

REFINITIV

# DELTA REPORT

## 10-Q

CMS PR B - CONSUMERS ENERGY CO

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	2536
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 CHANGES	187
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 DELETIONS	419
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 ADDITIONS	1930
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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q



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

For the quarterly period ended **March 31, 2024** **June 30, 2024**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No.	Registrant; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
1-9513	 <b>CMS ENERGY CORPORATION</b> (A Michigan Corporation) One Energy Plaza, Jackson, Michigan 49201 (517) 788-0550	38-2726431
1-5611	 <b>CONSUMERS ENERGY COMPANY</b> (A Michigan Corporation) One Energy Plaza, Jackson, Michigan 49201 (517) 788-0550	38-0442310

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
CMS Energy Corporation Common Stock, \$0.01 par value	CMS	New York Stock Exchange
CMS Energy Corporation 5.625% Junior Subordinated Notes due 2078	CMSA	New York Stock Exchange
CMS Energy Corporation 5.875% Junior Subordinated Notes due 2078	CMSC	New York Stock Exchange
CMS Energy Corporation 5.875% Junior Subordinated Notes due 2079	CMSD	New York Stock Exchange
CMS Energy Corporation Depositary Shares, each representing a 1/1,000th interest in a share of 4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C	CMS PRC	New York Stock Exchange
Consumers Energy Company Cumulative Preferred Stock, \$100 par value:		
\$4.50 Series	CMS-PB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

**CMS Energy Corporation:** Yes ☒ No ☐

**Consumers Energy Company:** Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

**CMS Energy Corporation:**    Yes ☒    No ☐                      **Consumers Energy Company:**    Yes ☒    No ☐

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

CMS Energy Corporation:		Consumers Energy Company:	
Large accelerated filer	<input checked="" type="checkbox"/>	Large accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input checked="" type="checkbox"/>
Accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**CMS Energy Corporation:**                      ☐                      **Consumers Energy Company:**                      ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

**CMS Energy Corporation:**    Yes ☐    No ☒                      **Consumers Energy Company:**    Yes ☐    No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock at April 8, 2024 July 9, 2024:

<b>CMS Energy Corporation:</b>	
CMS Energy Corporation Common Stock, \$0.01 par value	298,635,428 298,729,438
<b>Consumers Energy Company:</b>	
Consumers Common Stock, \$10 par value, privately held by CMS Energy Corporation	84,108,789

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# CMS Energy Corporation

# Consumers Energy Company

## Quarterly Reports on Form 10-Q to the Securities and Exchange Commission for the Period Ended **March 31, 2024** **June 30, 2024**

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### Glossary

Certain terms used in the text and financial statements are defined below.

#### 2023 Form 10-K

Each of CMS Energy’s and Consumers’ Annual Report on Form 10-K for the year ended December 31, 2023

## **2023 Energy Law**

Michigan's Public Acts 229, 230, 231, 233, 234, and 235 of 2023

## **3G**

Third generation technology

## **4G**

Fourth generation technology

## **ABATE**

Association of Businesses Advocating Tariff Equity

## **ASP**

Appliance Service Plan

## **Aviator Wind**

Aviator Wind Holdings, LLC, a VIE in which Aviator Wind Equity Holdings holds a Class B membership interest

## **Aviator Wind Equity Holdings**

Aviator Wind Equity Holdings, LLC, a VIE in which Grand River Wind, LLC, a wholly owned subsidiary of NorthStar Clean Energy, has a 51-percent interest

## **Bay Harbor**

A residential/commercial real estate area located near Petoskey, Michigan, in which CMS Energy sold its interest in 2002

## **bcf Bcf**

Billion cubic feet

## **CCR**

Coal combustion residual

## **CEO**

Chief Executive Officer

**CERCLA**

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended

**CFO**

Chief Financial Officer

**Clean Air Act**

Federal Clean Air Act of 1963, as amended

**Clean Energy Plan**

Consumers' long-term strategy for delivering clean, reliable, resilient, and affordable energy to its customers; this plan was originally outlined and approved in Consumers' 2018 integrated resource plan and subsequently updated and approved through its 2021 integrated resource plan

**Clean Water Act**

Federal Water Pollution Control Act of 1972, as amended

**CMS Energy**

CMS Energy Corporation and its consolidated subsidiaries, unless otherwise noted; the parent of Consumers and NorthStar Clean Energy

**CMS Land**

CMS Land Company, a wholly owned subsidiary of CMS Capital, L.L.C., a wholly owned subsidiary of CMS Energy

**Consumers**

Consumers Energy Company and its consolidated subsidiaries, unless otherwise noted; a wholly owned

Consumers Energy Company and its consolidated subsidiaries, unless otherwise noted; a wholly owned subsidiary of CMS Energy

### **Consumers 2014 Securitization Funding**

Consumers 2014 Securitization Funding LLC, a wholly owned consolidated bankruptcy-remote subsidiary of Consumers and special-purpose entity organized for the sole purpose of purchasing and owning securitization property, issuing securitization bonds, and pledging its interest in securitization property to a trustee to collateralize the securitization bonds

### **Consumers 2023 Securitization Funding**

Consumers 2023 Securitization Funding LLC, a wholly owned consolidated bankruptcy-remote subsidiary of Consumers and special-purpose entity organized for the sole purpose of purchasing and owning securitization property, issuing securitization bonds, and pledging its interest in securitization property to a trustee to collateralize the securitization bonds

### **Covert Generating Station**

A 1,200-MW natural gas-fueled generation station that was acquired by Consumers in May 2023 from New Covert Generating Company, LLC, a non-affiliated company

### **Craven**

Craven County Wood Energy Limited Partnership, a VIE in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent interest

### **CSAPR**

Cross-State Air Pollution Rule of 2011, as amended

### **DB Pension Plans**

Defined benefit pension plans of CMS Energy and Consumers, including certain present and former affiliates and subsidiaries

### **DB SERP**

Defined Benefit Supplemental Executive Retirement Plan

**DIG**

Dearborn Industrial Generation, L.L.C., a wholly owned subsidiary of Dearborn Industrial Energy, L.L.C., a wholly owned subsidiary of NorthStar Clean Energy

**Dodd-Frank Act**

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

**DTE Electric**

DTE Electric Company, a non-affiliated company

**EGLE**

Michigan Department of Environment, Great Lakes, and Energy

**Endangered Species Act**

Endangered Species Act of 1973, as amended

**energy waste reduction**

The reduction of energy consumption through energy efficiency and demand-side energy conservation, as established under Michigan law

**EPA**

U.S. Environmental Protection Agency

**EPS**

Earnings per share

**Exchange Act**

Securities Exchange Act of 1934

**Federal Power Act**

Federal Power Act of 1920



**FERC**

Federal Energy Regulatory Commission

**FTR**

Financial transmission right

**GAAP**

U.S. Generally Accepted Accounting Principles

**Genesee**

Genesee Power Station Limited Partnership, a VIE in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent 50-percent interest

**Good Neighbor Plan**

A plan issued by the EPA which secures significant reductions in ozone-forming emissions of NOx from power plants and industrial facilities

**Grayling**

Grayling Generating Station Limited Partnership, a VIE in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent 50-percent interest

**IRS**

Internal Revenue Service

**kWh**

Kilowatt-hour, a unit of energy equal to one thousand watt-hours

**Ludington**

Ludington pumped-storage plant, jointly owned by Consumers and DTE Electric

**MATS**

Mercury and Air Toxics Standards, which limit mercury, acid gases, and other toxic pollution from coal-fueled and oil-fueled power plants

**MD&A**

Management's Discussion and Analysis of Financial Condition and Results of Operations

**MGP**

Manufactured gas plant

**Migratory Bird Treaty Act**

Migratory Bird Treaty Act of 1918, as amended

**MISO**

Midcontinent Independent System Operator, Inc.

**mothball**

To place a generating unit into a state of extended reserve shutdown in which the unit is inactive and unavailable for service for a specified period, during which the unit can be brought back into service after receiving appropriate notification and completing any necessary maintenance or other work; generation owners in MISO must request approval to mothball a unit, and MISO then evaluates the request for reliability impacts

**MPSC**

Michigan Public Service Commission

**MW**

Megawatt, a unit of power equal to one million watts

**NAAQS**

National Ambient Air Quality Standards

**Natural Gas Act**

Natural Gas Act of 1938

**Newport Solar Holdings**

Newport Solar Holdings III, LLC, a VIE in which Newport Solar Equity Holdings LLC, a wholly owned subsidiary of Grand River Solar, LLC, a wholly owned subsidiary of NorthStar Clean Energy, holds a Class B membership interest

membership interest

### **NorthStar Clean Energy**

NorthStar Clean Energy Company, a wholly owned subsidiary of CMS Energy, formerly known as CMS Enterprises Company

### **NO<sub>x</sub>**

Nitrogen oxides

### **NPDES**

National Pollutant Discharge Elimination System, a permit system for regulating point sources of pollution under the Clean Water Act

### **NREPA**

Part 201 of Michigan's Natural Resources and Environmental Protection Act of 1994, as amended

### **NWO Holdco**

NWO Holdco, L.L.C., a VIE in which NWO Holdco I, LLC, a wholly owned subsidiary of Grand River Wind, LLC, a wholly owned subsidiary of NorthStar Clean Energy, holds a Class B membership interest

### **OPEB**

Other post-employment benefits

### **OPEB Plan**

Postretirement health care and life insurance plans of CMS Energy and Consumers, including certain present and former affiliates and subsidiaries

### **PCB**

Polychlorinated biphenyl

### **PPA**

Power purchase agreement

**RCRA**

Federal Resource Conservation and Recovery Act of 1976

**REC**

Renewable energy credit

**ROA**

Retail Open Access, which allows electric generation customers to choose alternative electric suppliers pursuant to Michigan's Public Acts 141 and 142 of 2000, as amended

**SEC**

U.S. Securities and Exchange Commission

**securitization**

A financing method authorized by statute and approved by the MPSC which allows a utility to sell its right to receive a portion of the rate payments received from its customers for the repayment of securitization bonds issued by a special-purpose entity affiliated with such utility

**SOFR**

Secured overnight financing rate calculated and published by the Federal Reserve Bank of New York and selected as the recommended alternative to replace the London Interbank Offered Rate for dollar-denominated financial contracts by the Alternative Reference Rates Committee

**TAES**

Toshiba America Energy Systems Corporation, a non-affiliated company

**TBJH**

TBJH Inc., a non-affiliated company

**TCJA**

Tax Cuts and Jobs Act of 2017

**Term SOFR**

The rate per annum that is a forward-looking term rate based on SOFR

**T.E.S. Filer City**

T.E.S. Filer City Station Limited Partnership, a VIE in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent 50-percent interest

**Toshiba**

Toshiba Corporation, a non-affiliated company

**VIE**

Variable interest entity

**Wolverine Power**

Wolverine Power Supply Cooperative, Inc., a non-affiliated company

## Filing Format

This combined Form 10-Q is separately filed by CMS Energy and Consumers. Information in this combined Form 10-Q relating to each individual registrant is filed by such registrant on its own behalf. Consumers makes no representation regarding information relating to any other companies affiliated with CMS Energy other than its own subsidiaries.

CMS Energy is the parent holding company of several subsidiaries, including Consumers and NorthStar Clean Energy. None of CMS Energy, NorthStar Clean Energy, nor any of CMS Energy's other subsidiaries (other than Consumers) has any obligation in respect of Consumers' debt securities or preferred stock and holders

of such securities should not consider the financial resources or results of operations of CMS Energy, NorthStar Clean Energy, nor any of CMS Energy's other subsidiaries (other than Consumers and its own subsidiaries (in relevant circumstances)) in making a decision with respect to Consumers' debt securities or preferred stock. Similarly, neither Consumers nor any other subsidiary of CMS Energy has any obligation in respect of securities of CMS Energy.

This report should be read in its entirety. No one section of this report deals with all aspects of the subject matter of this report. This report should be read in conjunction with the consolidated financial statements and related notes and with MD&A included in the 2023 Form 10-K.

## Available Information

CMS Energy's internet address is [www.cmsenergy.com](http://www.cmsenergy.com). CMS Energy routinely posts important information on its website and considers the Investor Relations section, [www.cmsenergy.com/investor-relations](http://www.cmsenergy.com/investor-relations), a channel of distribution for material information. Information contained on CMS Energy's website is not incorporated herein.

## Forward-looking Statements and Information

This Form 10-Q and other CMS Energy and Consumers disclosures may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. The use of "anticipates," "assumes," "believes," "could," "estimates," "expects," "forecasts," "goals," "guidance," "intends," "may," "might," "objectives," "plans," "possible," "potential," "predicts," "projects," "seeks," "should," "targets," "will," and other similar words is intended to identify forward-looking statements that involve risk and uncertainty. This discussion of potential risks and uncertainties is designed to highlight important factors that may impact CMS Energy's and Consumers' businesses and financial outlook. CMS Energy and Consumers have no obligation to update or revise forward-looking statements regardless of whether new information, future events, or any other factors affect the information contained in the statements. These forward-looking statements are subject to various factors that could cause CMS Energy's and Consumers' actual results to differ materially from the results anticipated in these statements. These factors include, but are not limited to, the following, all of which are potentially significant:

- the impact and effect of recent events, such as worsening trade relations, geopolitical tensions, war, acts of terrorism, and the responses to these events, and related economic disruptions including, but not limited to, inflation, energy price volatility, and supply chain disruptions
- the impact of new regulation by the MPSC, FERC, and other applicable governmental proceedings and regulations, including any associated impact on electric or gas rates or rate structures

- potentially adverse regulatory treatment, effects of a failure to receive timely regulatory orders that are or could come before the MPSC, FERC, or other governmental authorities, or effects of a government shutdown
- changes in the performance of or regulations applicable to MISO, Michigan Electric Transmission Company, LLC (a non-affiliated company), pipelines, railroads, vessels, or other service providers that CMS Energy, Consumers, or any of their affiliates rely on to serve their customers
- the adoption of or challenges to federal or state laws or regulations or changes in applicable laws, rules, regulations, principles, or practices, or in their interpretation, such as those related to energy policy, ROA, the Public Utility Regulatory Policies Act of 1978, infrastructure integrity or security, cybersecurity, gas pipeline safety, gas pipeline capacity, energy waste reduction, the environment, regulation or deregulation, reliability, health care reforms, taxes, accounting matters, climate change, air emissions, renewable energy, the Dodd-Frank Act, and other business issues that could have an impact on CMS Energy's, Consumers', or any of their affiliates' businesses or financial results
- factors affecting, disrupting, interrupting, or otherwise impacting CMS Energy's or Consumers' facilities, utility infrastructure, operations, or backup systems, such as costs and availability of personnel, equipment, and materials; weather and climate, including catastrophic weather-related damage and extreme temperatures; natural disasters; fires; smoke; scheduled or unscheduled equipment outages; maintenance or repairs; contractor performance; environmental incidents; failures of equipment or materials; electric transmission and distribution or gas pipeline system constraints; interconnection requirements; political and social unrest; general strikes; the government and/or paramilitary response to political or social events; changes in trade policies or regulations; accidents; explosions; physical disasters; global pandemics; cyber incidents; vandalism; war or terrorism; and the ability to obtain or maintain insurance coverage for these events
- the ability of CMS Energy and Consumers to execute cost-reduction strategies
- potentially adverse regulatory or legal interpretations or decisions regarding environmental matters, or delayed regulatory treatment or permitting decisions that are or could come before agencies such as EGLE, the EPA, FERC, and/or the U.S. Army Corps of Engineers, and potential environmental remediation costs associated with these interpretations or decisions, including those that may affect Consumers' coal ash management or routine maintenance, repair, and replacement classification under New Source Review, a construction-permitting program under the Clean Air Act
- changes in energy markets, including availability, price, and seasonality of electric capacity and the timing and extent of changes in commodity prices and availability and deliverability of coal, natural gas, natural gas liquids, electricity, oil, gasoline, diesel fuel, and certain related products

- the price of CMS Energy common stock, the credit ratings of CMS Energy and Consumers, capital and financial market conditions, and the effect of these market conditions on CMS Energy's and Consumers' interest costs and access to the capital markets, including availability of financing to CMS Energy, Consumers, or any of their affiliates
- the ability of CMS Energy and Consumers to execute their financing strategies
- the investment performance of the assets of CMS Energy's and Consumers' pension and benefit plans, the discount rates, mortality assumptions, and future medical costs used in calculating the plans' obligations, and the resulting impact on future funding requirements
- the impact of the economy, particularly in Michigan, and potential future volatility in the financial and credit markets on CMS Energy's, Consumers', or any of their affiliates' revenues, ability to collect accounts receivable from customers, or cost and availability of capital
- changes in the economic and financial viability of CMS Energy's and Consumers' suppliers, customers, and other counterparties and the continued ability of these third parties, including those in bankruptcy, to meet their obligations to CMS Energy and Consumers
- population changes in the geographic areas where CMS Energy and Consumers conduct business
- national, regional, and local economic, competitive, and regulatory policies, conditions, and developments
- loss of customer demand for electric generation supply to alternative electric suppliers, increased use of self-generation including distributed generation, energy waste reduction, or energy storage
- loss of customer demand for natural gas due to alternative technologies or fuels or electrification
- the ability of Consumers to meet increased renewable energy demand due to customers seeking to meet their own sustainability goals in a timely and cost-efficient manner
- the reputational or other impact on CMS Energy and Consumers of the failure to achieve or make timely progress on their greenhouse gas reduction goals related to reducing their impact on climate change
- adverse consequences of employee, director, or third-party fraud or non-compliance with codes of conduct or with laws or regulations



- federal regulation of electric sales, including periodic re-examination by federal regulators of CMS Energy's and Consumers' market-based sales authorizations
  - any event, change, development, occurrence, or circumstance that could impact the implementation of the Clean Energy Plan, including any action by a regulatory authority or other third party to prohibit, delay, or impair the implementation of the Clean Energy Plan
  - the availability, cost, coverage, and terms of insurance, the stability of insurance providers, and the ability of Consumers to recover the costs of any insurance from customers
  - the effectiveness of CMS Energy's and Consumers' risk management policies, procedures, and strategies, including strategies to hedge risk related to interest rates and future prices of electricity, natural gas, and other energy-related commodities
  - factors affecting development of electric generation projects, gas transmission, and gas and electric distribution infrastructure replacement, conversion, and expansion projects, including factors related to project site identification, construction material pricing, schedule delays, availability of qualified construction personnel, permitting, acquisition of property rights, community opposition, environmental regulations, and government actions
  - changes or disruption in fuel supply, including but not limited to supplier bankruptcy and delivery disruptions
- 
- potential costs, lost revenues, reputational harm, or other consequences resulting from misappropriation of assets or sensitive information, corruption of data, or operational disruption in connection with a cyberattack or other cyber incident
  - potential disruption to, interruption or failure of, or other impacts on information technology backup or disaster recovery systems
  - technological developments in energy production, storage, delivery, usage, and metering
  - the ability to implement and integrate technology successfully, including artificial intelligence
  - the impact of CMS Energy's and Consumers' integrated business software system and its effects on their operations, including utility customer billing and collections
  - adverse consequences resulting from any past, present, or future assertion of indemnity or warranty claims associated with assets and businesses previously owned by CMS Energy or Consumers,

including claims resulting from attempts by foreign or domestic governments to assess taxes on or to impose environmental liability associated with past operations or transactions

- the outcome, cost, and other effects of any legal or administrative claims, proceedings, investigations, or settlements
- the reputational impact on CMS Energy and Consumers of operational incidents, violations of corporate policies, regulatory violations, inappropriate use of social media, and other events
- restrictions imposed by various financing arrangements and regulatory requirements on the ability of Consumers and other subsidiaries of CMS Energy to transfer funds to CMS Energy in the form of cash dividends, loans, or advances
- earnings volatility resulting from the application of fair value accounting to certain energy commodity contracts or interest rate contracts
- changes in financial or regulatory accounting principles or policies
- other matters that may be disclosed from time to time in CMS Energy's and Consumers' SEC filings, or in other public documents

All forward-looking statements should be considered in the context of the risk and other factors described above and as detailed from time to time in CMS Energy's and Consumers' SEC filings. For additional details regarding these and other uncertainties, see Part I—Item 1. Financial Statements—MD&A—Outlook and Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments; and Part I—Item 1A. Risk Factors in the 2023 Form 10-K.

## Part I—Financial Information

### Item 1. Financial Statements

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# CMS Energy Corporation

## Consumers Energy Company

# Management's Discussion and Analysis of Financial Condition and Results of Operations

This MD&A is a combined report of CMS Energy and Consumers.

## Executive Overview

CMS Energy is an energy company operating primarily in Michigan. It is the parent holding company of several subsidiaries, including Consumers, an electric and gas utility, and NorthStar Clean Energy, primarily a domestic independent power producer and marketer. Consumers' electric utility operations include the generation, purchase, distribution, and sale of electricity, and Consumers' gas utility operations include the purchase, transmission, storage, distribution, and sale of natural gas. Consumers' customer base consists of a mix of primarily residential, commercial, and diversified industrial customers. NorthStar Clean Energy, through its subsidiaries and equity investments, is engaged in domestic independent power production, including the development and operation of renewable generation, and the marketing of independent power production.

CMS Energy and Consumers manage their businesses by the nature of services each provides. CMS Energy operates principally in three business segments: electric utility; gas utility; and NorthStar Clean Energy, its non-utility operations and investments. Consumers operates principally in two business segments: electric utility and gas utility. CMS Energy's and Consumers' businesses are affected primarily by:

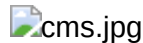
- regulation and regulatory matters
- state and federal legislation
- economic conditions
- weather
- energy commodity prices
- interest rates
- their securities' credit ratings

## The Triple Bottom Line

CMS Energy's and Consumers' purpose is to achieve world class performance while delivering hometown service. In support of this purpose, CMS Energy and Consumers employ the "CE Way," a lean operating model designed to improve safety, quality, cost, delivery, and employee morale.

CMS Energy and Consumers measure their progress toward the purpose by considering their impact on the "triple bottom line" of people, planet, and profit, which is underpinned by performance; this consideration takes into account not only the economic value that CMS Energy and Consumers create for customers and investors, but also their responsibility to social and environmental goals. The triple bottom line balances the interests of employees, customers, suppliers, regulators, creditors, Michigan's residents,

the investment community, and other stakeholders, and it reflects the broader societal impacts of CMS Energy's and Consumers' activities.



CMS Energy's Sustainability Report, which is available to the public, describes CMS Energy's and Consumers' progress toward world class performance measured in the areas of people, planet, and profit.

**People:** The people element of the triple bottom line represents CMS Energy's and Consumers' commitment to their employees, their customers, the residents of local communities in which they do business, and other stakeholders.

The safety of employees, customers, and the general public is a priority of CMS Energy and Consumers. Accordingly, CMS Energy and Consumers have worked to integrate a set of safety principles into their business operations and culture. These principles include complying with applicable safety, health, and security regulations and implementing programs and processes aimed at continually improving safety and security conditions. Over the last ten years, Consumers' Occupational Safety and Health Administration recordable incident rate has decreased by 20 percent.

CMS Energy and Consumers also place a high priority on customer value and on providing a hometown customer experience. Consumers' customer-driven investment program is aimed at improving safety and increasing electric and gas reliability.

In September 2023, Consumers filed its Reliability Roadmap, an update to its previous Electric Distribution Infrastructure Investment Plan filed in 2021, with the MPSC. The Reliability Roadmap outlines a five-year strategy to improve Consumers' electric distribution system and the reliability of the grid. The plan proposes the following spending for projects designed to reduce the number and duration of power outages to customers through investment in infrastructure upgrades, forestry vegetation management, and grid modernization:

- capital expenditures of \$7 billion over the next five years; this amount is \$3 billion higher than proposed in the previous plan
- maintenance and operating spending of \$1.7 billion over the next five years, reflecting an increase of \$300 million over the previous plan

In the electric rate case it filed in May 2024, Consumers will request outlined its proposal to begin implementing the Reliability Roadmap and requested rate recovery of these proposed expenditures in future electric rate cases. the investments needed to support the plan's key objectives.

Central to Consumers' commitment to its customers are the initiatives it has undertaken to keep electricity and natural gas affordable, including:

- replacement of coal-fueled generation and PPAs with a cost-efficient mix of renewable energy, less-costly dispatchable generation sources, and energy waste reduction and demand response programs
- targeted infrastructure investment to reduce maintenance costs and improve reliability and safety
- supply chain optimization
- economic development to increase sales and reduce overall rates
- information and control system efficiencies
- employee and retiree health care cost sharing
- tax planning
- cost-effective financing
- workforce productivity enhancements

While CMS Energy and Consumers have experienced some supply chain disruptions and inflationary pressures, they have taken steps to mitigate the impact on their ability to provide safe and reliable service to customers.

**Planet:** The planet element of the triple bottom line represents CMS Energy's and Consumers' commitment to protect the environment. This commitment extends beyond compliance with various state and federal environmental, health, and safety laws and regulations. Management considers climate change and other environmental risks in strategy development, business planning, and enterprise risk management processes.

CMS Energy and Consumers continue to focus on opportunities to protect the environment and reduce their carbon footprint from owned generation. CMS Energy, including Consumers, has decreased its combined percentage of electric supply (self-generated and purchased) from coal by 25 percentage points since 2015. Additionally, as a result of actions already taken through 2023, Consumers has:

- reduced carbon dioxide emissions by nearly 40 percent since 2005
- reduced methane emissions by more than 25 percent since 2012
- reduced the volume of water used to generate electricity by more than 50 percent since 2012
- reduced landfill waste disposal by more than 1.8 million tons since 1992
- enhanced, restored, or protected more than 8,800 acres of land since 2017

Since 2005, Consumers has reduced its sulfur dioxide and particulate matter emissions by more than 95 percent and its NOx emissions by nearly 88 percent. Consumers began tracking mercury emissions in 2007; since that time, it has reduced such emissions by nearly 93 percent.

In November 2023, Michigan enacted the 2023 Energy Law, which among other things:

- raises the renewable energy standard from the present 15-percent 15-percent requirement to 50 percent by 2030 and 60 percent by 2035; renewable energy generated anywhere within MISO may be applied to meeting this standard, with certain limitations
- sets a clean energy standard of 80 percent by 2035 and 100 percent by 2040; low- or zero-carbon emitting resources, such as nuclear generation and natural gas generation coupled with carbon capture, are considered clean energy sources under this standard
- enhances existing incentives for energy efficiency programs and returns earned on competitively bid PPAs
- creates a new energy storage standard that requires electric utilities to file plans by 2029 to obtain new energy storage that will contribute to a Michigan target of 2,500 MW based on their pro rata share
- expands the statutory cap on distributed generation resources to ten percent

Consumers is required to file updates to its amended renewable energy plan before or in November 2024 and its Clean Energy Plan before or in 2027. Together, these updated plans will outline a path to meeting the requirements of the 2023 Energy Law by focusing on increasing the generation of renewable energy, deploying energy storage, helping customers use less energy, and offering demand response programs to reduce demand during critical peak times.

Consumers' Clean Energy Plan details its strategy to meet customers' long-term energy needs and was most recently revised and approved by the MPSC in 2022 under Michigan's integrated resource planning process. The Clean Energy Plan outlines Consumers' long-term strategy for delivering clean, reliable, resilient, and affordable energy to its customers, including plans to: customers. This strategy includes:

- end ending the use of coal-fueled generation in 2025, 15 years sooner than initially planned
- purchase purchasing the Covert Generating Station, a natural gas-fueled generating facility with 1,200 MW of nameplate capacity, allowing Consumers to continue to provide controllable sources of electricity to customers; this purchase was completed in May 2023
- solicit soliciting up to 700 MW of capacity through PPAs from sources able to deliver to Michigan's Lower Peninsula beginning in 2025
- expand expanding its investment in renewable energy, adding nearly 8,000 MW of solar generation by 2040

Under the Clean Energy Plan, and as enhanced by the 2023 Energy Law, Consumers earns a return equal to its pre-tax weighted-average cost of capital on permanent capital structure on payments made under new competitively bid PPAs with non-affiliated entities approved by the MPSC.

Presented in the following illustration is Consumers' 2021 capacity portfolio and its future capacity portfolio under its Clean Energy Plan, which does not yet incorporate the requirements of the 2023 Energy Law. This illustration includes the effects of purchased capacity and customer programs and uses the nameplate capacity for all energy sources:



- 1 Does not include RECs.
- 2 Includes energy waste reduction, demand response, and conservation voltage reduction programs.
- 3 These amounts and fuel sources will vary and are dependent on a one-time competitive solicitation to acquire up to 700 MW of capacity through PPAs from sources able to deliver to Michigan's Lower Peninsula beginning in 2025.

In addition to Consumers' plan to eliminate its use of coal-fueled generation in 2025, CMS Energy and Consumers have set the net-zero emissions goals discussed below.

*Net-zero methane emissions from natural gas delivery system by 2030:* Under its Methane Reduction Plan, Consumers plans to reduce methane emissions from its system by about 80 percent, from 2012 baseline levels, by accelerating the replacement of aging pipe, rehabilitating or retiring outdated infrastructure, and adopting new technologies and practices. The remaining emissions will likely be offset by purchasing and/or producing renewable natural gas. To date, Consumers has reduced methane emissions by more than 25 percent.

*Net-zero carbon emissions from electric business by 2040:* This goal includes not only emissions from owned generation, but also emissions from the generation of power purchased through long-term PPAs and from the MISO energy market. Consumers expects to meet 90 percent of its customers' needs with clean energy sources by 2040 through execution of its Clean Energy Plan. New technologies and carbon offset measures may be used to close the gap to achieving net-zero carbon emissions.

*Net-zero greenhouse gas emissions target for the entire business by 2050:* This goal incorporates greenhouse gas emissions from Consumers' natural gas delivery system, including suppliers and customers, and has an



interim goal of reducing customer emissions by 20 percent by 2030. Consumers expects to meet this goal through carbon offset measures, renewable natural gas, energy efficiency and demand response programs, and the adoption of cost-effective emerging technologies once proven and commercially available.

Additionally, to advance its environmental stewardship in Michigan and to minimize the impact of future regulations, Consumers set the following goals for the five-year period 2023 through 2027:

- to enhance, restore, or protect 6,500 acres of land by through 2027; Consumers has enhanced, restored, or protected more than 2,000 acres of land towards this goal
- to reduce water usage by 1.7 billion gallons by through 2027; Consumers has reduced water usage by more than 660 million gallons towards this goal
- to annually divert a minimum of 90 percent of waste from landfills (through waste reduction, recycling, and reuse); during 2023, Consumers' rate of waste diverted from landfills was 91 percent

CMS Energy and Consumers are monitoring numerous legislative, policy, and regulatory initiatives, including those to regulate and report greenhouse gases, and related litigation. While CMS Energy and Consumers cannot predict the outcome of these matters, which could affect them materially, they intend to continue to move forward with their clean and lean strategy.

**Profit:** The profit element of the triple bottom line represents CMS Energy's and Consumers' commitment to meeting their financial objectives and providing economic development opportunities and benefits in the communities in which they do business. CMS Energy's and Consumers' financial strength allows them to maintain solid investment-grade credit ratings and thereby reduce funding costs for the benefit of customers and investors, to attract and retain talent, and to reinvest in the communities they serve.

For the three six months ended March 31, 2024 June 30, 2024, CMS Energy's net income available to common stockholders was \$285 \$480 million, and diluted EPS were \$0.96 \$1.61. This compares with net income available to common stockholders of \$202 \$397 million and diluted EPS of \$0.69 \$1.36 for the three six months ended March 31, 2023 June 30, 2023. In 2024, gas and electric rate increases lower service restoration costs, and gains on the extinguishment of debt higher earnings at NorthStar Clean Energy were offset partially by higher interest charges and income tax expense. A more detailed discussion of the factors affecting CMS Energy's and Consumers' performance can be found in the Results of Operations section that follows this Executive Overview.

Over the next five years, Consumers expects weather-normalized electric and gas deliveries to remain relatively stable compared to 2023. This outlook reflects modest growth in electric and gas demand, offset by the effects of energy waste reduction programs.

## Performance: Impacting the Triple Bottom Line

CMS Energy and Consumers remain committed to achieving world class performance while delivering hometown service and positively impacting the triple bottom line of people, planet, and profit. During 2023, the first half of 2024, CMS Energy met all requirements for inclusion in the MSCI ESG Leaders Indexes; these indexes are designed to represent the performance of companies that have high environmental, social, and governance ratings relative to their sector peers. Additionally, Consumers:

- was selected created a Clean Energy Workforce Development Program for people employed in the building trades to receive a \$100 million grant from the U.S. Department of Energy to fund investments in its electric distribution system, improving the reliability of Michigan's electric grid
- participated training and certifications in the state's economic development efforts that have resulted in commitments by large third-party manufacturers to construct facilities for electric vehicle batteries areas of advanced energy efficiency, lead abatement, and battery components in Michigan other work
- announced a targeted undergrounding pilot program, kick-starting Consumers' long-term plans for an 85-MW solar array to be constructed at the former D.E. Karn coal-generating facilities, which were retired earlier move more power lines underground in 2023 efforts to improve electric service
- grew its voluntary large customer renewable energy expanded Consumers' MI Clean Air program to approximately 365 MW include several renewable natural gas projects being developed across Michigan, increasing options for customers to offset emissions associated with their natural gas use
- opened collaborated with the Muskegon County Resource Recovery Center to develop Consumers' first large-scale, self-developed solar project, a state-of-the-art natural gas training facility in Flint, Michigan that facilitates employee training that is critical 250-MW solar energy center expected to keeping workers, customers, and the public safe be fully operational by 2026, which could generate enough renewable energy to power 40,000 homes
- announced plans to install more than 120 nearly 3,000 line sensors, 100 automatic transfer reclosers, and 1,200 iron utility poles to improve electric reliability and help prevent power outages
- completed the first phase of its Mid-Michigan Pipeline Project, part of updated Consumers' commitment Transportation Electrification Plan, outlining how it plans to providing safe, reliable, power over 1,500 new fast charging locations and affordable natural gas to serve one million electric vehicles in Michigan homes and businesses
- announced new efforts to install electric vehicle chargers at apartment buildings, condominiums, and overnight community locations across the state of Michigan
- was one of 15 recipients of the U.S. Department of Defense's 2023 Secretary of Defense Employer Support Freedom Award, an honor to employers for support of National Guard and Reserve employees by 2030

CMS Energy and Consumers will continue to utilize the CE Way to enable them to achieve world class performance and positively impact the triple bottom line. Consumers' investment plan and the regulatory environment in which it operates also drive its ability to impact the triple bottom line.

**Investment Plan:** Over the next five years, Consumers expects to make significant expenditures on infrastructure upgrades, replacements, and clean generation. While it has a large number of potential investment opportunities that would add customer value, Consumers has prioritized its spending based on the criteria of enhancing public safety, increasing reliability, maintaining affordability for its customers, and advancing its environmental stewardship. Consumers' investment program, which is subject to approval through general rate case and other MPSC proceedings, is expected to result in annual rate-base growth of more than seven percent. This rate-base growth, together with cost-control measures, should allow Consumers to maintain affordable customer prices.

Presented in the following illustration are Consumers' planned capital expenditures through 2028 of \$17.0 billion:



Of this amount, Consumers plans to spend \$13.6 billion over the next five years primarily to maintain and upgrade its electric distribution systems and gas infrastructure in order to enhance safety and reliability, improve customer satisfaction, reduce energy waste on those systems, and facilitate its clean energy transformation. Electric distribution and other projects comprise \$7.3 billion primarily to strengthen circuits and substations, replace poles, and interconnect clean energy resources. The gas infrastructure projects comprise \$6.3 billion to sustain deliverability, enhance pipeline integrity and safety, and reduce methane emissions. Consumers also expects to spend \$3.4 billion on clean generation, which includes investments in wind, solar, and hydroelectric generation resources.

**Regulation:** Regulatory matters are a key aspect of Consumers' business, particularly rate cases and regulatory proceedings before the MPSC, which permit recovery of new investments while helping to ensure that customer rates are fair and affordable. Important regulatory events and developments not already discussed are summarized below.

**2024 Electric Rate Case:** In May 2024, Consumers filed an application with the MPSC seeking a rate increase of \$325 million, made up of two components. First, Consumers requested a \$303 million annual rate increase, based on a 10.25-percent authorized return on equity for the projected 12-month period ending February 28, 2026. The filing requested authority to recover costs related to new infrastructure investment primarily in distribution system reliability and cleaner energy resources. Second, Consumers requested approval of a

surcharge for the recovery of \$22 million of distribution investments made in 2023 that exceeded the rates authorized in accordance with previous electric rate orders.

*2023 Electric Rate Case:* In March 2024, the MPSC issued an order authorizing an annual rate increase of \$92 million, which is inclusive of a \$9 million surcharge for the recovery of select distribution investments made in 2022 that exceeded the rates authorized in accordance with the December 2021 electric rate order. The approved rate increase is based on a 9.9-percent authorized return on equity. The new rates became effective March 15, 2024.

*2023 Gas Rate Case:* In December 2023, Consumers filed an application with the MPSC seeking an annual rate increase of \$136 million based on a 10.25-percent authorized return on equity for the projected test year comprising the 12-month period ending September 30, 2025. In May 2024, Consumers revised its requested increase to \$113 million. In July 2024, the MPSC approved a settlement agreement authorizing an annual rate increase of \$35 million, based on a 9.9-percent authorized return on equity. Additionally, the settlement approves the use of \$27.5 million, or one-fourth, of the gain on the sale of Consumers' unregulated ASP business as an offset to the revenue deficiency in lieu of additional rate relief during the test year. This results in effective rate relief of \$62.5 million for the test year. The filing requests authority settlement agreement also provides for the remaining three-fourths of the \$110 million gain on the sale of the ASP business, or \$82.5 million, to recover be provided to customers as a bill credit over a three-year period. The new infrastructure investment and related costs that are expected to allow Consumers to continue to provide safe, reliable, affordable, and increasingly cleaner natural gas service. rates, including the bill credit, will become effective October 1, 2024.

## Looking Forward

CMS Energy and Consumers will continue to consider the impact on the triple bottom line of people, planet, and profit in their daily operations as well as in their long-term strategic decisions. Consumers will continue to seek fair and timely regulatory treatment that will support its customer-driven investment plan, while pursuing cost-control measures that will allow it to maintain sustainable customer base rates. The CE Way is an important means of realizing CMS Energy's and Consumers' purpose of achieving world class performance while delivering hometown service.

# Results of Operations

## CMS Energy Consolidated Results of Operations

In Millions, Except Per Share Amounts  
In Millions, Except Per Share Amounts  
In Millions, Except Per Share Amounts

Three Months Ended March 31		
Three Months Ended March 31		
Three Months Ended March 31		
	Three Months Ended	Six Months Ended
June 30		
Net Income Available to Common Stockholders		
Net Income Available to Common Stockholders		
Net Income Available to Common Stockholders		
Basic Earnings Per Average Common Share		
Basic Earnings Per Average Common Share		
Basic Earnings Per Average Common Share		
Diluted Earnings Per Average Common Share		
Diluted Earnings Per Average Common Share		
Diluted Earnings Per Average Common Share		

In Millions  
In Millions  
In Millions

Three Months Ended March 31		
Three Months Ended March 31		
Three Months Ended March 31		
	Three Months Ended	Six Months Ended
June 30		
Electric utility		

Electric utility
Electric utility
Gas utility
Gas utility
Gas utility
NorthStar Clean Energy
NorthStar Clean Energy
NorthStar Clean Energy
Corporate interest and other
Corporate interest and other
Corporate interest and other
Net Income Available to Common Stockholders
Net Income Available to Common Stockholders
Net Income Available to Common Stockholders

Amounts in the following tables are presented pre-tax, with the exception of income tax changes.

