Statutes.

(f) Foreclosure Laws. In the event that any provision in this Deed of Trust shall be inconsistent with any applicable provision of the law of the state in which the Land is located governing foreclosure, (herein collectively called the "**Foreclosure Laws**"), the provisions of the Foreclosure Laws shall take precedence over the provisions of this Deed of Trust, but shall not invalidate or render unenforceable any other provision of this Deed of Trust that can be construed in a manner consistent with the Foreclosure Laws. If any provision of this Deed of Trust shall grant to Trustee and/or Beneficiary any rights or remedies upon default of Grantor which are more limited than the rights that would otherwise be vested in Trustee and/or Beneficiary under the Foreclosure Laws in the absence of said provision, Trustee and/or Beneficiary shall be vested with the rights granted in the Foreclosure Laws to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Beneficiary to the extent reimbursable under the Foreclosure Laws, whether incurred before or after any decree or judgment of foreclosure, and whether or not provided for elsewhere in this Deed of Trust, shall be added to the indebtedness secured by this Deed of Trust or by the judgment of foreclosure.

Section 8.21 ORAL AGREEMENTS. The following notice is given to comply with §432.045 and §432.047 of the Revised Missouri Statutes: **ORAL OR UNEXECUTED AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT, ARE NOT ENFORCEABLE, REGARDLESS OF**

THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS IN ANY WAY RELATED TO THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS. TO PROTECT YOU (GRANTOR) AND US (BENEFICIARY) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS, WHICH ARE THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

The recitals to this document are incorporated herein by reference.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the date first above written.

Grantor:

FLEISCHMANN'S VINEGAR COMPANY,
INC., a Delaware corporation

By: /s/ Jerry Peters

Name: Jerry Peters
Title: Executive Vice President &
Assistant Secretary

ACKNOWLEDGEMENT

STATE OF Nebraska)

)

COUNTY OF Douglas)

On this 19th day of December, 2016, before me a Notary Public personally appeared Jerry Peters, to me personally known, who, being by me duly sworn did say that s/he is the Executive Vice President & Assistant Secretary of Fleischmann's Vinegar Company, Inc., a Delaware corporation, and that in behalf of said corporation by authority of its board of directors, and said officer acknowledged said instrument to be the free act and deed of said corporation and that the corporation has no seal.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in Omaha, Nebraska [city/political subdivision and state in which acknowledgment was taken], the day and year last above written.

/s/ Sara Beller
Notary Public

My term expires: May 20, 2019

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

Tract 1: Commencing at the Northeast corner of the Northwest Quarter (NW¼) of the Southwest Quarter (SW¼) of Section Thirteen (13), Township Twenty-Seven (27), Range Twenty-Two (22), Christian County, Missouri; thence West 305 feet; thence South 401.6 feet for a true point of beginning; thence continuing South 125 feet; thence West 110.5 feet; thence South 95.4 feet; thence West 555.5 feet; thence North 622 feet; thence East 136 feet; thence South 277 feet; thence East 420 feet; thence South 124.6 feet; thence East 110 feet to the point of beginning, all in Christian County, Missouri, subject to any part thereof taken, deeded or used for road or highway purposes.

LESS AND EXCEPT: An irregular shaped parcel of land being a part of the that land described in the Christian County, Missouri Recorder's Office, Book 160 at page 604, Tract IV, more particularly described as follows: Commencing at the Northeast Corner of the Northwest Quarter of the Southwest Quarter of Section 13, Township 27 North, Range 22 West; thence North 88 degrees 53 minutes 34 seconds West, 835.00 feet; thence South 1 degrees 39 minutes 46 seconds West, 28.56 feet; to the South right-of-way of State Route 14, for a point of beginning; thence South 1 degrees 39 minutes 46 seconds West, 248.44 feet; thence South 88 degrees 53 minutes 34 seconds East, 263.30 feet; thence South 1 degrees 06 minutes 26 seconds West, 125.00 feet; thence North 88 degrees 53 minutes 34 seconds West, 114.52 feet; thence South 1 degrees 39 minutes 46 seconds West, 220.04 feet; thence North 88 degrees 53 minutes 34 seconds West, 286.00 feet; thence North 1 degrees 39 minutes 46 seconds East, 595.21 feet; to the aforementioned South right-of-way of State Route 14; thence South 88 degrees 09 minutes 54 seconds East, 136.00 feet, to the point of beginning. All lying in the Northwest Quarter of the Southwest Quarter of Section 13, Township 27 North, Range 22 West, City of Nixa, Christian County, Missouri. Less and except any part taken, deeded or used for roads or road right of ways. Bearings based on true North as determined by solar observation. Conditions and monuments are as shown on Anderson Engineering, Inc. drawing number WB 103-314, revised November 14, 1988. Subject to encroachment. Commencing at the Northeast Corner of the Northwest Quarter of the Southwest Quarter of Section 13, Township 27 North, Range 22 West; thence North 88 degrees 53 minutes 34 seconds West, 305.00 feet, thence South 1 degrees 39 minutes 46 seconds West, 257.00 feet, thence South 88 degrees 53 minutes 34 seconds West, 110.00 feet; thence South 1 degrees 39 minutes 46 seconds West, 20 feet for a point of beginning. Thence South 88 degrees 53 minutes 34 seconds West 51.8 feet, thence South 01 feet, thence North 88 degrees 53 minutes 34 seconds East approximately 51.8 feet; thence North 1.40 feet, as depicted on Anderson Engineering, Inc. drawing number WB 103-314 dated May 7, 1987.

Tract 2: Commencing at the Northeast corner of the Northwest Quarter (NW¼) of the Southwest Quarter (SW¼) of Section Thirteen (13), Township Twenty-Seven (27), Range Twenty-Two (22), Christian County, Missouri; thence West 25 feet; thence South 294 feet for a true point of beginning; thence continuing South 50 feet; thence West 100 feet; thence South 149 feet; thence West 150 feet; thence North 199 feet; thence East 250 feet to the point of beginning, all in Christian County, Missouri, subject to any part thereof taken, deeded or used for road or highway purposes.

Tract 3: Commencing at the Northeast corner of the Northwest Quarter (NW $\frac{1}{4}$) of the Southwest Quarter (SW $\frac{1}{4}$) of Section Thirteen (13), Township Twenty-Seven (27), Range Twenty-Two (22), in Christian County, Missouri; thence West 25 feet; thence South 277 feet for a true point of beginning; thence continuing South 9 feet; thence West 100 feet; thence North 9 feet; thence East 100 feet to the point of beginning, same being part of Lot 2011 in the Village of Nixa, Christian County, Missouri, subject to any part thereof taken, deeded or used for road or highway purposes.

Tract 4: All that part of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 13, Township 27, Range 22, described as follows: From the Northeast Corner of said subdivision West 305 feet and South 37 rods 11 $\frac{1}{2}$ feet for a point of beginning; thence West 110 $\frac{1}{2}$ feet, thence North 95.4 feet, thence East 110 $\frac{1}{2}$ feet, thence South 95.4 feet to the point of beginning, in Christian County, Missouri.

Tract 5: All of a part of the Northwest Quarter (NW $\frac{1}{4}$) of the Southwest Quarter (SW $\frac{1}{4}$) of Section 13, Township 27, Range 22 bounded and described as follows: From the Northeast Corner of said subdivision South 493 feet and West 193 feet for a point of beginning; thence West 82 feet, thence South 123 feet, thence East 82 feet, thence North 123 feet to the point of beginning, Christian County, Missouri.

