

RECORDATION NO. 26296 FILED

APR 12 '06 2-13 PM

SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

April 12, 2006

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Railroad Equipment Lease Agreement, dated as of March 30, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: Babcock & Brown Rail Funding LLC
885 Second Avenue
New York, NY 10017

Lessee: Consumers Energy Company
One Energy Plaza
Jackson, MI 49201

Mr. Vernon A. Williams
April 12, 2006
Page Two

A description of the railroad equipment covered by the enclosed document is:

307 railcars: PSTX 2001 – PSTX 2307

A short summary of the document to appear in the index is:

Memorandum of Railroad Equipment Lease Agreement

Also enclosed is a check in the amount of \$33.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

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

Very truly yours,



Robert W. Alvord

RWA/sem
Enclosures

**MEMORANDUM OF
RAILROAD EQUIPMENT LEASE AGREEMENT**

APR 12 '06

2-13 PM

SURFACE TRANSPORTATION BOARD

This **MEMORANDUM OF RAILROAD EQUIPMENT LEASE** ("Memorandum of Lease") entered into this 30th day of March, 2006, is intended to evidence the lease dated as of March 30, 2006 (the "Lease"), between **BABCOCK & BROWN RAIL FUNDING LLC**, a Delaware limited liability company ("Lessor"), and **CONSUMERS ENERGY COMPANY**, a Michigan corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board under Section 49 of U.S.C. 11301. Lessee has the right to use the three hundred seven (307) railcars described in Exhibit A attached hereto (the "Units"). Lessee is renting from Lessor all the Units at the rentals and upon the terms and conditions provided in the Lease.

IN WITNESS WHEREOF, Lessor and Lessee, each pursuant to due corporate authority, has executed this Memorandum of Lease on the date indicated below its signature.

BABCOCK & BROWN RAIL FUNDING LLC

CONSUMERS ENERGY COMPANY

By: 

By: _____

Name: Ross Sullivan

Name: _____

Title: Vice President

Title: _____

Date: March 30, 2006

Date: _____

**MEMORANDUM OF
RAILROAD EQUIPMENT LEASE AGREEMENT**

This **MEMORANDUM OF RAILROAD EQUIPMENT LEASE** ("Memorandum of Lease") entered into this 30th day of March, 2006, is intended to evidence the lease dated as of March 30, 2006 (the "Lease"), between **BABCOCK & BROWN RAIL FUNDING LLC**, a Delaware limited liability company ("Lessor"), and **CONSUMERS ENERGY COMPANY**, a Michigan corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board under Section 49 of U.S.C. 11301. Lessee has the right to use the three hundred seven (307) railcars described in Exhibit A attached hereto (the "Units"). Lessee is renting from Lessor all the Units at the rentals and upon the terms and conditions provided in the Lease.

IN WITNESS WHEREOF, Lessor and Lessee, each pursuant to due corporate authority, has executed this Memorandum of Lease on the date indicated below its signature.

BABCOCK & BROWN RAIL FUNDING LLC CONSUMERS ENERGY COMPANY

By: _____

Name: Ross Sullivan

Title: Vice President

Date: _____

By: *William E. Garrity*

Name: William E Garrity

Title: Senior Vice President
Electric and Gas Supply

Date: March 30, 2006



STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO) SS:

The foregoing instrument was acknowledged before me this 30th day of March, 2006, by Ross Sullivan, the Vice President of Babcock & Brown Rail Funding LLC, a Delaware limited liability company (the "Company"), on behalf of the Company.

Heidi Wagner
Notary Public

My Commission expires:

June 4, 2006



STATE OF _____)
)
COUNTY OF _____) SS:

The foregoing instrument was acknowledged before me this _____ day of March, 2006, by _____, the _____ of Consumers Energy Company, a Michigan corporation, on behalf of the corporation.

Notary Public

My Commission expires:

STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO) SS:

The foregoing instrument was acknowledged before me this 30th day of March, 2006, by Ross Sullivan, the Vice President of Babcock & Brown Rail Funding LLC, a Delaware limited liability company (the "Company"), on behalf of the Company.

Notary Public

My Commission expires:

STATE OF Michigan)
)
COUNTY OF Jackson) SS:

The foregoing instrument was acknowledged before me this 30th day of March, 2006, by William E Garrity, the Sr. Vice President of Consumers Energy Company, a Michigan corporation, on behalf of the corporation.

Lucinda A. Burger
Notary Public

My Commission expires:

7-18-2011

LUCINDA A. BURGER
NOTARY PUBLIC, STATE OF MI
COUNTY OF JACKSON
MY COMMISSION EXPIRES Jul 18, 2011
ACTING IN COUNTY OF Jackson

EXHIBIT A

To the Memorandum of Lease dated March 30, 2006, between Babcock & Brown Rail Funding LLC and Consumers Energy Company.

DESCRIPTION OF UNITS

Three hundred seven (307) railcars bearing reporting marks as follows:

PSTX 2001-2307, Inclusive

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 4/18¹²/06



Robert W. Alvord