Presented in the following table is a summary of changes to net income available to common stockholders for the three and six months ended March 31, 2024 June 30, 2024 versus 2023:

	In Millions
Three Months Ended March 31, 2023	\$ 202
<i>Reasons for the change</i>	
<i>Consumers electric utility and gas utility</i>	
Electric sales	\$ 18
Gas sales	(9)
Electric rate increase	32
Gas rate increase	40
Lower service restoration costs	30
Higher other income, net of expenses	5
Lower other maintenance and operating expenses	4
Higher interest charges	(27)
Higher income tax expense	(26)
Higher property taxes, reflecting higher capital spending, and other	(13)
Higher depreciation and amortization	(12)
	\$ 42
NorthStar Clean Energy	24
Corporate interest and other	17
Three Months Ended March 31, 2024	\$ 285

	In Millions	
	Three Months Ended	Six Months Ended
June 30, 2023	\$ 195	\$ 397
<i>Reasons for the change</i>		
<i>Consumers electric utility and gas utility</i>		
Electric sales	\$ 13	\$ 31
Gas sales	(48)	(57)
Electric rate increase	71	103
Gas rate increase	16	56
Absence of 2023 voluntary separation program expenses	28	28
Lower other maintenance and operating expenses	11	15
Higher other income, net of expenses	3	8
Higher interest charges	(16)	(43)
Higher income tax expense	(4)	(30)

Higher depreciation and amortization	(16)		(28)	
Higher property taxes, reflecting higher capital spending, and other	(5)		(18)	
Higher service restoration costs	(38)		(8)	
		\$ 15		\$ 57
NorthStar Clean Energy		13		37
Corporate interest and other		(28)		(11)
June 30, 2024		\$ 195		\$ 480

## Consumers Electric Utility Results of Operations

Presented in the following table are the detailed changes to the electric utility's net income available to common stockholders for the three and six months ended March 31, 2024 June 30, 2024 versus 2023:



	<i>In Millions</i>	
Three Months Ended March 31, 2023	\$	70
<i>Reasons for the change</i>		
<i>Electric deliveries<sup>1</sup> and rate increases</i>		
Rate increase, including return on higher renewable capital spending	\$	32
Higher revenue due primarily to non-weather sales		14
Lower energy waste reduction program revenues		(7)
Higher other revenues		4
	\$	43
<i>Maintenance and other operating expenses</i>		
Lower service restoration costs		30
Lower energy waste reduction program costs		7
Lower other maintenance and operating expenses		4
		41
<i>Depreciation and amortization</i>		
Increased plant in service, reflecting higher capital spending		(21)
<i>General taxes</i>		
Higher property taxes, reflecting higher capital spending, and other		(6)
<i>Other income, net of expenses</i>		
		3
<i>Interest charges</i>		
		(17)
<i>Income taxes</i>		
Higher renewable energy tax credits		3
Higher electric utility pre-tax earnings		(11)
Absence of 2023 deferred tax liability reversal <sup>2</sup>		(9)
Lower other income taxes		1
		(16)
Three Months Ended March 31, 2024	\$	97

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2023	\$ 147	\$ 217
<i>Reasons for the change</i>		
<i>Electric deliveries<sup>1</sup> and rate increases</i>		
Rate increase, including return on higher renewable capital spending	\$ 71	\$ 103

Higher revenue due primarily to favorable weather and non-weather sales	18		32	
Lower energy waste reduction program revenues	(2)		(9)	
Lower other revenues	(5)		(1)	
		\$ 82		\$ 125
<i>Maintenance and other operating expenses</i>				
Absence of 2023 voluntary separation program expenses	17		17	
Lower energy waste reduction program costs	2		9	
Higher service restoration costs	(38)		(8)	
Lower other maintenance and operating expenses	—		4	
		(19)		22
<i>Depreciation and amortization</i>				
Increased plant in service, reflecting higher capital spending		(18)		(39)
<i>General taxes</i>				
Higher property taxes, reflecting higher capital spending, and other		(4)		(10)
<i>Other income, net of expenses</i>		(2)		1
<i>Interest charges</i>		(8)		(25)
<i>Income taxes</i>				
Higher renewable energy tax credits	—		3	
Higher electric utility pre-tax earnings	(7)		(18)	
Absence of 2023 deferred tax liability reversal <sup>2</sup>	—		(9)	
Higher other income taxes	(1)		—	
		(8)		(24)
June 30, 2024		\$ 170		\$ 267

<sup>1</sup> **Deliveries** For the three months ended June 30, deliveries to end-use customers were 8.9 9.0 billion kWh in 2024 and 8.8 8.9 billion kWh in 2023. For the six months ended June 30, deliveries to end-use customers were 17.9 billion kWh in 2024 and 17.7 billion kWh in 2023.

<sup>2</sup> See Note 7, Income Taxes.

## Consumers Gas Utility Results of Operations

Presented in the following table are the detailed changes to the gas utility's net income available to common stockholders for the three and six months ended March 31, 2024 June 30, 2024 versus 2023:

	In Millions
Three Months Ended March 31, 2023	\$ 154
<i>Reasons for the change</i>	
<i>Gas deliveries<sup>1</sup> and rate increases</i>	
Rate increase	\$ 40
Higher energy waste reduction program revenues	10
Lower revenue due primarily to unfavorable weather	(9)
	\$ 41
<i>Maintenance and other operating expenses</i>	
Higher energy waste reduction program costs	(10)
<i>Depreciation and amortization</i>	
Lower depreciation rates, offset partially by higher capital spending	9
<i>General taxes</i>	
Higher property taxes, reflecting higher capital spending	(7)
<i>Other income, net of expenses</i>	2
<i>Interest charges</i>	(10)
<i>Income taxes</i>	
Higher gas utility pre-tax earnings	(6)
Absence of 2023 deferred tax liability reversal <sup>2</sup>	(4)
	(10)
Three Months Ended March 31, 2024	\$ 169

	In Millions	
	Three Months Ended	Six Months Ended
June 30, 2023	\$ 23	\$ 177
<i>Reasons for the change</i>		
<i>Gas deliveries<sup>1</sup> and rate increases</i>		
Rate increase	\$ 16	\$ 56
Higher energy waste reduction program revenues	—	10
Lower revenue due primarily to unfavorable weather	(34)	(43)
Lower ASP business revenue <sup>2</sup>	(14)	(14)
	\$ (32)	\$ 9

<i>Maintenance and other operating expenses</i>			
Lower ASP business expense <sup>2</sup>	11		15
Absence of 2023 voluntary separation program expenses	11		11
Higher energy waste reduction program costs	—		(10)
Higher maintenance and other operating expenses	—		(4)
		22	12
<i>Depreciation and amortization</i>			
Lower depreciation rates, offset partially by higher capital spending		2	11
<i>General taxes</i>			
Higher property taxes, reflecting higher capital spending and other		(1)	(8)
<i>Other income, net of expenses</i>		5	7
<i>Interest charges</i>		(8)	(18)
<i>Income taxes</i>			
Absence of 2023 deferred tax liability reversal <sup>3</sup>	—		(4)
Lower (higher) gas utility pre-tax earnings	3		(3)
Lower other income taxes	1		1
		4	(6)
June 30, 2024	\$	15	\$ 184

<sup>1</sup> **Deliveries** For the three months ended June 30, deliveries to end-use customers were 117 bcf 41 Bcf in 2024 and 119 bcf 49 Bcf in 2023. For the six months ended June 30, deliveries to end-use customers were 158 Bcf in 2024 and 168 Bcf in 2023.

<sup>2</sup> See Note 12, Exit Activities.

<sup>3</sup> See Note 7, Income Taxes.

## NorthStar Clean Energy Results of Operations

Presented in the following table are the detailed changes to NorthStar Clean Energy's net income available to common stockholders for the three and six months ended March 31, 2024 June 30, 2024 versus 2023:

	In Millions
Three Months Ended March 31, 2023	\$ 7
<i>Reason for the change</i>	
Higher earnings from renewable projects	\$ 16
Higher operating earnings, primarily at DIG	7
Higher renewable energy tax credits	1
Three Months Ended March 31, 2024	\$ 31

	In Millions	
	Three Months Ended	Six Months Ended
June 30, 2023	\$ 3	\$ 10
<i>Reason for the change</i>		
Higher earnings from renewable projects	\$ 8	\$ 24
Higher operating earnings, primarily at DIG	8	15
Lower renewable energy tax credits	(3)	(2)
June 30, 2024	\$ 16	\$ 47

## Corporate Interest and Other Results of Operations

Presented in the following table are the detailed changes to corporate interest and other results for the three and six months ended **March 31, 2024** **June 30, 2024** versus 2023:

	In Millions
Three Months Ended March 31, 2023	\$ (29)
<i>Reasons for the change</i>	
Gain on extinguishment of debt	\$ 22
Higher income tax expense due to higher pre-tax earnings	(3)
Other	(2)
Three Months Ended March 31, 2024	\$ (12)

	In Millions	
	Three Months Ended	Six Months Ended
June 30, 2023	\$ 22	\$ (7)
<i>Reasons for the change</i>		

Lower income tax expense due to lower pre-tax earnings	\$ 6	\$ 3
Lower gain on extinguishment of debt <sup>1</sup>	(36)	(14)
Lower discontinued operations	(1)	(1)
Other	3	1
June 30, 2024	\$ (6)	\$ (18)

<sup>1</sup> See Note 3, Financings and Capitalization.

## Cash Position, Investing, and Financing

At ~~March 31, 2024~~ June 30, 2024, CMS Energy had ~~\$861~~ \$789 million of consolidated cash and cash equivalents, which included ~~\$59~~ \$90 million of restricted cash and cash equivalents. At ~~March 31, 2024~~ June 30, 2024, Consumers had ~~\$666~~ \$696 million of consolidated cash and cash equivalents, which included ~~\$59~~ \$89 million of restricted cash and cash equivalents.

## Operating Activities

Presented in the following table are specific components of net cash provided by operating activities for the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 versus 2023:

<b>CMS Energy, including Consumers</b>			
Three	Six Months Ended	March 31, 2023	June 30, 2023
			\$ 1,040 1,705
<i>Reasons for the change</i>			
			\$ 69 61
			20 56
			(195) (212)
			22 53
Three	Six Months Ended	March 31, 2024	June 30, 2024
			\$ 956 1,663
<b>Consumers</b>			
Three	Six Months Ended	March 31, 2023	June 30, 2023
			\$ 1,070 1,759
<i>Reasons for the change</i>			
			\$ 43 54
			28
			(177) (205)
			15 55
Three	Six Months Ended	March 31, 2024	June 30, 2024
			\$ 979 1,691

- 1 Non-cash transactions comprise depreciation and amortization, changes in deferred income taxes and investment tax credits, and other non-cash operating activities and reconciling adjustments.
- 2 Core working capital comprises accounts receivable, accrued revenue, inventories, accounts payable, and accrued rate refunds.

## Investing Activities

Presented in the following table are specific components of net cash used in investing activities for the three six months ended March 31, 2024 June 30, 2024 versus 2023:

<b>CMS Energy, including Consumers</b>			
Three	Six Months Ended	March 31, 2023	June 30, 2023
			\$ (651)
<i>Reasons for the change</i>			
	Lower capital expenditures		\$ 4
	Other investing activities		10
Three Months Ended March 31, 2024			\$ (637)
<b>Consumers</b>			
Three Months Ended March 31, 2023			\$ (588) (2,079)
<i>Reasons for the change</i>			
	Higher capital expenditures		\$ (29) (107)
	Absence of purchase of Covert Generating Station in 2023		810
	Proceeds from sale of ASP business		124
	Other investing activities		10 6
Three			Six Months Ended
March 31, 2024			June 30, 2024
			\$ (607) (1,246)
<b>Consumers</b>			
Six Months Ended June 30, 2023			\$ (1,971)
<i>Reasons for the change</i>			
	Higher capital expenditures		\$ (147)
	Absence of purchase of Covert Generating Station in 2023		810
	Proceeds from sale of ASP business		124
	Other investing activities		8
Six Months Ended June 30, 2024			\$ (1,176)

## Financing Activities

Presented in the following table are specific components of net cash provided by (used in) financing activities for the three six months ended March 31, 2024 June 30, 2024 versus 2023:



**CMS Energy, including Consumers**

Three	Six Months Ended	March 31, 2023	June 30, 2023	\$	27	598
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*Reasons for the change*

Lower debt issuances	\$	(606)	(1,701)
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Lower debt retirements		681	1,032
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Higher repayments of notes payable			(73)
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Higher issuances of common stock, primarily the settlement of forward sale contracts under the equity offering program <sup>1</sup>		268	272
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Higher payments of dividends on common stock		(11)	(24)
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Other financing activities, primarily lower debt issuance costs		8	20
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Three	Six Months Ended	March 31, 2024	June 30, 2024	\$	294	124
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**Consumers**

Three	Six Months Ended	March 31, 2023	June 30, 2023	\$	(199)	268
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*Reasons for the change*

Lower debt issuances	\$	(521)	(921)
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Lower debt retirements		1,000	1,299
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Higher repayments of notes payable			(73)
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Absence of a repayment of borrowings from CMS Energy in 2023		75	69
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Higher Lower stockholder contribution from CMS Energy		245	(155)
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Return of stockholder contribution to CMS Energy			(320)
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Lower Higher payments of dividends on common stock		22	(54)
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Other financing activities, primarily lower debt issuance costs		9	12
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Three	Six Months Ended	March 31, 2024	June 30, 2024	\$	238	125
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<sup>1</sup> Note 3, Financings and Capitalization—Issuance of Common Stock.

## Capital Resources and Liquidity

CMS Energy and Consumers expect to have sufficient liquidity to fund their present and future commitments. CMS Energy uses dividends and tax-sharing payments from its subsidiaries and external financing and capital

transactions to invest in its utility and non-utility businesses, retire debt, pay dividends, and fund its other obligations. The ability of CMS Energy's subsidiaries, including Consumers, to pay dividends to CMS Energy depends upon each subsidiary's revenues, earnings, cash needs, and other factors. In addition, Consumers' ability to pay dividends is restricted by certain terms included in its articles of incorporation and potentially by FERC requirements and provisions under the Federal Power Act and the Natural Gas Act. For additional details on Consumers' dividend restrictions, see Notes to the Unaudited Consolidated Financial Statements—Note 3, Financings and Capitalization—Dividend Restrictions. During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, Consumers paid **\$265** **\$359** million in dividends on its common stock to CMS Energy.

Consumers uses cash flows generated from operations, **and** external financing transactions, **as well as and the monetization of tax credits, along with** stockholder contributions from CMS Energy, to fund capital expenditures, retire debt, pay dividends, and fund its other obligations. Consumers also uses these sources of funding to contribute to its employee benefit plans.

**Under the Inflation Reduction Act of 2022, renewable energy tax credits produced after 2022 are transferable to third parties. In April 2024, Consumers sold renewable energy tax credits generated in 2023 and received proceeds of \$37 million. In June 2024, Consumers entered into an agreement to sell renewable energy tax credits generated in 2024 for \$51 million, subject to adjustment for actual production.**

**Financing and Capital Resources:** CMS Energy and Consumers rely on the capital markets to fund their robust capital plan. Barring any sustained market dislocations or disruptions, CMS Energy and Consumers expect to continue to have ready access to the financial and capital markets and will continue to explore possibilities to take advantage of market opportunities as they arise with respect to future funding needs. If access to these markets were to diminish or otherwise become restricted, CMS Energy and Consumers would implement contingency plans to address debt maturities, which could include reduced capital spending.

In 2023, CMS Energy entered into an equity offering program under which it may sell shares of its common stock having an aggregate sales price of up to \$1 billion in privately negotiated transactions, in “at the market” offerings, or through forward sales transactions. There have been no sales of securities under this program.

**CMS Energy, NorthStar Clean Energy, and Consumers use revolving credit facilities for general working capital purposes and to issue letters of credit. In May 2024, NorthStar Clean Energy entered into a secured revolving credit agreement which provides for up to \$150 million in borrowings. At **March 31, 2024** **June 30, 2024**, CMS Energy had \$521 million of its revolving credit facility available, NorthStar Clean Energy had \$45 million of its revolving credit facility available, and Consumers had \$1.3 billion available under its revolving credit facilities. CMS Energy and Consumers use these credit facilities for general working capital purposes and to issue letters of credit.**

An additional source of liquidity is Consumers' commercial paper program, which allows Consumers to issue, in one or more placements, up to \$500 million in aggregate principal amount of commercial paper notes with maturities of up to 365 days at market interest rates. These issuances are supported by Consumers' revolving credit facilities. While the amount of outstanding commercial paper does not reduce the available capacity of

the revolving credit facilities, Consumers does not intend to issue commercial paper in an amount exceeding the available capacity of the facilities. At March 31, 2024 June 30, 2024, there were no commercial paper notes outstanding under this program. For additional details on CMS Energy's and Consumers' secured revolving credit facilities and commercial paper program, see Notes to the Unaudited Consolidated Financial Statements—Note 3, Financings and Capitalization.

Certain of CMS Energy's, NorthStar Clean Energy's, and Consumers' credit agreements contain covenants that require CMS Energy and Consumers each entity to maintain certain financial ratios, as defined therein. At March 31, 2024 June 30, 2024, no default had occurred with respect to any of the financial covenants contained in CMS Energy's and Consumers' these credit agreements. CMS Energy and Consumers were each Each of the entities was in compliance with these the covenants contained in their respective credit agreements as of March 31, 2024 June 30, 2024, as presented in the following table:

	Limit	Actual
<b>CMS Energy, parent only</b>		
Debt to Capital <sup>1</sup>	≤ 0.70 to 1.0	0.57 to 1.0
<b>NorthStar Clean Energy, including subsidiaries</b>		
Debt to Capital <sup>2</sup>	≤ 0.50 to 1.0	0.13 to 1.0
Debt Service Coverage <sup>2</sup>	≥ 2.00 to 1.0	26.00 to 1.0
<b>Consumers</b>		
Debt to Capital <sup>2 3</sup>	≤ 0.65 to 1.0	0.50 to 1.0

- 1

Applies to CMS Energy's revolving credit agreement and letter of credit reimbursement agreement.
- 2

Applies to NorthStar Clean Energy's revolving credit agreement. In addition to the financial covenants presented in the table, the aggregate book value of the pledged equity interests under the revolving credit agreement was at least two-times the aggregate commitment under the revolving credit agreement at June 30, 2024.
- 3

Applies to Consumers' revolving credit agreements.

## Outlook

Several business trends and uncertainties may affect CMS Energy's and Consumers' financial condition and results of operations. These trends and uncertainties could have a material impact on CMS Energy's and

Consumers' consolidated income, cash flows, or financial position. For additional details regarding these and other uncertainties, see Forward-looking Statements and Information; Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments; and Part II—Item 1A. Risk Factors.

## Consumers Electric Utility Outlook and Uncertainties

**Clean Energy Plan:** Consumers' Clean Energy Plan details its strategy to meet customers' long-term energy needs and provides the foundation for its goal to achieve net-zero carbon emissions from its electric business by 2040. Under this net-zero goal, Consumers plans to eliminate the impact of carbon emissions created by the electricity it generates or purchases for customers. Additionally, through its Clean Energy Plan, Consumers continues to make progress on expanding its customer programs, namely its demand response, energy efficiency, and conservation voltage reduction programs, as well as increasing its renewable energy generation.

The Clean Energy Plan was most recently revised and approved by the MPSC in 2022. Under this plan, Consumers will eliminate the use of coal-fueled generation in 2025 and expects to meet 90 percent of its customers' needs with clean energy sources by 2040. Specifically, the Clean Energy Plan provides for:

- the retirement of the D.E. Karn coal-fueled generating units, totaling 515 MW of nameplate capacity; these units closed in June 2023
- the retirement of the J.H. Campbell coal-fueled generating units, totaling 1,407 MW of nameplate capacity, in 2025
- the retirement of the D.E. Karn oil and gas-fueled generating units, totaling 1,219 MW of nameplate capacity, in 2031

The MPSC authorized Consumers to issue securitization bonds to finance the recovery of and return on the D.E. Karn coal-fueled generating units; Consumers issued these bonds in December 2023. Additionally, the MPSC has authorized regulatory asset treatment for Consumers to recover the remaining book value of the J.H. Campbell coal-fueled generating units, as well as a 9.0-percent return on equity, commencing in 2025.

Under the Clean Energy Plan, Consumers:

- purchased the Covert Generating Station, a natural gas-fueled generating facility with 1,200 MW of nameplate capacity in Van Buren County, Michigan in May 2023
- conducted a one-time competitive solicitation for up to 700 MW of capacity through PPAs from sources able to deliver to Michigan's Lower Peninsula beginning in 2025 (including up to 500 MW from dispatchable sources)

These actions are expected to help Consumers continue to provide controllable sources of electricity to customers while expanding its investment in renewable energy. The Clean Energy Plan forecasts renewable energy capacity levels of 30 percent in 2025, 43 percent in 2030, and 61 percent in 2040, including the addition of nearly 8,000 MW of solar generation. Additionally, Consumers plans to deploy battery storage beginning in 2024, with 75 MW of energy storage expected by 2027 and an additional 475 MW by 2040. The 2023 Energy Law, enacted in November 2023, set more ambitious standards for renewable energy and energy storage. Consumers is required to file updates to its amended renewable energy plan **before or** in November 2024 and its Clean Energy Plan before or in 2027. Together, these updated plans will outline a path to meeting these accelerated timelines.

Under its Clean Energy Plan, Consumers bids new capacity competitively and expects to own and operate approximately 50 percent of new capacity, with the remainder being built and owned by third parties. Additionally, Consumers earns a return equal to its pre-tax weighted-average cost of capital on permanent capital structure on payments made under new competitively bid PPAs with non-affiliated entities approved by the MPSC.

As a result of requests for proposals, Consumers has entered into PPAs to purchase renewable capacity, energy, and RECs from solar generating facilities and **battery storage facilities, as well as** build transfer agreements to purchase solar generating facilities. Presented in the following illustration is the aggregate renewable capacity that Consumers expects to add to its portfolio as a result of these agreements:

 3491

**Additionally, as a result of its one-time solicitation, Consumers entered into a 20-year PPA under which it will purchase 100 MW of capacity, energy and RECs from a battery storage facility to be constructed in Branch**

County, Michigan. The facility is expected to be operational in 2025. Consumers continues to evaluate the acquisition of additional capacity from intermittent resources and dispatchable, non-intermittent clean capacity resources (including battery storage resources). Any resulting contracts entered into as a result of the one-time solicitation are subject to MPSC approval.

**Renewable Energy Plan:** The 2023 Energy Law raises the renewable energy standard from the present 15-percent 15-percent requirement to 50 percent by 2030 and 60 percent by 2035. Consumers is required to submit RECs, which represent proof that the associated electricity was generated from a renewable energy resource, in an amount equal to at least the required percentage of Consumers' electric sales volume each year. Under its renewable energy plan, Consumers has met and expects to continue to meet its renewable energy requirement each year with a combination of newly generated RECs and previously generated RECs carried over from prior years.

The MPSC has approved the acquisition of up to 525 MW of new wind generation projects and authorized Consumers to earn a 10.7-percent return on equity on any projects approved by the MPSC under Consumers' amended renewable energy plan. Specifically, the MPSC has approved the following:

- purchase and construction of a 150-MW wind generation project in Gratiot County, Michigan; the project became operational and Consumers took full ownership in 2020
- purchase of a 166-MW wind generation project in Hillsdale, Michigan; the project became operational and Consumers took full ownership in 2021
- purchase of a 201-MW 201-MW wind generation project in Gratiot County, Michigan; the project became operational and Consumers took full ownership of the project in December 2023

The MPSC also approved the execution of a 20-year 20-year PPA under which Consumers will purchase 100 MW of renewable capacity, energy, and RECs from a 149-MW solar generating facility to be constructed in Calhoun County, Michigan; the facility is targeted to be operational in 2024.

*Voluntary Large Customer Renewable Energy Program:* Consumers provides service under a program that provides large full-service electric customers with the opportunity to advance the development of renewable energy beyond the present 15-percent 15-percent requirement. In September 2023, Consumers filed an application to amend its renewable energy plan. Among other things, Consumers requested that the MPSC remove the 1,000-MW 1,000-MW limit on new wind and solar generation, which will allow Consumers to meet growing customer demand for the program. Consumers competitively solicits for additional renewable energy assets based on customer applications and will construct the assets based on customer subscriptions to the program. applications.

As part of this program, a the 2022 request for proposals resulted in the execution of a build transfer agreement for a 309-MW solar generating facility to be constructed in Calhoun County, Michigan; the facility is targeted to be operational in 2025, 2026. The build transfer agreement was approved by the MPSC in September 2023. Additionally, the request for proposals resulted in the selection of a solar generation project that Consumers will develop and construct at its D.E. Karn generating site, with a capacity of up to 85 MW. The facility is expected to be operational in 2026.

**Electric Customer Deliveries and Revenue:** Consumers' electric customer deliveries are seasonal and largely dependent on Michigan's economy. The consumption of electric energy typically increases in the summer months, due primarily to the use of air conditioners and other cooling equipment. In addition, Consumers' electric rates, which follow a seasonal rate design, are higher in the summer months than in the remaining months of the year. Each year in June, electric residential customers transition to a summer peak time-of-use rate that allows them to take advantage of lower-cost energy during off-peak times

during the summer months. Thus, customers can reduce their electric bills by shifting their consumption from on-peak to off-peak times.

Over the next five years, Consumers expects weather-normalized electric deliveries to remain relatively stable compared to 2023. This outlook reflects modest growth in electric demand, offset by the effects of energy waste reduction programs. Actual delivery levels will depend on:

- energy conservation measures and results of energy waste reduction programs
- weather fluctuations
- Michigan's economic conditions, including utilization, expansion, or contraction of industrial facilities, population trends, electric vehicle adoption, and housing activity

**Electric ROA:** Michigan law allows electric customers in Consumers' service territory to buy electric generation service from alternative electric suppliers in an aggregate amount capped at ten percent of Consumers' sales, with certain exceptions. At March 31, 2024, June 30, 2024, electric deliveries under the ROA program were at the ten-percent limit. Fewer than 300 of Consumers' electric customers purchased electric generation service under the ROA program.

In 2016, Michigan law established a path to ensure that forward capacity is secured for all electric customers in Michigan, including customers served by alternative electric suppliers under ROA. The law also authorized the MPSC to ensure that alternative electric suppliers have procured enough capacity to cover their anticipated capacity requirements for the four-year forward period. In 2017, the MPSC issued an order establishing a state reliability mechanism for Consumers. Under this mechanism, if an alternative electric



supplier does not demonstrate that it has procured its capacity requirements for the four-year forward period, its customers will pay a set charge to the utility for capacity that is not provided by the alternative electric supplier.

During 2017, the MPSC issued orders finding that it has statutory authority to determine and implement a local clearing requirement, which requires all electric suppliers to demonstrate that a portion of the capacity used to serve customers is located in the MISO footprint in Michigan's Lower Peninsula. In 2020, the Michigan Supreme Court affirmed the MPSC's statutory authority to implement a local clearing requirement on individual electric providers.

In 2020, ABATE and another intervenor filed a complaint against the MPSC in the U.S. District Court for the Eastern District of Michigan challenging the constitutionality of a local clearing requirement. The complaint requests the federal court to issue a permanent injunction prohibiting the MPSC from implementing a local clearing requirement on individual electric providers. In February 2023, the U.S. District Court for the Eastern District of Michigan dismissed the complaint. In March 2023, ABATE and the other intervenor filed a claim of appeal of the Eastern District Court's decision with the U.S. Court of Appeals for the Sixth Circuit. Oral arguments occurred in December 2023.

**Hydroelectric Facilities:** In February 2024, Consumers issued a request for proposals to explore the possibility of selling its 13 **river** hydroelectric dams located throughout Michigan. Consumers has solicited community feedback on the dams' futures, as federal operating licenses for the dams begin to expire in 2034. Consumers continues to evaluate each dam's future, options for which include, but are not limited to, renewing operating licenses, transferring ownership, or removing the facilities.

**Electric Rate Matters:** Rate matters are critical to Consumers' electric utility business. For additional details on rate matters, see Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments.

*MPSC Distribution System Audit:* In 2022, the MPSC ordered the state's two largest electric utilities, including Consumers, to report on their compliance with regulations and past MPSC orders governing the utilities' response to outages and downed lines. Consumers responded to the MPSC's order as directed.



Additionally, as directed by the MPSC, the MPSC Staff has engaged a third-party auditor to review all equipment and operations of the two utilities' distribution systems; this audit began in August 2023. The MPSC Staff released a report prepared by the third-party auditor to summarize the audit's progress in December 2023, and a final report is expected in late summer 2024. Consumers is committed to working with the third-party auditor and the MPSC to continue improving electric reliability and safety in Michigan.

**2024 Electric Rate Case:** In May 2024, Consumers filed an application with the MPSC seeking a rate increase of \$325 million, made up of two components. First, Consumers requested a \$303 million annual rate increase, based on a 10.25-percent authorized return on equity for the projected 12-month period ending February 28, 2026. The filing requested authority to recover costs related to new infrastructure investment primarily in distribution system reliability and cleaner energy resources. Second, Consumers requested approval of a surcharge for the recovery of \$22 million of distribution investments made in 2023 that exceeded the rates authorized in accordance with previous electric rate orders.

Presented in the following table are the components of the requested increase in revenue:

	In Millions	
Projected 12-Month Period Ending February 28	2026	
Components of the requested rate increase		
Investment in rate base	\$	180
Operating and maintenance costs		14
Sales and other revenue		41
Cost of capital		68
Subtotal	\$	303
Surcharge		22
Total	\$	325

**Retention Incentive Program:** Under its Clean Energy Plan, Consumers will retire the J.H. Campbell coal-fueled generating units in 2025. In order to ensure necessary staffing at J.H. Campbell through retirement, Consumers has implemented a retention incentive program. The aggregate cost of the J.H. Campbell program through 2025 is estimated to be \$50 million; Consumers expects to recognize \$10 million of retention benefit costs in 2024. The MPSC has approved deferred accounting treatment for these costs; these expenses are deferred as a regulatory asset. For additional details on this program, see Notes to the Unaudited Consolidated Financial Statements—Note 12, Exit Activities.

**Electric Environmental Outlook:** Consumers' electric operations are subject to various federal, state, and local environmental laws and regulations. Consumers estimates that it will incur capital expenditures of \$240 million from 2024 through 2028 to continue to comply with RCRA, the Clean Air Act, and numerous other environmental regulations. Consumers expects to recover these costs in customer rates, but cannot guarantee this result. Multiple environmental laws and regulations are subject to litigation. Consumers' primary environmental compliance focus includes, but is not limited to, the following matters.

*Air Quality:* Multiple air quality regulations apply, or may apply, to Consumers' electric utility.

MATS, emission standards for electric generating units published by the EPA based on Section 112 of the Clean Air Act, continue to apply to Consumers. The company has complied, and continues to comply, with the MATS regulation and does not expect MATS to materially impact its environmental strategy.

CSAPR requires Michigan and many other states to improve air quality by reducing power plant emissions that, according to EPA modeling, contribute to ground-level ozone in other downwind states. Since its 2015 effective date, CSAPR has been revised several times. In June 2023, the EPA published the Good Neighbor Plan, a revision to CSAPR. This regulation tightens allowance budgets for electric generating units in Michigan between 2023 and 2029 and changes the mechanism for allocating such allowances on a year-over-year basis beginning in 2026. Consumers' initial evaluation of Consumers expects this regulation indicates that it will have minimal financial and operational impact in the near term. Additionally, Consumers does not expect any major financial and operational impact in the and/or long term. However, due to the dynamic nature of this regulation, it is difficult to forecast the long-term impact.

In 2015, the EPA lowered the NAAQS for ozone and made it more difficult to construct or modify power plants and other emission sources in areas of the country that do not meet the ozone standard. As of May 2023, three counties in western Michigan have been designated as not meeting the ozone standard. None of Consumers' fossil-fuel-fired generating units are located in these areas.

Additionally, in March 2024, the EPA published a lower fine particulate matter NAAQS, which will likely result in newly designated nonattainment areas in Michigan starting in 2026. Consumers does not expect this rule to have significant impacts on its fossil-fuel-fired generating assets or its clean energy strategy. Consumers will continue to monitor NAAQS rulemakings and litigation to evaluate potential impacts to its generating assets.

Consumers continues to evaluate these rules in conjunction with other EPA and EGLE rulemakings, litigation, executive orders, treaties, and congressional actions. This evaluation could result in:

- a change in Consumers' fuel mix
- changes in the types of generating units Consumers may purchase or build in the future
- changes in how certain units are operated, including the installation of additional emission control equipment
- the retirement, mothballing, or repowering with an alternative fuel of some of Consumers' generating units

- changes in Consumers' environmental compliance costs
- the purchase or sale of allowances

*Greenhouse Gases:* There have been numerous legislative and regulatory initiatives at the state, regional, national, and international levels that involve the potential regulation and reporting of greenhouse gases. Consumers continues to monitor and comment on these initiatives, as appropriate.

In May 2023, April 2024, the EPA released finalized its proposed rule under Section 111 of the Clean Air Act to address greenhouse gas emissions from new gas-fueled units and existing fossil-fuel-fired coal- and oil-fueled electric generating units. Notably, these rules do not address existing gas-fueled electric generating units, though the EPA has announced that it will release a draft rule for these types of units at a later time. Under its Clean Energy Plan, Consumers will eliminate the use of coal-fueled generation in 2025. Therefore, 2025 and does not expect this proposed rule will not materially have a significant impact Consumers over the remaining operating lives of these coal-fueled facilities. The proposed rule had requirements for on its generating assets or its Clean Energy Plan. Future EPA regulations addressing greenhouse gas emissions from existing natural gas-fueled electric generating units may apply to Consumers' gas-fueled facilities that could and may have had a material impact on Consumers' natural gas-fueled facilities. However, the EPA announced in March 2024 that the final rule, expected in April or May 2024, will not cover existing natural gas-fueled facilities. Instead, the EPA expects to cover those facilities in a future rulemaking. financial and operational impact. Consumers will continue to follow the finalization of this rule and any subsequent EPA rules to control that address greenhouse gases gas emissions and will continue to evaluate potential impacts to its Clean Energy Plan. operations.

Under the Paris Agreement, an international agreement addressing greenhouse gas emissions, the U.S. has committed to reduce greenhouse gas emissions by 50 to 52 percent from 2005 levels by 2030. Under its Clean Energy Plan, Consumers plans to reduce carbon emissions from its electric business by 60 percent from 2005 levels in 2025. At this time, Consumers does not expect any adverse changes to its environmental strategy as a result of this event, as its plans exceed the nationally committed reduction. The commitment made by the U.S. is not binding without new Congressional legislation.

In 2020, Michigan's Governor signed an executive order creating the Michigan Healthy Climate Plan, which outlines goals for Michigan to achieve economy-wide net-zero greenhouse gas emissions and to be carbon neutral by 2050. The executive order aims for a 28-percent reduction below 2005 levels of greenhouse gas emissions by 2025. Consumers has already surpassed the 28-percent reduction milestone for its owned electric generation and previously announced a goal of achieving net-zero carbon emissions from its electric business by 2040. The 2023 Energy Law codifies much of the Governor's goals. For additional details on the 2023 Energy Law, see the Planet section of the Executive Overview.

Increased frequency or intensity of severe or extreme weather events, including those due to climate change, could materially impact Consumers' facilities, energy sales, and results of operations. Consumers is unable to predict these events; however, Consumers evaluates the potential physical impacts of climate change on its operations, including increased frequency or intensity of storm activity; increased precipitation; increased

temperature; and changes in lake and river levels. Consumers released a report addressing the physical risks of climate change on its infrastructure in 2022. Consumers is taking steps to mitigate these risks as appropriate.

While Consumers cannot predict the outcome of changes in U.S. policy or of other legislative, executive, or regulatory initiatives involving the potential regulation or reporting of greenhouse gases, it intends to move forward with its Clean Energy Plan, its present net-zero goals, and its emphasis on reliable and resilient **electric** supply. Litigation, international treaties, executive orders, federal laws and regulations (including regulations by the EPA), and state laws and regulations, if enacted or ratified, could ultimately impact Consumers. Consumers may be required to:

- replace equipment
- install additional emission control equipment
- purchase emission allowances or credits (including potential greenhouse gas offset credits)
- curtail operations
- arrange for alternative sources of supply
- purchase or build facilities that generate fewer emissions
- mothball, sell, or retire facilities that generate certain emissions
- pursue energy efficiency or demand response measures more swiftly
- take other steps to manage, sequester, or lower the emission of greenhouse gases

Although associated capital or operating costs relating to greenhouse gas regulation or legislation could be material and cost recovery cannot be assured, Consumers expects to recover these costs in rates consistent with the recovery of other reasonable costs of complying with environmental laws and regulations.

**CCRs:** In 2015, the EPA published a rule regulating CCRs under RCRA. This rule adopts minimum standards for the disposal of non-hazardous CCRs in CCR landfills and surface impoundments and criteria for the beneficial use of CCRs. The rule also sets out conditions under which some CCR units would be forced to cease receiving CCR wastewater and initiate closure. Due to continued litigation, many aspects of the rule have been remanded to the EPA, resulting in more proposed and final rules.

In May 2024, the EPA finalized a rule regulating legacy CCR surface impoundments and CCR management units in response to litigation that exempted inactive impoundments at inactive facilities from the 2015 CCR rule. The new rule adopts minimum standards for impoundments at power generation sites that became inactive prior to the effective date of the 2015 CCR rule. Owners and operators must first determine if a legacy surface impoundment is within the scope of the new rule before following the compliance requirements. The EPA established groundwater monitoring, corrective action, closure, and post-closure care requirements for

CCR surface impoundments and landfills closed prior to the effective date of the 2015 CCR rule, including CCR landfills that were previously exempted from regulation but are now defined within a broader class of CCR units called CCR management units. Owners are required to identify and assess these areas to determine an appropriate course of action (closure, groundwater treatment, etc.) and perform compliance requirements set forth under the rules.

Separately, Congress passed legislation in 2016 allowing participating states to develop permitting programs for CCRs under RCRA Subtitle D. The EPA was granted authority to review these permitting programs to determine if permits issued under the proposed program would be as protective as the federal rule. Once approved, permits issued from an authorized state would replace the requirement to certify compliance with each aspect of the 2015 CCR rule. In 2020, EGLE submitted a regulatory package for Michigan's permit program to the EPA for its review, which is still pending.

Consumers, with agreement from EGLE, completed the work necessary to initiate closure by excavating CCRs or placing a final cover over each of its relevant CCR units prior to the closure initiation deadline. deadline set forth in the 2015 CCR rule. Consumers has historically been authorized to recover in electric rates costs related to coal ash disposal sites. Consumers is evaluating the new CCR rule, its impact on the state permit program, and performing the required applicability determinations in order to assess the overall impacts of the rule and appropriate next steps.

*Water:* Multiple water-related regulations apply, or may apply, to Consumers.

The EPA regulates cooling water intake systems of existing electric generating plants under Section 316(b) of the Clean Water Act. The rules seek to reduce alleged harmful impacts on aquatic organisms, such as fish. In 2018, Consumers submitted to EGLE for approval all required studies and recommended plans to comply with Section 316(b) for its coal-fueled units but has not yet received final approval.

The EPA also regulates the discharge of wastewater through its effluent limitation guidelines for steam electric generating plants. In 2020, the EPA revised previous guidelines related to the discharge of certain wastewater, but allowed for extension of the compliance deadline from the end of 2023 to the end of 2025, upon approval by EGLE through the NPDES permitting process. Consumers received such an extension for its J.H. Campbell coal-fueled generating units, which it plans to retire in 2025. In March 2023, April 2024, the EPA released a proposed final rule seeking to replace updating its 2020 rule and corresponding effluent limitation guidelines. Consumers is evaluating the proposed effluent limitation guidelines for its existing coal-fueled units. This rule regulates additional wastewater streams previously not regulated, including combustion residual leachate and legacy wastewater. Consumers is evaluating these new portions of the rule for their potential impacts on its coal-fueled generating facilities. facilities and the associated storage of CCRs.

