RECORDATION NO. 18835-A
FILED 1425
JUN 7 1994 -9 25 AM
INTERSTATE COMMERCE COMMISSION

STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY that the attached Railcar Lease Agreement (3rd Additional Train) is a true and complete copy of said Railcar Lease Agreement (3rd Additional Train).

WITNESS my hand and seal this 6th day of June, 1994.

Deborah J. Hooper
Notary Public

DEBORAH I HOOPER NOTARY PUBLIC ANNE ARUNDEL CO., MD.

My Commission Expires:
7-27-94

ORIGINAL A

RAILCAR LEASE AGREEMENT
(3RD ADDITIONAL TRAIN)

RECORDATION NO. 18836 FILED 1425

JUN 7 1994 -9 25 AM

INTERSTATE COMMERCE COMMISSION

THIS RAILCAR LEASE AGREEMENT ("Lease") is made as of October 22, 1993 between **SOUTHERN ILLINOIS RAILCAR COMPANY**, an Illinois corporation ("Lessor") (as owner or agent for the owner of the Cars [defined below]) and **PRESTAGE FARMS INC.**, a North Carolina corporation, and **CARROLL'S FOODS INC.**, a North Carolina corporation, (collectively "Lessee").

WHEREAS, Lessor is the owner of, or agent for the owner of the railcars more particularly described on the attached Schedule A (the "Cars" or singularly, a "Car"); and

WHEREAS, Lessor desires to lease the Cars to Lessee upon the terms of this Lease and Lessee desires to lease and accept the Cars from Lessor upon the terms of this Lease.

NOW, THEREFORE, in consideration of the covenants, promises and undertakings of the parties hereto, as hereinafter set forth, the parties hereby agree as follows:

1. Lease of Cars.

(a) Grant of Lease. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the Cars. The Cars provided hereunder shall include sixty-six (66) 4600 - 4750 cubic foot capacity covered hopper cars.

(b) Schedules. The terms of any schedule attached hereto which shall have been signed by Lessor and Lessee (a "Schedule" or "Schedules") shall control as to the Cars covered by such Schedule over any inconsistent terms contained in this Lease. The corporations collectively referred to as Lessee hereby designate Prestage Farms Inc. their agent for purposes of all communications with Lessor and for purposes of signing any amendments to this Lease or any Schedules and Lessor may rely on any such amendment or Schedule executed by Lessee as being authorized by and binding upon all entities referred to as Lessee.

2. Term.

(a) Commencement, Renewal and Expiration. The term of this Lease with respect to any Car, and lessee's obligation to pay rent for such Car, shall commence on the Delivery Date (as defined below). The Lease term with respect to all Cars shall expire on The last day of the term is herein referred to as the "Expiration Date".

(b) Delivery. Each Car shall be deemed delivered to Lessee on the date (the "Delivery Date") it arrives at the

delivery point designated by Lessee to Lessor in writing. Lessor shall use its best efforts to deliver the Cars during the month of December 1994. From December 1993 through November 1994, (the "Interim Term"), Lessor shall furnish Lessee with a like number of Railcars (the "Interim Equipment"), which shall be replaced by the Cars to be furnished per Schedule A. Lessor's obligation to furnish the Cars shall be subject to natural disasters or other Acts of God or damage to the Cars not caused by Lessor.

(c) Acceptance. Each Car shall be deemed accepted if delivered to Lessee in a condition which meets the Standards of the AAR Interchange Rules. If any Car is not deemed by Lessee to be in AAR Interchange condition, Lessee shall notify Lessor in writing, within thirty (30) days after the Delivery Date, specifying the nature of the defect to the Car and Lessor at its option, may either, (i) repair such Car, (ii) substitute a piece of equipment that is substantially similar to the defective Car and which meets the Standards of the AAR Interchange Rules and other applicable rules and regulations of the AAR and the FRA (defined below). Cars so inspected and accepted and any Cars which Lessee does not elect to inspect upon delivery to Lessee shall be conclusively deemed to be accepted and meet all requirements of Lessee. The specifications and marks for the Cars shall be set out on the Schedule "A" hereto describing such Cars.