Common Address: 201 Gene Street, also known as 200 Main Street, Nixa, Missouri 65714

Tax ID Number(s): 10-0.6-13-003-004-009.000 and 10-0.6-13-003-004-017.000

DRAFTED BY, RECORDING
REQUESTED BY AND AFTER
RECORDING RETURN TO:

Katten Muchin Rosenman LLP
525 W. Monroe
Chicago, Illinois 60661
Attention: Claudia Duncan, Esq.

**NOTWITHSTANDING ANYTHING CONTAINED IN THIS MORTGAGE TO THE CONTRARY, THE
MAXIMUM AMOUNT OF PRINCIPAL INDEBTEDNESS SECURED BY THIS MORTGAGE AT THE
TIME OF EXECUTION HEREOF OR WHICH UNDER ANY CONTINGENCY MAY BECOME
SECURED BY THIS MORTGAGE IS \$1,478,400.00. MORTGAGE RECORDING TAX: \$18,480.00.**

THIS MORTGAGE SECURES FUTURE ADVANCES

**MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FINANCING
STATEMENT (FIXTURE FILING)**

by
FLEISHMANN'S VINEGAR COMPANY, INC., a Delaware corporation,
as Mortgagor,

to

MARANON CAPITAL, L.P., a Delaware limited partnership,
as Agent for the Lenders described herein,
as the Mortgagee,

Relating to Real Property located at:
4754 Route 414, North Rose, Wayne County, NY

DATED: AS OF DECEMBER 19, 2016

THIS MORTGAGE DOES NOT ENCUMBER REAL PROPERTY PRINCIPALLY IMPROVED OR TO BE IMPROVED BY ONE OR MORE STRUCTURES CONTAINING IN THE AGGREGATE NOT MORE THAN SIX RESIDENTIAL DWELLING UNITS, EACH HAVING ITS OWN SEPARATE COOKING FACILITIES.

THE SECURED PARTY (MORTGAGEE) DESIRES THIS DOCUMENT TO SERVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING UNDER THE NEW YORK UNIFORM COMMERCIAL CODE AND TO BE INDEXED AGAINST THE RECORD OWNER OF THE REAL ESTATE DESCRIBED HEREIN

THIS DOCUMENT BEING THE SAME PREMISES CONVEYED FROM BURNS PHILP FOOD INC. BY MERGER TO FLEISCHMANN'S YEAST INC. BY DEED RECORDED ON NOVEMBER 1, 2002 IN THE OFFICE OF THE CLERK, WAYNE COUNTY AS DOCUMENT NO. R9014949

MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FINANCING STATEMENT (FIXTURE FILING)

THIS MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FINANCING STATEMENT (FIXTURE FILING) (this "**Mortgage**"), is dated as of December 19, 2016, by FLEISCHMANN'S VINEGAR COMPANY, INC., a Delaware corporation ("**Mortgagor**"), whose address for notice hereunder is 12604 Hiddencreek Way, Suite A, Cerritos, California 90703, Attention: Chief Financial Officer, to and for the benefit of MARANON CAPITAL, L.P., a Delaware limited partnership ("**Maranon**"), in its capacity as agent on behalf of the Lenders (as defined below; Maranon acting in such capacity, together with any successors or assigns in such capacity, is referred to herein as "**Mortgagee**" or "**Agent**"), whose address for notices is 303 West Madison Street, Suite 2500, Chicago, Illinois 60606, Attention: Chief Financial Officer.

RECITALS:

A. Subject to the terms and conditions of that certain Credit Agreement dated as of October 3, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), by and among Mortgagor and certain affiliates of Mortgagor, as borrowers (collectively, "**Borrowers**"), and Maranon, as agent for certain financial institutions, funds and other investors who are or hereafter become parties to such Credit Agreement from time to time as lenders (such lender parties are, collectively, the "**Lenders**"), Lenders have agreed to make available to Borrowers certain loans, including a revolving credit facility (including a letter of credit sub facility) in a principal amount not to exceed \$15,000,000.00 at any time outstanding (as such amount may be adjusted, if at all, from time to time in accordance with the Credit Agreement) (collectively, the "**Revolving Loans**") and a term loan facility in the original principal amount of \$130,000,000.00 (the "**Term Loans**"; the Term Loans and the Revolving Loans are, together, the "**Loans**"). All capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Credit Agreement. The Revolving Loans are evidenced by the Credit Agreement and may be further evidenced by certain Revolving

Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the “**Revolving Notes**”), and the Term Loans are evidenced by the Credit Agreement and may be evidenced by certain Term Notes made by Borrowers (which notes, together with all notes issued in substitution or exchange therefor and all amendments thereto, are hereinafter referred to as the “**Term Notes**”; the Revolving Notes and the Term Notes, collectively with all notes issued in substitution or exchange therefor and all amendments thereto, are referred to as the “**Notes**”). The Credit Agreement and Notes provide for certain payments as set forth therein and in the Credit Agreement with the balances thereof due and payable at such times and in such amounts specified in the Credit Agreement and in no event later than October 3, 2022 (such final outside maturity date of all Loans pursuant to the Credit Agreement is referred to herein as the “**Maturity Date**”). **EACH NOTE PROVIDES FOR A VARIABLE RATE OF INTEREST WHICH VARIES WITH CHANGES IN THE BASE RATE OR THE LIBOR RATE IN ACCORDANCE WITH THE PROVISIONS OF SUCH NOTE AND THE CREDIT AGREEMENT;**

B. As a Borrower, Mortgagor will directly benefit from Lenders making the Loans to Borrowers and the provision of extensions of credit and other accommodations provided for in the Credit Agreement, and has therefore agreed to execute and deliver this Mortgage to Agent upon the terms and conditions set forth herein to secure the prompt payment and performance of all Obligations of Borrowers, subject to the terms and conditions set forth in the Credit Agreement..

AGREEMENT

NOW, THEREFORE, for the premises considered, Mortgagor covenants and agrees with Mortgagee as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 **Definitions**. As used herein, the following terms shall have the following meanings:

“**Default Rate**” means the rate of interest set forth in Section 1.2(d) of the Credit Agreement.

“**Mortgaged Property**” means (1) the real property described in Exhibit A attached hereto and made a part hereof (the “**Land**”), (2) all buildings, structures and other improvements, now or at any time situated, placed or constructed upon the Land (the “**Improvements**”), (3) all materials, supplies, appliances, equipment (as such term is defined in the UCC), fixtures, apparatus and other items of personal property now owned or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements (the “**Fixtures**”), (4) all goods, inventory, accounts, general intangibles, software, investment property, instruments, letters of credit, letter-of-credit rights, deposit accounts, documents, chattel paper and supporting obligations, as each such term is presently or hereafter defined in the UCC, and all other personal property of any kind or character, now or hereafter

