LEGGETT & PLATT INC
Form 11-K
June 27, 2006
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

(Mark One):

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 2005

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].
For the transition period from _____ to _____.

Commission File Number 001-07845

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LEGGETT & PLATT, INCORPORATED

STOCK BONUS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
LEGGETT & PLATT, INCORPORATED

NO. 1 LEGGETT ROAD

CARTHAGE, MISSOURI 64836

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REQUIRED INFORMATION

(As required by Items 1 through 3)

A.

LEGGETT & PLATT, INCORPORATED

STOCK BONUS PLAN

December 31, 2005 and 2004

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* Other schedules required by 29 CFR 2520.103-10 of the Department of Labor s Rules and Regulations for reporting and disclosure under ERISA have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of

the Leggett & Platt, Incorporated

Stock Bonus Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Leggett & Platt, Incorporated Stock Bonus Plan (the Plan) at December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

St. Louis, MO

June 19, 2006

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Leggett & Platt, Incorporated

Stock Bonus Plan

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31,

	2005	2004
ASSETS		
Investments, at market value	$ 133,603,014	$ 167,892,714
Receivables		
Company contributions	2,160,893	2,026,903
Participant contributions	182,545	180,479
Accrued investment income	852,033	811,043
Due from broker	4,006	
Total receivables	3,199,477	3,018,425
Total assets	136,802,491	170,911,139
NET ASSETS AVAILABLE FOR BENEFITS	$ 136,802,491	$ 170,911,139

The accompanying notes are an integral part of these financial statements.

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Leggett & Platt, Incorporated

Stock Bonus Plan

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31,

	2005	2004
Additions		
Investment (loss) income		
Net (depreciation) appreciation in value of investments	$ (28,445,313)	$ 38,143,094
Dividends	3,569,316	3,320,415
Interest	122,517	74,641
Net investment (loss) income	(24,753,480)	41,538,150
Contributions		
Company	4,169,861	3,487,934
Participant	4,310,876	4,040,637
Rollovers		874
Contributions	8,480,737	7,529,445
Total additions	(16,272,743)	49,067,595
Deductions		
Benefit payments	17,835,905	13,048,147
Total deductions	17,835,905	13,048,147
Net (decrease) increase	(34,108,648)	36,019,448
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF PERIOD	170,911,139	134,891,691
END OF PERIOD	$ 136,802,491	$ 170,911,139

The accompanying notes are an integral part of these financial statements.

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Leggett & Platt, Incorporated

Stock Bonus Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE A - DESCRIPTION OF PLAN

The following description of the Leggett & Platt, Incorporated (L&P or the Company) Stock Bonus Plan (Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution plan covering employees of L&P and certain subsidiaries and affiliates who meet eligibility requirements. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan s provisions qualify as an Employee Stock Ownership Plan (ESOP).

Eligibility of Employees

Eligible employees are defined as non-bargaining employees at branches covered by the Plan or employees who are members of a collective bargaining unit, the representatives of which have successfully bargained for inclusion in the Plan. Eligible employees can begin participation in the Plan on the first day of January or July following the completion of one year and 1000 hours of service. Eligible employees with compensation in excess of the applicable compensation base may participate in the fixed percentage component of the Plan. Salaried employees not meeting minimum compensation requirements may participate in the fixed dollar component of the Plan. Employees considered highly compensated under Section 404(q) of the Internal Revenue Code of 1986 are not eligible to participate.

Contributions

Employees participating in the fixed percentage component of the Plan make contributions of a percentage of annual compensation in excess of a base amount as defined in the Plan agreement. Employees participating in the fixed dollar component of the Plan make contributions from $5 to $20 each pay period. Participants in the Plan meeting certain requirements may elect to invest a portion of their account into L&P stock or any of the other investment funds.

L&P is required to make contributions to the Plan equal to 50% of the amounts contributed by participants. Additionally, for any year in which certain profitability levels have been attained, as defined in the Plan, L&P may make an additional contribution in an amount not to exceed 50% of the participants contributions during such year. Company contributions, when made, are primarily in the form of common stock.

The Plan is designated as a pre-tax plan for employee contributions.

Participant Accounts

Each participant s account is credited with the participant s contribution and allocations of the Company s contribution and Plan earnings.

Vesting and Distributions

The Plan has adopted a vesting method under which Company contributions will vest after the participant has completed three years of service. Non-vested amounts at the time of participant withdrawals are forfeited and serve to reduce future Company contributions. Forfeitures amounted to $46,151 in 2005 and $40,943 in 2004. Upon retirement, death or disability, participants or their beneficiaries are entitled to the full value of their account, including Company contributions. Upon termination of employment for other reasons, participants are entitled to receive the full value of their account representing participant contributions and the vested portion of their account representing Company contributions. In-service withdrawals are allowed by participants after reaching age 59 1/2.

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Leggett & Platt, Incorporated

Stock Bonus Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - DESCRIPTION OF PLAN - CONTINUED

Plan Trustee

The Bank of New York, as sole trustee of the Plan, holds all Plan assets and pays benefits in accordance with information submitted by L&P, the Plan administrator.

Administrative Expenses

Administrative expenses are paid directly by L&P and are not reflected in the financial statements of the Plan.

Plan Termination

Although it has not expressed any intent to do so, L&P has the right, by action of its Board of Directors, to terminate the Plan at any time. In the event of termination, participant accounts will immediately become 100% vested.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, except for benefit payments, which are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

The market value of common stocks and mutual funds is based upon quoted market price as of the close of business on the last day of the year. Common trust funds are valued at the reported unit value, which is derived from the market value of the underlying investments. Purchases and sales of investments are recorded on a trade-date basis. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the Statement of Net Assets Available for Benefits.

Income Taxes

The Plan is a qualified tax-exempt plan under the Internal Revenue Code (IRC) and, therefore, is exempt from federal and state income taxes. A favorable determination letter was received on December 30, 2005 for amendments dated January 2, 2004 and before. Amendments have been made to the Plan subsequent to that date and L&P has applied for a new determination letter. L&P believes the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and conforms to the requirements of ERISA.

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Leggett & Platt, Incorporated

Stock Bonus Plan

NOTES TO FINANCIAL STATEMENTS CONTINUED

NOTE C - INVESTMENTS

The following presents investments that represent 5 percent or more of the Plan s net assets:

	December 31, 2005	December 31, 2004
Leggett & Platt, Incorporated common stock, 5,211,020 and 5,339,236 shares, respectively **	$ 119,645,019*	$ 151,794,479*

* Represents an investment which exceeds 5 percent or greater of net assets available for Plan benefits.

** Nonparticipant-directed

The Plan s investments (including gains and losses on investments bought and sold, as well as held during the year) (depreciated) appreciated in value as follows:

	Year Ended December 31, 2005	Year Ended December 31, 2004
Common Stock	$ (28,951,669)	$ 37,432,044
Investment Funds	506,356	711,050
	$ (28,445,313)	$ 38,143,094

NOTE D - NONPARTICIPANT-DIRECTED INVESTMENTS

Net assets (including investments and receivables) relating to the nonparticipant-directed investments were $122,856,977 and $154,833,695 as of December 31, 2005 and 2004, respectively. The significant components of the changes in net assets relating to the nonparticipant-directed investments are as follows:

	Year Ended December 31, 2005	Year Ended December 31, 2004
Changes in Net Assets:		
Net (depreciation) appreciation	$ (28,951,669)	$ 37,432,044
Dividends	3,342,637	3,147,151
Company contributions	4,169,861	3,487,934
Participant contributions	4,273,037	4,008,557
Benefit payments	(13,342,914)	(7,844,286)
Net transfers out	(1,476,910)	(7,710,849)
Other	9,240	3,396
	$ (31,976,718)	$ 32,523,947

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Leggett & Platt, Incorporated

Stock Bonus Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE E - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits according to the financial statements to Form 5500:

	December 31, 2005	December 31, 2004
Net assets available for benefits per the financial statements	$ 136,802,491	$ 170,911,139
Amounts allocated to withdrawing participants	(460,924)	(829,820)
Net assets available for benefits per Form 5500	$ 136,341,567	$ 170,081,319

The following is a reconciliation of benefits paid to participants according to the financial statements to Form 5500:

	Year Ended December 31, 2005
Benefits paid to participants per the financial statements	$ 17,835,905
Add: Amounts allocated to withdrawing participants at December 31, 2005	460,924
Less: Amounts allocated to withdrawing participants at December 31, 2004	(829,820)
Benefits paid to participants per Form 5500	$ 17,467,009

Amounts allocated to withdrawing participants are recorded on Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but not yet paid as of that date.