In recent years, the EPA and the U.S. Army Corps of Engineers have proposed changes to the scope of federal jurisdiction over bodies of water and to the frequency of dual jurisdiction in states with authority to regulate the same waters; Michigan is one such state. A 2022 rule changed the definition of "Waters of the United States," which defines the scope of waters protected under the Clean Water Act. Additionally, in May 2023, the U.S. Supreme Court issued a decision reducing the scope of "Waters of the United States."

Consumers does not expect adverse changes to its environmental strategy as a result of the current interpretations and court decision.

Many of Consumers' facilities maintain NPDES permits, which are vital to the facilities' operations. Consumers applies for renewal of these permits every five years. Failure of EGLE to renew any NPDES permit, a successful appeal against a permit, a change in the interpretation or scope of NPDES permitting, or onerous terms contained in a permit could have a significant detrimental effect on the operations of a facility.

*Protected Wildlife:* Multiple regulations apply, or may apply, to Consumers relating to protected species and habitats.

Statutes like the federal Endangered Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act of 1940 may impact operations at Consumers' facilities. In 2021, the U.S. Fish and Wildlife Service announced its intent to regulate incidental take under the Migratory Bird Treaty Act. Similarly, Act but has not yet published a proposed rule. In February 2024, the U.S. Fish and Wildlife Service in February 2024 published a final rule, effective April 2024, providing for bald eagle general permits for qualifying wind farms and electric distribution systems. Any While any resulting permitting and monitoring fees and/or restrictions on operations could impact Consumers' existing and future operations, including wind and solar generation facilities. Consumers does not expect any material changes to its environmental strategy or Clean Energy Plan as a result of this rule.

Additionally, Consumers is monitoring proposed changes to the listing status of several species within its operational area due to an increase in wildlife-related regulatory activity at federal and state levels. A change in species listed under the Endangered Species Act may impact Consumers' costs to mitigate its impact on protected species and habitats at certain existing facilities as well as siting choices for new facilities.

*Other Matters:* Other electric environmental matters could have a material impact on Consumers' outlook. For additional details on other electric environmental matters, see Notes to the Unaudited Consolidated Financial Statements—Note 2, Contingencies and Commitments—Consumers Electric Utility Contingencies—Electric Environmental Matters.

## Consumers Gas Utility Outlook and Uncertainties

**Gas Deliveries:** Consumers' gas customer deliveries are seasonal. The peak demand for natural gas occurs in the winter due to colder temperatures and the resulting use of natural gas as heating fuel.

Over the next five years, Consumers expects weather-normalized gas deliveries to remain stable relative to 2023. This outlook reflects modest growth in gas demand, offset by the effects of energy waste reduction



programs. Actual delivery levels will depend on:

- weather fluctuations
- use by power producers
- availability and development of renewable energy sources
- gas price changes
- Michigan's economic conditions, including population trends and housing activity
- the price or demand of competing energy sources or fuels
- energy efficiency and conservation impacts

**Gas Rate Matters:** Rate matters are critical to Consumers' gas utility business. For additional details on rate matters, see Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments.

**2023 Gas Rate Case:** In December 2023, Consumers filed an application with the MPSC seeking an annual rate increase of \$136 million based on a 10.25-percent authorized return on equity for the projected test year comprising the 12-month period ending September 30, 2025. In May 2024, Consumers revised its requested increase to \$113 million. The filing requests authority to recover new infrastructure investment and related costs that are expected to allow Consumers to continue to provide safe, reliable, affordable, and increasingly cleaner natural gas service.

Presented in In July 2024, the following table are MPSC approved a settlement agreement authorizing an annual rate increase of \$35 million, based on a 9.9-percent authorized return on equity. Additionally, the components settlement approves the use of \$27.5 million, or one-fourth, of the requested increase in revenue:

	In Millions
Projected 12-Month Period Ending September 30	2025
Components of the requested rate increase	
Investment in rate base	\$ 75
Operating and maintenance costs	(14)
Cost of capital	45
Sales and other revenue	30
Subtotal	\$ 136
Home products credit	(14)
Total	\$ 122

1 Consumers has proposed to share voluntarily half of the gain to be recognized on the sale of its Consumers' unregulated appliance service plan program (discussed below). ASP business as an offset to the revenue

deficiency in lieu of additional rate relief during the test year. This results in effective rate relief of \$62.5 million for the test year.

The MPSC must issue a final order in this case before or in October 2024.

*Gain Sharing Application:* In February 2024, Consumers signed an settlement agreement to sell its unregulated appliance service plan program to a non-affiliated company. Also in February 2024, Consumers filed an application requesting also provides for the MPSC's approval to share voluntarily with customers half remaining three-fourths of the \$110 million gain net on the sale of transaction costs, the ASP business, or \$82.5 million, to be recognized provided to customers as a bill credit over a three-year period. The new rates, including the bill credit, will become effective October 1, 2024. The settlement also authorizes the continuation of the cost deferral mechanism allowing Consumers to defer for future recovery or refund pension and OPEB expense above or below the amounts used to set rates. For additional details on this sale. In Consumers' 2023 gas rate case, it has proposed sharing the gain with customers over five years in the form sale of a surcharge credit.

The sale was completed in April 2024. Consumers received proceeds of \$124 million from the transaction and expects to recognize a pre-tax gain of approximately \$55 million in the second quarter of 2024, both of which may be impacted by customary post-closing adjustments. its ASP business, see Note 12, Exit Activities.

**Gas Pipeline and Storage Integrity and Safety:** The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration has published various rules that expand federal safety standards for gas transmission pipelines and underground storage facilities. Initial expanded requirements

for transmission pipelines took effect in 2020, with additional requirements released in 2023. There are also proposed rules expanding requirements for gas distribution systems pending. To comply with these rules, Consumers will incur increased capital and operating and maintenance costs to install and remediate pipelines and to expand inspections, maintenance, and monitoring of its existing pipelines and storage facilities.

Although associated capital or operating and maintenance costs relating to these regulations could be material and cost recovery cannot be assured, Consumers expects to recover such costs in rates consistent with the recovery of other reasonable costs of complying with laws and regulations.



**Gas Environmental Outlook:** Consumers expects to incur response activity costs at a number of sites, including 23 former MGP sites. For additional details, see Notes to the Unaudited Consolidated Financial Statements—Note 2, Contingencies and Commitments—Consumers Gas Utility Contingencies.

Consumers' gas operations are subject to various federal, state, and local environmental laws and regulations. Multiple environmental laws and regulations are subject to litigation. Consumers' primary environmental compliance focus includes, but is not limited to, the following matters.

*Air Quality:* Multiple air quality regulations apply, or may apply, to Consumers' gas utility.

In 2015, the EPA lowered the NAAQS for ozone and made it more difficult to construct or modify natural gas compressor stations and other emission sources in areas of the country that do not meet the ozone standard. As of May 2023, three counties in western Michigan have been designated as not meeting the ozone standard. One of Consumers' compressor stations is located in an ozone nonattainment area. Consequently, Consumers has initiated plans to retrofit equipment at this compressor station to lower NOx emissions and comply with a rule proposed by the State of Michigan, as required for a source located in a moderate ozone nonattainment area. Consumers will continue to monitor NAAQS rulemakings and evaluate potential impacts to its compressor stations and other applicable natural gas storage and delivery assets.

*Greenhouse Gases:* There is increasing interest at the federal, state, and local levels in potential regulation of greenhouse gases or their sources. In January 2024, the EPA proposed a new fee for emitting certain waste from petroleum and natural gas systems, as directed under the Inflation Reduction Act of 2022. The proposed fees could apply to methane emissions from transmission pipeline, compression, or underground storage that exceed annual thresholds; however, initial analysis indicates Consumers would not be subject to fees under its routine operations. This regulation or others, if adopted, may involve requirements to reduce methane emissions from Consumers' gas utility operations and carbon dioxide emissions from customer use of natural gas. Consumers will continue to monitor this proposed rule for potential impacts.

In 2020, Michigan's Governor signed an executive order creating the Michigan Healthy Climate Plan, which outlines goals for Michigan to achieve economy-wide net-zero greenhouse gas emissions and to be carbon neutral by 2050. The executive order aims for a 28-percent reduction below 2005 levels of greenhouse gas emissions by 2025. For additional details on the executive order, see Consumers Electric Utility Outlook and Uncertainties—Electric Environmental Outlook.

Under the Paris Agreement, an international agreement addressing greenhouse gas emissions, the U.S. has committed to reduce greenhouse gas emissions by 50 to 52 percent from 2005 levels by 2030. The commitment made by the U.S. is not binding without new Congressional legislation. Consumers continues to

monitor these initiatives and comment as appropriate. Consumers cannot predict the impact of any potential future legislation or regulation on its gas utility.

Consumers is making voluntary efforts to reduce its gas utility's methane emissions. Under its Methane Reduction Plan, Consumers has set a goal of net-zero methane emissions from its natural gas delivery system by 2030. Consumers plans to reduce methane emissions from its system by about 80 percent, from 2012 baseline levels, by accelerating the replacement of aging pipe, rehabilitating or retiring outdated infrastructure, and adopting new technologies and practices. The remaining emissions will likely be offset by purchasing and/or producing renewable natural gas. To date, Consumers has reduced methane emissions by more than 25 percent.

In 2022, Consumers also announced a net-zero greenhouse gas emissions target for its entire natural gas system by 2050. This includes suppliers and customers, and has an interim goal of reducing customer emissions by 20 percent by 2030. Consumers' Natural Gas Delivery Plan, a rolling ten-year investment plan to deliver safe, reliable, clean, and affordable natural gas to customers, outlines ways in which Consumers can make early progress toward these goals in a cost-effective manner, including energy waste reduction, carbon offsets, and renewable natural gas supply.

Consumers has already initiated work in these key areas, continuing to expand its energy waste reduction targets, launching a program allowing gas customers to purchase carbon offset credits on a voluntary basis, and announcing plans to begin development of renewable natural gas facilities that will capture methane from manure generated at Michigan-based farms and convert it into renewable natural gas. Consumers is evaluating and monitoring newer technologies to determine their role in achieving Consumers' interim and long-term net-zero goals, including hydrogen, biofuels, and synthetic methane; carbon capture sequestration systems; and other innovative technologies.

## NorthStar Clean Energy Outlook and Uncertainties

CMS Energy's primary focus with respect to its NorthStar Clean Energy businesses is to maximize the value of generating assets, its share of which represents 1,658 MW of capacity, and to pursue opportunities for the development of renewable generation projects.

NorthStar Clean Energy's operations may be subject to various federal, state, and local environmental laws and regulations. Multiple environmental laws and regulations are subject to litigation. NorthStar Clean Energy's primary environmental compliance focus includes, but is not limited to, the following matters.

CSAPR requires Michigan and many other states to improve air quality by reducing power plant emissions that, according to EPA modeling, contribute to ground-level ozone in other downwind states. Since its 2015 effective date, CSAPR has been revised several times. In June 2023, the EPA published the Good Neighbor Plan, a revision to CSAPR. This regulation tightens allowance budgets for electric generating units in Michigan between 2023 and 2029 and changes the mechanism for allocating such allowances on a year-over-year

basis beginning in 2026. NorthStar Clean Energy may incur increased costs to purchase allowances or retrofit equipment.

For additional details regarding the ozone or fine particulate matter NAAQS or CSAPR, including the Good Neighbor Plan, see Consumers Electric Utility Outlook and Uncertainties—Electric Environmental Outlook.

In May 2023, April 2024, the EPA released finalized its proposed rule under Section 111 of the Clean Air Act to address greenhouse gas emissions from new gas-fueled units and existing fossil-fuel-fired coal- and natural oil-fueled electric generating units. Notably, these rules do not address existing gas-fueled electric generating units. However, units, though the EPA has announced in March 2024 that it will release a draft rule for these types of units at a later time. Due to the final rule, expected in April or May 2024, anticipated replacement of coal as a fuel at its one remaining coal-fueled electric generating facility, these regulations will not cover existing natural gas-fueled facilities. Instead, the EPA expects to cover those facilities in a future rulemaking. If these proposed regulations ultimately apply to NorthStar Clean Energy's facilities. Future EPA regulations addressing greenhouse gas emissions from existing gas-fueled electric generating units may apply to NorthStar Clean Energy facilities they could and may have a material financial and operational impact. NorthStar Clean Energy will continue to follow the finalization of this rule and any subsequent EPA rules to control that address greenhouse gases gas emissions and will continue to evaluate potential impacts to its operations.

Many of NorthStar Clean Energy's facilities maintain NPDES permits, which are vital to the facilities' operations. NorthStar Clean Energy applies for renewal of these permits every five years. Failure of EGLE to renew any NPDES permit, a successful appeal against a permit, a change in the interpretation or scope of NPDES permitting, or onerous terms contained in a permit could have a significant detrimental effect on the operations of a facility.

Trends, uncertainties, and other matters related to NorthStar Clean Energy that could have a material impact on CMS Energy's consolidated income, cash flows, or financial position include:

- investment in and financial benefits received from renewable energy and energy storage projects
- changes in energy and capacity prices
- severe weather events and climate change associated with increasing levels of greenhouse gases
- changes in commodity prices on certain derivative contracts that do not qualify for hedge accounting and must be marked to market through earnings
- changes in various environmental laws, regulations, principles, or practices, or in their interpretation

- indemnity obligations assumed in connection with ownership interests in facilities that involve tax equity financing
- representations, warranties, and indemnities provided by CMS Energy in connection with sales of assets
- delays or difficulties in obtaining environmental permits for facilities located in areas associated with environmental justice concerns

For additional details regarding NorthStar Clean Energy's uncertainties, see Notes to the Unaudited Consolidated Financial Statements—Note 2, Contingencies and Commitments—Guarantees.

## Other Outlook and Uncertainties

**Litigation:** CMS Energy, Consumers, and certain of their subsidiaries are named as parties in various litigation matters, as well as in administrative proceedings before various courts and governmental agencies, arising in the ordinary course of business. For additional details regarding these and other legal matters, see Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments.

## New Accounting Standards

There are no new accounting standards issued but not yet effective that are expected to have a material impact on CMS Energy's or Consumers' consolidated financial statements.

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# CMS Energy Corporation

## Consolidated Statements of Income (Unaudited)

*In Millions, Except Per Share Amounts*

*In Millions, Except Per Share Amounts*

*In Millions, Except Per Share Amounts*

Three Months Ended March 31	
Three Months Ended March 31	
Three Months Ended March 31	
	Three Months EndedSix Months Ended
June 30	
Operating Revenue	
Operating Revenue	
Operating Revenue	
Operating Expenses	
Operating Expenses	
Operating Expenses	
Fuel for electric generation	
Fuel for electric generation	
Fuel for electric generation	
Purchased and interchange power	
Purchased and interchange power	
Purchased and interchange power	
Purchased power – related parties	
Purchased power – related parties	
Purchased power – related parties	
Cost of gas sold	
Cost of gas sold	
Cost of gas sold	

Maintenance and other operating expenses
Maintenance and other operating expenses
Maintenance and other operating expenses
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
General taxes
General taxes
General taxes
Total operating expenses
Total operating expenses
Total operating expenses
<b>Operating Income</b>
<b>Operating Income</b>
<b>Operating Income</b>
<b>Other Income (Expense)</b>
<b>Other Income (Expense)</b>
<b>Other Income (Expense)</b>
Non-operating retirement benefits, net
Non-operating retirement benefits, net
Non-operating retirement benefits, net
Other income
Other income
Other income
Other expense
Other expense
Other expense
Total other income
Total other income
Total other income
<b>Interest Charges</b>
<b>Interest Charges</b>
<b>Interest Charges</b>
Interest on long-term debt

Interest on long-term debt

Interest on long-term debt

Interest expense – related parties

Interest expense – related parties

Interest expense – related parties

Other interest expense

Other interest expense

Other interest expense

Allowance for borrowed funds used during construction

Allowance for borrowed funds used during construction

Allowance for borrowed funds used during construction

Total interest charges

Total interest charges

Total interest charges

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**Income Before Income Taxes**

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**Income Before Income Taxes**

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**Income Before Income Taxes**

**Income Tax Expense**

**Income Tax Expense**

**Income Tax Expense**

**Income From Continuing Operations**

**Income From Continuing Operations**

**Income From Continuing Operations**

**Income From Discontinued Operations, Net of Tax of \$— for all periods**

**Income From Discontinued Operations, Net of Tax of \$— for all periods**

**Income From Discontinued Operations, Net of Tax of \$— for all periods**

**Net Income**

**Net Income**

**Net Income**

**Loss Attributable to Noncontrolling Interests**

**Loss Attributable to Noncontrolling Interests**

**Loss Attributable to Noncontrolling Interests**

**Net Income Attributable to CMS Energy**

**Net Income Attributable to CMS Energy**

**Net Income Attributable to CMS Energy**

Preferred Stock Dividends
Preferred Stock Dividends
Preferred Stock Dividends
Net Income Available to Common Stockholders
Net Income Available to Common Stockholders
Net Income Available to Common Stockholders
Basic Earnings Per Average Common Share
Basic Earnings Per Average Common Share
Basic Earnings Per Average Common Share
Diluted Earnings Per Average Common Share
Diluted Earnings Per Average Common Share
Diluted Earnings Per Average Common Share
The accompanying notes are an integral part of these statements.

CMS Energy Corporation

Consolidated Statements of Comprehensive Income (Unaudited)

	In Millions	
	In Millions	
	In Millions	
Three Months Ended March 31		
Three Months Ended March 31		
Three Months Ended March 31		
	Three Months Ended	Six Months Ended
June 30		
Net Income		
Net Income		
Net Income		
Retirement Benefits Liability		
Retirement Benefits Liability		



**Retirement Benefits Liability**

Net gain arising during the period, net of tax of \$— for both periods
Net gain arising during the period, net of tax of \$— for both periods
Net gain arising during the period, net of tax of \$— for both periods
Net gain arising during the period, net of tax of \$— for all periods
Net gain arising during the period, net of tax of \$— for all periods
Net gain arising during the period, net of tax of \$— for all periods
Amortization of net actuarial loss, net of tax of \$— for both periods
Amortization of net actuarial loss, net of tax of \$— for all periods
Amortization of net actuarial loss, net of tax of \$— for both periods
Amortization of net actuarial loss, net of tax of \$— for all periods
Amortization of net actuarial loss, net of tax of \$— for both periods
Amortization of net actuarial loss, net of tax of \$— for all periods
Amortization of prior service credit, net of tax of \$— for all periods
Amortization of prior service credit, net of tax of \$— for all periods
Amortization of prior service credit, net of tax of \$— for all periods

Other Comprehensive Income
Other Comprehensive Income
Other Comprehensive Income

Comprehensive Income
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Comprehensive Income
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Comprehensive Income
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Comprehensive Loss Attributable to Noncontrolling Interests
Comprehensive Loss Attributable to Noncontrolling Interests
Comprehensive Loss Attributable to Noncontrolling Interests

Comprehensive Income Attributable to CMS Energy
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Comprehensive Income Attributable to CMS Energy
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Comprehensive Income Attributable to CMS Energy
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The accompanying notes are an integral part of these statements.

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# CMS Energy Corporation

## Consolidated Statements of Cash Flows (Unaudited)

	In Millions
	In Millions
	In Millions
Three Months Ended March 31	
Six Months Ended June 30	
Cash Flows from Operating Activities	
Cash Flows from Operating Activities	
Cash Flows from Operating Activities	
Net income	
Net income	
Net income	
Adjustments to reconcile net income to net cash provided by operating activities	
Adjustments to reconcile net income to net cash provided by operating activities	
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	
Depreciation and amortization	
Depreciation and amortization	
Deferred income taxes and investment tax credits	
Deferred income taxes and investment tax credits	
Deferred income taxes and investment tax credits	
Other non-cash operating activities and reconciling adjustments	
Other non-cash operating activities and reconciling adjustments	
Other non-cash operating activities and reconciling adjustments	
Changes in assets and liabilities	
Changes in assets and liabilities	
Changes in assets and liabilities	
Accounts receivable and accrued revenue	

Accounts receivable and accrued revenue

Accounts receivable and accrued revenue

Inventories

Inventories

Inventories

Accounts payable and accrued rate refunds

Accounts payable and accrued rate refunds

Accounts payable and accrued rate refunds

Other current assets and liabilities

Other current assets and liabilities

Other current assets and liabilities

Other non-current assets and liabilities

Other non-current assets and liabilities

Other non-current assets and liabilities

Net cash provided by operating activities

Net cash provided by operating activities

Net cash provided by operating activities

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### Cash Flows from Investing Activities

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### Cash Flows from Investing Activities

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### Cash Flows from Investing Activities

Capital expenditures (excludes assets placed under finance lease)

Capital expenditures (excludes assets placed under finance lease)

Capital expenditures (excludes assets placed under finance lease)

Covert Generating Station acquisition

Covert Generating Station acquisition

Covert Generating Station acquisition

Proceeds from sale of ASP business

Proceeds from sale of ASP business

Proceeds from sale of ASP business

Cost to retire property and other investing activities

Cost to retire property and other investing activities

Cost to retire property and other investing activities

Net cash used in investing activities

Net cash used in investing activities

Net cash used in investing activities
<b>Cash Flows from Financing Activities</b>
<b>Cash Flows from Financing Activities</b>
<b>Cash Flows from Financing Activities</b>
Proceeds from issuance of debt
Proceeds from issuance of debt
Proceeds from issuance of debt
Retirement of debt
Retirement of debt
Retirement of debt
Decrease in notes payable
Decrease in notes payable
Decrease in notes payable
Issuance of common stock
Issuance of common stock
Issuance of common stock
Payment of dividends on common and preferred stock
Payment of dividends on common and preferred stock
Payment of dividends on common and preferred stock
Other financing costs
Other financing costs
Other financing costs
Net cash provided by financing activities
Net cash provided by financing activities
Net cash provided by financing activities
<b>Net Increase in Cash and Cash Equivalents, Including Restricted Amounts</b>
<b>Net Increase in Cash and Cash Equivalents, Including Restricted Amounts</b>
<b>Net Increase in Cash and Cash Equivalents, Including Restricted Amounts</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, End of Period</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, End of Period</b>
<b>Cash and Cash Equivalents, Including Restricted Amounts, End of Period</b>

Other Non-cash Investing and Financing Activities
Other Non-cash Investing and Financing Activities
Other Non-cash Investing and Financing Activities

Non-cash transactions

Non-cash transactions

Non-cash transactions

Capital expenditures not paid
Capital expenditures not paid
Capital expenditures not paid

The accompanying notes are an integral part of these statements.

# CMS Energy Corporation

## Consolidated Balance Sheets (Unaudited)

	In Millions	
ASSETS		
	March 31 2024	December 31 2023
	June 30 2024	December 31 2023
Current Assets		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Restricted cash and cash equivalents		
Accounts receivable and accrued revenue, less allowance of \$23 in 2024 and \$21 in 2023		
Accounts receivable – related parties		
Accounts receivable – related parties		

Accounts receivable – related parties

*Inventories at average cost*

*Inventories at average cost*

*Inventories at average cost*

Gas in underground storage

Gas in underground storage

Gas in underground storage

Materials and supplies

Generating plant fuel stock

Deferred property taxes

Regulatory assets

Prepayments and other current assets

Prepayments and other current assets

Prepayments and other current assets

Total current assets

---

### **Plant, Property, and Equipment**

Plant, property, and equipment, gross

Plant, property, and equipment, gross

Plant, property, and equipment, gross

Less accumulated depreciation and amortization

Plant, property, and equipment, net

Construction work in progress

Total plant, property, and equipment

---

### **Other Non-current Assets**

Regulatory assets

Regulatory assets

Regulatory assets

Accounts receivable

Investments

Postretirement benefits

Other

Other

Other

Total other non-current assets

<b>Total Assets</b>
---------------------

*In  
Millions*

## LIABILITIES AND EQUITY

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023

## Current Liabilities

Current portion of long-term debt and finance leases

Current portion of long-term debt and finance leases

Current portion of long-term debt and finance leases

Notes payable

Accounts payable

Accounts payable – related parties

Accrued rate refunds

Accrued interest

Accrued taxes

Regulatory liabilities

Other current liabilities

Other current liabilities

Other current liabilities

Total current liabilities

### Non-current Liabilities

Long-term debt

Long-term debt

Long-term debt

Non-current portion of finance leases

Regulatory liabilities

[illegible]



Total Liabilities and Equity

The accompanying notes are an integral part of these statements.

CMS Energy Corporation  
Consolidated Statements of Changes in Equity (Unaudited)

In Millions, Except Per Share Amounts

In Millions, Except Per Share Amounts

In Millions, Except Per Share Amounts

	Three Months Ended	Six Months Ended
Three Months Ended March 31		
Three Months Ended March 31		
Three Months Ended March 31		
June 30		
June 30		
June 30		
Total Equity at Beginning of Period		
Total Equity at Beginning of Period		
Total Equity at Beginning of Period		
Common Stock		
Common Stock		
Common Stock		
At beginning and end of period		
At beginning and end of period		
At beginning and end of period		
Other Paid-in Capital		
Other Paid-in Capital		
Other Paid-in Capital		
At beginning of period		
At beginning of period		

At beginning of period
Common stock issued
Common stock issued
Common stock issued
Common stock repurchased
Common stock repurchased
Common stock repurchased
At end of period
At end of period
At end of period
Accumulated Other Comprehensive Income (Loss)
Accumulated Other Comprehensive Income (Loss)
Accumulated Other Comprehensive Income (Loss)
Accumulated Other Comprehensive Loss
Accumulated Other Comprehensive Loss
Accumulated Other Comprehensive Loss
Retirement benefits liability
Retirement benefits liability
Retirement benefits liability
At beginning of period
At beginning of period
At beginning of period
Net gain arising during the period
Net gain arising during the period
Net gain arising during the period
Amortization of net actuarial loss
Amortization of net actuarial loss
Amortization of net actuarial loss
Amortization of prior service credit
Amortization of prior service credit
Amortization of prior service credit
At end of period
At end of period
At end of period

<b>Retained Earnings</b>
<b>Retained Earnings</b>
<b>Retained Earnings</b>
At beginning of period
At beginning of period
At beginning of period
Net income attributable to CMS Energy
Net income attributable to CMS Energy
Net income attributable to CMS Energy
Dividends declared on common stock
Dividends declared on common stock
Dividends declared on common stock
Dividends declared on preferred stock
Dividends declared on preferred stock
Dividends declared on preferred stock
At end of period
At end of period
At end of period
<b>Cumulative Redeemable Perpetual Preferred Stock, Series C</b>
<b>Cumulative Redeemable Perpetual Preferred Stock, Series C</b>
<b>Cumulative Redeemable Perpetual Preferred Stock, Series C</b>
At beginning and end of period
At beginning and end of period
At beginning and end of period
<b>Noncontrolling Interests</b>
<b>Noncontrolling Interests</b>
<b>Noncontrolling Interests</b>
At beginning of period
At beginning of period
At beginning of period
Loss attributable to noncontrolling interests
Loss attributable to noncontrolling interests
Loss attributable to noncontrolling interests
Other changes in noncontrolling interests

Other changes in noncontrolling interests

Other changes in noncontrolling interests

At end of period
At end of period
At end of period

**Total Equity at End of Period**

**Total Equity at End of Period**

**Total Equity at End of Period**

**Dividends declared per common share**

**Dividends declared per common share**

**Dividends declared per common share**

**Dividends declared per preferred stock Series C depositary share**

**Dividends declared per preferred stock Series C depositary share**

**Dividends declared per preferred stock Series C depositary share**

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

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# Consumers Energy Company

## Consolidated Statements of Income (Unaudited)

In Millions  
In Millions  
In Millions

Three Months Ended March 31	Three Months Ended	Six Months Ended
Three Months Ended March 31		
Three Months Ended March 31		
June 30		
Operating Revenue		
Operating Revenue		
Operating Revenue		
Operating Expenses		
Operating Expenses		
Operating Expenses		
Fuel for electric generation		
Fuel for electric generation		
Fuel for electric generation		
Purchased and interchange power		
Purchased and interchange power		
Purchased and interchange power		
Purchased power – related parties		
Purchased power – related parties		
Purchased power – related parties		
Cost of gas sold		
Cost of gas sold		
Cost of gas sold		

Maintenance and other operating expenses  
Maintenance and other operating expenses  
Maintenance and other operating expenses

Depreciation and amortization  
Depreciation and amortization  
Depreciation and amortization

General taxes  
General taxes  
General taxes

Total operating expenses  
Total operating expenses  
Total operating expenses

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**Operating Income**

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**Operating Income**

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**Operating Income****Other Income (Expense)****Other Income (Expense)****Other Income (Expense)**

Non-operating retirement benefits, net  
Non-operating retirement benefits, net  
Non-operating retirement benefits, net

Other income  
Other income  
Other income

Other expense  
Other expense  
Other expense

Total other income  
Total other income  
Total other income

---

**Interest Charges**

---

**Interest Charges**

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**Interest Charges**

Interest on long-term debt

Interest on long-term debt  
Interest on long-term debt

Interest expense – related parties  
Interest expense – related parties  
Interest expense – related parties

Other interest expense  
Other interest expense  
Other interest expense

Allowance for borrowed funds used during construction  
Allowance for borrowed funds used during construction  
Allowance for borrowed funds used during construction

Total interest charges  
Total interest charges  
Total interest charges

**Income Before Income Taxes**

**Income Before Income Taxes**

**Income Before Income Taxes**

**Income Tax Expense**  
**Income Tax Expense**  
**Income Tax Expense**

**Net Income**  
**Net Income**  
**Net Income**

**Preferred Stock Dividends**  
**Preferred Stock Dividends**  
**Preferred Stock Dividends**

**Net Income Available to Common Stockholder**

**Net Income Available to Common Stockholder**

**Net Income Available to Common Stockholder**

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

Consumers Energy Company
Consolidated Statements of Comprehensive Income (Unaudited)

In Millions

In Millions

In Millions

Three Months Ended March 31		
Three Months Ended March 31		
Three Months Ended March 31		
	Three Months Ended	Six Months Ended
June 30		
Net Income		
Net Income		
Net Income		
Other Comprehensive Income		
Other Comprehensive Income		
Other Comprehensive Income		
Comprehensive Income		
Comprehensive Income		
Comprehensive Income		

The accompanying notes are an integral part of these statements.



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# Consumers Energy Company

## Consolidated Statements of Cash Flows (Unaudited)

	In Millions
	In Millions
	In Millions
Three Months Ended March 31	
Six Months Ended June 30	
Cash Flows from Operating Activities	
Cash Flows from Operating Activities	
Cash Flows from Operating Activities	
Net income	
Net income	
Net income	
Adjustments to reconcile net income to net cash provided by operating activities	
Adjustments to reconcile net income to net cash provided by operating activities	
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	
Depreciation and amortization	
Depreciation and amortization	
Deferred income taxes and investment tax credits	
Deferred income taxes and investment tax credits	
Deferred income taxes and investment tax credits	
Other non-cash operating activities and reconciling adjustments	
Other non-cash operating activities and reconciling adjustments	
Other non-cash operating activities and reconciling adjustments	
Changes in assets and liabilities	
Changes in assets and liabilities	
Changes in assets and liabilities	

Accounts and notes receivable and accrued revenue  
Accounts and notes receivable and accrued revenue  
Accounts and notes receivable and accrued revenue

Inventories  
Inventories  
Inventories

Accounts payable and accrued rate refunds  
Accounts payable and accrued rate refunds  
Accounts payable and accrued rate refunds

Other current assets and liabilities  
Other current assets and liabilities  
Other current assets and liabilities

Other non-current assets and liabilities  
Other non-current assets and liabilities  
Other non-current assets and liabilities

Net cash provided by operating activities  
Net cash provided by operating activities  
Net cash provided by operating activities

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## Cash Flows from Investing Activities

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## Cash Flows from Investing Activities

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## Cash Flows from Investing Activities

Capital expenditures (excludes assets placed under finance lease)  
Capital expenditures (excludes assets placed under finance lease)  
Capital expenditures (excludes assets placed under finance lease)

Covert Generating Station acquisition  
Covert Generating Station acquisition  
Covert Generating Station acquisition  
Proceeds from sale of ASP business  
Proceeds from sale of ASP business  
Proceeds from sale of ASP business

Cost to retire property and other investing activities  
Cost to retire property and other investing activities  
Cost to retire property and other investing activities

Net cash used in investing activities

Net cash used in investing activities  
Net cash used in investing activities

Cash Flows from Financing Activities

Cash Flows from Financing Activities

Cash Flows from Financing Activities

Proceeds from issuance of debt  
Proceeds from issuance of debt  
Proceeds from issuance of debt  
Retirement of debt  
Retirement of debt  
Retirement of debt

Decrease in notes payable  
Decrease in notes payable  
Decrease in notes payable

Decrease in notes payable – related parties  
Decrease in notes payable – related parties  
Decrease in notes payable – related parties

Stockholder contribution  
Stockholder contribution  
Stockholder contribution

Return of stockholder contribution  
Return of stockholder contribution  
Return of stockholder contribution

Payment of dividends on common stock  
Payment of dividends on common stock  
Payment of dividends on common stock

Payment of dividends on common and preferred stock  
Payment of dividends on common and preferred stock  
Payment of dividends on common and preferred stock

Other financing costs  
Other financing costs  
Other financing costs

Net cash provided by (used in) financing activities  
Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities

Net cash provided by financing activities

Net cash provided by financing activities

Net cash provided by financing activities

Net Increase in Cash and Cash Equivalents, Including Restricted Amounts

Net Increase in Cash and Cash Equivalents, Including Restricted Amounts

Net Increase in Cash and Cash Equivalents, Including Restricted Amounts

Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period

Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period

Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period

Cash and Cash Equivalents, Including Restricted Amounts, End of Period

Cash and Cash Equivalents, Including Restricted Amounts, End of Period

Cash and Cash Equivalents, Including Restricted Amounts, End of Period

Other Non-cash Investing and Financing Activities

Other Non-cash Investing and Financing Activities

Other Non-cash Investing and Financing Activities

Non-cash transactions

Non-cash transactions

Non-cash transactions

Capital expenditures not paid

Capital expenditures not paid

Capital expenditures not paid

The accompanying notes are an integral part of these statements.

# Consumers Energy Company

## Consolidated Balance Sheets (Unaudited)

ASSETS

In  
Millions

		March 31, 2024	December 31, 2023
		June 30, 2024	December 31, 2023
<b>Current Assets</b>	<b>Current Assets</b>		<b>Current Assets</b>
Cash and cash equivalents			
Restricted cash and cash equivalents			
Accounts receivable and accrued revenue, less allowance of \$23 in 2024 and \$21 in 2023			
Accounts and notes receivable – related parties			
Accounts and notes receivable – related parties			
Accounts and notes receivable – related parties			
<i>Inventories at average cost</i>			
<i>Inventories at average cost</i>			
<i>Inventories at average cost</i>			
Gas in underground storage			
Gas in underground storage			
Gas in underground storage			
Materials and supplies			
Generating plant fuel stock			
Deferred property taxes			
Regulatory assets			
Prepayments and other current assets			
Total current assets			
<b>Plant, Property, and Equipment</b>	<b>Plant, Property, and Equipment</b>		<b>Plant, Property, and Equipment</b>
Plant, property, and equipment, gross			
Less accumulated depreciation and amortization			
Plant, property, and equipment, net			
Construction work in progress			
Total plant, property, and equipment			
<b>Other Non-current Assets</b>	<b>Other Non-current Assets</b>		<b>Other Non-current Assets</b>
Regulatory assets			

Accounts receivable
Accounts and notes receivable – related parties
Postretirement benefits
Other
Total other non-current assets
<b>Total Assets</b>

## LIABILITIES AND EQUITY

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023

## Current Liabilities

Current portion of long-term debt and finance leases
Current portion of long-term debt and finance leases
Current portion of long-term debt and finance leases
Notes payable
Accounts payable
Accounts payable
Accounts payable
Accounts payable – related parties
Accrued rate refunds
Accrued interest
Accrued taxes
Regulatory liabilities
Other current liabilities
Total current liabilities

### Non-current Liabilities

*In  
Millions*

Long-term debt
Long-term debt
Long-term debt
Long-term debt – related parties
Non-current portion of finance leases
Regulatory liabilities
Postretirement benefits
Asset retirement obligations
Deferred investment tax credit
Deferred income taxes
Other non-current liabilities

Total non-current liabilities

<b>Commitments and Contingencies</b> (Notes 1 and 2)	<b>Commitments and Contingencies</b> (Notes 1 and 2)	<b>Commitments and Contingencies</b> (Notes 1 and 2)
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## Equity

<i>Common stockholder's equity</i>
<i>Common stockholder's equity</i>
<i>Common stockholder's equity</i>
Common stock, authorized 125.0 shares; outstanding 84.1 shares in both periods
Common stock, authorized 125.0 shares; outstanding 84.1 shares in both periods
Common stock, authorized 125.0 shares; outstanding 84.1 shares in both periods
Other paid-in capital
Accumulated other comprehensive loss
Retained earnings
Total common stockholder's equity
Cumulative preferred stock, \$4.50 series, authorized 7.5 shares; outstanding 0.4 shares in both periods

Total equity

<b>Total Liability and Equity</b>
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The accompanying notes are an integral part of these statements.

# Consumers Energy Company

## Consolidated Statements of Changes in Equity (Unaudited)

		In Millions
		In Millions
		In Millions
Three Months Ended March 31		
Three Months Ended March 31		
Three Months Ended March 31		
	Three Months Ended	Six Months Ended
June 30		
Total Equity at Beginning of Period		
Total Equity at Beginning of Period		
Total Equity at Beginning of Period		
Common Stock		
Common Stock		
Common Stock		
At beginning and end of period		
At beginning and end of period		
At beginning and end of period		
Other Paid-in Capital		
Other Paid-in Capital		
Other Paid-in Capital		
At beginning of period		
At beginning of period		
At beginning of period		
Stockholder contribution		
Stockholder contribution		
Stockholder contribution		
Return of stockholder contribution		
Return of stockholder contribution		



Return of stockholder contribution

At end of period

At end of period

At end of period

Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss

Retirement benefits liability

Retirement benefits liability

Retirement benefits liability

At beginning and end of period

At beginning and end of period

At beginning and end of period

Retained Earnings (Accumulated Deficit)

Retained Earnings (Accumulated Deficit)

Retained Earnings (Accumulated Deficit)

Retained Earnings

Retained Earnings

Retained Earnings

At beginning of period

At beginning of period

At beginning of period

Net income

Net income

Net income

Dividends declared on common stock

Dividends declared on common stock

Dividends declared on common stock

Dividends declared on preferred stock

Dividends declared on preferred stock

Dividends declared on preferred stock

At end of period

At end of period

At end of period

Cumulative Preferred Stock
Cumulative Preferred Stock
Cumulative Preferred Stock
At beginning and end of period
At beginning and end of period
At beginning and end of period
Total Equity at End of Period
Total Equity at End of Period
Total Equity at End of Period

The accompanying notes are an integral part of these statements.

# CMS Energy Corporation

## Consumers Energy Company

### Notes to the Unaudited Consolidated Financial Statements

These interim consolidated financial statements have been prepared by CMS Energy and Consumers in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. As a result, CMS Energy and Consumers have condensed or omitted certain information and note disclosures normally included in consolidated financial statements prepared in accordance with GAAP. CMS Energy and Consumers have reclassified certain prior period amounts to conform to the presentation in the present period.