affixed to, placed upon, used in connection with, arising from or otherwise related to the Land and Improvements or which may be used in or relating to the planning, development, financing or operation of the Mortgaged Property, including, without limitation, furniture, furnishings, equipment, machinery, money, insurance proceeds, accounts, contract rights, software, trademarks, goodwill, promissory notes, electronic and tangible chattel paper, payment intangibles, documents, trade names, licenses and/or franchise agreements, rights of Mortgagor under leases of Fixtures or other personal property or equipment, inventory, all refundable, returnable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Mortgagor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable or reimbursable tap fees, utility deposits, commitment fees and development costs, and commercial tort claims arising from the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the “**Personalty**”), (5) all reserves, escrows or impounds required under the Credit Agreement and all deposit accounts (including accounts holding security deposits) maintained by Mortgagor with respect to the Mortgaged Property, (6) all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (the “**Plans**”), (7) all leases, subleases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the “**Leases**”), (8) all of the rents, revenues, income, proceeds, profits, security and other types of deposits, lease cancellation payments and other benefits paid or payable by parties to the Leases other than Mortgagor for using, leasing, licensing, possessing, operating from, residing in, selling, terminating the occupancy of or otherwise enjoying the Mortgaged Property (the “**Rents**”), (9) all other agreements, such as construction contracts, architects’ agreements, engineers’ contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Mortgaged Property (the “**Property Agreements**”), (10) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title and interest, if any, of Mortgagor in and to any streets, ways, alleys, strips or gores of land adjoining the Land or any part thereof, (11) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (12) all insurance policies (regardless of whether required by Mortgagee), unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Mortgagor, (13) all mineral, water, oil and gas rights relating to all or any part of the Mortgaged Property, (14) any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, Fixtures or Personalty and (15) all improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, Mortgagor or constructed, assembled or placed by Mortgagor on the Land, and all conversions of the security constituted thereby (the “**After Acquired Property Interests**”). As used in this Mortgage, the term “Mortgaged Property” shall mean all or, where the context permits or requires, any portion of the above or any interest therein, wherever located.

“**Secured Obligations**” means

(i) the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of all the Obligations, including without limitation, all obligations, liabilities and indebtedness (including, without limitation, principal, premium, interest (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of Mortgagor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding), fees, costs and indemnities) of Mortgagor to the Lenders, whether now existing or hereafter incurred under, arising out of, or in connection with, each Loan Document, if any, to which Mortgagor is a party (regardless of whether each such Loan Document is now in existence or hereafter arising) and the due performance and compliance by Mortgagor with all of the terms, conditions and agreements contained in each such Loan Document;

(ii) any and all sums advanced by the Agent in order to preserve the Mortgaged Property or preserve its lien and security interest in the Mortgaged Property;

(iii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of Mortgagor referred to in clause (i) above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Mortgaged Property, or of any exercise by the Agent of its rights hereunder, together with reasonable attorneys' fees and court costs;

(iv) all amounts paid by any Indemnitee (as hereinafter defined) as to which such Indemnitee has the right to reimbursement under Section 7.16 of this Mortgage; and

(v) all amounts owing to the Agent pursuant to any of the Loan Documents in its capacity as such;

it being acknowledged and agreed that the "Secured Obligations" shall include extensions of credit of the types described above, whether outstanding on the date of this Mortgage or extended from time to time after the date of this Mortgage.

"UCC" means the Uniform Commercial Code as enacted and in effect in the state where the Land is located (and as it may from time to time be amended); provided that, to the extent that the UCC is used to define any term herein or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, any security interest herein granted is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where the Land is located, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

ARTICLE 2

GRANT

Section 2.1 **Grant.** To secure the full and timely payment and performance of the Secured Obligations, Mortgagor hereby irrevocably MORTGAGES, GIVES, GRANTS, WARRANTS, BARGAINS, SELLS, ALIENS, PLEDGES, ASSIGNS, TRANSFERS, HYPOTHECATES and CONVEYS to Mortgagee the Mortgaged Property, subject, however, to the Permitted Encumbrances, TO HAVE AND TO HOLD, IN TRUST, and Mortgagor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Mortgagee.

ARTICLE 3

WARRANTIES, REPRESENTATIONS AND COVENANTS

Mortgagor warrants, represents and covenants to Mortgagee as follows:

Section 3.1 **Title to Mortgaged Property and Lien of This Instrument.** Mortgagor has good and marketable title to the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances, and has rights and the power to transfer each item of the Mortgaged Property. This Mortgage creates valid, enforceable first priority liens and security interests against the Mortgaged Property.

Section 3.2 **First Lien Status.** Mortgagor shall preserve and protect the first lien and security interest status of this Mortgage and the other Loan Documents. If any lien or security interest other than the Permitted Encumbrances is asserted against the Mortgaged Property, Mortgagor shall promptly, and at its expense, (a) give Mortgagee a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Credit Agreement.

Section 3.3 **Payment and Performance.** Mortgagor shall pay the Secured Obligations when due under the Loan Documents and shall perform the Secured Obligations in full when they are required to be performed.

Section 3.4 **Replacement of Fixtures and Personalty.** Except as permitted by the Credit Agreement, Mortgagor shall not, without the prior written consent of Mortgagee, permit any of the Fixtures, Personalty or any equipment necessary for Mortgagor's operations to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Mortgagor subject to the liens and security interests of this Mortgage and the other Loan Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Mortgagee. Mortgagor shall not incorporate into the Mortgaged Property any item of personalty, fixtures or other property that is not owned by Mortgagor free and clear of all liens or security interests except the liens and security interests in favor of Mortgagee created by the Loan Documents.

Section 3.5 **Maintenance of Rights of Way, Easements and Licenses.** Mortgagor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements, and franchises necessary for the use of the Mortgaged Property and will not, without the prior consent of Mortgagee, consent to any public restriction (including any zoning ordinance) or private restriction as to the use of the Mortgaged Property. Mortgagor shall comply with all restrictive covenants affecting the Mortgaged Property, and all zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property. Mortgagor shall not demolish any Improvements or alter them in any manner that substantially decreases the value thereof.

Section 3.6 **Inspection.** Mortgagor shall permit Mortgagee and its agents, representatives and employees, upon reasonable prior notice to Mortgagor, to inspect the Mortgaged Property and conduct such environmental and engineering studies as Mortgagee may require, provided that such inspections and studies will be conducted during normal business hours and shall not materially interfere with the use and operation of the Mortgaged Property.

Section 3.7 **Other Covenants.** All of the covenants in the Credit Agreement are incorporated herein by reference and, together with covenants in this Article 3, shall be covenants running with the land.

Section 3.8 **Condemnation Awards and Insurance Proceeds.**

(a) **Condemnation Awards.** All awards and compensation for any condemnation or other taking, or any purchase in lieu thereof shall be subject to the terms and conditions set forth in the Credit Agreement.

(b) **Insurance Proceeds.** All proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property shall be payable to such parties and in such manner as set forth in the Credit Agreement.

Section 3.9 **Insurance.** Mortgagor shall maintain or cause to be maintained, insurance with respect to the Mortgaged Property in accordance the Credit Agreement, provided, however, that Mortgagor shall not be required to obtain hazard insurance coverage against risks to improvements in an amount exceeding the replacement value of the improvements. Mortgagor shall purchase a Federal Emergency Management Agency Standard Flood Hazard Determination Form for the Mortgaged Property, and if any portion of the Improvements is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, then Mortgagor shall maintain, or cause to be maintained, flood insurance in an amount as required by law and reasonably satisfactory to Mortgagee and in no event less than the maximum limit of coverage available under the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, each as amended from time to time.