NOTE F - PARTIES-IN-INTEREST TRANSACTIONS

Certain Plan investment purchases and sales include shares of Leggett & Platt, Incorporated common stock and units of participation in collective employee benefit trust funds and short-term funds of The Bank of New York Trust Company during the years ended December 31, 2005 and 2004, respectively.

At December 31, 2005 and 2004, the Plan held shares of Leggett & Platt, Incorporated common stock with total fair values of $119,645,019 and $151,794,479, respectively.

At December 31, 2005 and 2004, the Plan held units of Bank of New York Collective Short Term Investment Fund with total fair values of $3,044,750 and $6,166,374, respectively.

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Leggett & Platt, Incorporated

Stock Bonus Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2005

(a)	(b) Identity of Issuer	(c) Description of investment	(d) Cost	(e) Current value (1)
*	Leggett & Platt, Incorporated	Common stock	$ 66,724,054	$ 119,645,019
	Dodge & Cox	Dodge & Cox Balanced Fund	2,839,879	3,238,914
*	Bank of New York	Collective Short Term Investment Fund	3,044,750	3,044,750
	Dodge & Cox	Dodge & Cox Stock Fund	2,336,958	2,691,095
	Vanguard	Vanguard 500 Index Fund	1,685,491	2,074,427
	Peoples Dreyfus	Peoples Dreyfus S&P Midcap Index Fund	1,388,826	1,610,103
	Fidelity	Fidelity Concord Fund	1,329,540	1,298,706
			$ 79,349,498	$ 133,603,014

(1) See Note B of Notes to Financial Statements regarding carrying value of investments.
* Investments in securities of parties-in-interest to the Plan.

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B. Exhibit List.

Exhibit 23	Consent of PricewaterhouseCoopers LLP

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

LEGGETT & PLATT, INCORPORATED

STOCK BONUS PLAN

Date: June 27, 2006

/s/ Ernest C. Jett

By:
Ernest C. Jett
Senior Vice President- General Counsel
and Plan Administrative Committee Member

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EXHIBIT INDEX

Exhibit No.	Document Description
Exhibit 23	Consent of PricewaterhouseCoopers LLP

r as to the liquidity or sustainability of any market, the ability of holders of the Notes to sell their Notes or the price at which holders of the Notes will be able to sell their Notes. Future trading prices of the Notes will also depend on many other factors, including, among other things, prevailing interest rates, the market for similar securities, the ratings of the Notes from time to time, our financial performance and other factors.

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If the ratings of the Notes are lowered or withdrawn, the market value of the Notes could decrease.

A rating is not a recommendation to purchase, hold or sell the Notes, inasmuch as the rating does not comment as to market price or suitability for a particular investor. The ratings of the Notes address the likelihood of the timely payment of interest and the ultimate repayment of principal of the Notes pursuant to their respective terms. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances in the future so warrant. In the event that any of the ratings initially assigned to the Notes is subsequently lowered or withdrawn for any reason, the market price of the Notes may be adversely affected.

The terms of the indenture and the Notes provide only limited protection against significant events that could adversely impact a holder s investment in the Notes.

As described under Description of the Notes Purchase of Notes Upon Change of Control , upon the occurrence of a change of control repurchase event, holders are entitled to require us to repurchase their Notes. However, the definition of the term change of control repurchase event is limited and does not cover a variety of transactions (such as acquisitions by us or recapitalizations) that could negatively impact the value of a holder s Notes. As such, if we were to enter into a significant corporate transaction that would negatively impact the value of the Notes, but which would not constitute a change of control repurchase event, a holder would not have any rights to require us to repurchase its Notes prior to their maturity.

Furthermore, the indenture for the Notes does not:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;

limit our ability to incur unsecured indebtedness;

restrict our subsidiaries ability to issue securities or otherwise incur indebtedness or other obligations that would be senior to our equity interests in our subsidiaries and therefore rank effectively senior to the Notes with respect to the assets of our subsidiaries;

restrict our ability to repurchase or prepay any of our other securities or indebtedness; or

restrict our ability to make investments or to repurchase, or pay dividends or make other payments in respect of, our common stock or other securities ranking junior to the Notes.

As a result of the foregoing, anyone evaluating the terms of the Notes should be aware that the terms of the indenture and the Notes do not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on an investment in the Notes.

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USE OF PROCEEDS

We estimate that the proceeds from the sale of the Notes, after deducting underwriting discounts and commissions but before deducting estimated offering expenses, will be $. We intend to use the proceeds of the offering of the Notes for general corporate purposes, which may include the retirement of existing indebtedness.

RATIOS OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges for the nine months ended September 30, 2009 and each of the years ended December 31, 2004 through 2008 are as follows:

	Nine Months Ended September 30, 2009	Year Ended December 31, 2008	2007	2006	2005	2004 (e)
Ratio of earnings to fixed charges: (a)	2.02	2.03	(b)	(c)	(d)	1.02

(a) For the purpose of computing the ratio, earnings represents the sum of income (loss) from continuing operations before income taxes and income from equity method investees, net interest charges and the estimated interest portion of lease rentals and distributed income of equity method investees.

(b) For the year ended December 31, 2007, fixed charges exceeded earnings by $339 million. Earnings as

defined include $204 million of asset impairment charges and a $279 million charge for an electric sales contract termination.

(c) For the year ended December 31, 2006, fixed charges exceeded earnings by $448 million. Earnings as defined include $459 million of asset impairment charges.

(d) For the year ended December 31, 2005, fixed charges exceeded earnings by $789 million. Earnings as defined include $1.184 billion of asset impairment charges.

(e) For 2004, fixed charges, adjusted as defined, include $25 million of interest cost that was capitalized prior to 2004 and subsequently

expensed in 2004. Earnings as defined include $160 million of asset impairments.

See Exhibit 12(a).1 to CMS Energy s December 9, 2009 Current Report on Form 8-K, which supersedes Exhibit 12(a) to CMS Energy s Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, and which revises the prior exhibit, for the items constituting earnings and fixed charges, including the estimated interest portion of lease rental in respect of fixed charges.

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CAPITALIZATION

The following table sets forth our capitalization at September 30, 2009 on an actual basis and on an as adjusted basis to reflect the sale of $ of Notes in this offering and the application of the proceeds as described under Use of Proceeds . This table should be read in conjunction with Summary Selected Historical Consolidated Financial Data contained in this prospectus supplement and our consolidated financial statements and related notes and other financial information incorporated by reference in this prospectus supplement. See Where You Can Find More Information .

	At September 30, 2009	
	Actual	As Adjusted
	(Unaudited, dollars in millions)	
Cash and cash equivalents	$ 183	$
Current portion of long-term debt, capital and finance lease obligations	$ 662	$ 662
Non-current portion of capital and finance lease obligations	193	193
Long-term debt:		
% Senior Notes due 20		
Long-term debt related parties	34	34
Other long-term debt (excluding current maturities)	5,889	5,889
Non-controlling interests	53	53
Preferred stock of subsidiary	44	44
Preferred stock	239	239
Common stockholders equity	2,630	2,630
Total capitalization	$ 9,082	$

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DESCRIPTION OF THE NOTES

*The terms **CMS Energy** , **we** , **our** and **us** , as used in this section, refer only to CMS Energy Corporation and not to any of its subsidiaries.*

General

The Notes will be issued as a series of senior debt securities under the indenture that is referred to in the accompanying prospectus as the senior debt indenture, as supplemented by a supplemental indenture thereto establishing the terms of the Notes to be dated as of January , 2010 (the **supplemental indenture**). The Notes will be initially limited in aggregate principal amount to $. The indenture permits us to re-open this offering of the Notes without the consent of the holders of the Notes. Accordingly, the principal amount of the Notes may be increased in the future on the same terms and conditions and with the same CUSIP number as the Notes being offered by this prospectus supplement, provided that such additional notes must be part of the same issue as the Notes offered hereby for United States federal income tax purposes. The Notes offered by this prospectus supplement and any such additional notes will constitute a single series of debt securities. This means that, in circumstances where the indenture provides for the holders of notes to vote or take any action, the holders of the Notes offered by this prospectus supplement and the holders of any such additional notes will vote or take that action as a single class. The Notes will be unsecured and unsubordinated senior debt securities of CMS Energy.