CMS Energy and Consumers are required to make estimates using assumptions that may affect reported amounts and disclosures; actual results could differ from these estimates. In management’s opinion, the unaudited information contained in this report reflects all adjustments of a normal recurring nature necessary to ensure that CMS Energy’s and Consumers’ financial position, results of operations, and cash flows for the periods presented are fairly stated. The notes to the unaudited consolidated financial statements and the related unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the 2023 Form 10-K. Due to the seasonal nature of CMS Energy’s and Consumers’ operations, the results presented for this interim period are not necessarily indicative of results to be achieved for the fiscal year.

# 1: Regulatory Matters

Regulatory matters are critical to Consumers. The Michigan Attorney General, ABATE, the MPSC Staff, residential customer advocacy groups, environmental organizations, and certain other parties typically participate in MPSC proceedings concerning Consumers, such as Consumers' rate cases and power supply cost recovery and gas cost recovery processes. Intervenors also participate in certain FERC matters, including FERC's regulation of certain wholesale rates that affect Consumers' power supply costs. These parties often challenge various aspects of those proceedings, including the prudence of Consumers' policies and practices, and seek cost disallowances and other relief. The parties also have appealed significant MPSC orders. Depending upon the specific issues, the outcomes of rate cases and proceedings, including judicial proceedings challenging MPSC and FERC orders or other actions, could negatively affect CMS Energy's and Consumers' liquidity, financial condition, and results of operations. Consumers cannot predict the outcome of these proceedings.

**2023 Electric Rate Case:** In May 2023, Consumers filed an application with the MPSC seeking a rate increase of \$216 million, based on an authorized return on equity of 10.25 percent for the projected 12-month period ending February 28, 2025. In September 2023, Consumers revised its requested increase to \$169 million. The filing requested authority to recover costs related to new infrastructure investment primarily in distribution system reliability and cleaner energy resources.

In March 2024, the MPSC issued an order authorizing an annual rate increase of \$92 million, which is inclusive of a \$9 million surcharge for the recovery of select distribution investments made in 2022 that exceeded the rates authorized in accordance with the December 2021 electric rate order. The approved rate increase is based on a 9.9-percent 9.9-percent authorized return on equity. The new rates became effective March 15, 2024.

**Meter Investigation:** In July 2023, the MPSC issued an order initiating an investigation into Consumers' handling of malfunctioning meters and meters requiring transition from 3G to 4G, estimated billing, and

new service installations. The order directed Consumers to provide information on such meters and their replacement, meter-reading performance, communications with customers and the MPSC regarding these issues, and other information. Subsequently, the MPSC issued a show-cause order directing Consumers to provide further information on consecutive estimated billings, the provision of actual meter readings, and new service installation issues.

In April May 2024, Consumers signed an agreement with the MPSC Staff and Attorney General settling approved a settlement agreement resolving this matter. Under the settlement agreement, Consumers



Long-term leachate disposal and operating and maintenance costs

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CMS Energy's estimate of response activity costs and the timing of expenditures could change if there are changes in circumstances or assumptions used in calculating the liability. Although a liability for its present estimate of remaining response activity costs has been recorded, CMS Energy cannot predict the ultimate financial impact or outcome of this matter.

## Consumers Electric Utility Contingencies

**Electric Environmental Matters:** Consumers' operations are subject to environmental laws and regulations. Historically, Consumers has generally been able to recover, in customer rates, the costs to operate its facilities in compliance with these laws and regulations.

*Cleanup and Solid Waste:* Consumers expects to incur remediation and other response activity costs at a number of sites under NREPA. Consumers believes that these costs should be recoverable in rates, but cannot guarantee that outcome. Consumers estimates its liability for NREPA sites for which it can estimate a range of loss to be between \$4 million and \$5 million. At **March 31, 2024** **June 30, 2024**, Consumers had a recorded liability of \$4 million, the minimum amount in the range of its estimated probable NREPA liability, as no amount in the range was considered a better estimate than any other amount.

Consumers is a potentially responsible party at a number of contaminated sites administered under CERCLA. CERCLA liability is joint and several. In 2010, Consumers received official notification from the EPA that identified Consumers as a potentially responsible party for cleanup of PCBs at the Kalamazoo River CERCLA site. The notification claimed that the EPA had reason to believe that Consumers disposed of PCBs and arranged for the disposal and treatment of PCB-containing materials at portions of the site. In 2011, Consumers received a follow-up letter from the EPA requesting that Consumers agree to participate in a removal action plan along with several other companies for an area of lower Portage Creek, which is connected to the Kalamazoo River. All parties asked to participate in the removal action plan, including Consumers, declined to accept liability. Until further information is received from the EPA, Consumers is unable to estimate a range of potential liability for cleanup of the river.

Based on its experience, Consumers estimates its share of the total liability for known CERCLA sites to be between \$3 million and \$8 million. Various factors, including the number and creditworthiness of potentially responsible parties involved with each site, affect Consumers' share of the total liability. At **March 31, 2024** **June 30, 2024**, Consumers had a recorded liability of \$3 million for its share of the total liability at these sites, the minimum amount in the range of its estimated probable CERCLA liability, as no amount in the range was considered a better estimate than any other amount.

The timing of payments related to Consumers' remediation and other response activities at its CERCLA and NREPA sites is uncertain. Consumers periodically reviews these cost estimates. A change in the underlying assumptions, such as an increase in the number of sites, different remediation techniques, the nature and extent of contamination, and legal and regulatory requirements, could affect its estimates of NREPA and CERCLA liability.

In May 2024, the EPA finalized a rule regulating CCR impoundments at power generation sites that became inactive prior to the effective date of a rule published in 2015 regulating CCRs under RCRA. The EPA established groundwater monitoring, corrective action, closure, and post-closure care requirements for CCR surface impoundments and landfills closed prior to the effective date of the 2015 CCR rule, including CCR landfills that were previously exempted from regulation but are now defined within a broader class of CCR units called CCR management units. In response to the new rule, Consumers recorded an immaterial increase to its existing asset retirement obligation and is performing a review of legacy impoundments located at company-owned power generation sites that ceased operation prior to the effective date of the 2015 CCR rule. If needed, Consumers will record an asset retirement obligation for legacy impoundments when a reasonable estimate of the fair value of the associated costs can be made; any resulting asset retirement obligation could be material. Consumers has historically been authorized to recover in electric rates costs related to coal ash disposal sites.

**Ludington Overhaul Contract Dispute:** Consumers and DTE Electric, co-owners of Ludington, are parties to a 2010 engineering, procurement, and construction agreement with TAES, under which TAES contracted to perform a major overhaul and upgrade of Ludington. The overhauled Ludington units are operational, but TAES' work has been defective and non-conforming. Consumers and DTE Electric have demanded that TAES provide a comprehensive plan to resolve those matters, including adherence to its warranty commitments and other contractual obligations. Consumers and DTE Electric have taken extensive efforts to resolve these issues with TAES, including a formal demand to TAES' parent, Toshiba, under a parent guaranty it provided. TAES has not provided a comprehensive plan or otherwise met its performance obligations.

In order to enforce the contract, Consumers and DTE Electric filed a complaint against TAES and Toshiba in the U.S. District Court for the Eastern District of Michigan in 2022. TAES and Toshiba filed a motion to dismiss the complaint, along with an answer and counterclaims seeking approximately \$15 million in damages related to payments allegedly owed under the parties' contract. As a co-owner of

Ludington, Consumers would be liable for 51 percent of any such damages, if liability and damages were proven. The court denied the motion to dismiss filed by TAES and Toshiba. The parties are engaged in ongoing litigation, including discovery, pursuant to a court-ordered schedule. Consumers believes the counterclaims filed by TAES and Toshiba are without merit, but cannot predict the financial impact or outcome of this matter. An unfavorable outcome could have a material adverse effect on CMS Energy's and Consumers' financial condition, results of operations, or liquidity.

Toshiba has announced that, through a common stock purchase, TBJH became the majority shareholder and new parent company of Toshiba. TBJH is a subsidiary of a Japanese private equity firm. Consumers and DTE Electric continue to monitor this development, but do not believe that this affects their rights under the parent guaranty provided by Toshiba.

In May 2023, the MPSC approved Consumers' and DTE Electric's jointly-filed request for authority to defer as a regulatory asset the costs associated with repairing or replacing the defective work performed by TAES while the litigation with TAES and Toshiba moves forward; such costs will forward. Although discovery in the litigation is ongoing, Consumers currently estimates that its share of repair, replacement, and other damages resulting from TAES' defective work is approximately \$350 million, which may be offset in part or entirely by any potential future litigation proceeds received from TAES or Toshiba. Consumers and DTE Electric will have the opportunity to seek appropriate recovery and ratemaking treatment for amounts recorded as a regulatory asset following resolution of the litigation, including any amounts not recovered from TAES or Toshiba, but cannot predict the financial impact or outcome of such proceedings.

**J.H. Campbell 3 Contract Dispute:** In 2022, Consumers filed a complaint against Wolverine Power in the Ottawa County Circuit Court and requested a ruling that Consumers has sole authority to decide to retire the J.H. Campbell 3 coal-fueled generating unit under Consumers' and Wolverine Power's agreement to jointly own and operate the unit. Wolverine Power filed an answer, affirmative defenses, and a counterclaim seeking approximately \$37 million in damages allegedly caused by Consumers' decision to retire the unit before the end of its useful life. The state circuit court judge found that Consumers may, in its sole discretion, retire J.H. Campbell 3, provided that Consumers continues to operate and make necessary improvements to the unit while the litigation concerning Wolverine Power's claim for damages is pending. In May 2023, the circuit court judge issued an order granting Consumers' motion for clarification confirming that Consumers may continue to operate and invest in J.H. Campbell 3 consistent with the May 2025 retirement date.

In March 2024, the circuit court judge issued an order denying Wolverine Power's motion for partial summary disposition and granting in part and denying in part Consumers' motion for summary disposition. The judge granted Consumers' motion for summary disposition on Wolverine Power's claim that Consumers acted in bad faith in deciding to retire J.H. Campbell 3 early, finding no evidence to support that claim. The judge held that Wolverine Power did identify a genuine issue of material fact as to whether Consumers breached the joint ownership and operating agreement by failing to notify and consult with Wolverine Power regarding the unit's early retirement.



Consumers believes In June 2024, the parties entered into a settlement agreement resolving this matter. The settlement agreement provides for Wolverine Power's claim has no merit, but cannot predict interest in J.H. Campbell 3 to end as of the final impact or outcome on this matter. An unfavorable outcome could have a material adverse effect on CMS Energy's and Consumers' financial condition, results date the unit permanently ceases to be used for electric operations. The court entered an order of operations, or liquidity.

dismissal with prejudice in June 2024.

## Consumers Gas Utility Contingencies

Consumers expects to incur remediation and other response activity costs at a number of sites under NREPA. These sites include 23 former MGP facilities. Consumers operated the facilities on these sites for some part of their operating lives. For some of these sites, Consumers has no present ownership interest or may own only a portion of the original site.

At March 31, 2024 June 30, 2024, Consumers had a recorded liability of \$62 \$61 million for its remaining obligations for these sites. Consumers expects to pay the following amounts for remediation and other response activity costs during the remainder of 2024 and in each of the next five years:

In Millions													
	2024	2024	2025	2026	2027	2028	2029	2024	2025	2026	2027	2028	2029
Consumers													
Remediation and other response activity costs													
Remediation and other response activity costs													
Remediation and other response activity costs													

Consumers periodically reviews these cost estimates. Any significant change in the underlying assumptions, such as an increase in the number of sites, changes in remediation techniques, or legal and regulatory requirements, could affect Consumers' estimates of annual response activity costs and the MGP liability.

Pursuant to orders issued by the MPSC, Consumers defers its MGP-related remediation costs and recovers them from its customers over a ten-year period. At March 31, 2024 June 30, 2024, Consumers had a regulatory asset of \$97 \$95 million related to the MGP sites.



# Guarantees

Presented in the following table are CMS Energy's and Consumers' guarantees at **March 31, 2024** **June 30, 2024**:

In Millions							
Guarantee Description	Guarantee Description	Issue Expiration Date	Maximum Carrying Amount	Guarantee Description	Issue Expiration Date	Maximum Carrying Amount	Guarantee Description
<b>CMS Energy, including Consumers</b>							
Indemnity obligations from sale of membership interests in VIEs <sub>1</sub>							
Indemnity obligations from sale of membership interests in VIEs <sub>1</sub>							
Indemnity obligations from sale of membership interests in VIEs <sub>1</sub>							
Indemnity obligations from stock and asset sale agreements <sub>2</sub>							
Guarantee <sub>3</sub>							
<b>Consumers</b>							
Guarantee <sub>3</sub>							
Guarantee <sub>3</sub>							
Guarantee <sub>3</sub>							

1 These obligations arose from the sale of membership interests in Aviator Wind, Newport Solar Holdings, and NWO Holdco to tax equity investors. NorthStar Clean Energy provided certain indemnity obligations that protect the tax equity investors against losses incurred as a result of breaches of representations and warranties under the associated limited liability company agreements. These obligations are generally capped at an amount equal to the tax equity investor's capital contributions plus a specified return, less any distributions and tax benefits it receives, in connection with its membership interest. For any indemnity obligations related to Aviator Wind, NorthStar Clean Energy would recover 49 percent of any amounts paid to the tax equity investor from the other owner of Aviator Wind Equity Holdings. Additionally, Aviator Wind holds insurance coverage that would partially protect against losses incurred as a result of certain failures to qualify for production tax credits. For further details on NorthStar Clean Energy's ownership

interest in Aviator Wind, Newport Solar Holdings, and NWO Holdco, see Note 11, Variable Interest Entities.

- 2 These obligations arose from stock and asset sale agreements under which CMS Energy or a subsidiary of CMS Energy indemnified the purchaser for losses resulting from various matters, including claims related to taxes. The maximum obligation amount is mostly related to an Equatorial Guinea tax claim.
- 3 This obligation comprises a guarantee provided by Consumers to the U.S. Department of Energy in connection with a settlement agreement regarding damages resulting from the department's failure to accept spent nuclear fuel from nuclear power plants formerly owned by Consumers.

Additionally, in the normal course of business, CMS Energy, Consumers, and certain other subsidiaries of CMS Energy have entered into various agreements containing tax and other indemnity provisions for which they are unable to estimate the maximum potential obligation. CMS Energy and Consumers consider the likelihood that they would be required to perform or incur substantial losses related to these indemnities and those disclosed in the table to be remote.

## Other Contingencies

In addition to the matters disclosed in this Note and Note 1, Regulatory Matters, there are certain other lawsuits and administrative proceedings before various courts and governmental agencies, as well as unasserted claims that may result in such proceedings, arising in the ordinary course of business to which CMS Energy, Consumers, and certain other subsidiaries of CMS Energy are parties. These other lawsuits, proceedings, and unasserted claims may involve personal injury, property damage, contracts, environmental matters, federal and state taxes, rates, licensing, employment, and other matters. Further, CMS Energy and Consumers occasionally self-report certain regulatory non-compliance matters that may or may not eventually result in administrative proceedings. CMS Energy and Consumers believe that the outcome of any one of these proceedings and potential claims will not have a material negative effect on their consolidated results of operations, financial condition, or liquidity.

## 3: Financings and Capitalization

**Financings:** Presented in the following table is a summary of major long-term debt issuances during the three six months ended March 31, 2024 June 30, 2024:

Principal (In Millions)	Principal (In Millions)	Interest Rate (%)	Issuance Date	Maturity Date	Principal (In Millions)	Interest Rate (%)	Issuance Date	Maturity Date
Consumers								
Consumers								

Consumers				
First Mortgage Bonds				
First Mortgage Bonds				
First Mortgage Bonds				
January				
2024				
May 2029				
First mortgage bonds				
First mortgage bonds				
First mortgage bonds				
January				
2024				
May 2029				
Total Consumers				
Total Consumers				
Total Consumers				

**Retirements:** Presented in the following table is a summary of major long-term debt retirements during the **three** **six** months ended **March 31, 2024** **June 30, 2024**:

	Principal (In Millions)		Principal (In Millions)	Interest Rate Retirement (%)	Maturity Date		Principal (In Millions)	Interest Rate Retirement Rate (%)	Maturity Date	
CMS Energy, parent only										
Senior Notes										
Senior Notes										
January										
2024										
March 2024										
Senior notes										
Senior notes										
January										
2024										
March 2024										
CMS Energy, parent only										

**CMS Energy’s Purchase of Consumers’ First Mortgage Bonds:** During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, CMS Energy purchased Consumers’ first mortgage bonds with a principal balance of

**\$91** **\$242** million in exchange for cash of **\$69** **\$169** million. On a consolidated basis, CMS Energy's repurchase of Consumers' first mortgage bonds was accounted for as a debt extinguishment and resulted in a pre-tax gain of **\$22 million**. **\$48 million** for the three months ended June 30, 2024 and a pre-tax gain of \$70 million for the six months ended June 30, 2024, which were recorded in other income on its consolidated statements of income.

**Credit Facilities:** The following credit facilities with banks were available at **March 31, 2024** **June 30, 2024**:

In Millions

Expiration Date	Amount of Facility Borrowed	Letters of Credit Outstanding Available	Expiration Date	Amount of Facility Borrowed	Letters of Credit Outstanding Available
CMS Energy, parent only					
December 14, 2027 <sub>1</sub>					
December 14, 2027 <sub>1</sub>					
December 14, 2027 <sub>1</sub>					
September 22, 2024					
NorthStar Clean Energy, including subsidiaries					
September 25, 2025 <sub>2</sub>					
September 25, 2025 <sub>2</sub>					
September 25, 2025 <sub>2</sub>					
Consumers <sub>3</sub>					
May 7, 2027 <sub>2</sub>					
May 7, 2027 <sub>2</sub>					
May 7, 2027 <sub>2</sub>					
September 25, 2025 <sub>3</sub>					
Consumers <sub>4</sub>					
December 14, 2027					
December 14, 2027					
December 14, 2027					

November 18,  
2025

- 1 There were no borrowings under this facility during the three six months ended March 31, 2024 June 30, 2024.
- 2 Obligations under this facility are secured by certain pledged equity interests in subsidiaries of NorthStar Clean Energy; under the terms of this facility, the interests may not be sold by NorthStar Clean Energy unless there is an agreed-upon substitution for the pledged equity interests. At June 30, 2024, the net book value of the pledged equity interests was \$393 million. Also under the terms of this facility, NorthStar Clean Energy may be restricted from remitting cash dividends to CMS Energy in the event of default. Loans under this facility have an interest rate of one-month Term SOFR plus 1.750 percent less an adjustment of 0.050 percent for green credit advances. At June 30, 2024, the interest rate for the loan issued under this facility was 7.026 percent.
- 3 This letter of credit facility is available to Aviator Wind Equity Holdings. For more information regarding Aviator Wind Equity Holdings, see Note 11, Variable Interest Entities.
- 3 4 Obligations under these facilities are secured by first mortgage bonds of Consumers. There were no borrowings under these facilities during the three six months ended March 31, 2024 June 30, 2024.

**Regulatory Authorization for Financings:** Consumers is required to maintain FERC authorization for financings. Its current authorization ends on March 31, 2025. Any long-term issuances during the authorization period are exempt from FERC's competitive bidding and negotiated placement requirements. In March May 2024, FERC granted Consumers filed an application for the authority to issue securities between May 1, 2024 May 3, 2024 and April 30, 2026 May 2, 2026.

**Short-term Borrowings:** Under Consumers' commercial paper program, Consumers may issue, in one or more placements, investment-grade commercial paper notes with maturities of up to 365 days at market interest rates. These issuances are supported by Consumers' revolving credit facilities and may have an aggregate principal amount outstanding of up to \$500 million. While the amount of outstanding commercial paper does not reduce the available capacity of the revolving credit facilities, Consumers does not intend to issue commercial paper in an amount exceeding the available capacity of the facilities. At March 31, 2024 June 30, 2024, there were no commercial paper notes outstanding under this program.

In December 2023, Consumers renewed a short-term credit agreement with CMS Energy, permitting Consumers to borrow up to \$500 million at an interest rate of the prior month's average one-month one-month Term SOFR minus 0.100 percent. At March 31, 2024 June 30, 2024, there were no outstanding borrowings under the agreement.

**Dividend Restrictions:** At ~~March 31, 2024~~ June 30, 2024, payment of dividends by CMS Energy on its common stock was limited to ~~\$7.7~~ \$7.8 billion under provisions of the Michigan Business Corporation Act of 1972.

Under the provisions of its articles of incorporation, at ~~March 31, 2024~~ June 30, 2024, Consumers had ~~\$2.1~~ \$2.2 billion of unrestricted retained earnings available to pay dividends on its common stock to CMS Energy. Provisions of the Federal Power Act and the Natural Gas Act appear to restrict dividends payable by Consumers to the amount of Consumers' retained earnings. Several decisions from FERC suggest that, under a variety of circumstances, dividends from Consumers on its common stock would not be limited to amounts in Consumers' retained earnings. Any decision by Consumers to pay dividends on its common stock in excess of retained earnings would be based on specific facts and circumstances and would be subject to a formal regulatory filing process.

During the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, Consumers paid ~~\$265~~ \$359 million in dividends on its common stock to CMS Energy.

**Issuance of Common Stock:** In 2023, CMS Energy entered into an equity offering program under which it may sell shares of its common stock having an aggregate sales price of up to \$1 billion in privately negotiated transactions, in "at the market" offerings, or through forward sales transactions. There have been no sales of securities under this program. In January 2024, CMS Energy settled the remaining forward sale contracts issued under its previous equity offering program by issuing shares at a weighted average price of \$70.31 per share, resulting in net proceeds of \$266 million.

## 4: Fair Value Measurements

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. When measuring fair value, CMS Energy and Consumers are required to incorporate all assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. A fair value hierarchy prioritizes inputs used to measure fair value according to their observability in the market. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

- Level 2 inputs are observable, market-based inputs, other than Level 1 prices. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, quoted prices in inactive markets, and inputs derived from or corroborated by observable market data.
- Level 3 inputs are unobservable inputs that reflect CMS Energy's or Consumers' own assumptions about how market participants would value their assets and liabilities.

CMS Energy and Consumers classify fair value measurements within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement in its entirety.

## Assets and Liabilities Measured at Fair Value on a Recurring Basis

Presented in the following table are CMS Energy's and Consumers' assets and liabilities recorded at fair value on a recurring basis:

						<i>In Millions</i>	
	CMS Energy, including Consumers		CMS Energy, including Consumers		Consumers	CMS Energy, including Consumers	Consumers
	March 31 2024	December 31 2023	March 31 2024	December 31 2023			
	June 30 2024	December 31 2023	June 30 2024	December 31 2023			
Assets <sup>1</sup>							
Cash equivalents							
Cash equivalents							
Cash equivalents							
Restricted cash equivalents							
Nonqualified deferred compensation plan assets							
Derivative instruments							
Total assets							

Liabilities <sup>1</sup>
Nonqualified deferred compensation plan liabilities
Nonqualified deferred compensation plan liabilities
Nonqualified deferred compensation plan liabilities
Total liabilities
Total liabilities
Total liabilities

1 All assets and liabilities were classified as Level 1 with the exception of derivative contracts, which were classified as Level 3.

**Cash Equivalents:** Cash equivalents and restricted cash equivalents consist of money market funds with daily liquidity.

**Nonqualified Deferred Compensation Plan Assets and Liabilities:** The nonqualified deferred compensation plan assets consist of mutual funds, which are bought and sold only at the discretion of plan participants. The assets are valued using the daily quoted net asset values. CMS Energy and Consumers value their nonqualified deferred compensation plan liabilities based on the fair values of the plan assets, as they reflect the amount owed to the plan participants in accordance with their investment elections. CMS Energy and Consumers report the assets in other non-current assets and the liabilities in other non-current liabilities on their consolidated balance sheets.

**Derivative Instruments:** CMS Energy and Consumers value their derivative instruments using either a market approach that incorporates information from market transactions, or an income approach that discounts future expected cash flows to a present value amount. CMS Energy’s and Consumers’ derivatives are classified as Level 3.

The majority of derivatives classified as Level 3 are FTRs held by Consumers. Due to the lack of quoted pricing information, Consumers determines the fair value of its FTRs based on Consumers’ average historical



settlements. There was no material activity within the Level 3 categories of assets and liabilities during the periods presented.

## 5: Financial Instruments

Presented in the following table are the carrying amounts and fair values, by level within the fair value hierarchy, of CMS Energy’s and Consumers’ financial instruments that are not recorded at fair value. The table excludes cash, cash equivalents, short-term financial instruments, and trade accounts receivable and payable whose carrying amounts approximate their fair values. For information about assets and liabilities recorded at fair value and for additional details regarding the fair value hierarchy, see Note 4, Fair Value Measurements.

In Millions														
March 31, 2024					December 31, 2023									
June 30, 2024					December 31, 2023									
					Fair Value					Fair Value				
					Level					Level				
Carrying Amount					Carrying Amount					Carrying Amount				
Total					Total					Total				
1					2					1				
2					2					2				
3					3					3				
4					4					4				
5					5					5				
6					6					6				
7					7					7				
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Long-term payables <sup>3</sup>
<b>Consumers</b>
Assets
Assets
Assets
Long-term receivables <sup>1</sup>
Long-term receivables <sup>1</sup>
Long-term receivables <sup>1</sup>
Notes receivable – related party <sup>4</sup>
Notes receivable – related party <sup>4</sup>
Notes receivable – related party <sup>4</sup>
<b>Liabilities</b>
Long-term debt <sup>5</sup>
Long-term debt <sup>5</sup>
Long-term debt <sup>5</sup>
Long-term debt – related party
Long-term payables

<sup>1</sup> Includes current portion of long-term accounts receivable and notes receivable of \$5 \$4 million at March 31, 2024 June 30, 2024 and \$6 million at December 31, 2023.

<sup>2</sup> Includes current portion of long-term debt of \$767 million at March 31, 2024 June 30, 2024 and \$975 million at December 31, 2023.

<sup>3</sup> Includes current portion of long-term payables of \$1 million \$1 million at March 31, 2024 June 30, 2024.

<sup>4</sup> Includes current portion of notes receivable – related party of \$7 million at March 31, 2024 June 30, 2024 and December 31, 2023.

- 5 Includes current portion of long-term debt of \$767 million at March 31, 2024 June 30, 2024 and \$725 million at December 31, 2023.

Notes receivable – related party represents Consumers’ portion of the DB SERP demand note payable issued by CMS Energy to the DB SERP rabbi trust. The demand note bears interest at an annual rate of 4.10 percent and has a maturity date of 2028.

## 6: Retirement Benefits

CMS Energy and Consumers provide pension, OPEB, and other retirement benefits to employees under a number of different plans.

**Costs:** Presented in the following table are the costs (credits) and other changes in plan assets and benefit obligations incurred in CMS Energy’s and Consumers’ retirement benefit plans:

	In Millions					
	In Millions					
	In Millions					
	DB Pension Plans		DB Pension Plans		OPEB Plan	DB Pension Plans OPEB Plan
Three Months Ended March 31						
Three Months Ended March 31						
Three Months Ended March 31						
	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended		
June 30						
CMS Energy, including Consumers						
CMS Energy, including Consumers						
CMS Energy, including Consumers						
Net periodic credit						
Net periodic credit						
Net periodic credit						

Service cost  
Service cost  
Service cost

Interest cost  
Interest cost  
Interest cost

Expected return on plan assets  
Expected return on plan assets  
Expected return on plan assets

*Amortization of:*  
*Amortization of:*  
*Amortization of:*

Net loss  
Net loss  
Net loss

Prior service cost  
(credit)  
Prior service cost  
(credit)  
Prior service cost  
(credit)

Settlement loss  
Settlement loss  
Settlement loss

Net periodic credit  
Net periodic credit  
Net periodic credit

Consumers  
Consumers  
Consumers

*Net periodic credit*  
*Net periodic credit*

Net periodic credit

Service cost
Service cost
Service cost

Interest cost

Interest cost

Interest cost

Expected return on plan assets
Expected return on plan assets
Expected return on plan assets

Amortization of:

Amortization of:

Amortization of:

Net loss
Net loss
Net loss

Prior service cost (credit)

Prior service cost (credit)

Prior service cost (credit)

Settlement loss
Settlement loss
Settlement loss

Net periodic credit
Net periodic credit
Net periodic credit

In Consumers’ electric and gas rate cases, the MPSC approved a mechanism allowing Consumers to defer the future recovery or refund of pension and OPEB expenses above or below the amounts used to set existing rates. The regulatory deferral will be collected from or refunded to customers over ten years. At March 31, 2024,

June 30, 2024, CMS Energy, including Consumers, had deferred \$5 \$9 million of pension credits and less than \$1 \$4 million of OPEB costs credits under this mechanism related to 2024 expense.

## 7: Income Taxes

Presented in the following table is a reconciliation of the statutory U.S. federal income tax rate to the effective income tax rate from continuing operations:

Three Months Ended March 31
Six Months Ended June 30
Three Months Ended March 31
Six Months Ended June 30
Three Months Ended March 31
Six Months Ended June 30
CMS Energy, including Consumers
CMS Energy, including Consumers
CMS Energy, including Consumers
U.S. federal income tax rate
U.S. federal income tax rate
U.S. federal income tax rate
Increase (decrease) in income taxes from:
Increase (decrease) in income taxes from:
Increase (decrease) in income taxes from:
State and local income taxes, net of federal effect.
State and local income taxes, net of federal effect.
State and local income taxes, net of federal effect.
Renewable energy tax credits
Renewable energy tax credits
Renewable energy tax credits
TCJA excess deferred taxes
TCJA excess deferred taxes

TCJA excess deferred taxes
Taxes attributable to noncontrolling interests
Taxes attributable to noncontrolling interests
Taxes attributable to noncontrolling interests
Other, net
Other, net
Other, net
Effective tax rate
Effective tax rate
Effective tax rate
<b>Consumers</b>
<b>Consumers</b>
<b>Consumers</b>
U.S. federal income tax rate
U.S. federal income tax rate
U.S. federal income tax rate
<i>Increase (decrease) in income taxes from:</i>
<i>Increase (decrease) in income taxes from:</i>
<i>Increase (decrease) in income taxes from:</i>
State and local income taxes, net of federal effect <sub>1</sub>
State and local income taxes, net of federal effect <sub>1</sub>
State and local income taxes, net of federal effect <sub>1</sub>
Renewable energy tax credits
Renewable energy tax credits
Renewable energy tax credits
TCJA excess deferred taxes
TCJA excess deferred taxes
TCJA excess deferred taxes
Other, net
Other, net
Other, net
Effective tax rate
Effective tax rate
Effective tax rate

- 1 CMS Energy initiated a plan to divest immaterial business activities in a non-Michigan jurisdiction and will no longer have a taxable presence within that jurisdiction. As a result of these actions, in the first quarter of 2023, CMS Energy reversed a \$13 million non-Michigan reserve, all of which was recognized at Consumers.

**Transfer of Renewable Energy Tax Credits:** Under the Inflation Reduction Act of 2022, renewable energy tax credits produced after 2022 are transferable to third parties. In April 2024, Consumers sold renewable energy tax credits generated in 2023 and received proceeds of \$37 million. In June 2024, Consumers entered into an agreement to sell renewable energy tax credits generated in 2024 for \$51 million, subject to adjustment for actual production. These sales are accounted for under ASC 740 with the discount from the sale of the tax credits included as a component of income tax expense. Renewable energy tax credits that have been generated and sold are presented as accounts receivable on CMS Energy's and Consumers' consolidated balance sheets until proceeds from the sale are received. Proceeds from the sale of tax credits are presented as operating activities within the statements of cash flows, consistent with the presentation of cash taxes paid.

## 8: Earnings Per Share—CMS Energy

Presented in the following table are CMS Energy's basic and diluted EPS computations based on income from continuing operations:

In Millions, Except Per Share Amounts		
In Millions, Except Per Share Amounts		
In Millions, Except Per Share Amounts		
Three Months Ended March 31		
Three Months Ended March 31		
Three Months Ended March 31		
	Three Months Ended	Six Months Ended
June 30		
Income available to common stockholders		
Income available to common stockholders		
Income available to common stockholders		
Income from continuing operations		
Income from continuing operations		



Income from continuing operations
Less loss attributable to noncontrolling interests
Less loss attributable to noncontrolling interests
Less loss attributable to noncontrolling interests
Less preferred stock dividends
Less preferred stock dividends
Less preferred stock dividends
Income from continuing operations available to common stockholders – basic and diluted
Income from continuing operations available to common stockholders – basic and diluted
Income from continuing operations available to common stockholders – basic and diluted
<i>Average common shares outstanding</i>
<i>Average common shares outstanding</i>
<i>Average common shares outstanding</i>
Weighted-average shares – basic
Weighted-average shares – basic
Weighted-average shares – basic
Add dilutive nonvested stock awards
Add dilutive nonvested stock awards
Add dilutive nonvested stock awards
Weighted-average shares – diluted
Weighted-average shares – diluted
Weighted-average shares – diluted
<i>Income from continuing operations per average common share available to common stockholders</i>
<i>Income from continuing operations per average common share available to common stockholders</i>
<i>Income from continuing operations per average common share available to common stockholders</i>
Basic
Basic
Basic

Diluted

Diluted

Diluted

## Nonvested Stock Awards

CMS Energy's nonvested stock awards are composed of participating and non-participating securities. The participating securities accrue cash dividends when common stockholders receive dividends. Since the recipient is not required to return the dividends to CMS Energy if the recipient forfeits the award, the nonvested stock awards are considered participating securities. As such, the participating nonvested stock awards were included in the computation of basic EPS. The non-participating securities accrue stock dividends that vest concurrently with the stock award. If the recipient forfeits the award, the stock dividends accrued on the non-participating securities are also forfeited. Accordingly, the non-participating awards and stock dividends were included in the computation of diluted EPS, but not in the computation of basic EPS.

## Forward Equity Sale Contracts

In January 2024, CMS Energy settled the remaining forward sale contracts issued under its previous equity offering program. These forward equity sale contracts were non-participating securities. While the forward sale price in the forward equity sale contract was decreased on certain dates by certain predetermined amounts to reflect expected dividend payments, these price adjustments were set upon inception of the agreement and the forward contract did not give the owner the right to participate in undistributed earnings. Accordingly, the forward equity sale contracts were included in the computation of diluted EPS, but not in the computation of basic EPS. The forward equity sale contracts were anti-dilutive for the **three** **six** months ended **March 31, 2024** **June 30, 2024**. For further details on the forward equity sale contracts, see Note 3, Financings and Capitalization.

## Convertible Securities

In May 2023, CMS Energy issued convertible senior notes. Potentially dilutive common shares issuable upon conversion of the convertible senior notes are determined using the if-converted method for calculating diluted EPS. Upon conversion, the convertible senior notes are required to be paid in cash with only amounts exceeding the principal permitted to be settled in shares. The convertible senior notes were anti-dilutive for the **three** **six** months ended **March 31, 2024** **June 30, 2024**.

## 9: Revenue

Presented in the following tables are the components of operating revenue:

					In Millions
					In Millions
					In Millions
Three Months Ended March 31, 2024	Electric Utility	Gas Utility	NorthStar Clean Energy <sup>1</sup>	Consolidated	
Three Months Ended June 30, 2024	Electric Utility	Gas Utility	NorthStar Clean Energy <sup>1</sup>	Consolidated	
CMS Energy, including Consumers					
Consumers utility revenue					
Other					
Revenue recognized from contracts with customers					
Leasing income					
Financing income					
Consumers alternative-revenue programs					
Total operating revenue – CMS Energy					
Total operating revenue – CMS Energy					
Total operating revenue – CMS Energy					
Consumers					
Consumers utility revenue					
Residential					
Residential					
Residential					
Commercial					
Industrial					
Other					
Revenue recognized from contracts with customers					
Financing income					
Financing income					
Financing income					
Alternative-revenue programs					
Total operating revenue – Consumers					
Total operating revenue – Consumers					
Total operating revenue – Consumers					

- <sup>1</sup> Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$13 million for the three months ended June 30, 2024.

					In Millions
Three Months Ended June 30, 2023	Electric Utility	Gas Utility	NorthStar Clean Energy <sup>1</sup>	Consolidated	
<b>CMS Energy, including Consumers</b>					
Consumers utility revenue	\$ 1,115	\$ 356	\$ —	\$ 1,471	
Other	—	—	43	43	
Revenue recognized from contracts with customers	\$ 1,115	\$ 356	\$ 43	\$ 1,514	
Leasing income	—	—	27	27	
Financing income	3	1	—	4	
Consumers alternative-revenue programs	10	—	—	10	
Total operating revenue – CMS Energy	\$ 1,128	\$ 357	\$ 70	\$ 1,555	
<b>Consumers</b>					
<i>Consumers utility revenue</i>					
Residential	\$ 513	\$ 229		\$ 742	
Commercial	393	68		461	
Industrial	159	8		167	
Other	50	51		101	
Revenue recognized from contracts with customers	\$ 1,115	\$ 356		\$ 1,471	
Financing income	3	1		4	
Alternative-revenue programs	10	—		10	
Total operating revenue – Consumers	\$ 1,128	\$ 357		\$ 1,485	

- <sup>1</sup> Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$16 million for the three months ended **March 31, 2024** June 30, 2023.

In Millions

In Millions

In Millions

Three Months Ended March 31, 2023	Electric Utility	Gas Utility	NorthStar Clean Energy <sup>1</sup>	Consolidated
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Six Months Ended June 30, 2024	Electric Utility	Gas Utility	NorthStar Clean Energy <sup>1</sup>	Consolidated
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## CMS Energy, including Consumers

Consumers utility revenue

Other

Revenue recognized from contracts with customers

Leasing income

Financing income

Consumers alternative-revenue programs

Total operating revenue – CMS Energy

Total operating revenue – CMS Energy

Total operating revenue – CMS Energy

## Consumers

Consumers utility revenue

Residential

Residential

Residential

Commercial

Industrial

Other

Revenue recognized from contracts with customers

Financing income

Financing income

Financing income

Alternative-revenue programs

Total operating revenue – Consumers

Total operating revenue – Consumers

## Total operating revenue – Consumers

- <sup>1</sup> Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$22 \$29 million for the three six months ended March 31, 2023 June 30, 2024.

					In Millions
Six Months Ended June 30, 2023	NorthStar				
	Electric Utility	Gas Utility	Clean Energy <sup>1</sup>		Consolidated
<b>CMS Energy, including Consumers</b>					
Consumers utility revenue	\$ 2,204	\$ 1,472	\$ —	\$	3,676
Other	—	—	86		86
Revenue recognized from contracts with customers	\$ 2,204	\$ 1,472	\$ 86	\$	3,762
Leasing income	—	—	58		58
Financing income	5	4	—		9
Consumers alternative-revenue programs	10	—	—		10
Total operating revenue – CMS Energy	\$ 2,219	\$ 1,476	\$ 144	\$	3,839
<b>Consumers</b>					
<i>Consumers utility revenue</i>					
Residential	\$ 1,041	\$ 1,005		\$	2,046
Commercial	740	315			1,055
Industrial	320	39			359
Other	103	113			216
Revenue recognized from contracts with customers	\$ 2,204	\$ 1,472		\$	3,676
Financing income	5	4			9
Alternative-revenue programs	10	—			10
Total operating revenue – Consumers	\$ 2,219	\$ 1,476		\$	3,695

- <sup>1</sup> Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy

delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$38 million for the six months ended June 30, 2023.

## Electric and Gas Utilities

**Consumers Utility Revenue:** Consumers recognizes revenue primarily from the sale of electric and gas utility services at tariff-based rates regulated by the MPSC. Consumers' customer base consists of a mix of residential, commercial, and diversified industrial customers. Consumers' tariff-based sales performance obligations are described below.