3. Charges and AAR Agreements.

(a) Charges. Lessor shall pay all expenses and charges for the movement of each Car to the delivery point. From and after the acceptance of the Cars, Lessee shall pay, and shall defend and indemnify Lessor against, all switching, transportation, freight (including freight charges to and from a repair facility), demurrage and other charges assessed by any railroad or other entity for which charges Lessee is responsible under this Lease with respect to such Car. Lessee shall pay the Lessor any tariff or contract charges applicable to the movement of each Car to a delivery point on CSX, designated by Lessor upon the expiration or termination of this entire Lease, which delivery point shall not be more than two hundred (200) miles in any direction from Turkey, North Carolina. Lessor shall provide Lessee with notice in writing, not less than sixty (60) days prior to the termination of this Lease with respect to any of the Cars, of the delivery point designated by Lessor. Lessee will not be responsible for any demurrage, storage or other costs resulting from the inability of the Cars to be placed or accepted at the designated delivery point.

(b) AAR Agreements. Lessee agrees to abide by the Association of American Railroads ("AAR") Car Service and Car Hire Agreements with respect to the Cars.

4. **Rent.**

(a) Rent Payments. Lessee shall pay to Lessor as monthly rent for each Car throughout the term of this Lease and any renewal term, the sum of
Such rent shall become due for each Car upon the applicable Delivery Date unless such Car is reasonably rejected by Lessee, in accordance with Section 2(c), and shall continue throughout the term, subject to Subsection 12(c), until such Car is redelivered to Lessor in accordance with the terms of this Lease. Lessee shall pay rent monthly in advance on the first day of each month without any deduction or offset whatsoever. Rent for any partial months shall be prorated based upon the actual number of days elapsed and the actual number of days in the month.

(b) Allowances. Subject to applicable laws and regulations, and unless an event of default hereunder by Lessee shall have occurred and be continuing, Lessee shall be entitled to a refund in an amount equal to all allowances received by Lessor from railroads for the use of the Cars. Such refund may exceed the sum of Lessee's aggregate rent payment obligations to the extent that Lessee (i) is entitled to allowances by virtue of rail transportation contracts, or (ii) derives allowances from transportation exempted or otherwise not subject to active regulation by any federal agency. All refunds of rent payable to Lessee shall be paid to Lessee by Lessor within thirty (30) days after the date Lessor has received payment of such car allowances from the railroads. All Cars bearing Lessor's private marks that are leased by Lessee from Lessor on the date such computation is made shall be combined into a single account. Lessor shall reasonably pursue or defend the payment of all allowances due on Cars or, at Lessor's option, shall assign to Lessee Lessor's right to do so.

(c) Allowance Administration. Lessee agrees, upon request by Lessor, to report promptly to Lessor each movement of the Cars to the extent that Lessee maintains such records in the ordinary course of business. Such report shall contain the date, car number, origin, destination and routing of the movement.

5. **Net Lease.**

(a) This Lease is a net lease and Lessee's obligation to pay all rent and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances, it being the intention of the parties hereto that the rent and other amounts payable by Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall not arise or shall be terminated pursuant to the provisions hereof.

6. Maintenance.

(a) Definitions. "Interchange Rules" mean collectively the Field Manual of the AAR Interchange Rules and the Office Manual of the AAR Interchange Rules. References herein to the Interchange Rules provide performance standards and criteria for the condition of the Cars and their maintenance and repair. However, as between Lessor and Lessee, this Lease, not the Interchange Rules, governs who is responsible for performing and paying for maintenance and repairs.

(b) Maintenance By Lessee. (i) Lessee shall, at its expense, maintain each Car in interchange condition according to Section 2(c), including renewal necessitated by repair to other portions of the Cars. If any part of any Car is removed, broken off or altered for any reason, or is missing, damaged, altered or replaced with a non-standard item, Lessee shall repair or replace it unless Lessor has approved it in writing or responsibility for such repair has been assumed in writing by a third party; (ii) if Lessee has applied any interior and/or exterior protective coating to the Cars, the application, maintenance, renewal and removal thereof shall be performed by Lessee at its expense; (iii) all maintenance, repairs and replacements performed by Lessee shall be performed in accordance with the Interchange Rules and the rules of any other applicable regulatory body; and (iv) whenever any Car is released for delivery to a repair facility for any reason, Lessee, at its sole expense, shall clean such Car so that it is empty and free from any residue.