We may issue debt securities from time to time in one or more series under the indenture. There is no limitation on the amount of debt securities we may issue under the indenture. The indenture does not limit our ability to incur additional indebtedness, including secured indebtedness. The covenants contained in the indenture would not necessarily afford holders of Notes protection in the event of a highly leveraged transaction or other transaction involving us that may adversely affect the holders.

The statements herein concerning the Notes and the indenture are a summary and do not purport to be complete and are subject to, and qualified in their entirety by, all of the provisions of the indenture, which is incorporated herein by this reference. They make use of defined terms and are qualified in their entirety by express reference to the indenture, including the supplemental indenture, a copy of which will be available upon request to the trustee.

Ranking

The Notes will be our senior unsecured obligations and will rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The Notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the related collateral securing that indebtedness and structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

CMS Energy is a holding company that conducts substantially all of its operations through its subsidiaries. Its only significant assets are the capital stock of its subsidiaries, and its subsidiaries generate substantially all of its operating income and cash flow. As a result, dividends or advances from its subsidiaries are the principal source of funds necessary to meet its debt service obligations. Contractual provisions or laws, as well as its subsidiaries financial condition and operating requirements, may limit CMS Energy s ability to obtain cash from its subsidiaries that it may require to pay its debt service obligations, including payments on the Notes. In addition, the Notes will be effectively subordinated to all of the liabilities of CMS Energy s subsidiaries with regard to the assets and earnings of CMS Energy s subsidiaries. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether by dividends, loans or other payments. CMS Energy s rights and the rights of its creditors, including holders of Notes, to participate in the distribution of assets of any subsidiary upon the latter s liquidation or reorganization will be subject to prior claims of the subsidiaries creditors, including trade creditors.

As of September 30, 2009, CMS Energy had outstanding approximately $1.856 billion of senior unsecured indebtedness and $65 million of secured indebtedness, and CMS Energy s subsidiaries had outstanding approximately $9.660 billion of indebtedness and other liabilities.

Primary Source of Funds of CMS Energy; Restrictions on Sources of Dividends

The ability of CMS Energy to pay (i) dividends on its capital stock and (ii) its indebtedness, including the Notes, depends and will depend substantially upon timely receipt of sufficient dividends or other distributions from its subsidiaries, in particular Consumers

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and, to a lesser extent, Enterprises. Each of Consumers and Enterprises ability to pay dividends on its common stock depends upon its revenues, earnings and other factors. Consumers revenues and earnings will depend substantially upon rates authorized by the Michigan Public Service Commission.

Consumers Restated Articles of Incorporation (**Consumers Articles**) provide two restrictions on its payment of dividends on its common stock. First, prior to the payment of any common stock dividend, Consumers must reserve retained earnings after giving effect to such dividend payment of at least (i) $7.50 per share on all then outstanding shares of its preferred stock, (ii) in respect to its Class A Preferred Stock, 7.5% of the aggregate amount established by its board of directors to be payable on the shares of each series thereof in the event of involuntary liquidation of Consumers and (iii) $7.50 per share on all then outstanding shares of all other stock over which its preferred stock and Class A Preferred Stock do not have preference as to the payment of dividends and as to assets. Second, dividend payments during the 12-month period ending with the month the proposed payment is to be paid are limited to: (A) 50% of net income available for the payment of dividends during the base period (as defined below), if the ratio of common stock and surplus to total capitalization and surplus for 12 consecutive calendar months within the 14 calendar months immediately preceding the proposed dividend payment (the **base period**), adjusted to reflect the proposed dividend, is less than 20%; and (B) 75% of net income available for the payment of dividends during the base period if the ratio of common stock and surplus to total capitalization and surplus for the base period, adjusted to reflect the proposed dividend, is at least 20% but less than 25%.

Consumers is subject to the Federal Power Act and the Natural Gas Act. These acts limit Consumers ability to pay dividends from its retained earnings. As of September 30, 2009, Consumers unrestricted retained earnings were $366 million.

Consumers Articles also prohibit the payment of cash dividends on its common stock if Consumers is in arrears on preferred stock dividend payments.

In addition, Michigan law prohibits payment of a dividend if, after giving it effect, Consumers or Enterprises would not be able to pay its debts as they become due in the usual course of business, or its total assets would be less than the sum of its total liabilities plus, unless Consumers Articles or Enterprises articles of incorporation permit otherwise, the amount that would be needed, if Consumers or Enterprises were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution. Currently, it is Consumers policy to pay annual dividends equal to 80% of its annual consolidated net income. Consumers board of directors reserves the right to change this policy at any time.

Payment and Maturity

The Notes will mature on , 20 , and will bear interest at the rate of % per year. At maturity, CMS Energy will pay the aggregate principal amount of the Notes then outstanding. Each Note will bear interest from the original date of issue, payable semiannually in arrears on and , commencing on , 2010, and at maturity. We will pay interest to holders of record at 5:00 p.m., New York City time, on the and next preceding the relevant interest payment date. Interest will be paid to the person in whose name the Notes are registered at the close of business fifteen days prior to the interest payment date. Interest payable on any interest payment date or on the date of maturity will be the amount of interest accrued from and including the date of original issuance or from and including the most recent interest payment date on which interest has been paid or duly made available for payment to but excluding such interest payment date or the date of maturity, as the case may be. Interest on the Notes will be computed on the basis of a 360-day year consisting of twelve 30 day months.

In any case where any interest payment date, redemption date, repurchase date or maturity date (including upon the occurrence of a change of control repurchase event resulting in a purchase date) of any Note shall not be a business day (as defined herein) at any place of payment, then payment of interest or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding business day at such place of payment with the same force and effect as if made on the interest payment date, redemption date, repurchase date or maturity date (including upon the occurrence of a change of control repurchase event resulting in a purchase date); and no interest shall accrue on the amount so payable for the period from and after such interest payment date, redemption date, repurchase date or maturity date, as the case may be, to such business day.

Registration, Transfer and Exchange

The Notes will be initially issued in the form of one or more Notes in registered, global form, without coupons, in denominations of $2,000 and integral multiples of $1,000 as described under Book-Entry System below. The global Notes will be registered in the name of the nominee of DTC. Except as described under Book-Entry System below, owners of beneficial interests in a global Note

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will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of any such Note and will not be considered the registered holder thereof under the indenture.

Optional Redemption

The Notes will be redeemable at CMS Energy s option, in whole or in part, at any time or from time to time, at a redemption price equal to 100% of the principal amount of such Notes being redeemed plus the applicable premium (as defined below), if any, thereon at the time of redemption, together with accrued and unpaid interest, if any, thereon to, but not including, the redemption date. In no event will the redemption price be less than 100% of the principal amount of the Notes plus accrued interest, if any, thereon to the redemption date.

The following definitions are used to determine the applicable premium:

Applicable premium means, with respect to a Note (or portion thereof) being redeemed at any time, the excess of (i) the present value at such time of the principal amount of such Note (or portion thereof) being redeemed plus all interest payments due on such Note (or portion thereof) after the redemption date, which present value shall be computed using a discount rate equal to the treasury rate plus basis points, over (ii) the principal amount of such Note (or portion thereof) being redeemed at such time. For purposes of this definition, the present values of interest and principal payments will be determined in accordance with generally accepted principles of financial analysis.

Treasury rate means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) (the **statistical release**)) that has become publicly available at least two business days prior to the redemption date or, in case of defeasance, prior to the date of deposit (or, if such statistical release is no longer published, any publicly available source of similar market data) most nearly equal to the then remaining average life to stated maturity of the Notes; provided, however, that if the average life to stated maturity of the Notes is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the treasury rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given.