Unless Mortgagor provides Mortgagee with evidence of the insurance coverage required hereunder and under the Credit Agreement, Mortgagee may purchase insurance at Mortgagor's expense to protect Mortgagee's interests in the collateral. This insurance may, but need not, protect Mortgagor's interests. The coverage that Mortgagee purchases may not pay any claim that Mortgagor makes or any claim that is made against

Mortgagor in connection with the collateral. Mortgagor may later cancel any insurance purchased by Mortgagee, but only after providing Mortgagee with evidence that Mortgagor has obtained insurance as required hereunder and under the Credit Agreement. If Mortgagee purchases insurance for the collateral, Mortgagor will be responsible for the costs of that insurance, including interest and any other charges Mortgagee may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the total outstanding balance, obligation or indebtedness secured by this Mortgage. The costs of the insurance may be more than the cost of insurance Mortgagor may be able to obtain on Mortgagor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

Section 3.10 **Transfer or Encumbrance of the Mortgaged Property.** Mortgagor shall not, except as and to the extent permitted in the Credit Agreement, sell, convey, alienate, mortgage, encumber, pledge, lease or otherwise transfer the Mortgaged Property or any part thereof, or permit the Mortgaged Property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged, leased or otherwise transferred.

Section 3.11 **After Acquired Property Interests.** All After Acquired Property Interests, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagor, shall become subject to the Lien of this Mortgage (as provided in the granting clauses hereof) as fully and completely, and with the same effect, as though owned by Mortgagor on the date hereof and specifically described in the granting clauses hereof. Mortgagor shall execute and deliver to Mortgagee all such other assurances, deeds of trust, conveyances or assignments thereof as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting such After Acquired Property Interests to the Lien of this Mortgage. Mortgagor hereby irrevocably authorizes and appoints Mortgagee as the agent and attorney-in-fact of Mortgagor to, following the occurrence and during the continuance of an Event of Default, execute all such documents and instruments on behalf of Mortgagor, which appointment shall be irrevocable and coupled with an interest.

ARTICLE 4

DEFAULT AND FORECLOSURE

Section 4.1 **Remedies.** Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), Mortgagee, as Agent for the benefit of the Lenders, may, at Mortgagee's election and by or through Mortgagee or otherwise, exercise any or all of the following rights, remedies and recourses:

(a) **Acceleration.** Declare the Secured Obligations to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable.

(b) **Entry on Mortgaged Property.** Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto. If Mortgagor remains in possession of the Mortgaged Property after an Event of Default and without Mortgagee's prior written consent, Mortgagee may invoke any legal remedies to dispossess Mortgagor.

(c) **Operation of Mortgaged Property.** Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Mortgagee may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Mortgagee deems necessary or desirable), and apply all Rents and other amounts collected by Mortgagee in connection therewith in accordance with the provisions of Section 4.7.

(d) **Foreclosure and Sale.** Institute proceedings for the complete judicial or, to the extent permitted by applicable law, nonjudicial foreclosure of this Mortgage, in which case the Mortgaged Property may be sold for cash or credit in one or more parcels. With respect to any notices required or permitted under the UCC, Mortgagor agrees that ten (10) days prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings, power of sale or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Mortgagor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity of redemption and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against all other persons claiming or to claim the property sold or any part thereof, by, through or under Mortgagor. Mortgagee or any of the other Lenders may be a purchaser at such sale and if Mortgagee or such Lender is the highest bidder, may credit the portion of the purchase price that would be distributed to Mortgagee or such other Lender against the Secured Obligations in lieu of paying cash.

(e) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Mortgagor or regard to the adequacy of the Mortgaged Property for the repayment of the Secured Obligations, the appointment of a receiver of the Mortgaged Property, and Mortgagor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 4.7.

(f) **Other.** Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or a judgment on the Loans either before, during or after any proceeding to enforce this Mortgage).

Section 4.2 **Separate Sales.** Subject to the provisions of Section 4.1(d), the Mortgaged Property may be sold in one or more parcels and in such manner and order as Mortgagee, in its sole discretion, may elect; the right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 4.3 **Remedies Cumulative, Concurrent and Nonexclusive.** Mortgagee shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Mortgagor or others obligated under the Credit Agreement and the other Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Mortgagee, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Mortgagee in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 4.4 **Release of and Resort to Collateral.** Mortgagee may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Loan Documents or their stature as a first priority lien and security interest in and to the Mortgaged Property. For payment of the Secured Obligations, Mortgagee may resort to any other security in such order and manner as Mortgagee may elect.

Section 4.5 **Waiver of Redemption, Notice and Marshalling of Assets.** To the fullest extent permitted by law, Mortgagor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Mortgagor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default or of Mortgagee's election to exercise or the actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 4.6 **Discontinuance of Proceedings.** If Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Mortgagee shall have the unqualified right to do so and, in such an event, Mortgagor and Mortgagee shall be restored to their former positions with respect to the Secured Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Mortgagee thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 4.7 **Application of Proceeds.** The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Mortgagee (or the receiver, if one is appointed) in accordance with, an in any order of priority set forth in, the Credit Agreement, or as otherwise permitted under the other Loan Documents or applicable law.

Section 4.8 **Occupancy After Foreclosure.** The purchaser at any foreclosure sale pursuant to Section 4.1(d) shall become the legal owner of the Mortgaged Property. All occupants of the Mortgaged Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Mortgaged Property other than the statutory action of forcible detainer in any justice court having jurisdiction over the Mortgaged Property.

Section 4.9 **Additional Advances and Disbursements; Costs of Enforcement.**

(a) Upon the occurrence and during the continuance of an Event of Default, Mortgagee shall have the right, but not the obligation, to cure such Event of Default in the name and on behalf of Mortgagor. All sums advanced and expenses incurred at any time by Mortgagee under this Section 4.9, or otherwise under this Mortgage or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement, and shall be secured by this Mortgage.

(b) Mortgagor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Mortgage and the other Loan Documents, or the enforcement, compromise or settlement of the Secured Obligations or any claim under this Mortgage and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Mortgagee in respect thereof, by litigation or otherwise.

Section 4.10 **No Mortgagee in Possession.** Neither the enforcement of any of the remedies under this Article 4, the assignment of the Rents and Leases under Article 5, the security interests under Article 6, nor any other remedies afforded to Mortgagee under the Loan Documents, at law or in equity shall cause Mortgagee or be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Mortgagee to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 5

ASSIGNMENT OF RENTS AND LEASES

Section 5.1 **Assignment.** Mortgagor hereby absolutely grants and assigns to Mortgagee the Leases and Rents. Nevertheless, subject to the terms of this Section 5.1, Mortgagee grants to Mortgagor a revocable license to operate and manage the Leases and Rents and to collect the Rents. Upon the occurrence and during the continuance of an Event of Default, without need for notice or demand to Mortgagor, the license granted to Mortgagor herein shall automatically be revoked, and Mortgagee shall immediately be entitled to possession of all Leases and Rents, whether or not Mortgagee enters upon or takes control of the Leases and Rents. Additionally, upon the occurrence and during the continuance of an Event of Default, Mortgagee shall be entitled to: (a) notify any person that the Leases have been assigned to Mortgagee and that

all Rents are to be paid directly to Mortgagee, whether or not Mortgagee has commenced or completed foreclosure or taken possession of the Mortgaged Property; (b) settle, compromise, release, extend the time of payment of, and make allowances, adjustments and discounts of any Rents or other obligations under the Leases; (c) enforce payment of Rents and other rights under the Leases, prosecute any action or proceeding, and defend against any claim with respect to Rents and Leases; (d) enter upon, take possession of and operate the Mortgaged Property; (e) lease all or any part of the Mortgaged Property; and/or (f) perform any and all obligations of Mortgagor under the Leases and exercise any and all rights of Mortgagor therein contained to the full extent of Mortgagor's rights and obligations thereunder, with or without the bringing of any action or the appointment of a receiver. Mortgagor hereby irrevocably authorizes and directs each tenant under any Lease to rely upon any written notice of the existence of an Event of Default sent by Mortgagee to any such tenant, and thereafter to pay Rents to Mortgagee, without any obligation or right to inquire as to whether an Event of Default actually exists and even if some notice to the contrary is received from Mortgagor, who shall have no right or claim against any such tenant for any such Rents so paid to Mortgagee.