7. Use of Cars.

(a) Corrosion and Similar Damage. Lessee shall use the Cars for the transportation of feed, grain and grain byproducts and Lessee shall not use the Cars for any other purpose, including, without limitation, any use of the Cars for the loading or shipping of commodities which contain active or passive chemicals or physical properties which may result in damage or deterioration to the Cars, or to their linings, paint, coatings, sealants or similar items. Upon the initial delivery, Lessor warrants the Cars are free from corrosion. Lessee shall inspect the Cars after the first unloading and report any corrosion defects to Lessor in writing within fourteen (14) days thereafter. If, during the term of this Lease, any Car suffers corrosion or similar deterioration or damage due to any corrosive commodity placed or allowed to accumulate in or on the Car during the term of this Lease, Lessee shall be liable for the cost of correcting such deterioration or damage at the time the Car is returned to Lessor. Such corrosion, deterioration or damage shall not be considered "normal wear and tear". Lessee shall not be responsible for deterioration due to normal wear and tear, including deterioration resulting from the transportation of feed, grain and grain byproducts. Lessee agrees to defend, indemnify and hold harmless Lessor from any liability, losses,

damages, injuries, claims, and demands and expenses, including reasonable attorney's fees and expenses, arising out of, or as a result of, the loading and/or shipping in the Cars of commodities which contain active or passive chemical or physical properties which may result in corrosion, deterioration or damage to the Cars, their lining, paint, coatings, sealants, or similar items. Lessee shall insure that all commodities loaded in the Cars comply with the terms of this Lease and all applicable tariffs, laws, rules and regulations.

(b) Liability for Loss of Use of Cars and Damage to Commodities. Lessor is not liable for and Lessee hereby waives any claims against Lessor for any loss of, or damage to, commodities loaded or shipped in the Cars, regardless of the cause. Except as provided in Section 5. Lessor is not liable for loss of use of any Car regardless of the cause.

8. Modifications.

(a) Consent to Modifications. Except for applying protective coatings referred to in Section 6, Lessee will not modify or alter the physical structure of any Car without Lessor's prior written consent; provided, however, that this shall not relieve Lessee of its maintenance obligations.

(b) Required Modifications. If any equipment or appliance on any Car is required to be changed or replaced or any additional equipment or appliance is required to be installed on any Car or any Car is required to be modified or altered, in each case in order to comply with changes to any applicable law, regulation, requirement or rule (a "Modification"), Lessor may elect to either (i) terminate this Lease, effective as of the date on which such Modification is required to be made, or (ii) make such Modification, pay the cost thereof, and increase the monthly rent. The amount of such monthly rent increase shall be an amount that will recover the cost of such Modification over its useful life using an implicit cost of capital of 2% over the prime rate announced by The Boatmen's National Bank of St. Louis (the "Boatmen's Prime Rate") in effect at the time such Modification is made. (To the extent the remaining lease term is shorter than such useful life, Lessee will only be paying increased rent though the end of the applicable Expiration Date.) If Lessor elects to terminate this Lease, Lessee may void such termination by paying Lessor the full cost of such Modification and Lessee may remove such modification upon the expiration of the Lease. Notwithstanding any other provision of this Lease, all Cars tendered to Lessee hereunder will be equipped with transponders and/or such other devices as may be necessary to implement those programs of electronic or automated equipment indemnification instituted by the AAR. If the Cars are not equipped with transponders or other devices for electronic or automated equipment identification at the time the Cars are tendered to Lessee, then Lessor at its sole expense (including

the cost of moving Cars to or from repair or installation facilities), shall equip the Cars with such devices in a timely manner, as required by AAR. Replacement of, or repair to, such devices shall be the responsibility of the Lessor (including the cost of moving Cars to or from facilities at which such repair or replacement is performed), notwithstanding any other provision of this Lease.