If the original redemption date is on or after a record date and on or before the relevant interest payment date, the accrued and unpaid interest, if any, will be paid to the person or entity in whose name the Note is registered at the close of business on the record date, and no additional interest will be payable to holders whose Notes shall be subject to redemption.

If less than all of the Notes are to be redeemed, the trustee under the indenture shall select, in such manner as it shall deem appropriate and fair, the particular Notes or portions thereof to be redeemed. Notice of redemption shall be given by mail not less than 30 nor more than 60 days prior to the date fixed for redemption to the holders of Notes to be redeemed (which, as long as the Notes are held in the book-entry only system, will be DTC (or its nominee) or a successor depositary); provided, however, that the failure to duly give such notice by mail, or any defect therein, shall not affect the validity of any proceedings for the redemption of Notes as to which there shall have been no such failure or defect. On and after the date fixed for redemption (unless CMS Energy shall default in the payment of the Notes or portions thereof to be redeemed at the applicable redemption price, together with accrued interest, if any, thereon to such date), interest on the Notes or the portions thereof so called for redemption shall cease to accrue.

No sinking fund is provided for the Notes.

Purchase of Notes Upon Change of Control

In the event of any change of control repurchase event (the effective date of such change of control repurchase event being the **change of control date**) each holder of a Note will have the right, at such holder s option, subject to the terms and conditions of the indenture, to require CMS Energy to repurchase all or any part of such holder s Note on a date selected by CMS Energy that is no earlier than 60 days nor later than 90 days (the **purchase date**) after the mailing of written notice by CMS Energy of the occurrence of such change of control repurchase event, at a repurchase price payable in cash equal to 101% of the principal amount of such Notes plus accrued interest, if any, thereon to the purchase date (the **change of control purchase price**).

Within 30 days after the change of control date, CMS Energy is obligated to mail to each holder of a Note a notice regarding the change of control repurchase event, which notice shall state, among other things:

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that a change of control repurchase event has occurred and that each such holder has the right to require CMS Energy to repurchase all or any part of such holder s Notes at the change of control purchase price;

the change of control purchase price;

the purchase date;

the name and address of the paying agent; and

the procedures that holders must follow to cause the Notes to be repurchased.

To exercise this right, a holder must deliver a written notice (the **change of control purchase notice**) to the paying agent (initially the trustee) at its corporate trust office in New York, New York, or any other office of the paying agent maintained for such purposes, not later than 30 days prior to the purchase date. The change of control purchase notice shall state:

the portion of the principal amount of any Notes to be repurchased, which must be a minimum of $2,000 and in $1,000 integral multiples;

that such Notes are to be repurchased by CMS Energy pursuant to the applicable change of control provisions of the indenture; and

unless the Notes are represented by one or more global Notes, the certificate numbers of the Notes to be repurchased.

Any change of control purchase notice may be withdrawn by the holder by a written notice of withdrawal delivered to the paying agent not later than three business days prior to the purchase date. The notice of withdrawal shall state the principal amount and, if applicable, the certificate numbers of the Notes as to which the withdrawal notice relates and the principal amount, if any, that remains subject to a change of control purchase notice.

If a Note is represented by a global Note, DTC or its nominee will be the holder of such Note and therefore will be the only entity that can require CMS Energy to repurchase Notes upon a change of control repurchase event. To obtain repayment with respect to such Note upon a change of control repurchase event, the beneficial owner of such Note must provide to the broker or other entity through which it holds the beneficial interest in such Note (i) the change of control purchase notice signed by such beneficial owner, and such signature must be guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc. or a commercial bank or trust company having an office or correspondent in the United States and (ii) instructions to such broker or other entity to notify DTC of such beneficial owner s desire to cause CMS Energy to repurchase such Notes. Such broker or other entity will provide to the paying agent (1) a change of control purchase notice received from such beneficial owner and (2) a certificate satisfactory to the paying agent from such broker or other entity that it represents such beneficial owner. Such broker or other entity will be responsible for disbursing any payments it receives upon the repurchase of such Notes by CMS Energy.

Payment of the change of control purchase price for a Note in registered, certificated form (a **certificated Note**) for which a change of control purchase notice has been delivered and not withdrawn is conditioned upon delivery of such certificated Note (together with necessary endorsements) to the paying agent at its office in New York, New York, or any other office of the paying agent maintained for such purpose, at any time (whether prior to, on or after the purchase date) after the delivery of such change of control purchase notice. Payment of the change of control purchase price for such certificated Note will be made promptly following the later of the purchase date or the time of delivery of such certificated Note.

If the paying agent holds, in accordance with the terms of the indenture, money sufficient to pay the change of control purchase price of a Note on the business day following the purchase date for such Note, then, on and after such date, interest on such Note will cease to accrue, whether or not such Note is delivered to the paying agent, and all other rights of the holder shall terminate (other than the right to receive the change of control purchase price upon delivery of the Note).

Under the indenture, a **change of control repurchase event** means the occurrence of both a change of control and a rating decline.

Under the indenture, a **change of control** means the occurrence of any of the following events:

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any person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successor provisions to either of the foregoing) becomes the beneficial owners (as used in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group will be deemed to have beneficial ownership of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of a majority of the total voting power of the voting stock (as defined below) of CMS Energy, whether as a result of the issuance of securities of CMS Energy, any merger, consolidation, liquidation or dissolution of CMS Energy or otherwise;

the sale, transfer, assignment, lease, conveyance or other disposition, directly or indirectly, of all or substantially all the assets of CMS Energy and its subsidiaries, considered as a whole (other than a disposition of such assets as an entirety or virtually as an entirety to a wholly-owned subsidiary) shall have occurred, or CMS Energy merges, consolidates or amalgamates with or into any other person or any other person merges, consolidates or amalgamates with or into CMS Energy, in any such event pursuant to a transaction in which the outstanding voting stock of CMS Energy is reclassified into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding voting stock of CMS Energy is reclassified into or exchanged for other voting stock of CMS Energy or for voting stock of the surviving corporation and (b) the holders of the voting stock of CMS Energy immediately prior to such transaction own, directly or indirectly, a majority of the voting stock of CMS Energy or the surviving corporation immediately after such transaction and in substantially the same proportion as before the transaction;

during any period, individuals who at the beginning of such period constituted the board of directors of CMS Energy (together with any new directors whose election or appointment by such board of directors or whose nomination for election by the stockholders of CMS Energy was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of CMS Energy then in office; or

the stockholders of CMS Energy shall have approved any plan of liquidation or dissolution of CMS Energy.

Under the indenture, a **rating decline** means the rating of the relevant securities shall be decreased by one or more gradations (including gradations within categories as well as between rating categories) by each of the rating agencies (as defined below) on any date from the date of the public notice of an arrangement that could result in a change of control until the end of the 30-day period following public notice of the occurrence of the change of control (which 30-day period shall be extended so long as the rating of the relevant securities is under publicly announced consideration for possible downgrade by either of the rating agencies; provided, that the other rating agency has either downgraded, or publicly announced that it is considering downgrading, the relevant securities); provided, however, that if the rating of the relevant securities by each of the rating agencies is investment grade (as defined below), then **rating decline** means the rating of the relevant securities shall be decreased by one or more gradations (including gradations within categories as well as between rating categories) by each of the rating agencies such that the rating of the relevant securities by each of the rating agencies falls below investment grade on any date from the date of the public notice of an arrangement that could result in a change of control until the end of the 30-day period following public notice of the occurrence of the change of control (which 30-day period shall be extended so long as the rating of the relevant securities is under publicly announced consideration for possible downgrade by either of the rating agencies; provided, that the other rating agency has either downgraded, or publicly announced that it is considering downgrading, the relevant securities).

The indenture requires CMS Energy to comply with the provisions of Regulation 14E and any other tender offer rules under the Exchange Act that may then be applicable in connection with any offer by CMS Energy to purchase Notes at the option of holders upon a change of control repurchase event. The change of control repurchase event purchase feature of the Notes may in certain circumstances make more difficult or discourage a takeover of CMS Energy and, thus, the removal of incumbent management. The change of control repurchase event purchase feature, however, is not the result of management s knowledge of any specific effort to accumulate shares of its common stock or to obtain control of CMS Energy by means of a merger, tender offer, solicitation or otherwise, or part of a plan by management to adopt a series of anti-takeover provisions. Instead, the change of control repurchase event purchase

feature is a term contained in many similar debt offerings and the terms of such feature result from negotiations between CMS Energy and the underwriters. Management has no present intention to propose any anti-takeover measures although it is possible that CMS Energy could decide to do so in the future.