Section 5.2 **No Merger of Estates.** So long as any part of the Secured Obligations remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Mortgagor, Mortgagee, any lessee or any third party by purchase or otherwise.

ARTICLE 6

SECURITY AGREEMENT

Section 6.1 **Security Interest.** This Mortgage constitutes a "Security Agreement" on personal property within the meaning of the UCC and other applicable law with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property under the UCC. To this end, Mortgagor grants to Mortgagee, for the benefit of the Agent and the Lenders, a security interest in the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and all other Mortgaged Property which is personal property to secure the payment and performance of the Secured Obligations and agrees that Mortgagee shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Personalty, Fixtures, Plans, Leases, Rents, Property Agreements and other Mortgaged Property which is personal property sent to Mortgagor at least five (5) days prior to any action under the UCC shall constitute reasonable notice to Mortgagor.

Section 6.2 **Financing Statements.** Mortgagor hereby irrevocably authorizes Mortgagee at any time and from time to time to file in any filing office in any UCC jurisdiction one or more financing or continuation statements and amendments thereto, relative to all or any part of the Mortgaged Property, without the signature of Mortgagor where permitted by law. Mortgagor agrees to furnish Mortgagee, promptly upon request, with any information required by Mortgagee to complete such financing or continuation statements. If Mortgagee has filed any initial financing statements or amendments in any UCC jurisdiction prior to the date hereof, Mortgagor ratifies and confirms its authorization of all such filings. Mortgagor acknowledges that

it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Mortgagee, and agrees that it will not do so without Mortgagee's prior written consent, subject to Mortgagor's rights under Section 9-509(d)(2) of the UCC. Mortgagor shall execute and deliver to Mortgagee, in form and substance satisfactory to Mortgagee, such additional financing statements and such further assurances as Mortgagee may, from time to time, reasonably consider necessary to create, perfect and preserve Mortgagee's security interest hereunder and Mortgagee may cause such statements and assurances to be recorded and filed, at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest.

Section 6.3 **Fixture Filing**. This Mortgage shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Debtor (Mortgagor) and Secured Party (Mortgagee) as set forth in the first paragraph of this Mortgage. The name of the record owner of the real property on which goods are or are to become fixtures FLEISCHMANN'S VINEGAR COMPANY, INC.. Mortgagor's Delaware organizational identification number is 3559265.

ARTICLE 7

MISCELLANEOUS

Section 7.1 **Notices**. Any notice required or permitted to be given under this Mortgage shall be in writing and given in the manner set forth in the Credit Agreement.

Section 7.2 **Covenants Running with the Land**. All Secured Obligations contained in this Mortgage are intended by Mortgagor and Mortgagee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, "Mortgagor" shall refer to the party named in the first paragraph of this Mortgage and to any subsequent owner of all or any portion of the Mortgaged Property (without in any way implying that Mortgagee has or will consent to any such conveyance or transfer of the Mortgaged Property). All persons or entities who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; however, no such party shall be entitled to any rights thereunder without the prior written consent of Mortgagee.

Section 7.3 **Attorney-in-Fact**. Mortgagor hereby irrevocably appoints Mortgagee and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Mortgagee deems appropriate to protect Mortgagee's interest, if Mortgagor shall fail to do so within ten (10) days after written request by Mortgagee, (b) upon the issuance of a deed pursuant to the foreclosure of this Mortgage or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like

papers necessary to create, perfect or preserve Mortgagee's security interests and rights in or to any of the collateral, and (d) while any Event of Default exists, to perform any obligation of Mortgagor hereunder; however: (1) Mortgagee shall not under any circumstances be obligated to perform any obligation of Mortgagor; (2) any sums advanced by Mortgagee in such performance shall be added to and included in the Secured Obligations and shall bear interest at the Default Rate or other applicable rate of interest pursuant to the Credit Agreement; (3) Mortgagee as such attorney-in-fact shall only be accountable for such funds as are actually received by Mortgagee; and (4) Mortgagee shall not be liable to Mortgagor or any other person or entity for any failure to take any action which it is empowered to take under this Section.

Section 7.4 **Successors and Assigns.** This Mortgage shall be binding upon and inure to the benefit of Mortgagee and Mortgagor and their respective successors and assigns. Mortgagor shall not, without the prior written consent of Mortgagee, assign any rights, duties or obligations hereunder.

Section 7.5 **No Waiver.** Any failure by Mortgagee to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver of same, and Mortgagee shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 7.6 **Subrogation.** To the extent proceeds of the Loans have been used to extinguish, extend or renew any indebtedness against the Mortgaged Property, then Mortgagee shall be subrogated to all of the rights, liens and interests existing against the Mortgaged Property and held by the holder of such indebtedness and such former rights, liens and interests, if any, are not waived, but are continued in full force and effect in favor of Mortgagee.

Section 7.7 **Conflicts.** If any conflict or inconsistency exists between this Mortgage and the Credit Agreement, the Credit Agreement shall govern. If any conflict or inconsistency exists between this Mortgage and any of the Notes, the Notes shall govern.

Section 7.8 **Release.** Upon payment in full and performance of all of the Secured Obligations, and otherwise in accordance with the terms, conditions and provisions set forth in Section 9.20 of the Credit Agreement, Mortgagee shall deliver to Mortgagor a written release or satisfaction of this Mortgage (without recourse and without representation and warranty). Mortgagor shall pay Mortgagee's reasonable costs incurred in connection with same.

Section 7.9 **Waiver of Stay, Moratorium and Similar Rights.** Mortgagor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisal, valuation, stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Mortgage or the Secured Obligations or any agreement between Mortgagor and Mortgagee or any rights or remedies of Mortgagee.

Section 7.10 **Obligations of Mortgagor, Joint and Several.** If more than one person or entity has executed this Mortgage as "Mortgagor," the obligations of all such persons or entities hereunder shall be joint and several.

Section 7.11 **Governing Law.** THE PROVISIONS OF THIS MORTGAGE REGARDING THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS HEREIN GRANTED SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH THE LAND IS LOCATED. ALL OTHER PROVISIONS OF THIS MORTGAGE SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

Section 7.12 **Headings.** The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 7.13 **Severability.** If any provision of this Mortgage shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Mortgage.

Section 7.14 **Counterparts.** This Mortgage may be executed in counterparts, all of which counterparts together shall constitute one and the same instrument (and original signature pages and notary pages from each counterpart may be assembled into one original document to be recorded).