- Consumers has performance obligations for the service of standing ready to deliver electricity or natural gas to customers, and it satisfies these performance obligations over time. Consumers recognizes revenue at a fixed rate as it provides these services. These arrangements generally do not have fixed terms and remain in effect as long as the customer consumes the utility service. The rates are set by the MPSC through the rate-making process and represent the stand-alone selling price of Consumers' service to stand ready to deliver.
- Consumers has performance obligations for the service of delivering the commodity of electricity or natural gas to customers, and it satisfies these performance obligations upon delivery. Consumers recognizes revenue at a price per unit of electricity or natural gas delivered, based on the tariffs established by the MPSC. These arrangements generally do not have fixed terms and remain in effect as long as the customer consumes the utility service. The rates are set by the MPSC through the rate-making process and represent the stand-alone selling price of a bundled

product comprising the commodity, electricity or natural gas, and the service of delivering such commodity.

In some instances, Consumers has specific fixed-term contracts with large commercial and industrial customers to provide electricity or gas at certain tariff rates or to provide gas transportation services at contracted rates. The amount of electricity and gas to be delivered under these contracts and the associated future revenue to be received are generally dependent on the customers' needs. Accordingly, Consumers recognizes revenues at the tariff or contracted rate as electricity or gas is delivered to the customer. Consumers also has other miscellaneous contracts with customers related to pole and other property rentals

appliance service plans, and utility contract work. Generally, these contracts are short term or evergreen in nature.

**Accounts Receivable and Unbilled Revenues:** Accounts receivable comprise trade receivables and unbilled receivables. CMS Energy and Consumers record their accounts receivable at cost less an allowance for uncollectible accounts. The allowance is increased for uncollectible accounts expense and decreased for account write-offs net of recoveries. CMS Energy and Consumers establish the allowance based on historical losses, management's assessment of existing economic conditions, customer payment trends, and reasonable and supported forecast information. CMS Energy and Consumers assess late payment fees on trade receivables based on contractual past-due terms established with customers. Accounts are written off when deemed uncollectible, which is generally when they become six months past due.

CMS Energy and Consumers recorded uncollectible accounts expense of \$10\$7 million for the three months ended March 31, 2024 June 30, 2024 and \$9\$8 million for the three months ended March 31, 2023 June 30, 2023. CMS Energy and Consumers recorded uncollectible accounts expense of \$17 million for each of the six months ended June 30, 2024 and 2023.

Consumers' customers are billed monthly in cycles having billing dates that do not generally coincide with the end of a calendar month. This results in customers having received electricity or natural gas that they have not been billed for as of the month-end. Consumers estimates its unbilled revenues by applying an average billed rate to total unbilled deliveries for each customer class. Unbilled revenues, which are recorded as accounts receivable and accrued revenue on CMS Energy's and Consumers' consolidated balance sheets, were \$472\$446 million at March 31, 2024 June 30, 2024 and \$494 million at December 31, 2023.

**Alternative-revenue Program:** Under a demand response incentive mechanism, Consumers earns a financial incentive when it meets demand response targets set by the MPSC. Consumers recognizes revenue related to this program once demand response incentive objectives are complete, the incentive amount is calculable, and the incentive revenue will be collected within a 24-month period.

Consumers also accounts for its financial compensation mechanism as an alternative-revenue program. Consumers recognizes revenue related to the financial compensation mechanism as payments are made on MPSC-approved PPAs.

Consumers does not reclassify revenue from its alternative-revenue program to revenue from contracts with customers at the time the amounts are collected from customers.

## 10: Reportable Segments



Reportable segments consist of business units defined by the products and services they offer. CMS Energy and Consumers evaluate the performance of each segment based on its contribution to net income available to CMS Energy’s common stockholders.

## CMS Energy

The segments reported for CMS Energy are:

- electric utility, consisting of regulated activities associated with the generation, purchase, distribution, and sale of electricity in Michigan
- gas utility, consisting of regulated activities associated with the purchase, transmission, storage, distribution, and sale of natural gas in Michigan
- NorthStar Clean Energy, consisting of various subsidiaries engaging in domestic independent power production, including the development and operation of renewable generation, and the marketing of independent power production

CMS Energy presents corporate interest and other expenses, discontinued operations, and Consumers’ other consolidated entities within other reconciling items.

## Consumers

The segments reported for Consumers are:

- electric utility, consisting of regulated activities associated with the generation, purchase, distribution, and sale of electricity in Michigan
- gas utility, consisting of regulated activities associated with the purchase, transmission, storage, distribution, and sale of natural gas in Michigan

Consumers’ other consolidated entities are presented within other reconciling items.

Presented in the following tables is financial information by segment:

	<i>In Millions</i>
	<i>In Millions</i>
	<i>In Millions</i>
Three Months Ended March 31	
Three Months Ended March 31	

Three Months Ended March 31		2024	2023		
		Three Months Ended		Six Months Ended	
June 30		2024	2023	2024	2023
CMS Energy, including Consumers					
Operating revenue					
Operating revenue					
Operating revenue					
Electric utility					
Electric utility					
Electric utility					
Gas utility					
NorthStar Clean Energy					
Total operating revenue – CMS Energy					
Total operating revenue – CMS Energy					
Total operating revenue – CMS Energy					
Consumers					
Operating revenue					
Operating revenue					
Operating revenue					
Electric utility					
Electric utility					
Electric utility					
Gas utility					
Other reconciling items					
Total operating revenue – Consumers					
Total operating revenue – Consumers					
Total operating revenue – Consumers					
CMS Energy, including Consumers					
Net income (loss) available to common stockholders					
Net income (loss) available to common stockholders					
Net income (loss) available to common stockholders					
Electric utility					
Electric utility					
Electric utility					

Gas utility
NorthStar Clean Energy
Other reconciling items
Other reconciling items
Other reconciling items
Total net income available to common stockholders – CMS Energy

## Consumers

Net income available to common stockholder
Net income available to common stockholder
Net income available to common stockholder
Net income (loss) available to common stockholder
Net income (loss) available to common stockholder
Net income (loss) available to common stockholder
Electric utility
Electric utility
Electric utility
Gas utility
Other reconciling items
Total net income available to common stockholder – Consumers

In Millions

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
<b>CMS Energy, including Consumers</b>		
Plant, property, and equipment, gross		
Plant, property, and equipment, gross		
Plant, property, and equipment, gross		
Electric utility <sub>1</sub>		
Electric utility <sub>1</sub>		
Electric utility <sub>1</sub>		
Gas utility <sub>1</sub>		

NorthStar Clean Energy
Other reconciling items
Other reconciling items
Other reconciling items
Total plant, property, and equipment, gross – CMS Energy
<b>Consumers</b>
<i>Plant, property, and equipment, gross</i>
<i>Plant, property, and equipment, gross</i>
<i>Plant, property, and equipment, gross</i>
Electric utility <sub>1</sub>
Electric utility <sub>1</sub>
Electric utility <sub>1</sub>
Gas utility <sub>1</sub>
Other reconciling items
Total plant, property, and equipment, gross – Consumers
<b>CMS Energy, including Consumers</b>
<i>Total assets</i>
<i>Total assets</i>
<i>Total assets</i>
Electric utility <sub>1</sub>
Electric utility <sub>1</sub>
Electric utility <sub>1</sub>
Gas utility <sub>1</sub>
NorthStar Clean Energy
Other reconciling items
Other reconciling items
Other reconciling items
Total assets – CMS Energy
<b>Consumers</b>
<i>Total assets</i>
<i>Total assets</i>
<i>Total assets</i>
Electric utility <sub>1</sub>
Electric utility <sub>1</sub>

Electric utility<sup>1</sup>

Gas utility<sup>1</sup>

Other reconciling items

Total assets – Consumers

- <sup>1</sup> Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

## 11: Variable Interest Entities

**Consolidated VIEs:** NorthStar Clean Energy consolidates certain entities that it does not wholly own, but for which it manages and controls the entities' operating activities. NorthStar Clean Energy is the primary beneficiary of these entities because it has the power to direct the activities that most significantly impact the economic performance of the companies, as well as the obligation to absorb losses or the right to receive benefits from the companies. Presented in the following table is information about the VIEs NorthStar Clean Energy consolidates:

Consolidated VIE	NorthStar Clean Energy's ownership interest	Description of VIE
Aviator Wind Equity Holdings	51-percent 51-percent ownership interest <sup>1</sup>	Holds a Class B membership interest in Aviator Wind
Aviator Wind	Class B membership interest <sup>2</sup>	Holding company of a 525-MW 525-MW wind generation project in Coke County, Texas
Newport Solar Holdings	Class B membership interest <sup>2</sup>	Holding company of a 180-MW 180-MW solar generation project in Jackson County, Arkansas
NWO Holdco	Class B membership interest <sup>2</sup>	Holding company of a 100-MW 100-MW wind generation project in Paulding County, Ohio

- <sup>1</sup> The remaining 49-percent 49-percent interest is presented as noncontrolling interest on CMS Energy's consolidated balance sheets.
- <sup>2</sup> The Class A membership interest in the entity is held by a tax equity investor and is presented as noncontrolling interest on CMS Energy's consolidated balance sheets. Under the associated limited liability company agreement, the tax equity investor is guaranteed preferred returns from the entity.

Earnings, tax attributes, and cash flows generated by the entities in which NorthStar Clean Energy holds a Class B membership are allocated among and distributed to the membership classes in accordance with the ratios specified in the associated limited liability company agreements; these ratios change over time and are not representative of the ownership interest percentages of each membership class. Since these entities' income and cash flows are not distributed among their investors based on ownership interest percentages, NorthStar Clean Energy allocates the entities' income (loss) among the investors by applying the hypothetical liquidation at book value method. This method calculates each investor's earnings based on a hypothetical liquidation of the entities at the net book value of underlying assets as of the balance sheet date. The liquidation tax gain (loss) is allocated to each investor's capital account, resulting in income (loss) equal to the period change in the investor's capital account balance.

Presented in the following table are the carrying values of the VIEs' assets and liabilities included on CMS Energy's consolidated balance sheets:

In Millions		
	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Current		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Accounts receivable		
Accounts receivable		
Accounts receivable		
Prepayments and other current assets		
Non-current		
Plant, property, and equipment, net		
Plant, property, and equipment, net		
Plant, property, and equipment, net		
Other non-current assets		
Other non-current assets		
Other non-current assets		
Total assets <sub>1</sub>		

Current
Accounts payable
Accounts payable
Accounts payable
Non-current
Non-current
Non-current
Non-current portion of finance leases
Non-current portion of finance leases
Non-current portion of finance leases
Asset retirement obligations
Total liabilities
Total liabilities
Total liabilities

1    Assets may be used only to meet VIEs’ obligations and commitments.

NorthStar Clean Energy is obligated under certain indemnities that protect the tax equity investors against losses incurred as a result of breaches of representations and warranties under the associated limited liability company agreements. For additional details on these indemnity obligations, see Note 2, Contingencies and Commitments—Guarantees.

Consumers’ wholly-owned subsidiaries, Consumers 2014 Securitization Funding and Consumers 2023 Securitization Funding, are VIEs designed to collateralize Consumers’ securitization bonds. These entities are considered VIEs primarily because their equity capitalization is insufficient to support their operations. Consumers is the primary beneficiary of and consolidates these VIEs, as it has the power to direct the activities that most significantly impact the economic performance of the companies, as well as the obligation to absorb losses or the right to receive benefits from the companies. The VIEs’ primary assets and liabilities comprise regulatory assets and long-term debt. The carrying value of the regulatory assets were \$750\$723 million at March 31, 2024June 30, 2024 and \$778 million at December 31, 2023. The securitization bonds outstanding under the VIEs were \$773 million at June 30, 2024 and \$787 million at March 31, 2024 and December 31, 2023.

**Non-consolidated VIEs:** CMS Energy has variable interests in T.E.S. Filer City, Grayling, Genesee, and Craven. While CMS Energy owns 50 percent of each partnership, it is not the primary beneficiary of any of these partnerships because decision making is shared among unrelated parties, and no one party has the ability to direct the activities that most significantly impact the entities’ economic performance, such as operations and maintenance, plant dispatch, and fuel strategy. The partners must agree on all major decisions for each of the partnerships.

Presented in the following table is information about these partnerships:

Name	Nature of the Entity	Nature of CMS Energy's Involvement
T.E.S. Filer City	Coal-fueled power generator	Long-term PPA between partnership and Consumers Employee assignment agreement
Grayling	Wood waste-fueled power generator	Long-term PPA between partnership and Consumers Reduced dispatch agreement with Consumers <sup>1</sup> Operating and management contract
Genesee	Wood waste-fueled power generator	Long-term PPA between partnership and Consumers Reduced dispatch agreement with Consumers <sup>1</sup> Operating and management contract
Craven	Wood waste-fueled power generator	Operating and management contract

<sup>1</sup> Reduced dispatch agreements allow the facilities to be dispatched based on the market price of power compared with the cost of production of the plants. This results in fuel cost savings that each partnership shares with Consumers' customers.

The creditors of these partnerships do not have recourse to the general credit of CMS Energy or Consumers. CMS Energy's maximum risk exposure to these partnerships is generally limited to its investment in the partnerships, which is included in investments on its consolidated balance sheets in the amount of \$71 \$69 million at March 31, 2024 June 30, 2024 and \$74 million at December 31, 2023.

## 12: Exit Activities

**Retention Incentive Program:** In accordance with its Clean Energy Plan, Consumers plans to retire the J.H. Campbell coal-fueled generating units in 2025. In order to ensure necessary staffing at J.H. Campbell through retirement, Consumers has implemented a retention incentive program. The aggregate cost of the J.H. Campbell program through 2025 is estimated to be \$50 million. The MPSC has approved deferred accounting treatment for these costs; these expenses are deferred as a regulatory asset.

As of March 31, 2024 June 30, 2024, the cumulative cost incurred and deferred as a regulatory asset related to the J.H. Campbell retention incentive program was \$38 million. The regulatory asset will be collected from customers over three years.



Presented in the following table is a reconciliation of the retention benefit liability recorded in other liabilities on Consumers' consolidated balance sheets:

			<i>In Millions</i>	
Three Months Ended March 31		2024	2023	<sup>1</sup>
Retention benefit liability at beginning of period	\$	16	\$	21
Costs deferred as a regulatory asset		3		5
Retention benefit liability at the end of the period <sup>2</sup>	\$	19	\$	26

			<i>In Millions</i>	
Six Months Ended June 30		2024	2023	<sup>1</sup>
Retention benefit liability at beginning of period	\$	16	\$	21
Costs deferred as a regulatory asset <sup>2</sup>		3		10
Retention benefit liability at the end of the period <sup>3</sup>	\$	19	\$	31

<sup>1</sup> Includes amounts associated with a retention incentive program at the D.E. Karn coal-fueled generating units; this program concluded following the units' retirement in June 2023.

<sup>2</sup> Includes less than \$1 million for the three months ended June 30, 2024 and \$5 million for the three months ended June 30, 2023.

<sup>3</sup> Includes current portion of other liabilities of \$8 million at March 31, 2024 June 30, 2024 and \$16 \$18 million at March 31, 2023 June 30, 2023.

**Sale of ASP Business:** In April 2024, Consumers sold its unregulated ASP business to a non-affiliated company. Consumers received proceeds of \$124 million from the transaction, which resulted in a \$110 million gain on the transaction; both of these amounts may be impacted by customary post-closing adjustments.

Prior to the sale closing, Consumers filed an application requesting the MPSC's approval to share voluntarily with customers half of the gain, net of transaction costs, to be recognized on this sale. In Consumers' 2023 gas rate case, it had proposed sharing the gain with customers over five years in the form of a surcharge credit. In July 2024, the MPSC approved a settlement in the gas rate case, under which Consumers agreed to utilize \$27.5 million, or one-fourth, of the gain on the sale as an offset to the revenue deficiency in lieu of

additional rate relief, with the remaining three-fourths of the gain, or \$82.5 million, to be credited to customers as a bill credit over a three-year period. Accordingly, at June 30, 2024, Consumers recorded a regulatory liability of \$110 million on its consolidated balance sheets.

In conjunction with the sale, Consumers executed a long-term services agreement, under which it will continue to provide certain services associated with the ASP business for a fee, including billing, collection, and call center services.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of financial condition and results of operations for CMS Energy and Consumers is contained in Part I—Item 1. Financial Statements—MD&A, which is incorporated by reference herein.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to market risk as previously disclosed in Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk, in the 2023 Form 10-K.

## Item 4. Controls and Procedures

### CMS Energy

**Disclosure Controls and Procedures:** CMS Energy's management, with the participation of its CEO and CFO, has evaluated the effectiveness of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, CMS Energy's CEO and CFO have concluded that, as of the end of such period, its disclosure controls and procedures are effective.

**Internal Control Over Financial Reporting:** There have not been any changes in CMS Energy's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the last fiscal quarter that have materially affected, or are reasonably likely to affect materially, its internal control over financial reporting.

### Consumers

**Disclosure Controls and Procedures:** Consumers' management, with the participation of its CEO and CFO, has evaluated the effectiveness of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, Consumers' CEO and CFO have concluded that, as of the end of such period, its disclosure controls and procedures are effective.

**Internal Control Over Financial Reporting:** There have not been any changes in Consumers' internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the last fiscal quarter that have materially affected, or are reasonably likely to affect materially, its internal control over financial reporting.

## Part II—Other Information

### Item 1. Legal Proceedings

CMS Energy, Consumers, and certain of their affiliates are parties to various lawsuits and regulatory matters in the ordinary course of business. For information regarding material legal proceedings, including updates to information reported under Part I—Item 3. Legal Proceedings of the 2023 Form 10-K, see Part I—Item 1. Financial Statements—Notes to the Unaudited Consolidated Financial Statements—Note 1, Regulatory Matters and Note 2, Contingencies and Commitments.

### Item 1A. Risk Factors

There have been no material changes to the Risk Factors as previously disclosed in Part I—Item 1A. Risk Factors in the 2023 Form 10-K, which Risk Factors are incorporated herein by reference.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Unregistered Sales of Equity Securities

None.

#### Issuer Repurchases of Equity Securities

Presented in the following table are CMS Energy's repurchases of common stock for the three months ended **March 31, 2024** **June 30, 2024**:

Period	Total Number of Shares Purchased <sup>1</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs
January 1, 2024 to January 31, 2024	74,595	\$ 56.44	—	—
February 1, 2024 to February 29, 2024	1,898	58.84	—	—
March 1, 2024 to March 31, 2024	102,834	58.97	—	—
<b>Total</b>	<b>179,327</b>	<b>\$ 57.92</b>	<b>—</b>	<b>—</b>

Period	Total Number of Shares Purchased <sup>1</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs
April 1, 2024 to April 30, 2024	81	\$ 59.98	—	—
May 1, 2024 to May 31, 2024	320	61.32	—	—
June 1, 2024 to June 30, 2024	—	—	—	—
<b>Total</b>	<b>401</b>	<b>\$ 61.05</b>	<b>—</b>	<b>—</b>

- <sup>1</sup> All of the common shares were repurchased to satisfy the minimum statutory income tax withholding obligation for common shares that have vested under the Performance Incentive Stock Plan. The value of shares repurchased is based on the market price on the vesting date.

### Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

None.

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## Item 6. Exhibits

### CMS Energy's and Consumers' Exhibit Index

The agreements included as exhibits to this Form 10-Q filing are included solely to provide information regarding the terms of the agreements and are not intended to provide any other factual or disclosure information about CMS Energy, Consumers, or other parties to the agreements. The agreements may contain representations and warranties made by each of the parties to each of the agreements that were made exclusively for the benefit of the parties involved in each of the agreements and should not be treated as statements of fact. The representations and warranties were made as a way to allocate risk if one or more of those statements prove to be incorrect. The statements were qualified by disclosures of the parties to each of the agreements that may not be reflected in each of the agreements. The agreements may apply standards of materiality that are different than standards applied to other investors. Additionally, the statements were made as of the date of the agreements or as specified in the agreements and have not been updated. The representations and warranties may not describe the actual state of affairs of the parties to each agreement.

Additional information about CMS Energy and Consumers may be found in this filing, at [www.cmsenergy.com](http://www.cmsenergy.com), at [www.consumersenergy.com](http://www.consumersenergy.com), and through the SEC's website at [www.sec.gov](http://www.sec.gov).

<b>Exhibits</b>	<b>Description</b>
4.1	— <a href="#">151st Supplemental Indenture dated as of January 9, 2024, between Consumers and The Bank of New York Mellon, as Trustee (Exhibit 4.1 to Form 8-K filed January 9, 2024, and incorporated herein by reference)</a>
10.13.11	— <a href="#">Defined Contribution Supplemental Executive Retirement Plan, Restated Articles of Incorporation of CMS Energy, effective June 1, 2004, and as amended December 21, 2023, effective January 1, 2024 (Exhibit 10.5 from time to Form 10-K for fiscal year ended December 31, 2023, and incorporated herein by reference)</a>
10.21	— <a href="#">Annual Employee Incentive Compensation Plan for Consumers amended and restated effective January 1, 2024 (Exhibit 10.22 to Form 10-K for fiscal year ended December 31, 2023 and incorporated herein by reference)</a>
31.1	— <a href="#">CMS Energy's certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	— <a href="#">CMS Energy's certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.3	— <a href="#">Consumers' certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.4	— <a href="#">Consumers' certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	— <a href="#">CMS Energy's certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2	— <a href="#">Consumers' certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>

Exhibits	Description
101.INS	— Inline XBRL Instance Document
101.SCH	— Inline XBRL Taxonomy Extension Schema
101.CAL	— Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	— Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	— Inline XBRL Taxonomy Extension Labels Linkbase
101.PRE	— Inline XBRL Taxonomy Extension Presentation Linkbase
104	— Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

1 Management contract Obligations of CMS Energy or compensatory plan or arrangement. its subsidiaries, but not of Consumers.

# Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiary.

CMS ENERGY CORPORATION

Dated: April 25, 2024 July 25, 2024

By: /s/ Rejji P. Hayes

Rejji P. Hayes

Executive Vice President and Chief Financial Officer

CONSUMERS ENERGY COMPANY

Dated: April 25, 2024 July 25, 2024

By: /s/ Rejji P. Hayes

Rejji P. Hayes

Executive Vice President and Chief Financial Officer

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Exhibit 3.1

FILED AND EFFECTIVE JUNE 1, 2004

STATE OF MICHIGAN

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH

BUREAU OF COMMERCIAL SERVICES — CORPORATION DIVISION

LANSING, MICHIGAN

RESTATED ARTICLES OF INCORPORATION

(Profit Corporation)

Corporation Identification Number 485-283

These Restated Articles of Incorporation of CMS Energy Corporation (the “Corporation”) are executed pursuant to the provisions of Sections 641 through 651, Act 284, Public Acts of 1972, as amended, (the “Act”). These Restated Articles of Incorporation were authorized by the Board of Directors at its meeting held on May 28, 2004 without a vote of the shareholders pursuant to the provisions of Section 642 of the Act in order to restate and integrate the Articles and do not further amend the Articles as theretofore



amended, and there is no material discrepancy between those provisions and the provisions of these Restated Articles.

The present name of the Corporation is CMS Energy Corporation. There are no former names.

The date of filing the original Articles of Incorporation in Michigan was February 26, 1987.

## RESTATED ARTICLES OF INCORPORATION

The following Restated Articles of Incorporation supersede the original Articles as amended and shall be the Articles of Incorporation of CMS Energy Corporation.

### ARTICLE I

The name of the corporation is CMS Energy Corporation (hereinafter called the "Corporation").

### ARTICLE II

The purpose or purposes for which the Corporation is organized is to engage in any activity within the purposes for which corporations may be organized under the Business Corporation Act of Michigan.

### ARTICLE III

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 360,000,000, of which 10,000,000 shares, par value \$.01 per share, are of a class designated Preferred Stock ("Preferred Stock"), and 350,000,000 shares, par value \$.01 per share, are of a class designated Common Stock ("Common Stock").

The statement of the designations and the voting and other powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of the Common Stock and of the Preferred Stock is as follows:

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## PREEMPTIVE RIGHTS

The holders of shares of Preferred Stock or of Common Stock shall have no preemptive rights to subscribe for or purchase any additional issues of shares of the capital stock of the Corporation of any class now or hereafter authorized or any Preferred Stock, bonds, debentures, or other obligations or rights or options convertible into or exchangeable for or entitling the holder or owner to subscribe for or purchase any shares of capital stock, or any rights to exchange shares issued for shares to be issued.

## PREFERRED STOCK

The shares of Preferred Stock may be issued from time to time in one or more series with such relative rights and preferences of the shares of any such series as may be determined by the Board of Directors. The Board of Directors is authorized to fix by resolution or resolutions adopted prior to the issuance of any shares of each particular series of Preferred Stock, the designation, powers, preferences and relative, participating, optional and other rights, and the qualifications, limitations and restrictions thereof, if any, of such series, including, but without limiting the generality of the foregoing, the following:

- (a) The rate of dividend, if any;
- (b) The price at and the terms and conditions upon which shares may be redeemed;
- (c) The rights, if any, of the holders of shares of the series upon voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding up of the Corporation;
- (d) Sinking fund or redemption or purchase provisions, if any, to be provided for shares of the series;
- (e) The terms and conditions upon which shares may be converted into shares of other series or other capital stock, if issued with the privilege of conversion; and
- (f) The voting rights in the event of default in the payment of dividends or under such other circumstances and upon such conditions as the Board of Directors may determine.

No holder of any shares of any series of Preferred Stock shall be entitled to vote in the election of directors or in respect of any other matter except as may be required by the Michigan Business Corporation Act, as amended, or as is permitted by the resolution or resolutions adopted by the Board of Directors authorizing the issue of such series of Preferred Stock.

### Series Established By Articles

There is hereby established one series of Preferred Stock designated as 4.50% Cumulative Convertible Preferred Stock. The number of shares that shall constitute such series shall be 5,000,000 shares.

### 4.50% Cumulative Convertible Preferred Stock

The Board of Directors hereby establishes a series of the preferred stock of the Corporation and hereby states that the series' voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof (in addition to the provisions set forth in the Articles of Incorporation which are applicable to the preferred stock of all series), shall be as follows:

#### 1. Designation and Amount; Ranking.

(a) There shall be created from the 10,000,000 shares of preferred stock, par value \$0.01 per share, of the Corporation authorized to be issued pursuant to the Articles of Incorporation, a series of preferred stock, designated as the "4.50% Cumulative Convertible Preferred Stock," par value \$0.01 per share (the "4.50% Convertible Preferred Stock"), and the number of shares of such series shall be 5,000,000. Such number of shares may be decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of 4.50% Convertible Preferred Stock to a number less than that of the shares of 4.50% Convertible Preferred Stock then outstanding plus the number of shares issuable upon exercise of options or rights then outstanding.

(b) The 4.50% Convertible Preferred Stock will, with respect to both dividend rights and rights upon the liquidation, winding-up or dissolution of the Corporation, rank (i) senior to all Junior Stock and (ii) on a parity with all other Parity Stock.

#### 2. Definitions. As used herein, the following terms shall have the following meanings:

"Accumulated Dividends" shall mean, with respect to any share of 4.50% Convertible Preferred Stock, as of any date, the aggregate accumulated and unpaid dividends on such share from and including the most recent Dividend Payment Date to which dividends have been paid (or the Issue Date, if such date is prior to the first Dividend Payment Date) to but not including such date.

"Additional Dividends" shall have the meaning given to it in Section 3(b).

"Affiliate" shall have the meaning ascribed to it, on the date hereof, under Rule 405 of the Securities Act.

“Agent Members” shall have the meaning given to it in Section 11(a)(ii).

“Board of Directors” shall mean the Board of Directors of the Corporation or, with respect to any action to be taken by the Board of Directors, any committee (special or otherwise) of the Board of Directors duly authorized to take such action.

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“Business Day” shall mean any day other than a Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law or executive order to close.

“Certificate of Designation” means the designation of the 4.50% Convertible Preferred Stock in this Article III.

“Certificated 4.50% Convertible Preferred Stock” shall have the meaning given to it in Section 4(f).

“Common Equity” of any Person means capital stock of such Person that is generally entitled to (i) vote in the election of directors of such Person or (ii) if such Person is not a corporation, vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

“Common Stock” shall mean the common stock, par value \$0.01 per share, of the Corporation, or any other class of stock resulting from successive changes or reclassifications of such common stock consisting solely of changes in par value, or from par value to no par value, or as a result of a subdivision, combination or merger, consolidation or similar transaction in which the Corporation is a constituent corporation.

“Continuing Director” means a director who either was a member of the Board of Directors on December 5, 2003 or who becomes a member of the Board of Directors subsequent to that date and whose appointment, election or nomination for election by the Corporation’s shareholders is duly approved by a majority of the Continuing Directors on the Board of Directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Corporation on behalf of the Board of Directors in which such individual is named as nominee for director.

“Conversion Agent” means the office or agency designated by the Corporation where 4.50% Convertible Preferred Stock may be presented for conversion. Initially, the Conversion Agent shall be the Corporation located at One Energy Plaza, Jackson, Michigan 49201.

“Conversion Date” shall have the meaning given to it in Section 7(b).

“Conversion Notice” shall have the meaning given to it in Section 7(a).

“Conversion Price” shall mean \$9.893 per share of Common Stock.

“Conversion Rate” shall mean the number of shares of Common Stock issuable upon conversion of a share of 4.50% Convertible Preferred Stock per Liquidation Preference. The initial Conversion Rate is 5.0541 shares of Common Stock issuable upon conversion of a share of 4.50% Convertible Preferred Stock per Liquidation Preference.

“Corporation Notice” shall have the meaning given to it in Section 4(e).

“Corporation Notice Date” shall have the meaning given to it in Section 4(e).

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“Distributed Assets or Securities” shall have the meaning given to it in Section 7(f)(iii).

“Dividend Payment Date” shall mean March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004.

“Dividend Rate” shall have the meaning given to it in Section 3(a).

“Dividend Record Date” shall mean February 15, May 15, August 15 and November 15 of each year.

“DTC” or “Depository” means The Depository Trust Company.

“Equity Interests” means any capital stock, partnership, joint venture, member or limited liability or unlimited liability company interest, beneficial interest in a trust or similar entity or other equity interest or investment of whatever nature.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fair Market Value” means the amount which a willing buyer would pay a willing seller in an arm’s length transaction.

A “Fundamental Change” shall be deemed to have occurred at such time after the original issuance of the 4.50% Convertible Preferred Stock that any of the following occurs: (i) the Common Stock or other capital stock into which the 4.50% Convertible Preferred Stock is convertible is neither listed for trading on a United States national securities exchange nor approved for trading on the NASDAQ National Market or another established automated over-the-counter trading market in the United States; (ii) a “person” or “group” within the meaning of Section 13(d) of the Exchange Act, other than the Corporation, any subsidiary of the Corporation or any employee benefit plan of the Corporation or any such subsidiary, files a Schedule TO (or any other schedule, form or report under the Exchange Act) disclosing that such person or group has become the direct or indirect ultimate “beneficial owner” (as such term is used in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have “beneficial ownership” of all shares that such Person or group has the right to acquire whether such right is exercisable immediately or only after the passage of time) of Common Equity of the Corporation representing more than 50% of the voting power of the Corporation’s Common Equity; (iii) consummation of any share exchange, consolidation or merger of the Corporation pursuant to which the Common Stock will be converted into cash, securities or other property or any sale, lease or other transfer (in one transaction or a series of transactions) of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, to any Person (other than the Corporation or one or more of the Corporation’s subsidiaries); *provided, however*, that a transaction where the holders of the Corporation’s Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of the aggregate voting power of all classes of Common Equity of the continuing or surviving corporation or transferee immediately after such event shall not be a Fundamental Change; or (iv) Continuing Directors cease to constitute at least a majority of the Board of Directors; *provided, however*, that a Fundamental Change shall not be deemed to have occurred in respect of any of the foregoing if either (A) the Last Reported Sale Price per share of Common Stock for any five

Trading Days within the period of 10 consecutive Trading Days ending immediately before the later of the Fundamental Change or the public announcement thereof shall equal or exceed 105% of the Conversion Price in effect immediately before the Fundamental Change or the public announcement thereof or (B) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a national securities exchange or quoted on the NASDAQ National Market (or which shall be so traded or quoted when issued or exchanged in connection with such Fundamental Change) (such securities being referred to as “Publicly Traded Securities”) and as a result of such transaction or transactions the 4.50% Convertible Preferred Stock becomes convertible into such Publicly Traded Securities (excluding cash payments for fractional shares).

“Fundamental Change Purchase Date” shall have the meaning given to it in Section 4(a).

“Fundamental Change Purchase Notice” shall have the meaning given to it in Section 4(c).

“Fundamental Change Purchase Price” shall have the meaning given to it in Section 4(a).

“Global 4.50% Convertible Preferred Stock” shall have the meaning given to it in Section 11(a)(i).

“Holder” or “holder” shall mean a holder of record of the 4.50% Convertible Preferred Stock.

“Issue Date” shall mean December 5, 2003, the original date of issuance of the 4.50% Convertible Preferred Stock.

“Junior Stock” shall mean all classes of common stock of the Corporation and each other class of capital stock or series of 4.50% Convertible Preferred Stock established after the Issue Date, by the Board of Directors, the terms of which do not expressly provide that such class or series ranks senior to or on parity with the 4.50% Convertible Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Last Reported Sale Price” of Common Stock on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the principal U.S. securities exchange on which Common Stock is traded or, if the Common Stock is not listed on a U.S. national or regional securities exchange, as reported by the NASDAQ National Market. If the Common Stock is not listed for trading on a U.S. national or regional securities exchange and not reported by the NASDAQ National Market on the relevant date, the Last Reported Sale Price shall be the last quoted bid price for Common Stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization. If the Common Stock is not so quoted, the Last Reported Sale Price will be the average of the mid-point of the last bid and ask prices for the Common Stock on the relevant date from each of

at least three nationally recognized independent investment banking firms selected by the Corporation for this purpose.

“Liquidation Preference” shall mean, with respect to each share of 4.50% Convertible Preferred Stock, \$50.

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“Mandatory Conversion Date” shall have the meaning given to it in Section 8(b).

“Market Price” means the average of the Last Reported Sales Price per share of Common Stock for the 20 Trading Day period ending on the applicable date of determination (if the applicable date of determination is a Trading Day or, if not, then on the last Trading Day prior to such applicable date of determination), appropriately adjusted to take into account the occurrence, during the period commencing on the first of the Trading Days during such 20 Trading Day period and ending on the applicable date of determination, of any event that would result in an adjustment of the Conversion Rate under this Certificate of Designation.

“Market Value” shall mean the average closing price of the Common Stock for a five consecutive Trading Day period on the NYSE (or such other national securities exchange or automated quotation system on which the Common Stock is then listed or authorized for quotation or, if the Common Stock is not so listed or authorized for quotation, an amount determined in good faith by the Board of Directors to be the fair value of the Common Stock).

“Maximum Conversion Rate” shall have the meaning given to it in Section 7(f)(viii).

“NYSE” shall mean the New York Stock Exchange, Inc.

“Officer” means the Chairman of the Board of Directors, the President, any Vice President, the Treasurer, the Secretary or any Assistant Secretary of the Corporation.

“Officers’ Certificate” means a certificate signed by two Officers.



“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Transfer Agent. The counsel may be an employee of or counsel to the Corporation or the Transfer Agent.

“Parity Stock” shall mean any class of capital stock or series of preferred stock established as of or after the Issue Date by the Board of Directors, the terms of which expressly provide that such class or series will rank on parity with the 4.50% Convertible Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Paying Agent” means any Person authorized by the Corporation to pay the dividends or Fundamental Change Purchase Price on any of the shares of 4.50% Convertible Preferred Stock on behalf of the Corporation. Initially, the Paying Agent shall be the Corporation.

“Person” shall mean any individual, corporation, general partnership, limited partnership, limited liability partnership, joint venture, association, joint-stock company, trust, limited liability company, unincorporated organization or government or any agency or political subdivision thereof.

“Registration Default” shall have the meaning given to it in Section 3(b).

“Registration Rights Agreement” means the Registration Rights Agreement dated as of December 5, 2003, among the Corporation, Citigroup Global Markets Inc., Merrill Lynch, Pierce,

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Fenner & Smith Incorporated and the certain other initial purchasers of the 4.50% Convertible Preferred Stock.

“SEC” or “Commission” shall mean the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Security Register” means the security register recording the holders of 4.50% Convertible Preferred Stock kept at the offices of the Corporation.

“Security Registrar” shall be the Person holding the Security Register, and the Corporation will initially be designated as the Security Registrar.

“Senior Stock” shall mean each class of capital stock or series of preferred stock established after the Issue Date by the Board of Directors, the terms of which expressly provide that such class or series will rank senior to the 4.50% Convertible Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Shelf Registration Statement” shall mean a shelf registration statement filed with the SEC to cover resales of Transfer Restricted Securities by holders thereof, as required by the Registration Rights Agreement.

“Spin-Off Market Price” per share of Common Stock of the Corporation or the Equity Interests in a Subsidiary or other business unit of the Corporation on any day means the average of the daily Last Reported Sale Prices for the 10 consecutive Trading Days commencing on and including the fifth Trading Day after the ex date with respect to the issuance or distribution requiring such computations. As used herein, the term “ex date,” when used with respect to any issuance or distribution, shall mean the first date on which the security trades regular way on the NYSE or such other national regional exchange or market in which the security trades without the right to receive such issuance or distribution.

“Subsidiary” means a Person more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Corporation or by one or more other Subsidiaries, or by the Corporation and one or more other Subsidiaries. For the purposes of this definition, “voting stock” means stock which ordinarily has voting power of 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.

“Trading Day” means (i) if the applicable security is listed, admitted for trading or quoted on the NYSE, the NASDAQ National Market or another national security exchange, a day on which the NYSE, the NASDAQ National Market or another national security exchange is open for business or (ii) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law, regulation or executive order to close.

“Trading Exception” shall have the meaning given to it in Section 7(a)(ii).

“Trading Price” of the 4.50% Convertible Preferred Stock on any date of determination means the average of the secondary market bid quotations per share of 4.50% Convertible Preferred

Stock obtained by the Conversion Agent for \$5,000,000 Liquidation Preference of the 4.50% Convertible Preferred Stock at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers the Corporation selects, provided that if three such bids cannot reasonably be obtained by the Conversion Agent, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Conversion Agent, this one bid shall be used. If the Conversion Agent cannot reasonably obtain at least one bid for \$5,000,000 Liquidation Preference of the 4.50% Convertible Preferred Stock from a nationally recognized securities dealer, then the Trading Price will be deemed to be less than 95% of the product of the sale price of Common Stock and the then applicable Conversion Rate.

“Transfer Agent” shall mean the Corporation’s duly appointed transfer agent for the 4.50% Convertible Preferred Stock. Initially, the Corporation will be the Transfer Agent.

“Transfer Restricted Securities” shall mean each share of 4.50% Convertible Preferred Stock (or the shares of Common Stock into which such share of 4.50% Convertible Preferred Stock is convertible) until (i) the date on which such security or its predecessor has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement, (ii) the date on which such security or predecessor is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act or (iii) the date that such 4.50% Convertible Preferred Stock ceases to be outstanding.

“Voting Rights Class” shall have the meaning given to it in Section 5(a)(i).

“Voting Rights Triggering Event” shall mean the failure of the Corporation to pay dividends on the 4.50% Convertible Preferred Stock with respect to six or more quarterly periods (whether or not consecutive).

“Voting Stock” shall mean, with respect to any Person, securities of any class or classes of Capital Stock in such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of contingency) generally to vote in the election of members of the Board of Directors or other governing body of such Person. For purposes of this definition, “Capital Stock” shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of corporate stock or partnership interests and any and all warrants, options and rights with respect thereto (whether or not currently exercisable), including each class of common stock and preferred stock of such Person.