No Note may be repurchased by CMS Energy as a result of a change of control repurchase event if there has occurred and is continuing an event of default described under Events of Default below (other than a default in the payment of the change of control purchase price with respect to the Notes). In addition, CMS Energy s ability to purchase Notes may be limited by its financial resources and its inability to raise the required funds because of restrictions on issuance of securities contained in other contractual arrangements.

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The following terms used in this section have the following meanings:

Investment grade means BBB- or higher by S&P and Baa3 or higher by Moody s, or the equivalent of such ratings by S&P or Moody s or, if either S&P or Moody s shall not make a rating on the relevant securities publicly available, another rating agency.

Rating agency means each of S&P and Moody s or, if S&P or Moody s or both shall not make a rating on the relevant securities publicly available, a nationally recognized statistical rating organization or organizations, as the case may be, selected by CMS Energy (as certified by a resolution of CMS Energy s board of directors), which shall be substituted for S&P or Moody s, or both, as the case may be.

Voting stock means securities of any class or classes the holders of which are ordinarily, in the absence of contingencies, entitled to vote for corporate directors (or persons performing similar functions).

Limitation on Certain Liens

Under the terms of the indenture, so long as any of the Notes are outstanding, CMS Energy shall not create, incur, assume or suffer to exist any lien (as defined below) upon or with respect to any of its property of any character, including without limitation any shares of capital stock (as defined below) of Consumers or Enterprises, without making effective provision whereby the Notes shall be (so long as any such other creditor shall be so secured) equally and ratably secured. The foregoing restrictions shall not apply to (i) liens securing indebtedness (as defined below) of CMS Energy, provided that on the date such liens are created, and after giving effect to such indebtedness, the aggregate principal amount at maturity of all of the secured indebtedness of CMS Energy at such date shall not exceed 10% of consolidated net tangible assets (as defined below), or (ii) certain liens for taxes, pledges to secure workman s compensation, other statutory obligations and support obligations (as defined below), certain materialman s, mechanic s and similar liens and certain purchase money liens.

The following terms used in this section have the following meanings:

Business day means a day on which banking institutions in New York, New York are not authorized or required by law or regulation to close.

Capital lease obligation of a person (as defined below) means any obligation that is required to be classified and accounted for as a capital lease on the face of a balance sheet of such person prepared in accordance with generally accepted accounting principles; the amount of such obligation shall be the capitalized amount thereof, determined in accordance with generally accepted accounting principles; the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty; and such obligation shall be deemed secured by a lien on any property or assets to which such lease relates.

Capital stock means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock, including any preferred stock (as defined below) or letter stock.

Consolidated assets means, at any date of determination, the aggregate assets of CMS Energy and its consolidated subsidiaries (as defined below) determined on a consolidated basis in accordance with generally accepted accounting principles.

Consolidated current liabilities means, for any period, the aggregate amount of liabilities of CMS Energy and its consolidated subsidiaries that may properly be classified as current liabilities (including taxes accrued as estimated), after (i) eliminating all inter-company items between CMS Energy and any consolidated subsidiary and (ii) deducting all current maturities of long-term indebtedness, all as determined in accordance with generally accepted accounting principles.

Consolidated net tangible assets means, for any period, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) as set forth on the most recently available quarterly or annual consolidated balance sheet of CMS Energy and its consolidated subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting principles, and after giving effect to purchase accounting and after deducting therefrom, to the extent otherwise included, the amounts of:

consolidated current liabilities;

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minority interests in consolidated subsidiaries held by persons other than CMS Energy or a restricted subsidiary (as defined below);

excess of cost over fair value of assets of businesses acquired, as determined in good faith by the board of directors of CMS Energy as evidenced by resolutions of the board of directors of CMS Energy;

any revaluation or other write-up in value of assets subsequent to December 31, 1996, as a result of a change in the method of valuation in accordance with generally accepted accounting principles;

unamortized debt discount and expenses and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;

treasury stock; and

any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of capital stock to the extent such obligation is not reflected in consolidated current liabilities.

Consolidated subsidiary means any subsidiary (as defined below) whose accounts are or are required to be consolidated with the accounts of CMS Energy in accordance with generally accepted accounting principles.

Indebtedness of any person means, without duplication:

the principal of and premium (if any) in respect of (i) indebtedness of such person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such person is responsible or liable;

all capital lease obligations of such person;

all obligations of such person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business);

all obligations of such person for the reimbursement of any obligor on any letter of credit, bankers acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in the bullet points above) entered into in the ordinary course of business of such person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third business day following receipt by such person of a demand for reimbursement following payment on the letter of credit);

all obligations of the type referred to in the bullet points above of other persons and all dividends of other persons for the payment of which, in either case, such person is responsible or liable as obligor, guarantor or otherwise; and

all obligations of the type referred to in the bullet points above of other persons secured by any lien on any property or asset of such person (whether or not such obligation is assumed by such person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured.

Letter stock as applied to the capital stock of any corporation means capital stock of any class or classes (however designated) that is intended to reflect the separate performance of certain of the businesses or operations conducted by such corporation or any of its subsidiaries.

Lien means any lien, mortgage, pledge, security interest, conditional sale, title retention agreement or other charge or encumbrance of any kind, or any other type or arrangement intended or having the effect of conferring upon a creditor of us or any Subsidiary a preferential interest.

Person means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision of any government, or any other entity.

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Preferred stock as applied to the capital stock of any corporation means capital stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of capital stock of any other class of such corporation.

Restricted subsidiary means any subsidiary (other than Consumers and its subsidiaries) of CMS Energy that, as of the date of CMS Energy s most recent quarterly consolidated balance sheet, constituted at least 10% of the total consolidated assets of CMS Energy and its consolidated subsidiaries and any other subsidiary that from time to time is designated a restricted subsidiary by the board of directors of CMS Energy, provided that no subsidiary may be designated a restricted subsidiary if, immediately after giving effect thereto, an event of default or event that, with the lapse of time or giving of notice or both, would constitute an event of default would exist, and (i) any such subsidiary so designated as a restricted subsidiary must be organized under the laws of the United States or any state thereof, (ii) more than 80% of the voting stock of such subsidiary must be owned of record and beneficially by CMS Energy or a restricted subsidiary and (iii) such restricted subsidiary must be a consolidated subsidiary. For purposes of this definition, **voting stock** means securities of any class or classes the holders of which are ordinarily, in the absence of contingencies, entitled to vote for corporate directors (or persons performing similar functions).

Subsidiary means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by CMS Energy or by one or more other subsidiaries, or by CMS Energy and one or more other subsidiaries. For the purposes of this definition, **voting stock** means stock that ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

Support obligations means, for any person, without duplication, any financial obligation, contingent or otherwise, of such person guaranteeing or otherwise supporting any debt or other obligation of any other person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such person, direct or indirect:

to purchase or pay (or advance or supply funds for the purchase or payment of) such debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such debt;

to purchase property, securities or services for the purpose of assuring the owner of such debt of the payment of such debt;

to maintain working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such debt;

to provide equity capital under or in respect of equity subscription arrangements (to the extent that such obligation to provide equity capital does not otherwise constitute debt); or

to perform, or arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations of the primary obligor.