9. Casualty Substitution.

(a) Casualty While Not in Lessee's Possession. If any Car is destroyed or damaged to the extent that the cost to repair such damage exceeds the Depreciated Value ("DV") as provided in the Interchange Rules ("Damaged Beyond Repair") while not in the possession, custody or control of Lessee or Lessee's agent and such destruction or damage has been reported in accordance with the Interchange Rules, such Car will be removed from the rental calculations of this Lease on the date such Car was destroyed or Damaged Beyond Repair. Lessor shall be entitled to all casualty proceeds from the Car.

(b) Casualty While in Lessee's Possession. If any Car, while in the possession, custody or control of Lessee or Lessee's non-railroad agent, is destroyed or Damaged Beyond Repair, Lessee shall promptly notify Lessor in writing and remit to Lessor an amount equal to the DV of such Car within thirty (30) days of receipt of an invoice from Lessor. Such Car shall remain subject to the terms of this Lease, including the rental terms, until the date on which Lessor has received an amount equal to the DV of such Car.

(c) Substitution of Car. Subject to economic availability, Lessor may at its expense replace any Car that has been destroyed or Damaged Beyond Repair with equipment of similar age, type and capacity upon prior written notice to Lessee. Lessor may also, at its expense and upon prior written notice to Lessee, replace any Car, with equipment of similar age, type and capacity, that Lessor determines is uneconomic for Lessor to repair or maintain such Car. Notwithstanding anything herein to the contrary, Lessor may, at its sole expense and without undue interruption to Lessee's use of the Cars for any reason whatsoever upon written notice to Lessee, replace and substitute any Cars, with railcars of similar age, type and capacity and Lessee and Lessor shall execute new Schedules covering such new railcars and subjecting them to the terms of this Lease. Any Cars substituted under this Section shall be subject to all provisions of this Lease as if delivered to Lessee at the commencement of this Lease.

10. Possession and Use.

(a) Compliance. Lessee agrees that while the Cars are in Lessee's possession, custody or control the Cars shall be used

in compliance with all applicable laws, regulations and AAR rules.

(b) Marks to Show Ownership or Security Interests. Lessor, at its sole expense, may mark Cars to indicate the rights of Lessor or of any financing party. Lessee shall maintain such marks. Lessee shall not place any marking or lettering without the prior written consent of Lessor; except that Lessee may, without the consent of Lessor, board, placard or stencil the Cars with letters no larger than 2" high for the limited purpose of showing that the Cars are operated in Lessee's service.

(c) Lessee Liens. Lessee shall not directly or indirectly allow to exist encumbrances of any kind on or with regard to any Cars or this Lease arising by, though or under it except those created for the benefit of Lessor or any financing party. Lessee shall within five (5) days notify Lessor in writing if any such encumbrance arises and shall immediately at its expense cause it to be discharged and removed.

(d) Lessee agrees not to load any of the Cars in excess of the Load limit stenciled thereon.

11. Default.

(a) Events of Default. The occurrence of any of the following events shall be an Event of Default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within ten (10) days after the date such payment is due;

(ii) The breach by Lessee of any other term or condition of this Lease which is not cured within thirty (30) days after written notice from Lessor specifying such breach;

(iii) The breach by Lessee of any term or condition of the Lease which is not cured within applicable cure periods:

(iv) Any entity comprising Lessee makes a general assignment for the benefit of creditors or fails to pay, or states that it is unable to pay, or is unable to pay its debts generally as they become due;

(v) In the event that any entity comprising Lessee becomes the debtor in a Chapter 11 proceeding under the Bankruptcy Code, the failure of such entity to assume this Lease within sixty (60) days of the commencement of the Chapter 11 proceeding; or

(vi) Any action; event or existence of any condition the effect of which would be to materially impair Lessee's

collective ability to perform its obligations under this Lease.