Section 7.15 **Entire Agreement.** This Mortgage and the other Loan Documents embody the entire agreement and understanding between Mortgagee and Mortgagor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 7.16 **Indemnity and Expenses**

(a) Mortgagor agrees to indemnify, reimburse and hold the Mortgagee, each other Lender and their respective successors, assigns, employees, affiliates and agents (hereinafter in this Section 7.16 referred to individually as “Indemnitee,” and collectively as “Indemnitees”) harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements (including reasonable attorneys’ fees and expenses) (for the purposes of this Section 7.16 the foregoing are collectively called “expenses”) of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Mortgage or in any other way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms of, or the preservation of any rights under any thereof, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Mortgaged Property (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict

liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section 7.16 for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction in a final and non-appealable decision). Mortgagor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, suit or judgment, Mortgagor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify Mortgagor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 7.16(a) hereof, Mortgagor agrees to pay or reimburse the Mortgagee for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Mortgagee's Liens on, and security interest in, the Mortgaged Property, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Mortgaged Property, premiums for insurance with respect to the Mortgaged Property and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Mortgaged Property and the Mortgagee's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Mortgaged Property.

(c) Without limiting the application of Section 7.16(a) or 7.16(b) hereof, Mortgagor agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by Mortgagor in this Mortgage or in any writing contemplated by or made or delivered pursuant to or in connection with this Mortgage. If and to the extent that the obligations of Mortgagor under this Section 7.16 are unenforceable for any reason, Mortgagor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

(d) Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Mortgaged Property. The indemnity obligations of Mortgagor contained in this Section 7.16 shall continue in full force and effect notwithstanding the full payment of all of the other Secured Obligations.

Section 7.17 Reduction of Secured Amount. In the event that the maximum principal amount secured by this Mortgage is less than the aggregate Secured Obligations then the amount secured hereby shall be reduced only by the last and final sums that Mortgagor or any other Credit Party repays with respect to the Secured Obligations and shall not be reduced by any intervening repayments of the Secured Obligations. So long as the balance of the Secured Obligations exceeds the amount secured hereby, any payments of the Secured Obligations shall not be deemed to be applied against, or to reduce, the portion of the Secured Obligations secured by this Mortgage.

Section 7.18 Future Advances. This Mortgage is given to secure the Secured Obligations and shall secure not only presently existing Secured Obligations under the

Loan Documents but also any and all other Secured Obligations which may hereafter be owing by Mortgagor to the Lenders under the Loan Documents, however incurred, whether interest, discount or otherwise, and whether the same shall be deferred, accrued or capitalized, including future advances and re-advances, pursuant to the Credit Agreement or the other Loan Documents, whether such advances are obligatory or to be made at the option of the Lenders, or otherwise, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The Lien of this Mortgage shall be valid as to all Secured Obligations secured hereby, including future advances, from the time of the original recording of the Original Mortgage for record in the recorder's office of the county in which the Mortgaged Property is located. To the maximum extent permitted by law, this Mortgage is intended to and shall be valid and have priority over all subsequent Liens and encumbrances, including statutory Liens, excepting solely taxes and assessments levied on the real estate, to the extent of the maximum amount secured hereby, and Permitted Encumbrances related thereto. Although this Mortgage is given to secure all future advances made by Mortgagee and the other Lenders to or for the benefit of Mortgagor or the Mortgaged Property, whether obligatory or optional, Mortgagor and Mortgagee hereby acknowledge and agree that Mortgagee and the other Lenders are obligated by the terms of the Loan Documents to make certain future advances, including advances of a revolving nature, subject to the fulfillment of the relevant conditions set forth in the Loan Documents.

Section 7.19 **WAIVER OF JURY TRIAL.** TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, MORTGAGOR AND MORTGAGEE HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS. MORTGAGOR AND MORTGAGEE ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS MORTGAGE AND THE OTHER LOAN DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. MORTGAGOR AND MORTGAGEE EACH WARRANT AND REPRESENT THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

Section 7.20 **Local Law Provisions.** In the event of any conflict between the terms and provisions of any other sections or this Mortgage and this Section 7.20, the terms and provisions of this Section 7.20 shall govern and control. With respect to the Mortgaged Property which is located in the State of New York, notwithstanding anything contained herein to the contrary:

- (a) Statement in Accordance with Section 274-a of the New York Real Property Law. Mortgagee shall, within fifteen (15) days after written request, provide Mortgagor with the statement required by Section 274-a of the New York Real Property Law (the "NYRPL").
 - (b) Trust Fund for Advances. In compliance with Section 13 of the New York Lien Law, Mortgagor agrees that it will receive the advances, if any, secured by this Mortgage and will hold the right to receive such advances as a trust fund to be applied first to the purposes of paying the cost of the building(s) and other improvements located on the Mortgaged Property,
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and Mortgagor will apply the same first to the payment of the cost of the building(s) and other improvements located on the Mortgaged Property before using any part of the same for any other purpose.

(c) Future Advances. Pursuant to Section 281 of the NYRPL, this Mortgage shall secure the indebtedness created by future advances under the Notes made within twenty years of the date of recording hereof up to the aggregate amount at any time outstanding up to the maximum principal amount of \$1,478,400.00, whether such advances are obligatory or are to be made at the option of the Mortgagee or otherwise, to the same extent and with the same priority of liens as if such future advances had been made at the time this Mortgage was recorded pursuant to Section 281 of the NYRPL, although there may have been no advances made at the time of the execution and acknowledgment hereof, and although there may be no indebtedness outstanding at the time any advance is made, provided, however, that the maximum principal sum secured by this Mortgage at execution or which under any contingency may be secured hereby at any time in the future shall not exceed the principal sum of \$1,478,400.00, and, provided, further, that any payments made from time to time in reduction of the principal amount of the indebtedness evidenced by the Notes shall be applied first in reduction of that portion of such indebtedness in excess of the sum secured hereby, in such order as Mortgagee shall elect, it being the intention of the Mortgagor and the Mortgagee that the payments in reduction of the indebtedness evidenced by the Notes shall not reduce the sums secured hereby until such time as: (i) such indebtedness shall have been reduced to \$1,478,400.00 or less, and (ii) Mortgagee shall have no further obligation to make loans under the Credit Agreement.

(d) New York Real Property Law Article 4-A. If this Mortgage shall be deemed to constitute a "mortgage investment" as defined by Section 125 of the NYRPL, then this Mortgage shall and hereby does (i) confer upon Mortgagee the powers and (ii) impose upon the Mortgagee the duties of trustees set forth in Section 126 of the NYRPL.

(d) Section 291-f of New York Real Property Law. This Mortgage is intended to be, and shall operate as, the agreement described in Section 291-f of the NYRPL and shall be entitled to the benefits afforded thereby. For purposes of Section 291-f of the NYRPL, all existing tenants, if any, and every tenant or subtenant who after the recording of this Mortgage, enters into a Lease upon the Mortgaged Property or who acquires by instrument of assignment or by operation of law a leasehold estate upon the Mortgaged Property is hereby notified that Mortgagor shall not, without obtaining Mortgagee's prior consent in each instance, cancel, abridge or otherwise modify any Leases or accept prepayments for more than thirty (30) days of installments of rent to become due with respect to any Lease thereof having an unexpired term on the date of this Mortgage of five (5) years or more, except as expressly permitted under this Mortgage or the assignment, and that any such cancellation, abridgement, modification or prepayment made by any such tenant or subtenant without either being expressly permitted under this Mortgage or receiving Mortgagee's prior consent shall be voidable by Mortgagee at its option.