Limitation on Consolidation, Merger and Sales

Under the terms of the indenture or the Notes, nothing shall prevent any consolidation or merger of CMS Energy with or into any other person or persons (whether or not affiliated with CMS Energy), or successive consolidations or mergers in which CMS Energy or its successor or successors shall be a party or parties, or shall prevent any conveyance, transfer or lease of the property of CMS Energy as an entirety or substantially as an entirety, to any other person (whether or not affiliated with CMS Energy); provided, however, that:

in case CMS Energy shall consolidate with or merge into another person or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any person, the entity formed by such consolidation or into which CMS Energy is merged or the person that acquires by conveyance or transfer, or that leases, the properties and assets of CMS Energy as an entirety or substantially as an entirety shall be a corporation or a limited liability company organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and shall expressly assume, by an indenture (or indentures, if at such time there is more than one trustee) supplemental to the indenture, executed by the successor person and delivered to the trustee, in form satisfactory to the trustee, the due and punctual payment of the principal of and any premium and interest on the Notes and the performance of every obligation in the indenture and the Notes on the part of CMS Energy to be performed or observed;

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immediately after giving effect to such transaction, no event of default or event that, after notice or lapse of time, or both, would become an event of default, shall have occurred and be continuing; and

either CMS Energy or the successor person shall have delivered to the trustee an officers certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with the provisions of the indenture and all conditions precedent therein relating to such transaction.

Upon any consolidation by CMS Energy with or merger of CMS Energy into any other person or any conveyance, transfer or lease of the properties and assets of CMS Energy substantially as an entirety to any person as described above, the successor person formed by such consolidation or into which CMS Energy is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, CMS Energy under the indenture with the same effect as if such successor person had been named as CMS Energy therein; and thereafter, the predecessor person shall be released from all obligations and covenants under the indenture and the Notes.

Notwithstanding the foregoing provisions, such a transaction may constitute a change of control as described under Purchase of Notes Upon Change of Control above and could result in a change of control repurchase event giving rise to the right of a holder to require CMS Energy to repurchase all or part of such holder s Note.

This covenant includes a phrase relating to the conveyance, transfer and lease of the property of CMS Energy substantially as an entirety . There is no precise, established definition of the phrase substantially as an entirety under the laws of Michigan, which govern the indenture and the Notes and is CMS Energy s state of incorporation. Accordingly, the ability of a holder of the Notes to require us to repurchase the Notes as a result of a conveyance, transfer or lease of less than all of the property of CMS Energy may be uncertain.

An assumption by any person of CMS Energy s obligations under the Notes and the indenture might be deemed for U.S. federal income tax purposes to be an exchange of the Notes for new Notes by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

Events of Default

The occurrence of any of the following events with respect to the Notes will constitute an **event of default** with respect to the Notes:

default in the payment of any interest on any of the Notes when it becomes due and payable, and continuance of such default for a period of 30 days;

default in the payment when due and payable of any of the principal of or the premium, if any, on any of the Notes, whether at maturity, upon redemption, acceleration, purchase by CMS Energy at the option of the holders or otherwise;

default for 60 days by CMS Energy in the observance or performance of any other covenant or agreement contained in the indenture or the Notes after written notice thereof as provided in the indenture;

certain events of bankruptcy, insolvency or reorganization relating to CMS Energy or Consumers;

entry of final judgments against CMS Energy or Consumers aggregating in excess of $25,000,000, which remain undischarged or unbonded for 60 days;

a default resulting in the acceleration of indebtedness of CMS Energy or Consumers in excess of $25,000,000, which acceleration has not been rescinded or annulled within ten days after written notice of such default as provided in the indenture;

a default in our obligation to redeem Notes after we exercised our redemption option; or

a default in our obligation to purchase Notes upon the occurrence of a change of control repurchase event.

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If any event of default on the Notes shall have occurred and be continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding may declare the principal of all of the Notes and the premium thereon and interest, if any, accrued thereon to be due and payable immediately.

The indenture provides that the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request, order or direction of the holders of the Notes, unless such holders shall have offered to the trustee reasonable indemnity. Subject to such provisions for indemnity and certain other limitations contained in the indenture, the holders of a majority in aggregate principal amount of the senior debt securities of each affected series then outstanding (voting as one class) will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the senior debt securities of such affected series.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in aggregate principal amount of the Notes outstanding, by written notice to us and the trustee, may rescind and annul such declaration if:

we have paid (or deposited with the trustee a sum sufficient to pay): (i) all overdue interest on all Notes; (ii) the principal amount of any Notes that have become due otherwise than by such declaration of acceleration; (iii) to the extent that payment of such interest is lawful, interest upon overdue interest; and (iv) all sums paid or advanced by the trustee under the indenture and the reasonable compensation, expenses, disbursements and advances of the trustee, its agents and counsel; and

all events of default, other than the non-payment of the principal amount and any accrued and unpaid interest that have become due by such declaration of acceleration, have been cured or waived.

The indenture provides that no holders of Notes may institute any action against CMS Energy under the indenture (except actions for payment of overdue principal, premium or interest) unless such holder previously shall have given to the trustee written notice of default and continuance thereof and unless the holders of not less than 25% in aggregate principal amount of senior debt securities of each affected series then outstanding (voting as one class) shall have requested the trustee to institute such action and shall have offered the trustee reasonable indemnity against costs, expenses and liabilities, the trustee shall not have instituted such action within 60 days of such request and the trustee shall not have received direction inconsistent with such request by the holders of a majority in aggregate principal amount of the senior debt securities of each affected series then outstanding (voting as one class).

The indenture requires CMS Energy to furnish to the trustee annually a statement as to CMS Energy s compliance with all conditions and covenants under the indenture. The indenture provides that the trustee may withhold notice to the holders of the Notes of any default affecting such Notes (except defaults as to payment of principal of, or premium or interest on, the Notes) if it considers such withholding to be in the interests of the holders of the Notes.

Modification and Waiver

CMS Energy and the trustee may enter into supplemental indentures without the consent of the holders of the Notes to:

establish the form and terms of any series of securities under the indenture;

secure the Notes;

provide for the assumption of our obligations to the holders of the Notes in the event of a merger or consolidation, or conveyance, transfer or lease of our property substantially as an entirety;

surrender any right or power conferred upon us;

add to our covenants for the benefit of the holders of the Notes;

cure any ambiguity or correct or supplement any inconsistent or otherwise defective provision contained in the indenture; provided, that such modification or amendment does not adversely affect the interests of the holders of the Notes in any material respect; provided, further, that any amendment made solely to conform the provisions of the indenture to the description of the Notes contained in this prospectus supplement will not be deemed to adversely affect the interests of the holders of the Notes;

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make any provision with respect to matters or questions arising under the indenture that we may deem necessary or desirable and that shall not be inconsistent with provisions of the indenture; provided, that such change or modification does not, in the good faith opinion of our board of directors, adversely affect the interests of the holders of the Notes in any material respect;

comply with the requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act of 1939, as amended;

add guarantees of obligations under the Notes; and

provide for a successor trustee.

CMS Energy and the trustee, with the consent of the holders of a majority in total principal amount of senior debt securities of all series, including the Notes, then outstanding and affected (voting as one class), may change in any manner the provisions of the indenture or modify in any manner the rights of the holders of the senior debt securities of each such affected series. CMS Energy and the trustee may not, without the consent of the holders of each Note affected, enter into any supplemental indenture to:

change the time of payment of the principal;

reduce the principal amount of such Note;

reduce the rate or change the time of payment of interest on such Note;

impair the right to institute suit for the enforcement of any payment on any Note when due;

change the currency in which any Note is payable;

reduce the redemption price or change of control purchase price for the Notes or change the terms applicable to redemption or purchase in a manner adverse to the holder;

change our obligation to maintain an office or agency in New York City; or

subject to specified exceptions, modify certain provisions of the indenture relating to modification of the indenture or waiver under the indenture.

In addition, no such modification may reduce the percentage in principal amount of the senior debt securities of the affected series, the consent of whose holders is required for any such modification or for any waiver provided for in the indenture.

Prior to the acceleration of the maturity of any senior debt security, the holders, voting as one class, of a majority in total principal amount of the senior debt securities with respect to which a default or event of default shall have occurred and be continuing may on behalf of the holders of all such affected senior debt securities waive any past default or event of default and its consequences, except:

our failure to pay principal of or interest on any senior debt securities when due;

waive any default in any payment of redemption price or change of control purchase price with respect to the Notes; or

a default or an event of default in respect of a covenant or provision of the indenture or of any senior debt security that cannot be modified or amended without the consent of the holders of each senior debt security affected.

