

Sean Dougherty  
AVP, Contracts  
CIT Rail



March 11, 2008

RECORDATION NO. 27408 FILED

Secretary  
Surface Transportation Board  
Washington, D.C. 20423

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RE: RARS02001L

SURFACE TRANSPORTATION BOARD

Dear Secretary,

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) is a Memorandum of Lease Agreement dated as of December 14, 2007, a primary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Lease Agreement.

**Lessor:** The CIT Group/Equipment Financing, Inc.  
30 South Wacker Drive Suite 3000  
Chicago, IL 60606

**Lessee:** Rarus Railway Company dba  
Butte Anaconda and Pacific Railway Company  
300 Commercial  
Anaconda, MT 59711

A description of the railroad equipment covered by the enclosed document is: Railcars within the series RARW2010-2011 as more particularly set forth in the equipment schedule attached to this document.

A short summary of the document to appear in the index is: Memorandum of Railcar Lease.

Kindly return stamped copies of the enclosed document to the undersigned.

Best regards,

/s

Sean Dougherty  
AVP, Contracts  
CIT Rail

Enclosures

CIT RAIL  
30 South Wacker Drive  
Suite 3000  
Chicago, IL 60606

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**MEMORANDUM OF LOCOMOTIVE LEASE**

**SURFACE TRANSPORTATION BOARD**

THIS MEMORANDUM OF LOCOMOTIVE LEASE dated as of this 14 day of December, 2007, is made by THE CIT GROUP/EQUIPMENT FINANCING, INC., a Delaware corporation, with an address at 30 South Wacker Drive, Suite 3000, Chicago, Illinois 60606 (the "Lessor"), and RARUS RAILWAY COMPANY, dba BUTTE ANACONDA AND PACIFIC RAILWAY COMPANY, a MONTANA corporation, with an address at 300 Commercial, Anaconda, MT 59711 (the "Lessee" and, together with the Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Lessor and the Lessee entered into that certain Master Net Locomotive Lease dated as of December 14, 2007 (the "Master Lease"); and

WHEREAS, the Parties have entered into Schedule No. 01 to the Master Lease ("Schedule No. 1", and together with the Master Lease as it relates to Schedule No. 1, the "Lease") respecting the equipment listed on Annex A hereto (the "Equipment");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Schedule No. 01, and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Equipment to the Lessee in accordance with the terms and conditions of the Lease, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

I certify that I hold the title set forth below, that this instrument was signed on behalf of the Lessor by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Lessor. I further declare under penalty of perjury that the foregoing is true and correct.

THE CIT GROUP/EQUIPMENT FINANCING, INC., as Lessor

By: [Signature]  
Name: DAN DISTEFANO  
Title: SVP

I certify that I hold the title set forth below, that this instrument was signed on behalf of the Lessee by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Lessee. I further declare under penalty of perjury that the foregoing is true and correct.

RARUS RAILWAY COMPANY, dba  
BUTTE ANACONDA AND PACIFIC RAILWAY COMPANY, as Lessee

By: [Signature]  
Name: GARY O. MANINO  
Title: PRESIDENT & CEO

# Schedule A

Number of Cars

Equipment Description

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2 GP38-2, 4 Axes, 2,000 HP

1 RARW 2010  
2 RARW 2011