(b) Lessor Remedies. Upon the occurrence of any Event of Default, Lessor at its option may exercise any or all of the following rights and remedies and any additional rights and remedies permitted by law and shall be entitled to recover all its costs and expenses including attorneys' fees and expenses in enforcing its rights and remedies:

(i) Terminate this Lease and recover damages; and/or

(ii) Proceed by any lawful means to enforce performance by Lessee of this Lease and/or to recover damages for any breach thereof; and/or

(iii) Terminate this Lease by written notice, and retake the Cars and thereafter recover as liquidated damages (and not as a penalty), it being acknowledged by the parties that actual damages are difficult or impossible to estimate and that the following is a reasonable estimate of the probable loss, any and all costs and expenses of termination, retaking and reselling or re-leasing addition to the present value (using a discount rate of two percent [2%] over the Boatmen's Prime Rate) of all rental for the unexpired balance of the Lease term then in effect unpaid as of said date of termination, reduced by the present value (using a discount rate of two percent [2%] over the Boatmen's Prime Rate) of the fair market rental value of the Cars for the unexpired balance of the Lease term as of said date if such Cars are re-Leased by Lessor to a third party (such fair market rental value to equal zero for any Car not returned by Lessee). Lessor may sell the Cars at public or private sale, with or without notice, advertisement, or publication, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Cars as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto; or

(iv) Without terminating this Lease, repossess the Cars, but in the event the Cars are delivered to Lessor or are repossessed, Lessor shall use reasonable efforts to relet the same or any part thereof to others upon a reasonable rental and such other terms as it may see fit. The proceeds of any such releting shall first be applied to the expenses of retaking, repairing (if necessary) and releting of the Cars and delivery to the new lessee and then to the payment of rent due under this Lease. Lessee shall pay any deficiency remaining due after so applying the proceeds as the same shall accrue. The election by Lessor to relet the Cars and the acceptance of a new lessee shall

not operate to release Lessee from liability for any existing or future default in any other covenant or promise herein contained, including, without limitation, the obligation to pay rent.

The obligation to pay any deficiency or any sum or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Lease and the retaking of the Cars. The remedies in this Lease shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies existing at law or in equity. In exercising its rights under this Section 11, Lessor shall take reasonable steps to mitigate its damages.

(c) Lessor Default. Lessor shall be in default under this Lease if Lessor fails to perform its obligations herein and such default shall continue for thirty (30) days after receipt by Lessor of written notice of such default. Lessee may exercise any right available to Lessee at law or in equity for such default by Lessor.

12. Expiration or Other Termination.

(a) Return of Cars. Upon the expiration or other termination of this Lease with respect to any Car, Lessee, at its expense, shall return such Car to Lessor at such shop, storage yard, terminal facility or other interchange point on CSX, which point shall not be more than two hundred (200) miles in any direction from Turkey, North Carolina, designated by Lessor (the "Return Location").

(b) Condition Upon Return.

(i) Except for normal wear and tear that is Lessor's responsibility under Section 6, each Car shall be returned to Lessor (A) in as good condition, order and repair as when delivered to Lessee; (B) in interchange condition in accordance with the standards set by the Interchange Rules and by any other applicable AAR and Federal Railroad Administration ("FRA") rules and regulations, interchange condition to include the replacement of missing materials; (C) free of Rule 95 damage; (D) in condition suitable for loading; (E) free of all accumulations or deposits from commodities; and (F) free of corrosion and any other commodity-related damage for which Lessee is responsible under this Lease. Any item that is damaged or worn beyond what is considered to be normal by the original component manufacturer shall be deemed to have been damaged beyond normal wear and tear and shall be Lessee's responsibility. In addition, if Lessor has permitted Lessee to place any logos or special paint on any Car, Lessee shall have such logos or special paint removed.

(ii) Lessor may inspect any Car which is returned to it, within 14 days after written notice to Lessor that all Cars have been returned and Lessee shall be entitled to participate in any such inspection. Lessee shall be given a reasonable opportunity to correct any defects in the condition of the Car(s) for which Lessee is responsible. In the event Lessee does not correct any such defects at its sole cost within a reasonable time, Lessee agrees to pay Lessor, within thirty (30) days of receipt of an invoice, for all repairs, replacements and cleaning for which Lessee is responsible but which were performed by Lessor.

(c) Holdover Rent. Until any Car is returned to Lessor, Lessee shall continue to pay rent for such Car and Lessee shall make all other payments and perform all other obligations under this Lease as though the expiration or other termination had not occurred. If Lessor requests in writing the return of any Car and such Car has not been returned within thirty (30) days of such request, Lessee upon notice from Lessor, shall pay two hundred percent (200%) of the monthly rent in effect immediately prior to expiration or termination. Nothing in this Section shall give Lessee the right to retain possession of any Car after expiration or other termination of this Lease with respect to such Car.