### 3. Dividends.

(a) The holders of shares of the outstanding 4.50% Convertible Preferred Stock shall be entitled, when, as and if declared by the Board of Directors out of funds of the Corporation legally available therefor, to receive cumulative cash dividends at the rate per annum of 4.50% per share on the Liquidation Preference (equivalent to \$2.25 per annum per share), payable quarterly in arrears (the "Dividend Rate"). The Dividend Rate may be increased in the circumstances described in Section 3(b) below. Dividends payable for each full dividend period will be computed by dividing the Dividend Rate by four and shall be payable in arrears on each Dividend Payment Date (commencing March 1, 2004) for the quarterly period ending immediately prior to such Dividend Payment Date, to

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the holders of record of 4.50% Convertible Preferred Stock at the close of business on the Dividend Record Date applicable to such Dividend Payment Date. Such dividends shall be cumulative from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the Issue Date (whether or not in any dividend period or periods the Board of Directors shall have declared such dividends or there shall be funds of the Corporation legally available for the payment of such dividends) and shall accumulate on a day-to-day basis, whether or not earned or declared, from and after the Issue Date. Dividends payable for any partial dividend period shall be computed on the basis of days elapsed over a 360-day year consisting of twelve 30-day months. Accumulated unpaid dividends accrue and cumulate dividends at the annual rate of 4.50% and are payable in the manner provided in this Section 3.

(b) If (i) by November 5, 2004, the Shelf Registration Statement has not been filed with the Commission, (ii) by March 5, 2005, the Shelf Registration Statement has not been declared effective by the Commission, (iii) after the Shelf Registration Statement has been declared effective the Corporation fails to file a post-effective amendment, prospectus supplement, amendment or supplement to any document incorporated by reference into such prospectus or document if required by applicable law with the SEC within five business days after a Holder provides the Corporation with certain required information, if such filing is necessary to enable the Holder to deliver the prospectus to purchasers of such Holder's Transfer Restricted Securities, (iv) the Shelf Registration Statement ceases to be effective or fails to be usable without being succeeded within 30 days by a post-effective amendment or an additional registration

statement filed and declared effective (other than as permitted in (iii) above) pursuant to the Exchange Act that cures the failure of the registration statement to be effective or usable, and (v) the aggregate duration of any suspension periods in any period exceeds certain limits described in the Registration Rights Agreement (each such event referred to in clauses (i), (ii), (iii), (iv) and (v) a "Registration Default"), additional dividends shall accumulate on the 4.50% Convertible Preferred Stock, from and including the date on which any such Registration Default shall occur to, but excluding, the date on which the Registration Default has been cured, at the rate of 0.25% per year for the first 90 days following such date and at a rate of 0.50% per year thereafter ("Additional Dividends"). With respect to shares of Common Stock issued upon conversion of the 4.50% Convertible Preferred Stock, Additional Dividends will accumulate on the then applicable conversion price from and including the date on which any such Registration Default shall occur to, but excluding, the date on which the Registration Default has been cured, at the rate of 0.25% per year for the first 90 days following such date and at a rate of 0.50% per year thereafter. Except as mentioned above, the Corporation will have no other liabilities for monetary damages with respect to its registration obligations. The receipt of Additional Dividends will be the sole monetary remedy available to a Holder if the Corporation fails to meet these obligations.

(c) No dividend will be declared or paid upon, or any sum set apart for the payment of dividends upon, any outstanding share of the 4.50% Convertible Preferred Stock with respect to any dividend period unless all dividends for all preceding dividend periods have been declared and paid or declared and a sufficient sum set apart for the payment of such dividend upon all outstanding shares of 4.50% Convertible Preferred Stock.

(d) No dividends or other distributions (other than a dividend or distribution payable solely in shares of Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock) and other than cash paid in lieu of fractional shares) may be declared, made or paid, or set apart for payment upon, any Parity Stock or Junior Stock, nor may any Parity Stock or Junior

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Stock be redeemed, purchased or otherwise acquired for any consideration (or any money paid to or made available for a sinking fund for the redemption of any Parity Stock or Junior Stock) by or on behalf of the Corporation (except by conversion into or exchange for shares of Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock)), unless full Accumulated Dividends

shall have been or contemporaneously are declared and paid, or are declared and a sum sufficient for the payment thereof is set apart for such payment, on the 4.50% Convertible Preferred Stock and any Parity Stock for all dividend payment periods terminating on or prior to the date of such declaration, payment, redemption, purchase or acquisition. Notwithstanding the foregoing, if full dividends have not been paid on the 4.50% Convertible Preferred Stock and any Parity Stock, dividends may be declared and paid on the 4.50% Convertible Preferred Stock and such Parity Stock so long as the dividends are declared and paid pro rata so that the amounts of dividends declared per share on the 4.50% Convertible Preferred Stock and such Parity Stock will in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of 4.50% Convertible Preferred Stock and such other Parity Stock bear to each other.

(e) Holders of shares of 4.50% Convertible Preferred Stock shall not be entitled to any dividends on the 4.50% Convertible Preferred Stock, whether payable in cash, property or stock, in excess of full cumulative dividends and Additional Dividends (if any).

(f) The holders of shares of 4.50% Convertible Preferred Stock at the close of business on a Dividend Record Date will be entitled to receive the dividend payment on those shares on the corresponding Dividend Payment Date notwithstanding the subsequent conversion thereof or the Corporation's default in payment of the dividend due on that Dividend Payment Date. However, shares of 4.50% Convertible Preferred Stock surrendered for conversion during the period between the close of business on any Dividend Record Date and the close of business on the Business Day immediately preceding the applicable Dividend Payment Date must be accompanied by payment of an amount equal to the dividend payable on the shares on that Dividend Payment Date; provided, however, that no such payment need be made if (1) the Corporation has specified a Mandatory Conversion Date that is after a Dividend Record Date and on or prior to the immediately following Dividend Payment Date or (2) any accumulated and unpaid dividends exist at the time of conversion with respect to such shares of 4.50% Convertible Preferred Stock to the extent of such accumulated and unpaid dividends. A holder of shares of 4.50% Convertible Preferred Stock on a Dividend Record Date who (or whose transferee) tenders any shares for conversion on the corresponding Dividend Payment Date will receive the dividend payable by the Corporation on the 4.50% Convertible Preferred Stock on that date, and the converting holder need not include payment in the amount of such dividend upon surrender of shares of 4.50% Convertible Preferred Stock for conversion. Except as provided above with respect to a voluntary conversion pursuant to Section 7, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends on the shares of Common Stock issued upon conversion.

(g) In any case where any Dividend Payment Date or Conversion Date (including upon the occurrence of a Fundamental Change) of any 4.50% Convertible Preferred Stock shall not be a Business Day, at any place of payment, then payment of dividends (and Additional Dividends, 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 dividend payment date or Conversion Date (including upon the occurrence of a Fundamental Change); and no interest shall accumulate on

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the amount so payable for the period from and after such Dividend Payment Date or Conversion Date, as the case may be, to such Business Day.

(h) The Paying Agent shall return to the Corporation upon written request any money or property held by it for the payment of any amount with respect to the 4.50% Convertible Preferred Stock that remains unclaimed for two years, provided, however, that the Paying Agent, before being required to make any such return, shall at the expense of the Corporation cause to be published once in a newspaper of general circulation in The City of New York or mail to each such Holder notice that such money or property remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed money or property then remaining shall be returned to the Corporation. After return to the Corporation, Holders entitled to the money or property must look to the Corporation for payment as general creditors unless an applicable abandoned property law designates another Person.

#### 4. Fundamental Change.

(a) Purchase at the Option of the Holder Upon a Fundamental Change. Each Holder shall have the right, at such Holder's option, to require the Corporation to purchase any or all of such Holder's 4.50% Convertible Preferred Stock for cash or a check on the date that is no earlier than 60 days nor later than 90 days after the date of the Corporation Notice of the occurrence of such Fundamental Change (subject to extension to comply with applicable law, as provided in Section 4(h) (the "Fundamental Change Purchase Date"). The 4.50% Convertible Preferred Stock shall be repurchased in integral multiples of \$50.00 (representing the Liquidation Preference). The Corporation shall purchase such 4.50% Convertible Preferred Stock at a price (the "Fundamental Change Purchase Price") equal to 100% of the Liquidation Price of the number of shares of 4.50% Convertible Preferred Stock to be purchased plus accumulated and unpaid dividends, including Additional Dividends, if any, to the Fundamental Change Purchase Date.



(b) Notice of Fundamental Change. The Corporation, or at its request (which must be received by the Paying Agent at least three Business Days (or such lesser period as agreed to by the Paying Agent) prior to the date the Paying Agent is requested to give such notice as described below), the Paying Agent, in the name of and at the expense of the Corporation, shall mail to all Holders a Corporation Notice of the occurrence of a Fundamental Change and of the purchase right arising as a result thereof, including the information required by Section 4(e) hereof, on or before the 30th day after the occurrence of such Fundamental Change.

(c) Exercise of Option. For 4.50% Convertible Preferred Stock to be so purchased at the option of the Holder, the Paying Agent must receive at its office in Jackson, Michigan, or any other offices of the Paying Agent maintained for such purposes, such shares of 4.50% Convertible Preferred Stock duly endorsed for transfer, together with a written notice of purchase in the form attached hereto as Exhibit A (a "Fundamental Change Purchase Notice") duly completed, on or before the 30th day prior to the Fundamental Change Purchase Date, subject to extension to comply with applicable law. The Fundamental Change Purchase Notice shall state:

- (i) if certificated, the certificate numbers of the shares of 4.50% Convertible Preferred Stock which the Holder shall deliver to be purchased, or, if not certificated, the

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Fundamental Change Purchase Notice must comply with appropriate Depository procedures;

- (ii) the number of shares of 4.50% Convertible Preferred Stock which the Holder shall deliver to be purchased, which portion must be \$50.00 or an integral multiple thereof; and
- (iii) that such 4.50% Convertible Preferred Stock shall be purchased as of the Fundamental Change Purchase Date pursuant to the terms and conditions specified in the 4.50% Convertible Preferred Stock and in this Certificate of Designation.

(d) Procedures. The Corporation shall purchase from a Holder, pursuant to this Section 4, shares of 4.50% Convertible Preferred Stock or multiples of \$50.00 if so requested by such Holder.



Any purchase by the Corporation contemplated pursuant to the provisions of this Section 4 shall be consummated by the delivery of the Fundamental Change Purchase Price to be received by the Holder promptly following the later of the Fundamental Change Purchase Date or the time of book-entry transfer or delivery of the 4.50% Convertible Preferred Stock.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Purchase Notice contemplated by Section 4(c) hereof shall have the right at any time prior to the close of business on the Business Day prior to the Fundamental Change Purchase Date to withdraw such Fundamental Change Purchase Notice (in whole or in part) by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 4(f) hereof.

The Paying Agent shall promptly notify the Corporation of the receipt by it of any Fundamental Change Purchase Notice or written notice of withdrawal thereof.

On or before 10:00 a.m. (New York City time) on the Fundamental Change Purchase Date, the Corporation shall deposit with the Paying Agent (or if the Corporation or an Affiliate of the Corporation is acting as the Paying Agent, shall segregate and hold in trust) money sufficient to pay the aggregate Fundamental Change Purchase Price of the 4.50% Convertible Preferred Stock to be purchased pursuant to this Section 4. Payment by the Paying Agent of the Fundamental Change Purchase Price for such 4.50% Convertible Preferred Stock shall be made promptly following the later of the Fundamental Change Purchase Date or the time of book-entry transfer or delivery of such 4.50% Convertible Preferred Stock. If the Paying Agent holds, in accordance with the terms of this Certificate of Designation, money sufficient to pay the Fundamental Change Purchase Price of such 4.50% Convertible Preferred Stock on the Business Day following the Fundamental Change Purchase Date, then, on and after such date, such 4.50% Convertible Preferred Stock shall cease to be outstanding and dividends (including Additional Dividends, if any) on such 4.50% Convertible Preferred Stock shall cease to accumulate, whether or not book-entry transfer of such 4.50% Convertible Preferred Stock is made or such 4.50% Convertible Preferred Stock is delivered to the Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the Fundamental Change Purchase Price upon delivery or transfer of the 4.50% Convertible Preferred Stock). Nothing herein shall preclude any withholding tax required by law.

The Corporation shall require each Paying Agent to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders all money held by the Paying Agent for the payment of the

Fundamental Change Purchase Price. If the Corporation or an Affiliate of the Corporation acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund.

All questions as to the validity, eligibility (including time of receipt) and acceptance of any 4.50% Convertible Preferred Stock pursuant to a Fundamental Change shall be determined by the Corporation, whose determination shall be final and binding.

(e) Notice of Fundamental Change. The Corporation shall send notices (each, a "Corporation Notice") to the Holders (and to beneficial owners as required by applicable law) at their addresses shown in the Security Register maintained by the Security Registrar, and delivered to the Paying Agent on or before the 30th day after the occurrence of the Fundamental Change ("Corporation Notice Date"). Each Corporation Notice shall include a form of Fundamental Change Purchase Notice to be completed by a Holder and shall state:

- (i) the applicable Fundamental Change Purchase Price, excluding accumulated and unpaid dividends, Conversion Rate at the time of such notice (and any adjustments to the Conversion Rate) and, to the extent known at the time of such notice, the amount of dividends (including Additional Dividends, if any), if any, that will be payable with respect to the 4.50% Convertible Preferred Stock on the applicable Fundamental Change Purchase Date;
- (ii) the events causing the Fundamental Change and the date of the Fundamental Change;
- (iii) the Fundamental Change Purchase Date;
- (iv) the last date on which a Holder may exercise its purchase right;
- (v) the name and address of the Paying Agent and the Conversion Agent;
- (vi) that the 4.50% Convertible Preferred Stock must be surrendered to the Paying Agent to collect payment of the Fundamental Change Purchase Price;
- (vii) that the 4.50% Convertible Preferred Stock as to which a Fundamental Change Purchase Notice has been given may be converted only if the applicable Fundamental Change Purchase Notice has been withdrawn in accordance with the terms of this Certificate of Designation;
- (viii) that the Fundamental Change Purchase Price for any of the 4.50% Convertible Preferred Stock as to which a Fundamental Change Purchase Notice has been given and not withdrawn shall be paid by the Paying Agent promptly following the later of the

Fundamental Change Purchase Date or the time of book-entry transfer or delivery of such 4.50% Convertible Preferred Stock;

(ix) the procedures the Holder must follow under this Section 4;

(x) briefly, the conversion rights of the 4.50% Convertible Preferred Stock;

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(xi) that, unless the Corporation defaults in making payment of such Fundamental Change Purchase Price on the 4.50% Convertible Preferred Stock covered by any Fundamental Change Purchase Notice, dividends (including Additional Dividends, if any) will cease to accumulate on and after the Fundamental Change Purchase Date;

(xii) the CUSIP or ISIN number of the 4.50% Convertible Preferred Stock; and

(xiii) the procedures for withdrawing a Fundamental Change Purchase Notice.

In connection with providing such Corporation Notice, the Corporation will issue a press release and publish a notice containing the information in such Corporation Notice in a newspaper of general circulation in The City of New York or publish such information on the Corporation's then existing Web site or through such other public medium as the Corporation may use at the time.

At the Corporation's request, made at least five Business Days prior to the date upon which such notice is to be mailed, and at the Corporation's expense, the Paying Agent shall give the Corporation Notice in the Corporation's name; *provided, however*, that, in all cases, the text of the Corporation Notice shall be prepared by the Corporation.

(f) Effect of Fundamental Change Purchase Notice. Upon receipt by the Corporation of the Fundamental Change Purchase Notice specified in this Section 4, the Holder of the 4.50% Convertible Preferred Stock in respect of which such Fundamental Change Purchase Notice was given shall (unless such Fundamental Change Purchase Notice is withdrawn as specified in this Section 4(f)) thereafter be entitled to receive solely the Fundamental Change Purchase Price with respect to such 4.50% Convertible Preferred Stock. Such Fundamental Change Purchase Price shall be paid by the Paying Agent to such

Holder promptly following the later of (x) the Fundamental Change Purchase Date with respect to such 4.50% Convertible Preferred Stock (provided the conditions in this Section 4 have been satisfied) and (y) the time of delivery or book-entry transfer of such 4.50% Convertible Preferred Stock to the Paying Agent by the Holder thereof in the manner required by this Section 4. 4.50% Convertible Preferred Stock in respect of which a Fundamental Change Purchase Notice has been given by the Holder thereof may not be converted for shares of Common Stock on or after the date of the delivery of such Fundamental Change Purchase Notice unless such Fundamental Change Purchase Notice has first been validly withdrawn as specified in this Section 4(f). Payment of the Fundamental Change Purchase Price for shares of 4.50% Convertible Preferred Stock in registered, certificated form ("Certificated 4.50% Convertible Preferred Stock") for which a Fundamental Change Purchase Notice has been delivered and not withdrawn is conditioned upon delivery of such Certificated 4.50% Convertible Preferred Stock (together with necessary endorsements) to the Paying Agent at its office in Jackson, Michigan, or any other office of the Paying Agent maintained for such purpose, at any time (whether prior to, on or after the Fundamental Change Purchase Date) after the delivery of such Fundamental Change Purchase Notice. Payment of the Fundamental Change Purchase Price for such Certificated 4.50% Convertible Preferred Stock will be made promptly following the later of the Fundamental Change Purchase Date or the time of delivery of such Certificated 4.50% Convertible Preferred Stock.

If the Paying Agent holds, in accordance with the terms of this Certificate of Designation, money sufficient to pay the Fundamental Change Purchase Price of shares of 4.50% Convertible Preferred Stock on the Business Day following the Fundamental Change Purchase Date for such 4.50%

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Convertible Preferred Stock, then, on and after such date, dividends on such 4.50% Convertible Preferred Stock will cease to accumulate, whether or not such 4.50% Convertible Preferred Stock is delivered to the Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the Fundamental Change Purchase Price upon delivery of the 4.50% Convertible Preferred Stock).

A Fundamental Change Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent at any time prior to 5:00 p.m. New York City time on the Business Day prior to the Fundamental Change Purchase Date to which it relates specifying:

- (i) if certificated, the certificate number of 4.50% Convertible Preferred Stock in respect of which such notice of withdrawal is being submitted, or, if not certificated, the written notice of withdrawal must comply with appropriate Depository procedures;
- (ii) the number of shares of 4.50% Convertible Preferred Stock with respect to which such notice of withdrawal is being submitted; and
- (iii) the number of shares of 4.50% Convertible Preferred Stock, if any, which remains subject to the original Fundamental Change Purchase Notice and which have been or shall be delivered for purchase by the Corporation.

(g) 4.50% Convertible Preferred Stock Purchased in Part. Any shares of 4.50% Convertible Preferred Stock that are to be purchased only in part shall be surrendered (in physical or book-entry form) at the office of the Paying Agent (with, if the Corporation so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Corporation shall execute and the Transfer Agent shall authenticate and deliver to the Holder of such 4.50% Convertible Preferred Stock, without service charge, new shares of 4.50% Convertible Preferred Stock, as requested by such Holder in an amount equal to, and in exchange for, the portion of the Liquidation Preference of the 4.50% Convertible Preferred Stock so surrendered which is not purchased.

(h) Covenant to Comply with Securities Laws Upon Purchase of the 4.50% Convertible Preferred Stock. In connection with any offer to purchase 4.50% Convertible Preferred Stock under this Section 4, the Corporation shall, to the extent applicable: (i) comply with Rules 13e-4 and 14e-1 (and any successor provisions thereto) under the Exchange Act, if applicable; (ii) file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act, if applicable; and (iii) otherwise comply with all applicable federal and state securities laws so as to permit the rights and obligations under this Section 4 hereof to be exercised in the time and in the manner specified in this Section 4.

(i) Repayment to the Corporation. The Paying Agent shall return to the Corporation any cash or property that remains unclaimed as provided in the 4.50% Convertible Preferred Stock, together with interest that the Paying Agent has agreed to pay, if any, held by it for the payment of a Fundamental Change Purchase Price; provided, however, that to the extent that the aggregate amount of cash or property deposited by the Corporation pursuant to this Section 4 exceeds the aggregate Fundamental Change Purchase Price of the 4.50% Convertible Preferred Stock or portions thereof which the Corporation is obligated to purchase as of the Fundamental Change Purchase Date, then promptly on

and after the Business Day following the Fundamental Change Purchase Date, the Paying Agent shall return any such excess to the Corporation together with interest that the Paying Agent has agreed to pay, if any.

(j) Officers' Certificate. At least five Business Days before the Corporation Notice Date, the Corporation shall deliver an Officers' Certificate to the Paying Agent (provided, that, at the Corporation's option, the matters to be addressed in such Officers' Certificate may be divided among two such certificates) specifying:

- (i) the manner of payment selected by the Corporation; and
- (ii) whether the Corporation desires the Paying Agent to give the Corporation Notice required by Section 4(e) hereof.

## 5. Voting.

(a) The shares of 4.50% Convertible Preferred Stock shall have no voting rights except as set forth below or as otherwise required by Michigan law from time to time:

- (i) If and whenever at any time or times a Voting Rights Triggering Event occurs, then the holders of shares of 4.50% Convertible Preferred Stock, voting as a single class with any other 4.50% Convertible Preferred Stock or preference securities having similar voting rights that are exercisable (the "Voting Rights Class"), will be entitled at the next regular or special meeting of shareholders of the Corporation to elect two additional directors of the Corporation, unless the Board of Directors is comprised of fewer than six directors at such time, in which case the Voting Rights Class shall be entitled to elect one additional director. Upon the election of any such additional directors, the number of directors that comprise the Board of Directors shall be increased by such number of additional directors.
- (ii) Such voting rights may be exercised at a special meeting of the holders of the shares of the Voting Rights Class, called as hereinafter provided, or at any annual meeting of shareholders held for the purpose of electing directors, and thereafter at each such annual meeting until such time as all dividends in arrears on the shares of 4.50% Convertible Preferred Stock shall have been paid in full, at which time or times such voting rights and the term of the directors elected pursuant to Section 5(a)(i) shall terminate.

(iii) At any time when such voting rights shall have vested in holders of shares of the Voting Rights Class, an Officer of the Corporation may call, and, upon written request of the record holders of shares representing at least twenty-five percent (25%) of the voting power of the shares then outstanding of the Voting Rights Class, addressed to the Secretary of the Corporation, shall call a special meeting of the holders of shares of the Voting Rights Class. Such meeting shall be held at the earliest practicable date upon the notice required for annual meetings of shareholders at the place for holding annual meetings of shareholders of the Corporation, or, if none, at a place designated by the Board of Directors. Notwithstanding the provisions of this Section 5(a)(iii), no such special meeting shall be called during a period within

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the 60 days immediately preceding the date fixed for the next annual meeting of shareholders, in which such case the election of directors pursuant to Section 5(a)(i) shall be held at such annual meeting of shareholders.

(iv) At any meeting held for the purpose of electing directors at which the holders of the Voting Rights Class shall have the right to elect directors as provided herein, the presence in person or by proxy of the holders of shares representing more than fifty percent (50%) in voting power of the then outstanding shares of the Voting Rights Class shall be required and shall be sufficient to constitute a quorum of such class for the election of directors by such class. The affirmative vote of the holders of shares of 4.50% Convertible Preferred Stock constituting a majority of the shares of 4.50% Convertible Preferred Stock present at such meeting, in person or by proxy shall be sufficient to elect any such director.

(v) Any director elected pursuant to the voting rights created under this Section 5(a) shall hold office until the next annual meeting of shareholders (unless such term has previously terminated pursuant to Section 5(a)(ii)) and any vacancy in respect of any such director shall be filled only by vote of the remaining director so elected by holders of the Voting Rights Class, or, if there be no such remaining director, by the holders of shares of the Voting Rights Class at a special meeting called in accordance with the procedures set forth in this Section 5, or, if no such special meeting is called, at the next annual meeting of



shareholders. Upon any termination of such voting rights, the term of office of all directors elected pursuant to this Section 5 shall terminate.

(vi) So long as any shares of 4.50% Convertible Preferred Stock remain outstanding, unless a greater percentage shall then be required by law, the Corporation shall not, without the affirmative vote or consent of the holders of all of the outstanding 4.50% Convertible Preferred Stock voting or consenting, as the case may be, separately as one class, (i) create, authorize or issue any class or series of Senior Stock (or any security convertible into Senior Stock) or (ii) amend the Articles of Incorporation so as to affect adversely the specified rights, preferences, privileges or voting rights of holders of shares of 4.50% Convertible Preferred Stock.

(vii) In exercising the voting rights set forth in this Section 5(a), each share of 4.50% Convertible Preferred Stock shall be entitled to one vote.

(b) The Corporation may authorize, increase the authorized amount of, or issue any class or series of Parity Stock or Junior Stock, without the consent of the holders of 4.50% Convertible Preferred Stock, and in taking such actions the Corporation shall not be deemed to have affected adversely the rights, preferences, privileges or voting rights of holders of shares of 4.50% Convertible Preferred Stock.

## 6. Liquidation Rights.

(a) In the event of any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, each holder of shares of 4.50% Convertible Preferred Stock shall be entitled to receive and to be paid out of the assets of the Corporation available for distribution to its

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shareholders the Liquidation Preference plus Accumulated Dividends and Additional Dividends thereon in preference to the holders of, and before any payment or distribution is made on, any Junior Stock, including, without limitation, on any Common Stock.

(b) Neither the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all the assets or business of the Corporation (other than in



connection with the liquidation, winding-up or dissolution of its business) nor the merger or consolidation of the Corporation into or with any other Person shall be deemed to be a liquidation, winding-up or dissolution, voluntary or involuntary, for the purposes of this Section 6.

(c) After the payment to the holders of the shares of 4.50% Convertible Preferred Stock of full preferential amounts provided for in this Section 6, the holders of 4.50% Convertible Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

(d) In the event the assets of the Corporation available for distribution to the holders of shares of 4.50% Convertible Preferred Stock upon any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to Section 6(a), no such distribution shall be made on account of any shares of Parity Stock upon such liquidation, dissolution or winding-up unless proportionate distributable amounts shall be paid on account of the shares of 4.50% Convertible Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all 4.50% Convertible Preferred Stock and of any Parity Stock are entitled upon such liquidation, winding-up or dissolution.

## 7. Conversion.

(a) Conversion Rights. A Holder may convert 4.50% Convertible Preferred Stock into Common Stock during the periods and upon satisfaction of at least one of the conditions set forth below:

- (i) in any calendar quarter (and only during such calendar quarter) if the Last Reported Sale Price for Common Stock for at least 20 Trading Days during the period of 30 consecutive Trading Days ending on the last Trading Day of the previous calendar quarter is greater than or equal to 120% of the Conversion Price per share of Common Stock on such last Trading Day;
- (ii) during the five Business Days immediately following any ten consecutive Trading Day period in which the Trading Price per Liquidation Preference of 4.50% Convertible Preferred Stock (as determined following a request by a Holder of 4.50% Convertible Preferred Stock in accordance with the procedures described herein) for each day of that period was less than 95% of the product of the sale price of Common Stock and the then applicable Conversion Rate (the "Trading Exception"); provided, however, that a Holder may not convert its 4.50% Convertible Preferred Stock if the average closing sale price of Common Stock for such ten consecutive Trading Day period is between the then current Conversion Price and 120% of the then applicable Conversion Price; in connection with any conversion upon satisfaction of such Trading Price condition, the Conversion Agent shall have no obligation to determine the Trading Price unless the Corporation has requested such determination; and the Corporation shall have no obligation to make such request unless the Holder provides

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reasonable evidence that the Trading Price would be less than 95% of the product of the sale price of Common Stock and the then applicable Conversion Rate; at which time, the Corporation shall instruct the Conversion Agent to determine the Trading Price beginning on the next Trading Day and on each successive Trading Day until the Trading Price is greater than or equal to 95% of the product of the sale price of Common Stock and the then applicable Conversion Rate;

- (iii) the Corporation becomes a party to a consolidation, merger or binding share exchange pursuant to which the Common Stock would be converted into cash or property (other than securities), in which case a Holder may surrender 4.50% Convertible Preferred Stock for conversion at any time from and after the date which is 15 days prior to the anticipated effective date for the transaction until 15 days after the actual effective date of such transaction; or
- (iv) the Corporation elects to (i) distribute to all holders of Common Stock assets, debt securities or rights to purchase securities of the Corporation, which distribution has a per share value as determined by the Board of Directors exceeding 15% of the Last Reported Sale Price of a share of Common Stock on the Trading Day immediately preceding the declaration date for such distribution, or (ii) distribute to all holders of Common Stock rights entitling them to purchase, for a period expiring within 60 days after the date of such distribution, shares of Common Stock at less than the Last Reported Sale Price of Common Stock on the Trading Day immediately preceding the declaration date of the distribution. In the case of the foregoing clauses (i) and (ii), the Corporation must notify the Holders at least 20 Business Days immediately prior to the ex-dividend date for such distribution. Once the Corporation has given such notice, Holders may surrender their 4.50% Convertible Preferred Stock for conversion at any time thereafter until the earlier of the close of business on the Business Day immediately prior to the ex-dividend date or the Corporation's announcement that such distribution will not take place; provided, however, that a Holder may not exercise this right to convert if the Holder may participate in the distribution without conversion. As used herein, the term "ex dividend date," when used with respect to any issuance or distribution,

shall mean the first date on which the Common Stock trades regular way on such exchange or in such market without the right to receive such issuance or distribution.

The initial Conversion Rate is 5.0541 shares of Common Stock per share of 4.50% Convertible Preferred Stock, subject to adjustment in certain events as described herein. The Corporation shall deliver cash or a check in lieu of any fractional share of Common Stock. A Holder may convert fewer than all of its 4.50% Convertible Preferred Stock so long as the 4.50% Convertible Preferred Stock converted is an integral multiple of the Liquidation Preference.

Holders of 4.50% Convertible Preferred Stock at the close of business on a Dividend Record Date will receive payment of dividends, payable on the corresponding Dividend Payment Date notwithstanding the conversion of such 4.50% Convertible Preferred Stock at any time after the close of business on such Dividend Record Date. 4.50% Convertible Preferred Stock surrendered for conversion by a Holder during the period from the close of business on any Dividend Record Date to the opening of business on the immediately following Dividend Payment Date must be accompanied

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by payment of an amount equal to the dividend that the Holder is to receive on such 4.50% Convertible Preferred Stock; provided, however, that no such payment need be made if (1) the Corporation has specified a Mandatory Conversion Date that is after a Dividend Record Date and on or prior to the immediately following Dividend Payment Date or (2) any accumulated and unpaid dividends exist at the time of conversion with respect to such shares of 4.50% Convertible Preferred Stock to the extent of such accumulated and unpaid dividends.

To convert 4.50% Convertible Preferred Stock a Holder must (i) complete and manually sign the irrevocable conversion notice in the form attached hereto as Exhibit B (a "Conversion Notice") (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent at its office in Jackson, Michigan or any other offices of the Conversion Agent maintained by the Conversion Agent for such purpose, (ii) surrender the shares of 4.50% Convertible Preferred Stock to the Conversion Agent, (iii) furnish appropriate endorsements and transfer documents if required by the Conversion Agent or the Corporation and (iv) pay any transfer or similar tax, if required.

(b) Conversion Procedures. To convert 4.50% Convertible Preferred Stock, a Holder must satisfy the requirements in this Section 7 and in the 4.50% Convertible Preferred Stock. The date on which the Holder satisfies all those requirements is the conversion date (the "Conversion Date"). As soon as practicable, but in no event later than the fifth Business Day following the Conversion Date, the Corporation shall update the global security representing the shares of Common Stock to record the Holder's interest in the Common Stock, or deliver to the Holder, through the Conversion Agent, a certificate for the number of full shares of Common Stock issuable upon the conversion and cash or a check in lieu of any fractional share determined pursuant to Section 7(c) hereof. The Person in whose name the certificate is registered shall be treated as a shareholder of record on and after the Conversion Date; provided, however, that no surrender of 4.50% Convertible Preferred Stock on any date when the stock transfer books of the Corporation shall be closed shall be effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; such conversion shall be at the Conversion Rate in effect on the date that such shares of 4.50% Convertible Preferred Stock shall have been surrendered for conversion, as if the stock transfer books of the Corporation had not been closed. Upon conversion of 4.50% Convertible Preferred Stock, such Person shall no longer be a Holder of such 4.50% Convertible Preferred Stock.

No payment or adjustment shall be made for dividends on or other distributions with respect to any Common Stock except as provided in Section 7(f) hereof or as otherwise provided in this Certificate of Designation.

On conversion of 4.50% Convertible Preferred Stock, that portion of Accumulated Dividends with respect to the converted 4.50% Convertible Preferred Stock will be deemed canceled, extinguished or forfeited, rather than paid in full to the Holder thereof through delivery of the Common Stock (together with the cash or check payment, if any, in lieu of fractional shares) in exchange for the shares of 4.50% Convertible Preferred Stock being converted pursuant to the provisions hereof, and the Fair Market Value of such shares of Common Stock (together with any such cash or check

payment in lieu of fractional shares) shall be treated as issued, to the extent thereof, first in exchange for Accumulated Dividends through the Conversion Date, and the balance, if any, of such Fair Market Value of such Common Stock (and any such cash or check payment) shall be treated as issued in exchange for the Liquidation Preference of the 4.50% Convertible Preferred Stock being converted pursuant to the provisions hereof.

Upon surrender of 4.50% Convertible Preferred Stock that is converted in part, the Corporation shall execute, and the Transfer Agent shall authenticate and deliver to the Holder, new shares of 4.50% Convertible Preferred Stock in a number equal to the unconverted portion of the shares of 4.50% Convertible Preferred Stock surrendered.

If the last day on which 4.50% Convertible Preferred Stock may be converted is a legal holiday in a place where a Conversion Agent is located, the 4.50% Convertible Preferred Stock may be surrendered to that Conversion Agent on the next succeeding day that it is not a legal holiday.

(c) Cash or Check Payments in Lieu of Fractional Shares. The Corporation shall not issue a fractional share of Common Stock upon conversion of 4.50% Convertible Preferred Stock. Instead the Corporation shall deliver cash (or Corporation's check) for the current market value of the fractional share. The current market value of a fractional share shall be determined to the nearest 1/10,000th of a share by multiplying the Last Reported Sale Price of a full share of Common Stock on the Trading Day immediately preceding the Conversion Date by the fractional amount and rounding the product to the nearest whole cent.

(d) Taxes on Conversion. If a Holder converts 4.50% Convertible Preferred Stock, the Corporation shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon the conversion. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which shall be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any withholding tax required by law.

(e) Covenants of the Corporation. The Corporation shall, prior to issuance of any 4.50% Convertible Preferred Stock hereunder, and from time to time as may be necessary, reserve out of its authorized but unissued Common Stock a sufficient number of shares of Common Stock to permit the conversion of the 4.50% Convertible Preferred Stock.

All shares of Common Stock delivered upon conversion of the 4.50% Convertible Preferred Stock shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Corporation shall endeavor promptly to comply with all federal and state securities laws regulating the order and delivery of shares of Common Stock upon the conversion of 4.50% Convertible Preferred Stock, if any, and shall cause to have listed or quoted all such shares of Common Stock on each United States national securities exchange or over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

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(f) Adjustments to Conversion Rate. The Conversion Rate shall be adjusted from time to time, without duplication, as follows:

- (i) In case the Corporation shall: (a) pay a dividend, or make a distribution, exclusively in shares of its capital stock, on the Common Stock; (b) subdivide its outstanding Common Stock into a greater number of shares; (c) combine its outstanding Common Stock into a smaller number of shares; or (d) reclassify its Common Stock, the Conversion Rate in effect immediately prior to the record date or effective date, as the case may be, for the adjustment pursuant to this Section 7(f) as described below, shall be adjusted so that the Holder of any 4.50% Convertible Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock of the Corporation which such Holder would have owned or have been entitled to receive after the happening of any of the events described above had such 4.50% Convertible Preferred Stock been converted immediately prior to such record date or effective date, as the case may be. An adjustment made pursuant to this Section 7(f) shall become effective immediately after the applicable record date in the case of a dividend or distribution and shall become effective immediately after the applicable effective date in the case of subdivision, combination or reclassification of the Corporation's Common Stock. If any dividend or distribution of the type described in clause (a) above is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.
- (ii) In case the Corporation shall issue rights or warrants to all holders of the Common Stock entitling them (for a period expiring within 60 days after the date of issuance of such rights or warrants) to subscribe for or purchase Common Stock at a price per share less than the

Market Price per share of Common Stock on the record date fixed for determination of shareholders entitled to receive such rights or warrants, the Conversion Rate in effect immediately after such record date shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately after such record date by a fraction of which (a) the numerator shall be the number of shares of Common Stock outstanding on such record date plus the number of additional shares of Common Stock offered for subscription or purchase, and (b) the denominator shall be the number of shares of Common Stock outstanding on such record date plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at the Market Price per share of Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such issuance of rights or warrants. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be

adjusted to be the Conversion Rate which would then be in effect if such record date for the determination of shareholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Corporation for such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors.



(iii) In case the Corporation shall, by dividend or otherwise, distribute to all holders of Common Stock any assets, debt securities or rights or warrants to purchase any of its securities (excluding (a) any dividend, distribution or issuance covered by those referred to in Section 7(f)(i) or Section 7(f)(ii) hereof and (b) any dividend or distribution paid exclusively in cash) (any of the foregoing hereinafter in this Section 7(f)(iii) called the “Distributed Assets or Securities”) in an aggregate amount per share of Common Stock that, combined together with the aggregate amount of any other such distributions to all holders of its Common Stock made within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this Section 7(f)(iii) has been made, exceeds 15% of the Market Price on the Trading Day immediately preceding the declaration of such distribution, then the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date mentioned below by a fraction of which (A) the numerator shall be the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution, and (B) the denominator shall be (1) the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution less (2) the Fair Market Value on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution (as determined by the Board of Directors, whose determination shall be conclusive, and described in a certificate filed with the Paying Agent) of the Distributed Assets or Securities so distributed applicable to one share of Common Stock. Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution; provided, however, that, if (a) the Fair Market Value of the portion of the Distributed Assets or Securities so distributed applicable to one share of Common Stock is equal to or greater than the Market Price of the Common Stock on the record date for the determination of shareholders entitled to receive such distribution or (b) the Market Price of the Common Stock on the record date for the determination of shareholders entitled to receive such distribution is greater than the Fair Market Value per share of such Distributed Assets or Securities by less than \$1.00, then, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the shares of Common Stock, the kind and amount of assets, debt securities, or rights or warrants comprising the Distributed Assets or Securities the Holder would have received had such Holder converted such 4.50% Convertible Preferred Stock immediately prior to the record date for the



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determination of shareholders entitled to receive such distribution. In the event that such distribution is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such distribution had not been declared.