Defeasance, Covenant Defeasance and Discharge

The indenture provides that, at the option of CMS Energy:

CMS Energy will be discharged from all obligations in respect of the Notes (except for certain obligations to register the transfer of or exchange the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to maintain the trust described below); or

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CMS Energy need not comply with certain restrictive covenants of the indenture, if CMS Energy in each case irrevocably deposits in trust with the trustee money and/or securities backed by the full faith and credit of the United States that, through the payment of the principal thereof and the interest thereon in accordance with their terms, will provide money in an amount sufficient to pay all the principal and interest on the Notes on the stated maturities of such Notes in accordance with the terms thereof.

To exercise this option, CMS Energy is required to deliver to the trustee an opinion of independent counsel to the effect that:

the exercise of such option would not cause the holders of the Notes to recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance, and such holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred; and

in the case of a discharge as described above, such opinion is to be accompanied by a private letter ruling to the same effect received from the Internal Revenue Service or appropriate evidence that since the date of the indenture there has been a change in the applicable federal income tax law.

In the event:

CMS Energy exercises its option to effect a covenant defeasance with respect to the Notes as described above;

the Notes are thereafter declared due and payable because of the occurrence of any event of default other than an event of default caused by failing to comply with the covenants which are defeased; or

the amount of money and securities on deposit with the trustee would be insufficient to pay amounts due on the Notes at the time of the acceleration resulting from such event of default,

CMS Energy would remain liable for such amounts.

Repurchase and Cancellation

We may, to the extent permitted by law, repurchase any Notes in the open market or by tender offer at any price or by private agreement. Any Notes repurchased by us may, at our option, be surrendered to the trustee for cancellation. Any Notes surrendered for cancellation may not be reissued or resold and will be promptly cancelled.

The Trustee

The Bank of New York Mellon is the trustee, paying agent and registrar for the Notes under the indenture. CMS Energy and its affiliates maintain depositary and other normal banking relationships with The Bank of New York Mellon.

Governing Law

The indenture, including the supplemental indenture, and the Notes will be governed by, and construed in accordance with, the laws of the State of Michigan unless the laws of another jurisdiction shall mandatorily apply.

Book-Entry System

The Notes will be evidenced by one or more global Notes. We will deposit the global Notes with DTC and register the global Notes in the name of Cede & Co. as DTC s nominee. Except as set forth below, a global Note may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee.

Beneficial interests in a global Note may be held through organizations that are participants in DTC (called **participants**). Transfers between participants will be effected in the ordinary way in accordance with DTC rules and will be settled in clearing house funds. The laws of some states require that certain persons take physical delivery of securities in definitive form. As a result, the ability to transfer beneficial interests in the global Notes to such persons may be limited.

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Beneficial interests in a global Note held by DTC may be held only through participants, or certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a participant, either directly or indirectly (called **indirect participants**). So long as Cede & Co., as the nominee of DTC, is the registered owner of a global Note, Cede & Co. for all purposes will be considered the sole holder of such global Note. Except as provided below, owners of beneficial interests in a global Note will:

not be entitled to have certificates registered in their names;

not receive physical delivery of certificates in definitive registered form; and

not be considered holders of the global Notes.

We will pay principal of, premium, if any, and interest on, and the repurchase price of, a global Note to Cede & Co., as the registered owner of the global Notes, by wire transfer of immediately available funds on the maturity date, each interest payment date or repurchase date, as the case may be. None of we, the trustee or any paying agent will be responsible or liable:

for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a global Note; or

for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

DTC has advised us that it will take any action permitted to be taken by a holder of the Notes only at the direction of one or more participants to whose account with DTC interests in the global Notes are credited, and only in respect of the principal amount of the Notes represented by the global Notes as to which the participant or participants has or have given such direction.

DTC has advised us that it is:

a limited purpose trust company organized under the laws of the State of New York, and a member of the Federal Reserve System;

a clearing corporation within the meaning of the Uniform Commercial Code; and

a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants. Participants include securities brokers, dealers, banks, trust companies and clearing corporations and other organizations. Some of the participants or their representatives, together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

If DTC at any time is unwilling or unable to continue as a depositary, defaults in the performance of its duties as depositary or ceases to be a clearing agency registered under the Exchange Act or other applicable statute or regulation, and a successor depositary is not appointed by us within 90 days, we will issue Notes in definitive form in exchange for the global securities relating to the Notes. In addition, we may at any time and in our sole discretion determine not to have the Notes or portions of the Notes represented by one or more global securities and, in that event, will issue individual Notes in exchange for the global security or securities representing the Notes. Further, if we so specify with respect to any Notes, an owner of a beneficial interest in a global security representing the Notes may, on terms acceptable to us and the depositary for the global security, receive individual Notes in exchange for the beneficial interest. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery in definitive form of Notes represented by the global security equal in principal amount to the beneficial interest, and to have the Notes registered in its name. Notes so issued in definitive form will be issued as registered Notes in denominations of $2,000 and integral multiples of $1,000, unless otherwise specified by us.

None of we, the trustee, the registrar or the paying agent will have any responsibility or liability for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

General

The following is a discussion of the material U.S. federal income tax considerations applicable to an investment in the Notes by a purchaser of Notes in the offering at the issue price (which is the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Notes are sold) and hold the Notes as capital assets within the meaning of the Internal Revenue Code of 1986, as amended (the **Code**). This discussion does not address any tax considerations that may apply to holders subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, persons that mark-to-market their securities, former U.S. citizens or long-term residents, life insurance companies, tax-exempt entities, tax-deferred or other retirement accounts, persons subject to the alternative minimum tax, persons that hold Notes as a position in a straddle or as part of a hedging, constructive sale or conversion transaction for U.S. federal income tax purposes, or U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar.

If a holder purchases Notes at a price other than the issue price, the amortizable bond premium, acquisition premium or market discount rules may also apply to such holder.

For purposes of this discussion, a **U.S. Holder** means a beneficial owner of Notes that is, for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;

a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any State thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if (i) the administration of the trust is subject to the primary supervision of a court in the United States and for which one or more U.S. persons have the authority to control all substantial decisions or (b) it has a valid election in effect to be treated as a United States person.

If a partnership holds Notes, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. Partners of partnerships that will hold Notes should consult their tax advisors.

As used herein, a **Non-U.S. Holder** is a beneficial owner of Notes that is not a U.S. Holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

This summary is based on the Code, Treasury regulations promulgated under the Code and judicial and administrative interpretations thereof, all as in effect on the date hereof and all of which are subject to change, which change may be retroactive and may affect the tax consequences described herein.

This discussion is not intended to constitute a complete analysis of all tax considerations relevant to an investment in the Notes. It does not take into account the individual circumstances of any particular prospective investor, nor does it address any aspect of estate or gift tax laws or of state, local or foreign tax laws. We strongly urge a holder to consult its own tax advisor for advice concerning the application of the U.S. federal income tax laws to that holder s particular situation, as well as any tax consequences arising under state, local or foreign tax laws.

U.S. Holders

Payments of Interest

Interest paid on the Notes will be included in the income of a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with such holder s regular method of accounting for U.S. federal income tax purposes. It is expected (and this discussion assumes) that the Notes will be issued with a de minimis amount of original issue discount for U.S. federal income tax purposes.

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Change of Control Premium and Additional Premium Upon Optional Redemption

In certain circumstances, we may be obligated to pay a change of control premium on the Notes (as described above under Description of the Notes Purchase of Notes Upon Change of Control). In addition, we may redeem the Notes in whole or in part for a price that includes the applicable premium (as described under Description of the Notes Optional Redemption above). These events may implicate the provisions of Treasury regulations relating to contingent payment debt instruments . We intend to take the position that the contingency that such events will occur is remote or incidental (within the meaning of applicable Treasury regulations) and therefore that the Notes are not subject to the rules governing contingent payment debt instruments. Under our position, the change of control premium or the applicable premium, as the case may be, may be taxable to a U.S. Holder as additional ordinary income when received or accrued, according to such U.S. Holder s method of accounting for U.S. federal income tax purposes. If our position were found to be incorrect and the Notes were deemed to be contingent payment debt instruments, a U.S. Holder might, among other things, be required to treat all or a portion of any gain recognized on the sale or other disposition of a Note as ordinary income rather than capital gain and might be required to report the change of control premium or the applicable premium, as the case may be, as income when it accrues or becomes fixed, even if such U.S. Holder is a cash method taxpayer. U.S. Holders should consult their tax advisors to discuss the treatment of such amounts for U.S. federal income tax purposes.