13. Record Keeping.

Lessee agrees to furnish Lessor promptly, at Lessor's request, with complete and accurate information reasonably requested by Lessor pertaining to the Cars, their movement, repairs and maintenance in accordance with AAR format.

14. Inspection: Financial Statements.

Lessee shall permit Lessor reasonable access to Lessee's property during normal business hours to examine the Cars or Lessee's records relating to the Cars. Lessor shall provide Lessee at least seventy-two (72) hours prior notice of inspection. Each of the entities comprising Lessee shall, within ninety (90) days after the close of each of their respective fiscal years during the initial term and any renewal term of this Lease, provide Lessor with such entities' balance sheets and profit and loss statements certified by such entities' respective chief financial officers. Such financial statements may be disclosed to Lessor's lenders.

15. Insurance.

Lessee shall at its expense carry and maintain on the Cars while on Lessee's property or under Lessee's custody or control (i) all risk, physical loss and damage insurance in the amount per Car set forth on Schedule 15 attached hereto and incorporated herein, and (ii) public liability insurance in the amount not

less than $5 million per occurrence. Insurance policies shall be in such amounts and as stated herein and against risk customarily insured against by Lessee. Lessee's policies shall name Lessor and any owner of the Cars and any lender holding a lien on such Cars as additional insured and Lessor and any such lender shall be named as loss payees. Upon execution hereof, and annually thereafter, Lessee shall provide Lessor and any such lender with insurance certificates from Lessee's insurance carrier evidencing the insurance required hereunder. Lessee's insurance shall be primary without right of contribution from any insurance carried by Lessor.

16. Taxes.

Lessee shall be liable for and shall defend and indemnify Lessor against, all taxes, duties or government impositions with respect to the Cars arising during the term of this Lease.

17. Indemnities.

(a) Lessee agrees to defend, indemnify and hold harmless Lessor from any and all claims, losses, damages, liabilities, costs and expenses (including reasonable attorney's fees and expenses) (collectively, "Damages") imposed upon, incurred by or asserted against Lessor arising directly or indirectly out of Lessee's, its consignee's or shipper's use, lease, possession or operation of the Cars or out of the loading, unloading, storage, transportation, or movement of the contents of such Cars other than Damages caused by Lessor's negligence or defects in materials and workmanship incorporated into the Cars by Lessor or the manufacturer of the Cars. The indemnities contained in this Lease shall survive the expiration or termination of this Lease.

(b) Whenever, under this Lease, Lessee has any liability to defend, indemnify, or hold harmless Lessor from any claims, losses, damages, liabilities, costs, and expenses (including attorney's fees and expenses) (collectively "damages") imposed upon, incurred by, or asserted against Lessor arising directly or indirectly out of Lessee's, its consignee's, or shippers use, lease, possession or operation of the Cars or out of the loading, unloading, storage, transportation, or movement of the contents of such Cars, Lessor shall, within seventy-two (72) hours of receipt, furnish Lessee with any document, or with a written statement of any verbal communication received by Lessor, pertaining to such Damages, and Lessee shall be entitled, at its sole expense, to assume the legal defense, settlement, or other disposition of such Damages. In the event any Damages result from the joint negligence of Lessee and Lessor or Lessor's agents, Lessee and Lessor shall bear proportionate responsibility for such Damages and for the expenses (including attorney's fees and expenses) associated with such Damages.

18. Miscellaneous.

(a) No Assignment Without Lessor Consent. This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns; PROVIDED, HOWEVER, THAT LESSEE MAY NOT WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR WHICH CONSENT WILL NOT BE UNREASONABLY WITHHELD, PLEDGE OR ASSIGN THIS LEASE OR ANY OF ITS RIGHTS OR OBLIGATIONS HEREUNDER. ANY PURPORTED ASSIGNMENT IN VIOLATION HEREOF SHALL BE VOID.