- (iv) In case the Corporation shall make (a) any distributions, by dividend or otherwise, during any quarterly fiscal periods consisting exclusively of cash to all holders of outstanding shares of Common Stock in an aggregate amount that, together with (b) other all-cash or all-check distributions made to all holders of outstanding shares of Common Stock during such quarterly fiscal period, and (c) any cash and the Fair Market Value, as of the expiration of any tender or exchange offer (other than consideration payable in respect of any odd-lot tender offer) of consideration payable in respect of any tender or exchange offer by the Corporation or any of the Corporation's Subsidiaries for all or any portion of shares of Common Stock concluded during such quarterly fiscal period, exceed the product of \$0 multiplied by the number of shares of Common Stock outstanding on the record date for such distribution, then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive such distribution by a fraction of which (A) the numerator shall be the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution and (B) the denominator shall be (1) the Market Price per share of Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution plus (2) \$0 less (3) an amount equal to the quotient of (x) the combined amount distributed or payable in the transactions described in clauses (a), (b) and (c) above during such quarterly fiscal period and (y) the number of shares of Common Stock outstanding on such record date, such adjustment to become effective immediately after the record date for the determination of shareholders entitled to receive such distribution.
- (v) With respect to Section 7(f)(iii) hereof, in the event that the Corporation makes any distribution to all holders of Common Stock consisting of Equity Interests in a Subsidiary or other business unit of the Corporation, the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date fixed for the

determination of holders of Common Stock entitled to receive such distribution by a fraction of which (i) the numerator shall be (x) the Spin-off Market Price per share of the Common Stock on such record date plus (y) the Spin-off Market Price per Equity Interest of the Subsidiary or other business unit of the Corporation on such record date and (ii) the denominator shall be the Spin-off Market Price per share of the Common Stock on such record date, such adjustment to become effective 10 Trading Days after the effective date of such distribution of Equity Interests in a Subsidiary or other business unit of the Corporation.

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- (vi) Upon conversion of the 4.50% Convertible Preferred Stock, the Holders shall receive, in addition to the Common Stock issuable upon such conversion, the rights issued under any future shareholder rights plan the Corporation implements (notwithstanding the occurrence of an event causing such rights to separate from the Common Stock at or prior to the time of conversion) unless, prior to conversion, the rights have expired, terminated or been redeemed or exchanged in accordance with such rights plan. If, and only if, the Holders of 4.50% Convertible Preferred Stock receive rights under such shareholder rights plans as described in the preceding sentence upon conversion of their 4.50% Convertible Preferred Stock, then no other adjustment pursuant to this Section 7(f) shall be made in connection with such shareholder rights plans.
- (vii) For purposes of this Section 7(f), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Corporation shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.
- (viii) Notwithstanding the foregoing, in no event shall the Conversion Rate exceed the maximum conversion rate specified under this Section 7(f)(viii) (the "Maximum Conversion Rate") as a result of an adjustment pursuant to Section 7(f)(iii) or Section 7(f)(iv) hereof. The Maximum Conversion Rate shall initially be 6.5703 and shall be appropriately adjusted from time to time for any stock dividends on or subdivisions or combinations of the

Common Stock. The Maximum Conversion Rate shall not apply to any adjustments made pursuant to any of the events in Section 7(f)(i) or Section 7(f)(ii) hereof.

(g) Calculation Methodology. No adjustment in the Conversion Price need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect, provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. Except as stated in this Section 7, the Conversion Rate will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing. Any adjustments that are made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Section 4 and Section 7(f) hereof and this Section 7(g) shall be made to the nearest cent or to the nearest 1/10,000th of a share, as the case may be.

(h) When No Adjustment Required. No adjustment to the Conversion Rate need be made:

- (i) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Common Stock under any plan;
  - (ii) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Corporation or any of its Subsidiaries;
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- (iii) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security not described in clause (ii) above and outstanding as of the date of this Certificate of Designation;
  - (iv) for a change in the par value or no par value of the Common Stock;
  - (v) for accumulated and unpaid dividends (including Additional Dividends, if any); or

- (vi) if Holders are to participate in a merger or consolidation on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction; provided that the basis on which the Holders are to participate in the transaction shall not be deemed to be fair if it would require the conversion of securities at any time prior to the expiration of the conversion period specified for such securities.

To the extent the 4.50% Convertible Preferred Stock becomes convertible into cash, assets or property (other than capital stock of the Corporation or securities to which Section 7(l) hereof applies), no adjustment shall be made thereafter as to the cash, assets or property. Interest shall not accumulate on such cash.

(i) Notice of Adjustment. Whenever the Conversion Rate is adjusted, the Corporation shall promptly mail to Holders a notice of the adjustment. The Corporation shall file with the Conversion Agent such notice. The certificate shall, absent manifest error, be conclusive evidence that the adjustment is correct. No Conversion Agent shall be under any duty or responsibility with respect to any such certificate except to exhibit the same to any Holder desiring inspection thereof.

(j) Voluntary Increase. The Corporation may make such increases in the Conversion Rate, in addition to those required by Section 7(f) hereof, as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. To the extent permitted by applicable law, the Corporation may from time to time increase the Conversion Rate by any amount, temporarily or otherwise, for any period of at least 20 days if the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Corporation, which determination shall be conclusive. Whenever the Conversion Rate is so increased, the Corporation shall mail to Holders and file with the Conversion Agent a notice of such increase. The Conversion Agent shall not be under any duty or responsibility with respect to any such notice except to exhibit the same to any holder desiring inspection thereof. The Corporation shall mail the notice at least 15 days before the date the increased Conversion Rate takes effect. The notice shall state the increased Conversion Rate and the period it shall be in effect.

(k) Notice to Holders Prior to Certain Actions. In case:

- (i) the Corporation shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 7(f) hereof;

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- (ii) the Corporation shall authorize the granting to all or substantially all the holders of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants;
- (iii) of any reclassification or reorganization of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Corporation is a party and for which approval of any shareholders of the Corporation is required, or of the sale or transfer of all or substantially all of the assets of the Corporation; or
- (iv) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,
- the Corporation shall cause to be filed with the Conversion Agent and to be mailed to each Holder at its address appearing on the Security Register, as promptly as possible but in any event at least 15 days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, or rights or warrants are to be determined or (y) the date on which such reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

(l) Effect of Reclassification, Consolidation, Merger, Binding Share Exchange or Sale. If any of the following events occur, namely: (i) any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); (ii) any consolidation, merger, combination or binding share exchange of the Corporation with another Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in

exchange for such Common Stock; or (iii) any sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Corporation or the successor or purchasing Person, as the case may be, shall cause an amendment to this Certificate of Designation to be executed and filed in accordance with Michigan law, providing that each share of 4.50% Convertible Preferred Stock shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, binding share exchange, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such 4.50% Convertible Preferred Stock immediately prior to such reclassification,

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change, consolidation, merger, combination, binding share exchange, sale or conveyance. Such amended Certificate of Designation shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7(l).

The Corporation shall cause notice of the execution of such amended Certificate of Designation to be mailed to each Holder, at its address appearing on the Security Register, within 20 days after filing thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section 7(l) shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, binding share exchanges, sales and conveyances.

If this Section 7(l) applies to any event or occurrence, Section 7(f) hereof shall not apply.

(m) Responsibility of Conversion Agent. The Conversion Agent shall not at any time be under any duty or responsibility to any Holder to either calculate the Conversion Rate or determine whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any amended Certificate of Designation provided to be employed, in making the same and shall be

protected in relying upon an Officers' Certificate with respect to the same. The Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any 4.50% Convertible Preferred Stock and the Conversion Agent makes no representations with respect thereto. The Conversion Agent shall not be responsible for any failure of the Corporation to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any 4.50% Convertible Preferred Stock for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Corporation contained in this Section 7(m). Without limiting the generality of the foregoing, the Conversion Agent shall not be under any responsibility to determine the correctness of any provisions contained in any amended Certificate of Designation entered into pursuant to this Section 7 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Holders upon the conversion of their 4.50% Convertible Preferred Stock after any event referred to in this Section 7 or to any adjustment to be made with respect thereto, but may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Corporation shall be obligated to file with the Conversion Agent prior to the execution of any such amended Certificate of Designation) with respect thereto.

(n) Simultaneous Adjustments. In the event that Section 7(f) hereof requires adjustments to the Conversion Rate under more than one of Section 7(f)(i), Section 7(f)(ii), Section 7(f)(iii) or Section 7(f)(iv) hereof, and the Dividend Record Dates for the distributions giving rise to such adjustments shall occur on the same date, then such adjustments shall be made by applying, first, the provisions of Section 7(f)(iii) hereof, second, the provisions of Section 7(f)(i) hereof and third, the provisions of Section 7(f)(ii) hereof; provided, however, that nothing in this Section 7(n) shall be done to evade the principle set forth in Section 7(f)(viii) hereof that the Maximum Conversion Rate shall not apply to any adjustments made with respect to any of the events in Section 7(f)(i) or Section 7(f)(ii) hereof.

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(o) Successive Adjustments. After an adjustment to the Conversion Rate under Section 7(f) hereof, any subsequent event requiring an adjustment under Section 7(f) shall cause an adjustment to the Conversion Rate as so adjusted.



(p) General Considerations. Whenever successive adjustments to the Conversion Rate are called for pursuant to this Section 7, such adjustments shall be made to the Market Price as may be necessary or appropriate to effectuate the intent of this Section 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(q) Corporation Determination Final. Any determination which the Board of Directors must make pursuant to this Section 7 shall be conclusive and binding on the Holders.

## 8. Mandatory Conversion.

(a) At any time on or after December 5, 2008, the Corporation shall have the right, at its option, to cause the 4.50% Convertible Preferred Stock, in whole but not in part, to be automatically converted into that number of whole shares of Common Stock for each share of 4.50% Convertible Preferred Stock equal to the quotient of (i) the Liquidation Preference divided by (ii) the Conversion Price then in effect, with any resulting fractional shares of Common Stock to be settled in accordance with Section 7(c). The Corporation may exercise its right to cause a mandatory conversion pursuant to this Section 8(a) only if the Last Reported Sale Price of the Common Stock equals or exceeds 130% of the Conversion Price then in effect for at least 20 Trading Days in any consecutive 30-day trading period on the NYSE (or such other national securities exchange or automated quotation system on which the Common Stock is then listed or authorized for quotation), including the last Trading Day of such 30-day period, ending on the Trading Day prior to the Corporation's issuance of a press release announcing the mandatory conversion as described in Section 8(b).

(b) To exercise the mandatory conversion right described in Section 8(a), the Corporation must issue a press release for publication on the Dow Jones News Service prior to the opening of business on the first trading day following any date on which the conditions described in Section 8(a) are met, announcing such a mandatory conversion. The Corporation shall also give notice by mail or by publication (with subsequent prompt notice by mail) to the holders of 4.50% Convertible Preferred Stock (not more than four Business Days after the date of the press release) of the mandatory conversion announcing the Corporation's intention to convert the 4.50% Convertible Preferred Stock. The conversion date will be a date selected by the Corporation (the "Mandatory Conversion Date") and will be no more than five days after the date on which the Corporation issues the press release described in this Section 8(b).

(c) In addition to any information required by applicable law or regulation, the press release and notice of a mandatory conversion described in Section 8(b) shall state, as appropriate: (i) the Mandatory Conversion Date; (ii) the number of shares of Common Stock to be issued upon conversion of each share of 4.50% Convertible Preferred Stock; (iii) the number of shares of 4.50% Convertible Preferred Stock to be converted; and (iv) that dividends on the 4.50% Convertible Preferred Stock to be converted will cease to accumulate on the Mandatory Conversion Date.



(d) On and after the Mandatory Conversion Date, dividends will cease to accumulate on the 4.50% Convertible Preferred Stock called for a mandatory conversion pursuant to Section 8(a) and all rights of holders of such 4.50% Convertible Preferred Stock will terminate except for the right to

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receive the whole shares of Common Stock issuable upon conversion thereof and cash, in lieu of any fractional shares of Common Stock in accordance with Section 7(c). The dividend payment with respect to the 4.50% Convertible Preferred Stock called for a mandatory conversion pursuant to Section 8(a) on a date during the period between the close of business on any Dividend Record Date to the close of business on the corresponding Dividend Payment Date will be payable on such Dividend Payment Date to the record holder of such share on such Dividend Record Date if such share has been converted after such Dividend Record Date and prior to such Dividend Payment Date. Except as provided in the immediately preceding sentence with respect to a mandatory conversion pursuant to Section 8(a), no payment or adjustment will be made upon conversion of 4.50% Convertible Preferred Stock for Accumulated Dividends or for dividends with respect to the Common Stock issued upon such conversion.

(e) The Corporation may not authorize, issue a press release or give notice of any mandatory conversion pursuant to Section 8(a) unless, prior to giving the mandatory conversion notice, all Accumulated Dividends on the 4.50% Convertible Preferred Stock for periods ended prior to the date of such mandatory conversion notice shall have been paid in cash.

(f) In addition to the mandatory conversion right described in Section 8(a), if there are less than 250,000 shares of 4.50% Convertible Preferred Stock outstanding, the Corporation shall have the right, at any time on or after December 5, 2008, at its option, to cause the 4.50% Convertible Preferred Stock to be automatically converted into that number of whole shares of Common Stock equal to the quotient of (i) the Liquidation Preference divided by (ii) the lesser of (A) the Conversion Price then in effect and (B) the Market Value for the period ending on the second Trading Day immediately prior to the Mandatory Conversion Date, with any resulting fractional shares of Common Stock to be settled in cash in accordance with Section 7(c). The provisions of clauses (b), (c), (d) and (e) of this Section 8 shall apply to any mandatory conversion pursuant to this clause (f); provided, that (i) the Mandatory Conversion Date described in Section 8(b) shall not be less than 15 days nor more than 30 days after the date on which the Corporation issues a press release pursuant to Section 8(b) announcing such mandatory conversion

and (ii) the press release and notice of mandatory conversion described in Section 8(c) will not state the number of shares of Common Stock to be issued upon conversion of each share of 4.50% Convertible Preferred Stock.

## 9. Consolidation, Merger and Sale of Assets.

(a) The Corporation, without the consent of the Holders of any of the outstanding 4.50% Convertible Preferred Stock, may consolidate with or merge into any other Person or convey, transfer or lease all or substantially all its assets to any Person or may permit any Person to consolidate with or merge into, or transfer or lease all or substantially all its properties to, the Corporation; provided, however, that: (a) the successor, transferee or lessee is organized under the laws of the United States or any political subdivision thereof; (b) the shares of 4.50% Convertible Preferred Stock will become shares of such successor, transferee or lessee, having in respect of such successor, transferee or lessee the same powers, designations, preferences and relative, participating, optional or other rights on which, and the qualification, limitations or restrictions thereon, the 4.50% Convertible Preferred Stock had immediately prior to such transaction; and (c) the Corporation delivers to the Transfer Agent an Officers' Certificate and an Opinion of Counsel stating that such transaction complies with this Certificate of Designation (including without limitation the requirements of Section 7(l)).

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(b) Upon any consolidation by the Corporation with, or merger by the Corporation into, any other Person or any conveyance, transfer or lease of all or substantially all the assets of the Corporation as described in Section 9(a), the successor resulting from such consolidation or into which the Corporation is merged or the transferee or lessee to which such conveyance, transfer or lease is made will succeed to, and be substituted for, and may exercise every right and power of, the Corporation under the shares of 4.50% Convertible Preferred Stock, and, thereafter, except in the case of a lease, the predecessor (if still in existence) will be released from its obligations and covenants with respect to the 4.50% Convertible Preferred Stock.

## 10. SEC Reports.

Whether or not the Corporation is required to file reports with the Commission, if any shares of 4.50% Convertible Preferred Stock are outstanding, the Corporation shall file with the Commission all such reports and other information as it would be required to file with the Commission by Section 13(a) or 15(d) under the Exchange Act. The Corporation shall supply each holder of 4.50% Convertible Preferred Stock, upon request, without cost to such holder, copies of such reports or other information.

## 11. Certificates.

(a) Form and Dating. The 4.50% Convertible Preferred Stock and the Transfer Agent's certificate of authentication shall be substantially in the form of Exhibit C, which is hereby incorporated in and expressly made a part of this Certificate of Designation. The 4.50% Convertible Preferred Stock certificate may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Corporation is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Corporation). Each 4.50% Convertible Preferred Stock certificate shall be dated the date of its authentication. The terms of the 4.50% Convertible Preferred Stock certificate set forth in Exhibit C are part of the terms of this Certificate of Designation.

- (i) Global 4.50% Convertible Preferred Stock. The 4.50% Convertible Preferred Stock shall be issued initially in the form of one or more fully registered global certificates with the global securities legend and restricted securities legend set forth in Exhibit C hereto (the "Global 4.50% Convertible Preferred Stock"), which shall be deposited on behalf of the purchasers represented thereby with DTC (or with such custodian as DTC may direct), and registered in the name of DTC or a nominee of DTC, duly executed by the Corporation and authenticated by the Transfer Agent as hereinafter provided. The number of shares of 4.50% Convertible Preferred Stock represented by Global 4.50% Convertible Preferred Stock may from time to time be increased or decreased by adjustments made on the records of the Transfer Agent and DTC or its nominee as hereinafter provided. With respect to shares of 4.50% Convertible Preferred Stock that are not "restricted securities" as defined in Rule 144 under the Securities Act on a Conversion Date, all shares of Common Stock distributed on such Conversion Date will be freely transferable without restriction under the Securities Act (other than by affiliates), and such shares will be eligible for receipt in global form through the facilities of DTC.

- (ii) **Book-Entry Provisions.** In the event Global 4.50% Convertible Preferred Stock is deposited with or on behalf of DTC, the Corporation shall execute and the Transfer Agent shall authenticate and deliver initially one or more Global 4.50% Convertible Preferred Stock certificates that (a) shall be registered in the name of DTC as depository for such Global 4.50% Convertible Preferred Stock or the nominee of DTC and (b) shall be delivered by the Transfer Agent to DTC or pursuant to DTC's instructions or held by the Transfer Agent as custodian for DTC.

Members of, or participants in, DTC ("Agent Members") shall have no rights under this Certificate of Designation with respect to any Global 4.50% Convertible Preferred Stock held on their behalf by DTC or by the Transfer Agent as the custodian of DTC or under such Global 4.50% Convertible Preferred Stock, and DTC may be treated by the Corporation, the Transfer Agent and any agent of the Corporation or the Transfer Agent as the absolute owner of such Global 4.50% Convertible Preferred Stock for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Corporation, the Transfer Agent or any agent of the Corporation or the Transfer Agent from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its Agent Members, the operation of customary practices of DTC governing the exercise of the rights of a holder of a beneficial interest in any Global 4.50% Convertible Preferred Stock.

- (iii) **Certificated 4.50% Convertible Preferred Stock.** Except as provided in Section 11(c), owners of beneficial interests in Global 4.50% Convertible Preferred Stock will not be entitled to receive Certificated 4.50% Convertible Preferred Stock.

**(b) Execution and Authentication.** Two Officers shall sign the 4.50% Convertible Preferred Stock certificate for the Corporation by manual or facsimile signature.

If an Officer whose signature is on a 4.50% Convertible Preferred Stock certificate no longer holds that office at the time the Transfer Agent authenticates the 4.50% Convertible Preferred Stock certificate, the 4.50% Convertible Preferred Stock certificate shall be valid nevertheless.

A 4.50% Convertible Preferred Stock certificate shall not be valid until an authorized signatory of the Transfer Agent and the Security Registrar manually signs the certificate of authentication on the 4.50% Convertible Preferred Stock certificate. The signature shall be conclusive evidence that the 4.50% Convertible Preferred Stock certificate has been authenticated under this Certificate of Designation.

The Transfer Agent shall authenticate and deliver certificates for up to 5,000,000 shares of 4.50% Convertible Preferred Stock for original issue upon a written order of the Corporation signed by two

Officers or by an Officer and an Assistant Treasurer of the Corporation. Such order shall specify the number of shares of 4.50% Convertible Preferred Stock to be authenticated and the date on which the original issue of 4.50% Convertible Preferred Stock is to be authenticated.

The Transfer Agent may appoint an authenticating agent reasonably acceptable to the Corporation to authenticate the certificates for 4.50% Convertible Preferred Stock. Unless limited by the terms of such appointment, an authenticating agent may authenticate certificates for 4.50% Convertible

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Preferred Stock whenever the Transfer Agent may do so. Each reference in this Certificate of Designation to authentication by the Transfer Agent includes authentication by such agent. An authenticating agent has the same rights as the Transfer Agent or agent for service of notices and demands.

(c) Transfer and Exchange of Global 4.50% Convertible Preferred Stock. The transfer and exchange of Global 4.50% Convertible Preferred Stock or beneficial interests therein shall be effected through DTC, in accordance with this Certificate of Designation (including applicable restrictions on transfer set forth herein, if any) and the procedures of DTC therefor.

(i) Restrictions on Transfer and Exchange of Global 4.50% Convertible Preferred Stock.

(1) Notwithstanding any other provisions of this Certificate of Designation (other than the provisions set forth in Section 11(c)(ii)), Global 4.50% Convertible Preferred Stock may not be transferred as a whole except by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor depository or a nominee of such successor depository.

(2) In the event that the Global 4.50% Convertible Preferred Stock is exchanged for 4.50% Convertible Preferred Stock in definitive registered form pursuant to Section 11(c)(ii) prior to the effectiveness of a Shelf Registration Statement with respect to such securities, such 4.50% Convertible Preferred Stock may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 11(c) (including the certification requirements set forth in the Exhibits

to this Certificate of Designation intended to ensure that such transfers comply with Rule 144A or such other applicable exemption from registration under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Corporation.

- (3) The 4.50% Convertible Preferred Stock, and any shares of Common Stock distributed pursuant to the conversion of the 4.50% Convertible Preferred Stock, may not be sold or otherwise transferred until the expiration of two years following the date of payment for and delivery of the 4.50% Convertible Preferred Stock, except (a) pursuant to registration under the Securities Act, (b) in accordance with Rule 144 (if available) or Rule 144A under the Securities Act (if available) or (c) in offshore transactions in reliance on Regulation S, and will bear a legend to this effect.

(ii) Authentication of Certificated 4.50% Convertible Preferred Stock. If at any time:

- (1) DTC notifies the Corporation that DTC is unwilling or unable to continue as depository for the Global 4.50% Convertible Preferred Stock and a successor depository for the Global 4.50% Convertible Preferred Stock is not appointed by the Corporation within 90 days after delivery of such notice;

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- (2) DTC ceases to be a clearing agency registered under the Exchange Act and a successor depository for the Global 4.50% Convertible Preferred Stock is not appointed by the Corporation within 90 days; or

- (3) the Corporation, in its sole discretion, notifies the Transfer Agent in writing that it elects to cause the issuance of Certificated 4.50% Convertible Preferred Stock under this Certificate of Designation,

then the Corporation will execute, and the Transfer Agent, upon receipt of a written order of the Corporation signed by two Officers or by an Officer and an Assistant Treasurer of the Corporation requesting the authentication and delivery of Certificated 4.50% Convertible Preferred Stock to the Persons designated by the

Corporation, will authenticate and deliver Certificated 4.50% Convertible Preferred Stock equal to the number of shares of 4.50% Convertible Preferred Stock represented by the Global 4.50% Convertible Preferred Stock, in exchange for such Global 4.50% Convertible Preferred Stock.

(iii) Cancellation or Adjustment of Global 4.50% Convertible Preferred Stock. At such time as all beneficial interests in Global 4.50% Convertible Preferred Stock have either been exchanged for Certificated 4.50% Convertible Preferred Stock, converted or canceled, such Global 4.50% Convertible Preferred Stock shall be returned to DTC for cancellation or retained and canceled by the Transfer Agent. At any time prior to such cancellation, if any beneficial interest in Global 4.50% Convertible Preferred Stock is exchanged for Certificated 4.50% Convertible Preferred Stock, converted or canceled, the number of shares of 4.50% Convertible Preferred Stock represented by such Global 4.50% Convertible Preferred Stock shall be reduced and an adjustment shall be made on the books and records of the Transfer Agent with respect to such Global 4.50% Convertible Preferred Stock, by the Transfer Agent or DTC, to reflect such reduction.

(iv) Obligations with Respect to Transfers and Exchanges of 4.50% Convertible Preferred Stock.

(1) To permit registrations of transfers and exchanges, the Corporation shall execute and the Transfer Agent shall authenticate Certificated 4.50% Convertible Preferred Stock and Global 4.50% Convertible Preferred Stock as required pursuant to the provisions of this Section 11(c).

(2) All Certificated 4.50% Convertible Preferred Stock and Global 4.50% Convertible Preferred Stock issued upon any registration of transfer or exchange of Certificated 4.50% Convertible Preferred Stock or Global 4.50% Convertible Preferred Stock shall be the valid obligations of the Corporation, entitled to the same benefits under this Certificate of Designation as the Certificated 4.50% Convertible Preferred Stock or Global 4.50% Convertible Preferred Stock surrendered upon such registration of transfer or exchange.



(3) Prior to due presentment for registration of transfer of any shares of 4.50% Convertible Preferred Stock, the Transfer Agent and the Corporation may deem and treat the Person in whose name such shares of 4.50% Convertible Preferred Stock are registered as the absolute owner of such 4.50% Convertible Preferred Stock and neither the Transfer Agent nor the Corporation shall be affected by notice to the contrary.

(4) No service charge shall be made to a Holder for any registration of transfer or exchange upon surrender of any 4.50% Convertible Preferred Stock certificate or Common Stock certificate at the office of the Transfer Agent maintained for that purpose. However, the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of 4.50% Convertible Preferred Stock certificates or Common Stock certificates.

(5) Upon any sale or transfer of shares of 4.50% Convertible Preferred Stock (including any 4.50% Convertible Preferred Stock represented by a Global 4.50% Convertible Preferred Stock certificate) or of certificated Common Stock pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 or another exemption from registration under the Securities Act (and based upon an Opinion of Counsel reasonably satisfactory to the Corporation if it so requests):

(A) in the case of any Certificated 4.50% Convertible Preferred Stock or certificated Common Stock, the Corporation and the Transfer Agent shall permit the holder thereof to exchange such 4.50% Convertible Preferred Stock or certificated Common Stock for Certificated 4.50% Convertible Preferred Stock or certificated Common Stock, as the case may be, that does not bear the restrictive legend set forth on Exhibit C and rescind any restriction on the transfer of such 4.50% Convertible Preferred Stock or Common Stock issuable in respect of the conversion of the 4.50% Convertible Preferred Stock; and

(B) in the case of any Global 4.50% Convertible Preferred Stock, such 4.50% Convertible Preferred Stock shall not be required to bear the restrictive legend set forth on Exhibit C; provided, however, that with respect to any request for an exchange of 4.50% Convertible Preferred Stock that is represented by Global 4.50% Convertible Preferred Stock for Certificated 4.50% Convertible Preferred Stock that does not bear a restrictive as set forth on Exhibit C in connection with a sale or transfer thereof pursuant to Rule 144 or another exemption from registration under the Securities Act (and based upon an Opinion of Counsel if the Corporation so requests), the Holder thereof shall certify in writing to the Transfer Agent that such request is being made pursuant to such exemption (such certification to be substantially in the form of Exhibit D hereto).



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(v) No Obligation of the Transfer Agent.

- (1) The Transfer Agent shall have no responsibility or obligation to any beneficial owner of Global 4.50% Convertible Preferred Stock, a member of, or a participant in, DTC or any other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the 4.50% Convertible Preferred Stock or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice or the payment of any amount, under or with respect to such Global 4.50% Convertible Preferred Stock. All notices and communications to be given to the Holders and all payments to be made to Holders under the 4.50% Convertible Preferred Stock shall be given or made only to the Holders (which shall be DTC or its nominee in the case of the Global 4.50% Convertible Preferred Stock). The rights of beneficial owners in any Global 4.50% Convertible Preferred Stock shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Transfer Agent may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.
- (2) The Transfer Agent shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Certificate of Designation or under applicable law with respect to any transfer of any interest in any 4.50% Convertible Preferred Stock (including any transfers between or among DTC participants, members or beneficial owners in any Global 4.50% Convertible Preferred Stock) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Certificate of Designation, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(d) Replacement Certificates. If a mutilated 4.50% Convertible Preferred Stock certificate is surrendered to the Transfer Agent or if the Holder of a 4.50% Convertible Preferred Stock certificate claims that the 4.50% Convertible Preferred Stock certificate has been lost, destroyed or wrongfully taken, the Corporation shall issue and the Transfer Agent shall countersign a replacement 4.50% Convertible Preferred Stock certificate if the reasonable requirements of the Transfer Agent are met. If required by the Transfer Agent or the Corporation, such Holder shall furnish an indemnity bond sufficient in the judgment of the Corporation and the Transfer Agent to protect the Corporation and the Transfer Agent from any loss which either of them may suffer if a 4.50% Convertible Preferred Stock certificate is replaced. The Corporation and the Transfer Agent may charge the Holder for their expenses in replacing a 4.50% Convertible Preferred Stock certificate.

12. Additional Rights of Holders. In addition to the rights provided to Holders under this Certificate of Designation, Holders shall have the rights set forth in the Registration Rights Agreement.

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### 13. Other Provisions.

(a) With respect to any notice to a Holder of shares of 4.50% Convertible Preferred Stock required to be provided hereunder, neither failure to mail such notice, nor any defect therein or in the mailing thereof, to any particular Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any distribution, rights, warrant, reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding-up, or the vote upon any such action. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

(b) Shares of 4.50% Convertible Preferred Stock issued and reacquired will be retired and canceled promptly after reacquisition thereof and, upon compliance with the applicable requirements of Michigan law, have the status of authorized but unissued shares of preferred stock of the Corporation undesignated as to series and may with any and all other authorized but unissued shares of preferred stock of the Corporation be designated or redesignated and issued or reissued, as the case may be, as part of any series of preferred stock of the Corporation, except that any issuance or reissuance of shares of 4.50% Convertible Preferred Stock must be in compliance with this Certificate of Designation.

(c) The shares of 4.50% Convertible Preferred Stock shall be issuable only in whole shares.

(d) All notice periods referred to herein shall commence on the date of the mailing of the applicable notice.

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**EXHIBIT A**

**FORM OF FUNDAMENTAL CHANGE PURCHASE NOTICE**

To: CMS Energy Corporation

The undersigned registered holder of shares of 4.50% Convertible Preferred Stock hereby acknowledges receipt of a notice from CMS Energy Corporation (the "Corporation") as to the occurrence of a Fundamental Change with respect to the Corporation and requests and instructs the Corporation to repurchase the shares of 4.50% Convertible Preferred Stock (\$50.00 liquidation preference or an integral multiple thereof) designated below, in accordance with the terms of the Certificate of Designation referred to in such 4.50% Convertible Preferred Stock and directs that the check of the Corporation, in payment for these shares of 4.50% Convertible Preferred Stock, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If any portion of these shares of 4.50% Convertible Preferred Stock are not repurchased and are to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

Dated:

Signature(s)

Signature(s) must be guaranteed by a commercial bank or trust company or a member firm of a major stock exchange if shares of 4.50% Convertible Preferred Stock are to be delivered other than to or in the name of the registered holder.

Signature Guarantee

Fill in for registration of 4.50% Convertible Preferred Stock if to be issued other than to and in the name of registered holder:

(Name)

Number of shares of 4.50% Convertible Preferred Stock to be purchased (if less than all are to be purchased):

(Street Address)

Certificate Number (if shares of 4.50% Convertible Preferred Stock are Certificated):

(City, state and zip code)

Please print name and address

Social Security or other taxpayer number:

EXHIBIT B

## FORM OF CONVERSION NOTICE

To: CMS Energy Corporation

The undersigned registered holder of these shares of 4.50% Convertible Preferred Stock hereby exercises the option to convert these shares of 4.50% Convertible Preferred Stock, or portion hereof (which is \$50.00 liquidation preference or an integral multiple thereof) designated below, for shares of Common Stock of CMS Energy Corporation in accordance with the terms of the Certificate of Designation referred to in the 4.50% Convertible Preferred Stock, and directs that the shares, if any, issuable and deliverable upon such conversion, together with any check for cash deliverable upon such conversion, and any shares of 4.50% Convertible Preferred Stock representing any unconverted shares hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of the 4.50% Convertible Preferred Stock not converted are to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

This notice shall be deemed to be an irrevocable exercise of the option to convert these shares of 4.50% Convertible Preferred Stock.

Dated:

\_\_\_\_\_  
Signature(s)

Signature(s) must be guaranteed by a commercial bank or trust company or a member firm of a major stock exchange if shares of Common Stock are to be issued, or shares of 4.50% Convertible Preferred Stock to be delivered, other than to or in the name of the registered holder.

\_\_\_\_\_  
Signature Guarantee

Fill in for registration of shares if to be delivered, and shares of 4.50% Convertible Preferred Stock if to be issued other than to and in the name of registered holder:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City, state and zip code)

Please print name and address

Number of shares of 4.50% Convertible Preferred Stock to be converted (if less than all):

\_\_\_\_\_  
Certificate Number (if shares of 4.50% Convertible Preferred Stock are Certificated):

\_\_\_\_\_  
Social Security or other taxpayer number:

**FORM OF PREFERRED STOCK  
FACE OF SECURITY**

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (V) TO CMS ENERGY CORPORATION OR (VI) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (VI) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN CLAUSE (A) ABOVE.

THE HOLDER OF THIS SECURITY AGREES THAT SUCH HOLDER WILL NOT ENGAGE IN HEDGING TRANSACTIONS INVOLVING THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

THIS SECURITY AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

THE HOLDER OF THIS SECURITY IS SUBJECT TO, AND ENTITLED TO THE BENEFITS OF, A REGISTRATION RIGHTS AGREEMENT, DATED AS OF DECEMBER 5, 2003 ENTERED INTO BY THE COMPANY FOR THE BENEFIT OF CERTAIN HOLDERS OF SECURITIES FROM TIME TO TIME.

Certificate Number	Number of Shares
[ ]	[ ]
	CUSIP NO.: _____

4.50% Cumulative Convertible Preferred Stock (par value \$0.01) (liquidation preference \$50 per share)  
of  
CMS Energy Corporation

CMS Energy Corporation, a Michigan corporation (the ‘Corporation’), hereby certifies that [ ] (the ‘Holder’) is the registered owner of [ ] fully paid and non-assessable preferred securities of the Corporation designated the 4.50% Cumulative Convertible Preferred Stock (par value \$0.01) (liquidation preference \$50 per share) (the ‘4.50% Convertible Preferred Stock’). The shares of 4.50% Convertible Preferred Stock are transferable on the books and records of the Transfer Agent, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the 4.50% Convertible Preferred Stock represented hereby are issued and shall in all respects be subject to the provisions of the Certificate of Designation dated December 4, 2003, as the same may be amended from time to time (the ‘Certificate of Designation’). Capitalized terms used herein but not defined shall have the meaning given them in the Certificate of Designation. The Corporation will provide a copy of the Certificate of Designation to a Holder without charge upon written request to the Corporation at its principal place of business.



Reference is hereby made to select provisions of the 4.50% Convertible Preferred Stock set forth on the reverse hereof, and to the Certificate of Designation, which select provisions and the Certificate of Designation shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Certificate of Designation and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, these shares of 4.50% Convertible Preferred Stock shall not be entitled to any benefit under the Certificate of Designation or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has executed this certificate this day of , 2003.

CMS ENERGY CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

TRANSFER AGENT’S AND SECURITY REGISTRAR’S CERTIFICATE OF AUTHENTICATION

These are shares of the 4.50% Convertible Preferred Stock referred to in the within-mentioned Certificate of Designation.

Dated: , 2003

CMS Energy Corporation, as Transfer Agent and Security Registrar

By:

\_\_\_\_\_  
Authorized Signatory

### REVERSE OF SECURITY

Cash dividends on each share of 4.50% Convertible Preferred Stock shall be payable at a rate per annum set forth on the face hereof or as provided in the Certificate of Designation.

The shares of 4.50% Convertible Preferred Stock shall be convertible into the Corporation's Common Stock in the manner and according to the terms set forth in the Certificate of Designation.

The Corporation will furnish without charge to each holder who so requests the powers, designations, preferences and relative, participating, optional or other rights of each class of stock and the qualifications, limitations or restrictions of such preferences and/or rights.

### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of 4.50% Convertible Preferred Stock evidenced hereby to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints agent to transfer the shares of 4.50% Convertible Preferred Stock evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

Date:

\_\_\_\_\_

Signature:

\_\_\_\_\_

(Sign exactly as your name appears on the other side of this 4.50% Convertible Preferred Stock certificate)

Signature Guarantee:

(1)

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- 1 (Signature must be guaranteed by an “eligible guarantor institution” that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)
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EXHIBIT D

**CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR  
REGISTRATION OF TRANSFER OF PREFERRED STOCK**

Re: 4.50% Cumulative Convertible Preferred Stock (the “4.50% Convertible Preferred Stock”) of CMS Energy Corporation (the “Corporation”)

This Certificate relates to shares of 4.50% Convertible Preferred Stock held in ☐ \*/ book- entry or ☐ \*/ definitive form by (the “Transferor”).

The Transferor\*:

☐ has requested the Transfer Agent by written order to deliver in exchange for its beneficial interest in the 4.50% Convertible Preferred Stock held by the Depository shares of 4.50% Convertible Preferred Stock in definitive, registered form equal to its beneficial interest in such 4.50% Convertible Preferred Stock (or the portion thereof indicated above); or

☐ has requested the Transfer Agent by written order to exchange or register the transfer of 4.50% Convertible Preferred Stock.

In connection with such request and in respect of such 4.50% Convertible Preferred Stock, the Transferor does hereby certify that the Transferor is familiar with the Certificate of Designation relating to the above-captioned 4.50% Convertible Preferred Stock and that the transfer of this 4.50% Convertible Preferred Stock does not require registration under the Securities Act of 1933, as amended (the “Securities Act”) because \*/:

☐ Such 4.50% Convertible Preferred Stock is being acquired for the Transferor’s own account without transfer.

☐ Such 4.50% Convertible Preferred Stock is being transferred to the Corporation.

☐ Such 4.50% Convertible Preferred Stock is being transferred to a qualified institutional buyer (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A.

☐ Such 4.50% Convertible Preferred Stock is being transferred in reliance on and in compliance with another exemption from the registration requirements of the Securities Act (and based on an Opinion of Counsel if the Corporation so requests).

\*/ Please check applicable box.

[NAME OF TRANSFEROR]

\_\_\_\_\_

By:

Its:

Date:

\_\_\_\_\_

COMMON STOCK

The shares of Common Stock may be issued from time to time as the Board of Directors shall determine for such consideration as shall be fixed by the Board of Directors. Each share of Common Stock of the Corporation shall be equal to every other share of said stock in every respect. The voting, distribution, dividend, liquidation and other rights and limitations of the Common Stock are as follows:

(1) *Dividend Rights.* Subject to the express terms of any outstanding series of Preferred Stock, dividends or distributions may be declared and paid in cash or otherwise upon the Common Stock out of the assets of the Corporation legally available therefore.

(2) *Voting Rights.*

(a) Except as provided in Section 2(b) and except as otherwise provided by law, the holders of Common Stock are entitled to one vote on all matters as to which holders of Common Stock are entitled to vote. Subject to Article XI, a majority of the votes cast by the holders of Common Stock entitled to vote thereon is sufficient for the adoption of any question presented except as otherwise required by law or these Articles of Incorporation.

(b) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the vote or consent of the holders of a majority of all of the shares of Common Stock then outstanding, shall be necessary for authorizing, effecting or validating the merger or consolidation of the Corporation into or with any other entity if such merger or consolidation would adversely affect the powers or special rights of Common Stock either directly by amendment of these Articles of Incorporation or indirectly by requiring the holders of Common Stock to accept or retain, in such merger or consolidation, anything other than (i) shares of Common Stock or (ii) shares of the surviving or resulting corporation having, in either case, powers and special rights identical to those of Common Stock prior to such merger or consolidation.

(3) *Liquidation Rights.* Subject to Section 4, in the event of the dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation and after there shall have been paid or set apart for the holders of Preferred Stock the full preferential amounts (including any accumulated and unpaid dividends) to which they are entitled, the holders of Common Stock shall be entitled to receive, on a per share basis, the assets of the Corporation remaining for distribution to the holders of Common Stock. Neither the merger or consolidation of the Corporation into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Corporation nor any sale, transfer or lease of all or any part of the assets of the Corporation, shall be deemed to be a dissolution, liquidation or winding up for purposes of this Section 3.