Sale, Exchange or Redemption of the Notes

Upon the sale, exchange, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the disposition, excluding any amounts attributable to accrued but unpaid interest (which will be taxable as ordinary interest income to the extent not already included in income), and the U.S. Holder s tax basis in the Note. A U.S. Holder s tax basis in a Note generally will equal its cost. Subject to the discussion above under Change of Control Premium and Additional Premium Upon Optional Redemption , this gain or loss will be capital gain or loss and will generally be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year and otherwise will be short-term capital gain or loss. For individuals, long-term capital gains are currently taxed at a lower rate than ordinary income. Short-term capital gains are taxed at rates applicable to ordinary income. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

Payments of Interest

Interest on Notes paid to a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax unless: (i) the interest is effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business (and, if required under an applicable income tax treaty, is attributable to a permanent establishment maintained in the United States by the Non-U.S. Holder); (ii) the Non-U.S. Holder owns, actually, indirectly or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, is a controlled foreign corporation related, directly or indirectly, to us through stock ownership or is a bank that acquired the Notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business; or (iii) the Non-U.S. Holder fails to satisfy the nonresident status certification requirements (as described below).

Except to the extent that an applicable income tax treaty otherwise provides, generally a Non-U.S. Holder will be taxed in the same manner as a U.S. Holder with respect to interest that is effectively connected with the Non-U.S. Holder s conduct of a U.S. trade or business. A corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty) on any effectively connected interest on the Notes.

The certification requirements will be satisfied in respect of a Non-U.S. Holder if either (i) the beneficial owner of the Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax, that such owner is not a United States person and provides its name and address or (ii) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business) that holds the Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax, that such statement has been received from the beneficial owner of the Note by such intermediary, or by any other financial institution between such intermediary and the beneficial

owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. The foregoing certification may be provided on a properly completed Internal Revenue Service (**IRS**) Form W-8BEN or W-8IMY, as applicable. If a Non-U.S. Holder is engaged in a U.S. trade or business, it would be required to provide to us or the withholding agent a properly executed IRS Form W-8ECI (or appropriate substitute form) in lieu of the certification of nonresident status to avoid withholding tax.

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To claim the benefit of an applicable income tax treaty, a holder must timely provide the appropriate and properly executed IRS forms, and the holder may be required to update these periodically. Non-U.S. Holders should consult their tax advisors concerning certification requirements.

Sale, Exchange or Redemption of the Notes

If we redeem a Note of a Non-U.S. Holder, any cash received by such Non-U.S. Holder attributable to accrued but unpaid interest not previously included in income of the Non-U.S. Holder will be subject to the rules described under Payments of Interest above. In certain circumstances, we may be obligated to pay a change of control premium on the Notes (as described under Description of the Notes Purchase of Notes Upon Change of Control above). In addition, we may redeem the Notes in whole or in part for a price that includes the applicable premium (as described under Description of the Notes Optional Redemption above). The change of control premium or the applicable premium, as the case may be, may be taxable to a Non-U.S. Holder as additional interest income subject to the rules described under Payments of Interest above. Non-U.S. Holders should consult their tax advisors to discuss the treatment of such amounts for U.S. federal income tax purposes.

Gain recognized by a Non-U.S. Holder on the sale, exchange or redemption of Notes will not be subject to U.S. federal income tax unless: (i) the gain is effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business (and, if required under an applicable income tax treaty, is attributable to a permanent establishment maintained in the United States by the Non-U.S. Holder); or (ii) in the case of gain recognized by a Non-U.S. Holder who is an individual, he or she is present in the United States for a total of 183 days or more during the taxable year in which such gain is recognized and certain other conditions are met.

Except to the extent that an applicable income tax treaty otherwise provides, generally a Non-U.S. Holder will be taxed in the same manner as a U.S. Holder with respect to gain that is effectively connected with the Non-U.S. Holder s conduct of a U.S. trade or business. A corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty) on any effectively connected gain on the Notes. A Non-U.S. Holder who is an individual present in the United States for 183 days or more in the taxable year and meets certain other conditions will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which capital gains from U.S. sources (including gains from the sale or other disposition of the Notes) exceed capital losses allocable to U.S. sources. To claim the benefit of an applicable income tax treaty, a Non-U.S. Holder must timely provide the appropriate and properly executed IRS forms and may be required to update these periodically.

Backup Withholding Tax and Information Reporting

A U.S. Holder (other than an exempt recipient , including a corporation and certain other persons who, when required, demonstrate their exempt status) may be subject to backup withholding at the applicable statutory rate on, and to information reporting with respect to, payments of principal, premium, if any, and interest on the Notes, and proceeds from the sale, exchange or other disposition of the Notes, if the U.S. Holder fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable certification requirements. Backup withholding tax is not an additional tax and may be credited against a U.S. Holder s regular U.S. federal income tax liability or refunded by the IRS.

Non-U.S. Holders are generally exempt from information reporting and backup withholding provided, if necessary, they certify their nonresident status or otherwise demonstrate their exemption. The certification procedures required of Non-U.S. Holders to claim the exemption from withholding tax on interest payments on the Notes, described above, generally will satisfy the certification requirements necessary to avoid backup withholding. Copies of applicable IRS information returns may be made available, under the provisions of an applicable income tax treaty or agreement, to the tax authorities of the country in which the Non-U.S. Holder resides. Any backup withholding tax generally will be allowed as a credit or refund against the Non-U.S. Holder s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

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RATINGS

The Notes are expected to be rated BB+ by S&P, Ba1 by Moody s and BB+ by Fitch. Such ratings reflect only the views of such ratings agencies, and do not constitute a recommendation to buy, sell or hold securities. In general, ratings address credit risk. Each rating should be evaluated independently of any other rating. An explanation of the significance of such ratings may be obtained only from such rating agencies at the following addresses: Standard & Poor s, 25 Broadway, New York, New York 10004; Moody s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Fitch, Inc., 1 State Street Plaza, New York, New York 10004. The security rating may be subject to revision or withdrawal at any time by the assigning rating organization, and, accordingly, there can be no assurance that such ratings will remain in effect for any period of time or that they will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances warrant. Neither CMS Energy nor the underwriters have undertaken any responsibility to oppose any proposed downward revision or withdrawal of a rating on the Notes. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Notes.

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UNDERWRITING

J.P. Morgan Securities Inc., BNP Paribas Securities Corp., RBS Securities Inc., Scotia Capital (USA) Inc. and Wells Fargo Securities, LLC are acting as representatives of the underwriters and joint book-running managers of this offering. Subject to the terms and conditions stated in the underwriting agreement for the Notes dated the date of this prospectus supplement, which we will file as an exhibit to our current report on Form 8-K and incorporate by reference in this prospectus supplement and the accompanying prospectus, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the principal amounts of Notes set forth opposite the underwriter s name at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement.

Underwriters	**Principal Amount of Notes**
J.P. Morgan Securities Inc.	$
BNP Paribas Securities Corp.	
RBS Securities Inc.	
Scotia Capital (USA) Inc.	
Wells Fargo Securities, LLC	
Comerica Securities, Inc.	
Goldman, Sachs & Co.	
KeyBanc Capital Markets Inc.	
Mitsubishi UFJ Securities (USA), Inc.	
Fifth Third Securities, Inc.	
The Williams Capital Group, L.P.	
Total	$

The underwriting agreement provides that the obligations of the underwriters to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase and accept delivery of all Notes if any are purchased.

The underwriters propose to offer the Notes directly to the public at the offering price set forth on the cover page of this prospectus supplement and may offer the Notes to certain dealers at a price that represents a concession not in excess of % of the principal amount of the Notes. Any underwriter may allow, and any such dealer may reallow, a concession not in excess of % of the principal amount of the Notes to certain other dealers. After the initial offering of the Notes, the underwriters may from time to time vary the offering price and other selling terms.