(b) Subleases. Lessee may sublease the Cars provided that: (i) Lessee shall notify Lessor of any sublease and the terms thereof other than any rental or compensation payable to Lessee as sublessor under such sublease; (ii) Lessee shall continue to remain liable to Lessor under this Lease; (iii) any sublease shall be subject and subordinate to this Lease and to the rights of the financing parties; (iv) such sublease shall provide that the Cars may be used only within the boundaries of the terms and conditions set forth herein.

(c) Assignment by Lessor. All rights and obligations of Lessor under this Lease, and Lessor's interest in the Cars and in the rents, may be assigned, pledged, or transferred in whole or in part without notice to or consent by Lessee.

(d) Additional Documents. Both parties agree to execute the documents contemplated by this transaction and such other documents may be required in furtherance of any financing agreement entered into by Lessor or its assignees in connection with the acquisition, financing or use of the Cars.

(e) Parties. The entities collectively referred to as Lessee expressly acknowledge and agree that they are jointly and severally liable for the payment of rent and performance of all obligations to be paid or performed by Lessee hereunder.

(f) No Waiver. No delay, waiver, indulgence or partial exercise by Lessor of any right power, or remedy shall preclude any further exercise thereof or the exercise of any additional right, power or remedy.

(g) No Warranties. Lessor's obligations with respect to the Cars are expressly limited to those set forth in this Lease, and, except for the warranty contained in Section 7(a), LESSOR MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED. LESSOR MAKES NO WARRANTY OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OF OTHERWISE, NOR SHALL LESSOR HAVE ANY LIABILITY FOR ANY CONSEQUENTIAL, SPECIAL, INDIRECT OR INCIDENTAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS LEASE OR THE BREACH OF ANY WARRANTY OR OTHER PROVISION HEREUNDER BY LESSOR OR IN CONNECTION WITH THE LEASE, USE, POSSESSION OR OPERATION OF ANY CAR OR ARISING BY REASON OF ANY IMPERFECTION OR DEFECT IN THE

CARS, REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED IN TORT OR IN CONTRACT.

(h) Notices. Any notices required or permitted to be given hereunder shall be deemed given when sent by telecopy with verification of transmission or telex or made in writing, deposited in United States mail, registered or certified, postage prepaid, addressed to:

Lessee: Prestage Farms, Inc.
Attention: Mr. Von Johnson
P.O. Box 438
Clinton, N.C. 28328
Fax Number: (919) 592-9552

Lessor: Southern Illinois Railcar Company
Attention: President
1 Mark Twain Plaza, Suite 225
Edwardsville, IL 62025
Fax Number: (618) 656-2369

or to such other addresses as Lessor and Lessee may from time to time designate.

(i) Applicable Law. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois without regard to Illinois' choice of law doctrine.

(j) Survival. The obligations of Lessor and Lessee to make any payments hereunder shall survive the expiration or other termination of this Lease.

(k) Entire Lease. This Lease and any Schedules attached hereto represent the entire agreement. This Lease may not be modified, altered, or amended, except by an agreement in writing signed by Lessor and Lessee.

(l) Counterparts. This Lease may be executed in any number of counterparts, and such counterparts together shall constitute one contract.

(m) Binding Upon Parties. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

SOUTHERN ILLINOIS RAILCAR CO.

By: _____

Title: President

"Lessor"

PRESTAGE FARMS INC.

By: _____

Title: _____

"Lessee"

CARROLL'S FOODS INC.

By: _____

Title: _____

"Lessee"

STATE OF ILLINOIS)
) SS
COUNTY OF MADISON)

On this 15th day of April, 1994, before me appeared FRED L. PARSONS, to me personally known, who, being by me duly sworn, did say that he is the President of SOUTHERN ILLINOIS RAILCAR COMPANY, an Illinois corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and said Fred L. Parsons acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal, the day and year first above written.