(e) Sections 254, 271, 272 and 291-f of New York Real Property Law. All covenants of the Mortgagor herein contained shall be construed as affording to Mortgagee rights additional to and not exclusive of the rights conferred under the provisions of Sections 254, 271, 272 and 291-f of the NYRPL or any other applicable legal requirement.

(f) RPAPL. If an Event of Default shall occur and be continuing, Mortgagor expressly acknowledges and agrees that Mortgagee shall have the right to elect to sell (and, in the case of any default of purchaser, resell) the Mortgaged Property or any part thereof by exercise of the power of foreclosure or of sale granted to Mortgagee by Articles 13 of the New York Real Property Actions and Proceedings Law (the “**RPAPL**”), as amended from time to time or any successor law thereto. In such case, Mortgagee may commence a civil action to foreclose this Mortgage pursuant to Article 13 of the RPAPL, or it may proceed and sell the Mortgaged Property pursuant to the RPAPL to satisfy all amounts secured hereby.

(g) **MAXIMUM SECURED AMOUNT. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, THE MAXIMUM AMOUNT OF PRINCIPAL INDEBTEDNESS SECURED BY THIS MORTGAGE AT THE TIME OF EXECUTION OR WHICH UNDER ANY CONTINGENCY MAY HEREAFTER BECOME SECURED BY THIS MORTGAGE AT ANY TIME IS \$1,478,400.00; PROVIDED, THAT SUCH LIMITATION SHALL NOT LIMIT THE SECURITY OF THIS MORTGAGE WITH RESPECT TO (A) INTEREST ON THE AFORESAID PRINCIPAL INDEBTEDNESS AT THE RATES SET FORTH IN THE NOTE, AND (B) REPAYMENT TO MORTGAGEE AFTER DEFAULT OF SUMS ADVANCED OR PAID FOR REAL ESTATE TAXES, CHARGES AND ASSESSMENTS THAT MAY BE IMPOSED BY LAW UPON THE MORTGAGED PROPERTY, AND (C) REPAYMENT TO MORTGAGEE AFTER DEFAULT OF SUMS ADVANCED OR PAID FOR INSURANCE PREMIUMS WITH RESPECT TO THE MORTGAGED PROPERTY, AND (D) REPAYMENT TO MORTGAGEE AFTER DEFAULT OF ALL REASONABLE LEGAL COSTS OR EXPENSES OF COLLECTION OF THE DEBT SECURED BY THIS MORTGAGE OR OF THE DEFENSE OR PROSECUTION OF THE RIGHTS AND LIEN CREATED BY THIS MORTGAGE, AND (E) REPAYMENT TO MORTGAGEE AFTER DEFAULT OF SUMS ADVANCED OR PAID TO WHICH MORTGAGEE BECOMES SUBROGATED, UPON PAYMENT, UNDER RECOGNIZED PRINCIPLES OF LAW OR EQUITY, OR UNDER EXPRESS STATUTORY AUTHORITY. THE SECURED AMOUNT SHALL BE REDUCED ONLY BY THE LAST AND FINAL SUMS THAT BORROWERS REPAY WITH RESPECT TO THE LOAN AND SHALL NOT BE REDUCED BY ANY INTERVENING REPAYMENTS OF THE LOAN BY BORROWERS. AS OF THE DATE HEREOF, THE TOTAL AMOUNT OF THE LOANS EXCEEDS THE SECURED AMOUNT, SO THAT THE SECURED AMOUNT REPRESENTS ONLY A PORTION OF THE SECURED OBLIGATIONS ACTUALLY OUTSTANDING. SO LONG AS THE AGGREGATE AMOUNT OF THE SECURED OBLIGATIONS EXCEEDS THE SECURED AMOUNT, ANY PAYMENTS OF THE SECURED OBLIGATIONS SHALL NOT BE DEEMED TO BE APPLIED AGAINST, OR TO REDUCE, THE SECURED AMOUNT. SUCH PAYMENTS SHALL INSTEAD BE DEEMED TO REDUCE ONLY SUCH PORTIONS OF THE SECURED OBLIGATIONS AS ARE UNSECURED OR SECURED BY OTHER COLLATERAL.**

(h) Mortgage Tax Statement. This Mortgage does not cover real property principally improved or to be improved by one or more structures containing, in the aggregate, not more than six residential dwelling units, each having its own separate cooking facilities.

(i) **LEGAL EFFECT.** BY EXECUTION OF THIS MORTGAGE, MORTGAGOR EXPRESSLY ACKNOWLEDGES THE RIGHT TO ACCELERATE THE OBLIGATION EVIDENCED BY THE NOTES; ACKNOWLEDGES THAT THE UNDERSIGNED HAS READ THIS MORTGAGE AND THAT ANY AND ALL QUESTIONS REGARDING THE LEGAL EFFECT OF THIS MORTGAGE AND ITS PROVISIONS HAVE BEEN EXPLAINED FULLY TO MORTGAGOR, AND MORTGAGOR HAS CONSULTED WITH ITS COUNSEL PRIOR TO EXECUTING THIS MORTGAGE; AND ACKNOWLEDGES THAT ALL WAIVERS OF THE AFORESAID RIGHTS OF BORROWER HAVE BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY THE UNDERSIGNED, ON BEHALF OF MORTGAGOR, AS PART OF A BARGAINED-FOR LOAN TRANSACTION AND THAT THIS MORTGAGE IS VALID AND ENFORCEABLE BY MORTGAGEE AGAINST MORTGAGOR IN ACCORDANCE WITH ALL THE TERMS AND CONDITIONS HEREOF.

(j) Tax Law. Mortgagor shall pay all taxes imposed pursuant to Article 11 of the Tax Law of the State of New York or any other statute, order or regulation, whether said tax is imposed at the time of recording or subsequent thereto. This obligation shall survive the satisfaction or other termination of this Mortgage.

(k) Foreclosure Laws. In the event that any provision in this Mortgage shall be inconsistent with any applicable provision of the law of the state in which the Land is located governing foreclosure, (herein collectively called the “**Foreclosure Laws**”), the provisions of the Foreclosure Laws shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Foreclosure Laws. If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Foreclosure Laws in the absence of said provision, Mortgagee shall be vested with the rights granted in the Foreclosure Laws to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under the Foreclosure Laws, whether incurred before or after any decree or judgment of foreclosure, and whether or not provided for elsewhere in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the date first above written.

Mortgagor:

FLEISCHMANN'S VINEGAR COMPANY,
INC., a Delaware corporation

By: /s/ Jerry Peters

Name: Jerry Peters

Title: Executive Vice President &
Assistant Secretary

Acknowledgment by a Person Outside New York State (RPL § 309-b)

State of Nebraska)

) :ss.:

County of Douglas)

On the 19th day of December in the year 2016 before me, the undersigned, personally appeared Jerry Peters personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual(s) made such appearance before the undersigned in Omaha, NE (insert the city or other political subdivision and the state or country or other place the acknowledgment was taken).