_____
Notary Public

"OFFICIAL SEAL"
DOLORES J. KLEIN
Notary Public, State of Illinois
My Commission Expires 12/4/94

My Commission Expires:
12-4-94

STATE OF NORTH CAROLINA)
) SS
COUNTY OF Duplin)

On this 14 day of April, 1994, before me personally appeared Tom Johnson, to me personally known, who being by me duly sworn, says that (s)he is the Purchasing Agent of PRESTAGE FARMS, INC., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Lisa C. Hackney
Notary Public

My Commission Expires:

9-30-98

STATE OF NORTH CAROLINA)
) SS
COUNTY OF Duplin)

On this 14 day of April, 1994, before me personally appeared Bill Holt, to me personally known, who being by me duly sworn, says that (s)he is the Purchasing Mgr. of CARROLL'S FOODS INC., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Lisa C. Hackney
Notary Public

My Commission Expires:

9-30-98

RAILCAR LEASE AGREEMENT
(3RD ADDITIONAL TRAIN)

SCHEDULE "A"

CAR INITIAL & NUMBER

AEX	502		AEX	561
AEX	503		AEX	505
AEX	507		AEX	541
AEX	511		AEX	510
AEX	514		AEX	551
AEX	516		AEX	~~248613~~ 884452 5/26/94
AEX	518		SIRX	49136
AEX	524		SIRX	49161
AEX	525		SIRX	49173
AEX	538		SIRX	49195
AEX	542		SIRX	49196
AEX	548		SIRX	49263
AEX	549		SIRX	53616
AEX	552		SIRX	53653
AEX	553		SIRX	49146
AEX	555		SIRX	49214
AEX	562		SIRX	49225
AEX	563		SIRX	49279
AEX	565		SIRX	52912
AEX	569		SIRX	53664
AEX	521		SIRX	478721
AEX	566		SIRX	478725
AEX	509		BO 606645 TO BE RESTENCILED	
AEX	512		CSXT247244TO BE BESTENCILED	
AEX	527		LN 205043 TO BE RESTENCILED	
AEX	528		LN 240647 TO BE RESTENCILED	
AEX	529	SBD 246185	~~SIRX TO BE DETERMINED~~	
AEX	531	SIRX 10351	~~SIRX TO BE DETERMINED~~	
AEX	534	BO 606461	~~SIRX TO BE DETERMINED~~	
AEX	546	LN 205043	~~SIRX TO BE DETERMINED~~	
AEX	537	WE 6051	~~SIRX TO BE DETERMINED~~	
AEX	560	WE 6054	~~SIRX TO BE DETERMINED~~	
AEX	559	SIRX 6053	~~SIRX TO BE DETERMINED~~	

5/26/94

SCHEDULE 15

CASUALTY SETTLEMENT VALUE

Lease period ending	Settlement amount	% of cost
Nov-01-94	22,240	98.84444444
Feb-01-95	22,142	98.40800595
May-01-95	22,014	97.84140410
Aug-01-95	21,864	97.17347818
Nov-01-95	21,694	96.41677526
Feb-01-96	21,503	95.56958997
May-01-96	21,295	94.64399487
Aug-01-96	21,069	93.63903133
Nov-01-96	20,826	92.56014192
Feb-01-97	20,566	91.40590654
May-01-97	20,291	90.18166640
Aug-01-97	20,001	88.89372389
Nov-01-97	19,697	87.54139345
Feb-01-98	19,378	86.12343819
May-01-98	19,044	84.64091840
Aug-01-98	18,699	83.10490387
Nov-01-98	18,340	81.50994337
Feb-01-99	17,967	79.85490456
May-01-99	17,581	78.13769233
Aug-01-99	17,182	76.36458423
Nov-01-99	16,769	74.52797567
Feb-01-00	16,341	72.62664681
May-01-00	15,898	70.65828017
Aug-01-00	15,442	68.62932628
Nov-01-00	14,970	66.53195720
Feb-01-01	14,482	64.36485870
May-01-01	13,979	62.12772607
Aug-01-01	13,464	59.84198441
Nov-01-01	12,937	57.49565393
Feb-01-02	12,395	55.08757075
May-01-02	11,839	52.61578866
Aug-01-02	11,275	50.11049150
Nov-01-02	10,699	47.55314710
Feb-01-03	10,112	44.94275568
May-01-03	9,512	42.27351171
Aug-01-03	8,903	39.56954266
Nov-01-03	8,282	36.80970997
Feb-01-04	7,648	33.99294050
May-01-04	7,003	31.12553768
Aug-01-04	6,370	28.31248522
Nov-01-04	6,000	26.66666667