/s/ Sara Beller

(signature and office of individual taking acknowledgment)

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

Real property in the Town of Rose, County of Wayne, State of New York, described as follows:

ALL THAT TRACT OR PARCEL OF LAND, SITUATE IN THE TOWN OF ROSE, COUNTY OF WAYNE, STATE OF NEW YORK, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE CENTERLINE OF NYS ROUTE 414, SAID POINT OF BEGINNING BEING NORTH 18° 58' 00" WEST, 1242.72 FEET ALONG THE CENTERLINE OF SAID ROAD FROM ITS INTERSECTION WITH THE CENTERLINE OF LYMAN ROAD, SAID POINT OF BEGINNING ALSO MARKING THE SOUTHWEST CORNER OF LAND NOW OR FORMERLY OWNED BY EARL G. AND LAURA R. ROGERS, AS RECORDED IN THE WAYNE COUNTY CLERK'S OFFICE IN LIBER 376 OF DEEDS AT PAGE 171; AND

RUNNING THENCE THE FOLLOWING COURSES AND DISTANCES ALONG LAND NOW OR FORMERLY OWNED BY SAID ROGERS, SOUTH 83° 11' 33" EAST, PASSING THROUGH AN IRON PIN, 27.48 FEET DISTANT AND CONTINUING ON THE SAME COURSE, 1339.49 FEET DISTANT FARTHER, COMPRISING A TOTAL DISTANCE OF 1366.97 FEET TO AN IRON PIPE, NORTH 3° 40' 10" EAST, 648.06 FEET TO AN IRON PIPE AND NORTH 5° 36' 14" EAST, 1008.85 FEET TO AN IRON PIN, MARKING A POINT IN THE SOUTHERLY LINE OF LAND NOW OR FORMERLY OWNED BY MARINE MIDLAND BANK, AS RECORDED IN THE WAYNE COUNTY CLERK'S OFFICE IN LIBER 708 OF DEEDS AT PAGE 750;

THENCE THE FOLLOWING COURSES AND DISTANCES ALONG LAND NOW OR FORMERLY OWNED BY MARINE MIDLAND BANK, SOUTH 83° 04' 06" EAST, 459.36 FEET TO AN IRON PIN AND SOUTH 8° 57' 00" WEST PASSING THROUGH AN IRON PIN, 2757.54 FEET DISTANT AND CONTINUING ON THE SAME COURSE 24.77 FEET DISTANT FARTHER, COMPRISING A TOTAL DISTANCE OF 2782.31 FEET, (ERRONEOUSLY REFERRED TO AS 2762.31 FEET IN DEED RECORDED NOVEMBER 1, 2002 IN INSTRUMENT NO. 9014949) TO A P.K. NAIL IN THE CENTERLINE OF LYMAN ROAD;

THENCE THE FOLLOWING COURSES AND DISTANCES ALONG THE CENTERLINE OF SAID ROAD NORTH 83° 12' 13" WEST, 527.98 FEET TO A P.K. NAIL AND NORTH 82° 33' 13" WEST, 597.34 FEET TO A POINT IN THE CENTERLINE OF NYS ROUTE 414; THENCE NORTH 18° 58' 00" WEST, ALONG THE CENTERLINE OF SAID HIGHWAY, 1242.72 FEET TO THE POINT OF BEGINNING.

For Information: District Section 74115 Block 00 Lot 001780

Common Address: 4754 Route 414, North Rose, New York 14516

Subsidiaries of the Company

<u>Company</u>	<u>State of Organization</u>
Birmingham BioEnergy Partners LLC	Texas
BlendStar LLC	Texas
Fleischmann's Vinegar Company, Inc.	Delaware
Green Plains I LLC	Delaware
Green Plains II LLC	Delaware
Green Plains Asset Management LLC	Delaware
Green Plains Atkinson LLC	Delaware
Green Plains Bluffton LLC fka Indiana Bio-Energy, LLC	Indiana
Green Plains Capital Company LLC	Delaware
Green Plains Cattle Company LLC fka Green Plains VBV LLC	Delaware
Green Plains Central City LLC	Delaware
Green Plains Commodity Management LLC	Delaware
Green Plains Ethanol Storage LLC	Delaware
Green Plains Fairmont LLC	Delaware
Green Plains Grain Company LLC	Delaware
Green Plains Hereford LLC	Texas
Green Plains Holdings LLC	Delaware
Green Plains Holdings II LLC	Delaware
Green Plains Hopewell LLC	Delaware
Green Plains Industrial Cleaning Services LLC	Delaware
Green Plains Logistics LLC	Delaware
Green Plains Madison LLC	Delaware
Green Plains Mount Vernon LLC	Delaware
Green Plains Obion LLC fka Ethanol Grain Processors, LLC	Tennessee
Green Plains Operating Company LLC	Delaware
Green Plains Ord LLC	Delaware
Green Plains Otter Tail LLC	Delaware
Green Plains Partners LP	Delaware
Green Plains Processing LLC	Delaware
Green Plains Shenandoah LLC fka GPRE Shenandoah, LLC	Delaware
Green Plains Superior LLC fka Superior Ethanol, L.L.C.	Iowa
Green Plains Trade Group LLC	Delaware
Green Plains Commodity Management LLC fka Green Plains Trade Group II LLC	Delaware
Green Plains Trucking LLC	Delaware
Green Plains Trucking II LLC	Delaware
Green Plains Wood River LLC	Delaware
Green Plains York LLC	Delaware

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Green Plains Inc.:

We consent to the incorporation by reference in the registration statement (Nos. 333-215281) on Form S-3, and registration statements (Nos. 333-143147, 333-154280, 333-159049, 333-174219 and 333-193827) on Form S-8 of Green Plains Inc. and subsidiaries (the company) of our reports dated February 22, 2017, with respect to the consolidated balance sheets of the company as of December 31, 2016 and 2015, and the related consolidated statements of income, stockholders' equity, cash flows, and comprehensive income for each of the years in the three-year period ended December 31, 2016, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2016, which reports appear in the December 31, 2016 Annual Report on Form 10-K of Green Plains Inc.

Our report dated February 22, 2017, on the effectiveness of internal control over financial reporting as of December 31, 2016 contains an explanatory paragraph that states that the company completed the acquisition of three ethanol plants from Abengoa S.A. on September 23, 2016 and the acquisition of SCI, the holding company of Fleischmann's Vinegar Company Inc., on October 3, 2016 (collectively, the acquired businesses), and management excluded from its assessment of the effectiveness of the company's internal control over financial reporting as of December 31, 2016, the internal control over financial reporting associated with the acquired assets which represent approximately 22% of the company's consolidated total assets and approximately 4% of the company's consolidated total revenues as of and for the year ended December 31, 2016. Our audit of internal control over financial reporting of the company also excluded an evaluation of the internal control over financial reporting of the acquired businesses.

/s/ KPMG LLP

Omaha, Nebraska
February 22, 2017

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND SECTION 302 OF THE SARBANES OXLEY ACT OF 2002**

I, Todd A. Becker, certify that:

1. I have reviewed this Annual Report on Form 10-K of Green Plains Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2017

/s/ Todd A. Becker
Todd A. Becker
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND SECTION 302 OF THE SARBANES OXLEY ACT OF 2002**

I, Jerry L. Peters, certify that:

1. I have reviewed this Annual Report on Form 10-K of Green Plains Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2017

/s/ Jerry L. Peters

Jerry L. Peters
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Green Plains Inc. (the “company”) on Form 10-K for the fiscal year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Todd A. Becker, President and Chief Executive Officer of the company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- 1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: February 22, 2017

/s/ Todd A. Becker

Todd A. Becker
President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Green Plains Inc. (the “company”) on Form 10-K for the fiscal year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jerry L. Peters, Chief Financial Officer of the company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- 1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: February 22, 2017

/s/ Jerry L. Peters

Jerry L. Peters
Chief Financial Officer