(4) *Subdivision or Combination.* If the Corporation shall in any manner subdivide (by stock split, stock dividend or otherwise) or combine (by reverse stock split or otherwise) the outstanding shares of

Common Stock, the voting and liquidation rights of Common Stock shall be appropriately adjusted so as to avoid any dilution in the aggregate voting or liquidation rights of Common Stock.

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#### ARTICLE IV

The address of the registered office is One Energy Plaza, Jackson, Michigan, 49201. The name of the resident agent at the registered office is Michael D. VanHemert. The mailing address of the registered office is One Energy Plaza Jackson, Michigan 49201.

#### ARTICLE V

Special meetings of the shareholders may be called only by the Board of Directors or by the Chairman of the Board.

#### ARTICLE VI

The number of directors of the Corporation shall be as specified in, or determined in the manner provided in, the bylaws of the Corporation.

Any vacancies occurring on the Corporation's Board of Directors (whether by reason of the death, resignation or removal of a director) may be filled by a majority vote of the directors then in office although less than a quorum. An increase in the number of members of the Board of Directors shall be construed as creating a vacancy.

#### ARTICLE VII

A director may be removed by the affirmative vote of a majority of the members of the Board of Directors then in office. A director also may be removed by shareholders, but only for cause, at an annual meeting of shareholders and by the affirmative vote of a majority of the shares then entitled to vote for the election of directors. For purposes of this section, cause for removal shall be construed to exist only if a director whose removal is proposed has been convicted of a felony by a court of competent jurisdiction and such conviction is no longer subject to appeal or has been adjudged by a court of competent jurisdiction to be

liable for willful misconduct in the performance of his or her duty to the Corporation in a matter of substantial importance to the Corporation and such adjudication is no longer subject to appeal.

## ARTICLE VIII

A director shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of duty as a director except (i) for a breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) for a violation of Section 551(1) of the Michigan Business Corporation Act, and (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article VIII, and no modification to its provisions by law, shall apply to, or have any effect upon, the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment, repeal or modification.

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## ARTICLE IX

Each director and each officer of the Corporation shall be indemnified by the Corporation to the fullest extent permitted by law against expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the defense of any proceeding in which he or she was or is a party or is threatened to be made a party by reason of being or having been a director or an officer of the Corporation. Such right of indemnification is not exclusive of any other rights to which such director or officer may be entitled under any now or hereafter existing statute, any other provision of these Articles, bylaw, agreement, vote of shareholders or otherwise. If the Business Corporation Act of the State of Michigan is amended after approval by the shareholders of this Article IX to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Business Corporation Act of the State of Michigan, as so amended. Any repeal or modification of this Article IX by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

## ARTICLE X

Each director shall be a shareholder of the Corporation and any director ceasing to be a shareholder shall thereupon immediately cease to be a director.

ARTICLE XI

The Corporation reserves the right to amend, alter, change or repeal any provision in these Articles of Incorporation as permitted by law, and all rights conferred on shareholders herein are granted subject to this reservation. Notwithstanding the foregoing, the provisions of Articles V, VI, VII, VIII, IX and this Article XI may not be amended, altered, changed or repealed unless such amendment, alteration, change or repeal is approved by the affirmative vote of the holders of not less than 75% of the outstanding shares entitled to vote thereon.

Signed on May 28, 2004

CMS ENERGY CORPORATION

By: /s/ Michael D. VanHemert  
Michael D. VanHemert  
Vice President and Corporate Secretary

STATE OF MICHIGAN        )  
  ) ss.  
COUNTY OF JACKSON        )

On this 28<sup>th</sup> day of May 2004, before me appeared Michael D. VanHemert, to me personally known, who, being by me duly sworn, did say that he is Vice President and Corporate Secretary of CMS Energy Corporation, which executed the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed



in behalf of said corporation by authority of its Board of Directors and shareholders, and said officer acknowledged said instrument to be the free act and deed of said corporation.

/s/ Joyce H. Norkey  
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Joyce N. Norkey  
Notary Public for Jackson County  
State of Michigan  
My Commission Expires September 2006

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FILED AND EFFECTIVE December 20, 2004

**CERTIFICATE OF DESIGNATION  
OF  
4.50% CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES B  
OF  
CMS ENERGY CORPORATION**

Pursuant to Section 302(4) of the Michigan Business Corporation Act, MCLA §450.1302(4):

CMS ENERGY CORPORATION, a Michigan corporation (the “Corporation”), does hereby certify that the following resolution was duly adopted pursuant to the authority of the Board of Directors of the Corporation, with the provisions thereof fixing the number of shares of the series and the dividend rate being set through a Special Financing Committee of the Board of Directors:

RESOLVED: That, pursuant to the authority expressly granted to and vested in the Board of Directors of the Corporation by the provisions of Article III of the Restated Articles of Incorporation of the Corporation, as amended from time to time (the “Articles of Incorporation”), and pursuant to Section 302(4) of the Michigan Business Corporation Act, the Board of Directors hereby establishes a series of the preferred stock of the Corporation and hereby states that the series’ voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof (in addition to the provisions set forth in the Articles of Incorporation which are applicable to the preferred stock of all series), shall be as follows:

## 1. Designation and Amount; Ranking.

(a) There shall be created from the 10,000,000 shares of preferred stock, par value \$0.01 per share, of the Corporation authorized to be issued pursuant to the Articles of Incorporation, a series of preferred stock, designated as the "4.50% Cumulative Convertible Preferred Stock, Series B," par value \$0.01 per share (the "Preferred Stock"), and the number of shares of such series shall be 4,910,000. Such number of shares may be decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Preferred Stock to a number less than that of the shares of Preferred Stock then outstanding plus the number of shares issuable upon exercise of options or rights then outstanding. The Preferred Stock was exchanged for 4,910,000 of then outstanding shares of 4.50% Cumulative Convertible Preferred Stock, par value \$0.01 per share (the "Original Preferred Stock"), established pursuant to the Certificate of Designation of 4.50% Cumulative Convertible Preferred Stock of CMS Energy Corporation dated December 4, 2003 pursuant to an exchange offer.

(b) The Preferred Stock will, with respect to both dividend rights and rights upon the liquidation, winding-up or dissolution of the Corporation, rank (i) senior to all Junior Stock and (ii) on a parity with all other Parity Stock.

## 2. Definitions. As used herein, the following terms shall have the following meanings:

"Accumulated Dividends" shall mean, with respect to any share of Preferred Stock, as of any date, the aggregate accumulated and unpaid dividends on such share from and including the most recent Dividend Payment Date to which dividends have been paid (or the Issue Date, if such date is prior to the first Dividend Payment Date) to but not including such date.

"Additional Dividends" shall have the meaning given to it in Section 3(b).

"Additional Shares" shall have the meaning given to it in Section 7(f)(vi).

"Affiliate" shall have the meaning ascribed to it, on the date hereof, under Rule 405 of the Securities Act.

"Agent Members" shall have the meaning given to it in Section 11(a)(ii).

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"Board of Directors" shall mean the Board of Directors of the Corporation or, with respect to any action to be taken by the Board of Directors, any committee (special or otherwise) of the Board of Directors duly authorized to take such action.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law or executive order to close.

“Certificate of Designation” means this certificate of designation designating the Preferred Stock.

“Certificated Preferred Stock” shall have the meaning given to it in Section 4(f).

“Common Equity” of any Person means capital stock of such Person that is generally entitled to (i) vote in the election of directors of such Person or (ii) if such Person is not a corporation, vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

“Common Stock” shall mean the common stock, par value \$0.01 per share, of the Corporation, or any other class of stock resulting from successive changes or reclassifications of such common stock consisting solely of changes in par value, or from par value to no par value, or as a result of a subdivision, combination or merger, consolidation or similar transaction in which the Corporation is a constituent corporation.

“Continuing Director” means a director who either was a member of the Board of Directors on November 9, 2004 or who becomes a member of the Board of Directors subsequent to that date and whose appointment, election or nomination for election by the Corporation’s shareholders is duly approved by a majority of the Continuing Directors on the Board of Directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Corporation on behalf of the Board of Directors in which such individual is named as nominee for director.

“Conversion Agent” means the office or agency designated by the Corporation where Preferred Stock may be presented for conversion. Initially, the Conversion Agent shall be the Corporation located at One Energy Plaza, Jackson, Michigan 49201.

“Conversion Date” shall have the meaning given to it in Section 7(b).

“Conversion Notice” shall have the meaning given to it in Section 7(a).

“Conversion Price” shall mean \$9.893 per share of Common Stock.

“Conversion Rate” shall mean the number of shares of Common Stock issuable upon conversion of a share of Preferred Stock per Liquidation Preference, subject to adjustment as herein set forth. The initial Conversion Rate is 5.0541 shares of Common Stock issuable upon conversion of a share of Preferred Stock per Liquidation Preference.

“Conversion Value” shall have the meaning given to it in Section 7(m)(i).

“Corporation Notice” shall have the meaning given to it in Section 4(e).

“Corporation Notice Date” shall have the meaning given to it in Section 4(e).

“Determination Date” shall have the meaning given to it in Section 7(m).

“Distributed Assets or Securities” shall have the meaning given to it in Section 7(f)(iii).

“Dividend Adjustment Amount” shall have the meaning given to it in Section 7(f)(iv)(B).

“Dividend Payment Date” shall mean March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2005.

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“Dividend Rate” shall have the meaning given to it in Section 3(a).

“Dividend Record Date” shall mean February 15, May 15, August 15 and November 15 of each year.

“DTC” or “Depository” means The Depository Trust Company.

“Effective Date” shall have the meaning given to it in Section 7(a)(iii).

“Equity Interests” means any capital stock, partnership, joint venture, member or limited liability or unlimited liability company interest, beneficial interest in a trust or similar entity or other equity interest or investment of whatever nature.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fair Market Value” means the amount which a willing buyer would pay a willing seller in an arm’s length transaction.

A “Fundamental Change” shall be deemed to have occurred at such time after the original issuance of the Preferred Stock that any of the following occurs: (i) the Common Stock or other capital stock into which the Preferred Stock is convertible is neither listed for trading on a United States national securities exchange nor approved for trading on the NASDAQ National Market or another established automated over-the-counter trading market in the United States; (ii) a “person” or “group” within the meaning of Section 13(d) of the Exchange Act, other than the Corporation, any subsidiary of the Corporation or any employee benefit plan of the Corporation or any such subsidiary, files a Schedule TO (or any other schedule, form or report under the Exchange Act) disclosing that such person or group has become the direct or indirect ultimate “beneficial owner” (as such term is used in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have “beneficial ownership” of all shares that such Person or group has the right to acquire whether such right is exercisable immediately or only after the passage of time) of Common Equity of the Corporation representing more than 50% of the voting power of the Corporation’s Common Equity; (iii) consummation of any share exchange, consolidation or merger of the Corporation pursuant to which the Common Stock will be converted into cash, securities or other property or any sale, lease or other transfer (in one transaction or a series of transactions) of all or

substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, to any Person (other than the Corporation or one or more of the Corporation's subsidiaries); *provided, however*, that a transaction where the holders of the Corporation's Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of the aggregate voting power of all classes of Common Equity of the continuing or surviving corporation or transferee immediately after such event shall not be a Fundamental Change; or (iv) Continuing Directors cease to constitute at least a majority of the Board of Directors; *provided, however*, that a Fundamental Change shall not be deemed to have occurred in respect of any of the foregoing if either (1) the Last Reported Sale Price of Common Stock for any five Trading Days within the ten consecutive Trading Days ending immediately before the later of the Fundamental Change or the public announcement thereof equals or exceeds 105% of the applicable Conversion Price of the Preferred Stock in effect immediately before the Fundamental Change or the public announcement thereof or (2) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a national securities exchange or quoted on the NASDAQ National Market (or which shall be so traded or quoted when issued or exchanged in connection with such Fundamental Change) (such securities being referred to as "Publicly Traded Securities") and as a result of such transaction or transactions the Preferred Stock becomes convertible into such Publicly Traded Securities (excluding cash payments for fractional shares).

"Fundamental Change Purchase Date" shall have the meaning given to it in Section 4(a).

"Fundamental Change Purchase Notice" shall have the meaning given to it in Section 4(c).

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"Fundamental Change Purchase Price" shall have the meaning given to it in Section 4(a).

"Global Preferred Stock" shall have the meaning given to it in Section 11(a)(i).

"Holder" or "holder" shall mean a holder of record of the Preferred Stock.

"Issue Date" shall mean December 15, 2004, the original date of issuance of the Preferred Stock.

"Junior Stock" shall mean all classes of common stock of the Corporation and each other class of capital stock or series of preferred stock established after the Issue Date, by the Board of Directors, the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Last Reported Sale Price” of the applicable security on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the principal U.S. securities exchange on which the applicable security is traded or, if the applicable security is not listed on a U.S. national or regional securities exchange, as reported by the NASDAQ National Market. If the applicable security is not listed for trading on a U.S. national or regional securities exchange and not reported by the NASDAQ National Market on the relevant date, the Last Reported Sale Price shall be the last quoted bid price for the applicable security in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization. If the applicable security is not so quoted, the Last Reported Sale Price will be the average of the mid-point of the last bid and ask prices for the applicable security on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Corporation for this purpose.

“Liquidation Preference” shall mean, with respect to each share of Preferred Stock, \$50.00.

“Mandatory Conversion Date” shall have the meaning given to it in Section 8(b).

“Market Price” means the average of the Last Reported Sales Price per share of Common Stock for the 20 Trading Day period ending on the applicable date of determination (if the applicable date of determination is a Trading Day or, if not, then on the last Trading Day prior to such applicable date of determination), appropriately adjusted to take into account the occurrence, during the period commencing on the first of the Trading Days during such 20 Trading Day period and ending on the applicable date of determination, of any event that would result in an adjustment of the Conversion Rate under this Certificate of Designation.

“Market Value” shall mean the average closing price of the Common Stock for a five consecutive Trading Day period on the NYSE (or such other national securities exchange or automated quotation system on which the Common Stock is then listed or authorized for quotation or, if the Common Stock is not so listed or authorized for quotation, an amount determined in good faith by the Board of Directors to be the fair value of the Common Stock).

“Maximum Conversion Rate” shall have the meaning given to it in Section 7(f)(xi).

“Net Shares” shall have the meaning given to it in Section 7(m)(ii)(B).

“Net Share Amount” shall have the meaning given to it in Section 7(m)(ii)(B).

“NYSE” shall mean the New York Stock Exchange, Inc.

“Officer” means the Chairman of the Board of Directors, the President, any Vice President, the Treasurer, the Secretary or any Assistant Secretary of the Corporation.

“Officers’ Certificate” means a certificate signed by two Officers.

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“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Transfer Agent. The counsel may be an employee of or counsel to the Corporation or the Transfer Agent.

“Original Preferred Stock” shall have the meaning given to it in Section 3(a).

“Parity Stock” shall mean any class of capital stock or series of preferred stock established as of or after the Issue Date by the Board of Directors, the terms of which expressly provide that such class or series will rank on parity with the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Paying Agent” means any Person authorized by the Corporation to pay the dividends or Fundamental Change Purchase Price on any of the shares of Preferred Stock on behalf of the Corporation. Initially, the Paying Agent shall be the Corporation.

“Person” shall mean any individual, corporation, general partnership, limited partnership, limited liability partnership, joint venture, association, joint-stock company, trust, limited liability company, unincorporated organization or government or any agency or political subdivision thereof.

“Pre-Dividend Sale Price” shall have the meaning given to it in Section 7(f)(iv)(A).

“Principal Return” shall have the meaning given to it in Section 7(m)(ii)(A).

“Public Acquirer Change of Control” shall have the meaning given to it in Section 7(f)(vii).

“Public Acquirer Common Stock” shall have the meaning given to it in Section 7(f)(vii).

“Registration Default” shall have the meaning given to it in Section 3(b).

“Registration Rights Agreement” means the Registration Rights Agreement dated as of December 5, 2003, among the Corporation, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and the certain other initial purchasers of the Original Preferred Stock.

“SEC” or “Commission” shall mean the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Security Register” means the security register recording the holders of Preferred Stock kept at the offices of the Corporation.

“Security Registrar” shall be the Person holding the Security Register, and the Corporation will initially be designated as the Security Registrar.



“Senior Stock” shall mean each class of capital stock or series of preferred stock established after the Issue Date by the Board of Directors, the terms of which expressly provide that such class or series will rank senior to the Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

“Share Price” means the price per share of Common Stock paid in connection with a corporate transaction described in Section 7(m)(v) hereof, which shall be equal to (i) if holders of Common Stock receive only cash in such corporate transaction, the cash amount paid per share of Common Stock and (ii) in all other cases, the average of the Last Reported Sale Prices of Common Stock on the five Trading Days up to but not including the Effective Date.

“Shelf Registration Statement” shall mean the shelf registration statement on Form S-3 filed with the SEC on September 24, 2004 to cover resales of Transfer Restricted Securities by holders thereof, as required by the Registration Rights Agreement.

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“Spin-Off Market Price” per share of Common Stock or the Equity Interests in a Subsidiary or other business unit of the Corporation on any day means the average of the daily Last Reported Sale Prices for the 10 consecutive Trading Days commencing on and including the fifth Trading Day after the ex date with respect to the issuance or distribution requiring such computations. As used herein, the term “ex date,” when used with respect to any issuance or distribution, shall mean the first date on which the security trades regular way on the NYSE or such other national regional exchange or market in which the security trades without the right to receive such issuance or distribution.

“Subsidiary” means a Person more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Corporation or by one or more other Subsidiaries, or by the Corporation and one or more other Subsidiaries. For the purposes of this definition, “voting stock” means stock which ordinarily has voting power of 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.

“Ten Day Average Closing Stock Price” shall have the meaning given to it in Section 7(m)(i)(B).

“Trading Day” means (i) if the applicable security is listed, admitted for trading or quoted on the NYSE, the NASDAQ National Market or another national security exchange, a day on which the NYSE, the NASDAQ National Market or another national security exchange is open for business or (ii) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which



banking institutions in the State of New York are authorized or obligated by law, regulation or executive order to close.

“Trading Exception” shall have the meaning given to it in Section 7(a)(ii).

“Trading Price” of the Preferred Stock on any date of determination means the average of the secondary market bid quotations per share of Preferred Stock obtained by the Conversion Agent for \$5,000,000 Liquidation Preference of the Preferred Stock at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers the Corporation selects, provided that if three such bids cannot reasonably be obtained by the Conversion Agent, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Conversion Agent, this one bid shall be used. If the Conversion Agent cannot reasonably obtain at least one bid for \$5,000,000 Liquidation Preference of the Preferred Stock from a nationally recognized securities dealer, then the Trading Price will be deemed to be less than 95% of the product of the sale price of Common Stock and the then applicable Conversion Rate.

“Transfer Agent” shall mean the Corporation’s duly appointed transfer agent for the Preferred Stock. Initially, the Corporation will be the Transfer Agent.

“Transfer Restricted Securities” shall mean each share of Preferred Stock (or the shares of Common Stock into which such share of Preferred Stock is convertible) until (i) the date on which such security or its predecessor has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement, (ii) the date on which such security or predecessor is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act or (iii) the date that such Preferred Stock ceases to be outstanding.

“Voting Rights Class” shall have the meaning given to it in Section 5(a)(i).

“Voting Rights Triggering Event” shall mean the failure of the Corporation to pay dividends on the Preferred Stock with respect to six or more quarterly periods (whether or not consecutive).

“Voting Stock” shall mean, with respect to any Person, securities of any class or classes of Capital Stock in such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of contingency) generally to vote in the election of members of the Board of Directors or other governing body of such Person. For purposes of this definition, “Capital Stock” shall mean, with

respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of corporate stock or partnership interests and any and all warrants, options and rights with respect thereto (whether or not currently exercisable), including each class of common stock and preferred stock of such Person.

### 3. Dividends.

(a) The holders of shares of the outstanding Preferred Stock shall be entitled, when, as and if declared by the Board of Directors out of funds of the Corporation legally available therefor, to receive cumulative cash dividends at the rate per annum of 4.50% per share on the Liquidation Preference (equivalent to \$2.25 per annum per share), payable quarterly in arrears (the "Dividend Rate"). The Dividend Rate may be increased in the circumstances described in Section 3(b) below. Dividends payable for each full dividend period will be computed by dividing the Dividend Rate by four and shall be payable in arrears on each Dividend Payment Date (commencing March 1, 2005) for the quarterly period ending immediately prior to such Dividend Payment Date, to the holders of record of Preferred Stock at the close of business on the Dividend Record Date applicable to such Dividend Payment Date. Such dividends shall be cumulative from the most recent date as to which dividends shall have been paid on the Original Preferred Stock or, if no dividends have been paid, from the Issue Date (whether or not in any dividend period or periods the Board of Directors shall have declared such dividends or there shall be funds of the Corporation legally available for the payment of such dividends) and shall accumulate on a day-to-day basis, whether or not earned or declared, from and after the Issue Date. Dividends payable for any partial dividend period shall be computed on the basis of days elapsed over a 360-day year consisting of twelve 30-day months. Accumulated unpaid dividends accrue and cumulate dividends at the annual rate of 4.50% and are payable in the manner provided in this Section 3.

(b) If (i) by March 5, 2005, the Shelf Registration Statement has not been amended to cover resales of the Preferred Stock and declared effective by the Commission, (ii) after the Shelf Registration Statement has been declared effective the Corporation fails to file a post-effective amendment, prospectus supplement, amendment or supplement to any document incorporated by reference into such prospectus or document if required by applicable law with the SEC within five business days after a Holder provides the Corporation with certain required information, if such filing is necessary to enable the Holder to deliver the prospectus to purchasers of such Holder's Transfer Restricted Securities, (iii) the Shelf Registration Statement ceases to be effective or fails to be usable without being succeeded within 30 days by a post-effective amendment or an additional registration statement filed and declared effective (other than as permitted in (ii) above) pursuant to the Exchange Act that cures the failure of the registration statement to be effective or usable, and (iv) the aggregate duration of any suspension periods in any period exceeds certain limits described in the Registration Rights Agreement (each such event referred to in clauses (i), (ii), (iii) and (iv) a "Registration Default"), additional dividends shall accumulate on the Preferred Stock, from and including the date on which any such Registration Default shall occur to, but excluding, the date on which the Registration Default has been cured, at the rate of 0.25% per year for the first 90 days following such date and at a rate of 0.50% per year thereafter ("Additional Dividends"). With respect to shares of Common Stock issued upon conversion of the Preferred Stock, Additional Dividends will accumulate on the then applicable conversion price from and including the date on which any such Registration Default shall occur to, but excluding, the date on which the Registration Default has been cured, at the rate of 0.25% per year for the first 90 days following such date and

at a rate of 0.50% per year thereafter. Except as mentioned above, the Corporation will have no other liabilities for monetary damages with respect to its registration obligations. The receipt of Additional Dividends will be the sole monetary remedy available to a Holder if the Corporation fails to meet these obligations.

(c) No dividend will be declared or paid upon, or any sum set apart for the payment of dividends upon, any outstanding share of the Preferred Stock with respect to any dividend period unless all dividends for all preceding dividend periods have been declared and paid or declared and a sufficient sum set apart for the payment of such dividend upon all outstanding shares of Preferred Stock.

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(d) No dividends or other distributions (other than a dividend or distribution payable solely in shares of Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock) and other than cash paid in lieu of fractional shares) may be declared, made or paid, or set apart for payment upon, any Parity Stock or Junior Stock, nor may any Parity Stock or Junior Stock be redeemed, purchased or otherwise acquired for any consideration (or any money paid to or made available for a sinking fund for the redemption of any Parity Stock or Junior Stock) by or on behalf of the Corporation (except by conversion into or exchange for shares of Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock)), unless full Accumulated Dividends shall have been or contemporaneously are declared and paid, or are declared and a sum sufficient for the payment thereof is set apart for such payment, on the Preferred Stock and any Parity Stock for all dividend payment periods terminating on or prior to the date of such declaration, payment, redemption, purchase or acquisition. Notwithstanding the foregoing, if full dividends have not been paid on the Preferred Stock and any Parity Stock, dividends may be declared and paid on the Preferred Stock and such Parity Stock so long as the dividends are declared and paid pro rata so that the amounts of dividends declared per share on the Preferred Stock and such Parity Stock will in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of Preferred Stock and such other Parity Stock bear to each other.

(e) Holders of shares of Preferred Stock shall not be entitled to any dividends on the Preferred Stock, whether payable in cash, property or stock, in excess of full cumulative dividends and Additional Dividends (if any).

(f) The holders of shares of Preferred Stock at the close of business on a Dividend Record Date will be entitled to receive the dividend payment on those shares on the corresponding Dividend Payment Date notwithstanding the subsequent conversion thereof or the Corporation's default in payment of the dividend due on that Dividend Payment Date. However, shares of Preferred Stock surrendered for conversion during the period between the close of business on any Dividend Record Date and the close of business on the Business Day immediately preceding the applicable Dividend Payment Date must be accompanied by

payment of an amount equal to the dividend payable on the shares on that Dividend Payment Date; provided, however, that no such payment need be made if (1) the Corporation has specified a Mandatory Conversion Date that is after a Dividend Record Date and on or prior to the immediately following Dividend Payment Date or (2) any accumulated and unpaid dividends exist at the time of conversion with respect to such shares of Preferred Stock to the extent of such accumulated and unpaid dividends. A holder of shares of Preferred Stock on a Dividend Record Date who (or whose transferee) tenders any shares for conversion on the corresponding Dividend Payment Date will receive the dividend payable by the Corporation on the Preferred Stock on that date, and the converting holder need not include payment in the amount of such dividend upon surrender of shares of Preferred Stock for conversion. Except as provided above with respect to a voluntary conversion pursuant to Section 7, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends on the shares of Common Stock issued upon conversion.

(g) In any case where any Dividend Payment Date or Conversion Date (including upon the occurrence of a Fundamental Change) of any Preferred Stock shall not be a Business Day, at any place of payment, then payment of dividends (and Additional Dividends, 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 dividend payment date or Conversion Date (including upon the occurrence of a Fundamental Change); and no dividends shall accumulate on the amount so payable for the period from and after such Dividend Payment Date or Conversion Date, as the case may be, to such Business Day.

(h) The Paying Agent shall return to the Corporation upon written request any money or property held by it for the payment of any amount with respect to the Preferred Stock that remains unclaimed for two years, provided, however, that the Paying Agent, before being required to make any such return, shall at the expense of the Corporation cause to be published once in a newspaper of general circulation in The City of New York or mail to each such Holder notice that such money or property remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed money or property then remaining shall be returned to the Corporation. After return to the Corporation, Holders entitled to

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the money or property must look to the Corporation for payment as general creditors unless an applicable abandoned property law designates another Person.

#### 4. Fundamental Change.

(a) Purchase at the Option of the Holder Upon a Fundamental Change. Each Holder shall have the right, at such Holder's option, to require the Corporation to purchase any or all of such Holder's Preferred Stock for cash or a check on the date that is no earlier than 60 days nor later than 90 days after the date of the Corporation Notice of the occurrence of such Fundamental Change (subject to extension to comply with applicable law, as provided in Section 4(h) (the "Fundamental Change Purchase Date"). The Preferred Stock shall be repurchased in integral multiples of \$50.00 (representing the Liquidation Preference). The Corporation shall purchase such Preferred Stock at a price (the "Fundamental Change Purchase Price") equal to 100% of the Liquidation Price of the number of shares of Preferred Stock to be purchased plus accumulated and unpaid dividends, including Additional Dividends, if any, to the Fundamental Change Purchase Date.

(b) Notice of Fundamental Change. The Corporation, or at its request (which must be received by the Paying Agent at least three Business Days (or such lesser period as agreed to by the Paying Agent) prior to the date the Paying Agent is requested to give such notice as described below), the Paying Agent, in the name of and at the expense of the Corporation, shall mail to all Holders a Corporation Notice of the occurrence of a Fundamental Change and of the purchase right arising as a result thereof, including the information required by Section 4(e) hereof, on or before the 30th day after the occurrence of such Fundamental Change.

(c) Exercise of Option. For Preferred Stock to be so purchased at the option of the Holder, the Paying Agent must receive at its office in Jackson, Michigan, or any other offices of the Paying Agent maintained for such purposes, such shares of Preferred Stock duly endorsed for transfer, together with a written notice of purchase in the form attached hereto as Exhibit A (a "Fundamental Change Purchase Notice") duly completed, on or before the 30th day prior to the Fundamental Change Purchase Date, subject to extension to comply with applicable law. The Fundamental Change Purchase Notice shall state:

- (i) if certificated, the certificate numbers of the shares of Preferred Stock which the Holder shall deliver to be purchased, or, if not certificated, the Fundamental Change Purchase Notice must comply with appropriate Depository procedures;
- (ii) the number of shares of Preferred Stock which the Holder shall deliver to be purchased, which portion must be \$50.00 or an integral multiple thereof; and
- (iii) that such Preferred Stock shall be purchased as of the Fundamental Change Purchase Date pursuant to the terms and conditions specified in the Preferred Stock and in this Certificate of Designation.

(d) Procedures. The Corporation shall purchase from a Holder, pursuant to this Section 4, shares of Preferred Stock or multiples of \$50.00 if so requested by such Holder.

Any purchase by the Corporation contemplated pursuant to the provisions of this Section 4 shall be consummated by the delivery of the Fundamental Change Purchase Price to be received by the Holder promptly following the later of the Fundamental Change Purchase Date or the time of book-entry transfer or delivery of the Preferred Stock.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Purchase Notice contemplated by Section 4(c) hereof shall have the right at any time prior to the close of business on the Business Day prior to the Fundamental Change Purchase Date to withdraw such Fundamental Change Purchase Notice (in whole or in part) by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 4(f) hereof.

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The Paying Agent shall promptly notify the Corporation of the receipt by it of any Fundamental Change Purchase Notice or written notice of withdrawal thereof.

On or before 10:00 a.m. (New York City time) on the Fundamental Change Purchase Date, the Corporation shall deposit with the Paying Agent (or if the Corporation or an Affiliate of the Corporation is acting as the Paying Agent, shall segregate and hold in trust) money sufficient to pay the aggregate Fundamental Change Purchase Price of the Preferred Stock to be purchased pursuant to this Section 4. Payment by the Paying Agent of the Fundamental Change Purchase Price for such Preferred Stock shall be made promptly following the later of the Fundamental Change Purchase Date or the time of book-entry transfer or delivery of such Preferred Stock. If the Paying Agent holds, in accordance with the terms of this Certificate of Designation, money sufficient to pay the Fundamental Change Purchase Price of such Preferred Stock on the Business Day following the Fundamental Change Purchase Date, then, on and after such date, such Preferred Stock shall cease to be outstanding and dividends (including Additional Dividends, if any) on such Preferred Stock shall cease to accumulate, whether or not book-entry transfer of such Preferred Stock is made or such Preferred Stock is delivered to the Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the Fundamental Change Purchase Price upon delivery or transfer of the Preferred Stock). Nothing herein shall preclude any withholding tax required by law.

The Corporation shall require each Paying Agent to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders all money held by the Paying Agent for the payment of the Fundamental Change Purchase Price. If the Corporation or an Affiliate of the Corporation acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund.

All questions as to the validity, eligibility (including time of receipt) and acceptance of any Preferred Stock pursuant to a Fundamental Change shall be determined by the Corporation, whose determination shall be final and binding.

(e) Notice of Fundamental Change. The Corporation shall send notices (each, a "Corporation Notice") to the Holders (and to beneficial owners as required by applicable law) at their addresses shown in the Security Register maintained by the Security Registrar, and delivered to the Paying Agent on or before the 30th day



after the occurrence of the Fundamental Change ("Corporation Notice Date"). Each Corporation Notice shall include a form of Fundamental Change Purchase Notice to be completed by a Holder and shall state:

- (i) the applicable Fundamental Change Purchase Price, excluding accumulated and unpaid dividends, Conversion Rate at the time of such notice (and any adjustments to the Conversion Rate) and, to the extent known at the time of such notice, the amount of dividends (including Additional Dividends, if any), if any, that will be payable with respect to the Preferred Stock on the applicable Fundamental Change Purchase Date;
  - (ii) the events causing the Fundamental Change and the date of the Fundamental Change;
  - (iii) the Fundamental Change Purchase Date;
  - (iv) the last date on which a Holder may exercise its purchase right;
  - (v) the name and address of the Paying Agent and the Conversion Agent;
  - (vi) that the Preferred Stock must be surrendered to the Paying Agent to collect payment of the Fundamental Change Purchase Price;
  - (vii) that the Preferred Stock as to which a Fundamental Change Purchase Notice has been given may be converted only if the applicable Fundamental Change Purchase Notice has been withdrawn in accordance with the terms of this Certificate of Designation;
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- (viii) that the Fundamental Change Purchase Price for any of the Preferred Stock as to which a Fundamental Change Purchase Notice has been given and not withdrawn shall be paid by the Paying Agent promptly following the later of the Fundamental Change Purchase Date or the time of book-entry transfer or delivery of such Preferred Stock;
  - (ix) the procedures the Holder must follow under this Section 4;
  - (x) briefly, the conversion rights of the Preferred Stock;
  - (xi) that, unless the Corporation defaults in making payment of such Fundamental Change Purchase Price on the Preferred Stock covered by any Fundamental Change Purchase Notice, dividends (including Additional Dividends, if any) will cease to accumulate on and after the Fundamental Change Purchase Date;
  - (xii) the CUSIP or ISIN number of the Preferred Stock; and

(xiii) the procedures for withdrawing a Fundamental Change Purchase Notice.

In connection with providing such Corporation Notice, the Corporation will issue a press release and publish a notice containing the information in such Corporation Notice in a newspaper of general circulation in The City of New York or publish such information on the Corporation's then existing Web site or through such other public medium as the Corporation may use at the time.

At the Corporation's request, made at least five Business Days prior to the date upon which such notice is to be mailed, and at the Corporation's expense, the Paying Agent shall give the Corporation Notice in the Corporation's name; *provided, however*, that, in all cases, the text of the Corporation Notice shall be prepared by the Corporation.

(f) Effect of Fundamental Change Purchase Notice. Upon receipt by the Corporation of the Fundamental Change Purchase Notice specified in this Section 4, the Holder of the Preferred Stock in respect of which such Fundamental Change Purchase Notice was given shall (unless such Fundamental Change Purchase Notice is withdrawn as specified in this Section 4(f)) thereafter be entitled to receive solely the Fundamental Change Purchase Price with respect to such Preferred Stock. Such Fundamental Change Purchase Price shall be paid by the Paying Agent to such Holder promptly following the later of (x) the Fundamental Change Purchase Date with respect to such Preferred Stock (provided the conditions in this Section 4 have been satisfied) and (y) the time of delivery or book-entry transfer of such Preferred Stock to the Paying Agent by the Holder thereof in the manner required by this Section 4. Preferred Stock in respect of which a Fundamental Change Purchase Notice has been given by the Holder thereof may not be converted for shares of Common Stock on or after the date of the delivery of such Fundamental Change Purchase Notice unless such Fundamental Change Purchase Notice has first been validly withdrawn as specified in this Section 4(f). Payment of the Fundamental Change Purchase Price for shares of Preferred Stock in registered, certificated form ("Certificated Preferred Stock") for which a Fundamental Change Purchase Notice has been delivered and not withdrawn is conditioned upon delivery of such Certificated Preferred Stock (together with necessary endorsements) to the Paying Agent at its office in Jackson, Michigan, or any other office of the Paying Agent maintained for such purpose, at any time (whether prior to, on or after the Fundamental Change Purchase Date) after the delivery of such Fundamental Change Purchase Notice. Payment of the Fundamental Change Purchase Price for such Certificated Preferred Stock will be made promptly following the later of the Fundamental Change Purchase Date or the time of delivery of such Certificated Preferred Stock.

If the Paying Agent holds, in accordance with the terms of this Certificate of Designation, money sufficient to pay the Fundamental Change Purchase Price of shares of Preferred Stock on the Business Day following the Fundamental Change Purchase Date for such Preferred Stock, then, on and after such date, dividends on such Preferred Stock will cease to accumulate, whether or not such Preferred Stock is delivered to the Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the Fundamental Change Purchase Price upon delivery of the Preferred Stock).



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A Fundamental Change Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent at any time prior to 5:00 p.m. New York City time on the Business Day prior to the Fundamental Change Purchase Date to which it relates specifying:

- (i) if certificated, the certificate number of Preferred Stock in respect of which such notice of withdrawal is being submitted, or, if not certificated, the written notice of withdrawal must comply with appropriate Depository procedures;
- (ii) the number of shares of Preferred Stock with respect to which such notice of withdrawal is being submitted; and
- (iii) the number of shares of Preferred Stock, if any, which remains subject to the original Fundamental Change Purchase Notice and which have been or shall be delivered for purchase by the Corporation.

(g) Preferred Stock Purchased in Part. Any shares of Preferred Stock that are to be purchased only in part shall be surrendered (in physical or book-entry form) at the office of the Paying Agent (with, if the Corporation so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Corporation shall execute and the Transfer Agent shall authenticate and deliver to the Holder of such Preferred Stock, without service charge, new shares of Preferred Stock, as requested by such Holder in an amount equal to, and in exchange for, the portion of the Liquidation Preference of the Preferred Stock so surrendered which is not purchased.

(h) Covenant to Comply with Securities Laws Upon Purchase of the Preferred Stock. In connection with any offer to purchase Preferred Stock under this Section 4, the Corporation shall, to the extent applicable: (i) comply with Rules 13e-4 and 14e-1 (and any successor provisions thereto) under the Exchange Act, if applicable; (ii) file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act, if applicable; and (iii) otherwise comply with all applicable federal and state securities laws so as to permit the rights and obligations under this Section 4 hereof to be exercised in the time and in the manner specified in this Section 4.

(i) Repayment to the Corporation. The Paying Agent shall return to the Corporation any cash or property that remains unclaimed as provided in the Preferred Stock, together with interest that the Paying Agent has agreed to pay, if any, held by it for the payment of a Fundamental Change Purchase Price; provided, however, that to the extent that the aggregate amount of cash or property deposited by the Corporation pursuant to this Section 4 exceeds the aggregate Fundamental Change Purchase Price of the Preferred Stock or portions thereof which the Corporation is obligated to purchase as of the Fundamental Change Purchase Date, then promptly on and after the Business Day following the Fundamental Change Purchase Date, the Paying Agent

shall return any such excess to the Corporation together with interest that the Paying Agent has agreed to pay, if any.

(j) Officers' Certificate. At least five Business Days before the Corporation Notice Date, the Corporation shall deliver an Officers' Certificate to the Paying Agent (provided, that, at the Corporation's option, the matters to be addressed in such Officers' Certificate may be divided among two such certificates) specifying:

- (i) the manner of payment selected by the Corporation; and
- (ii) whether the Corporation desires the Paying Agent to give the Corporation Notice required by Section 4(e) hereof.

## 5. Voting.

(a) The shares of Preferred Stock shall have no voting rights except as set forth below or as otherwise required by Michigan law from time to time:

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- (i) If and whenever at any time or times a Voting Rights Triggering Event occurs, then the holders of shares of Preferred Stock, voting as a single class with any other preferred stock or preference securities having similar voting rights that are exercisable (the "Voting Rights Class"), will be entitled at the next regular or special meeting of shareholders of the Corporation to elect two additional directors of the Corporation, unless the Board of Directors is comprised of fewer than six directors at such time, in which case the Voting Rights Class shall be entitled to elect one additional director. Upon the election of any such additional directors, the number of directors that comprise the Board of Directors shall be increased by such number of additional directors.
  - (ii) Such voting rights may be exercised at a special meeting of the holders of the shares of the Voting Rights Class, called as hereinafter provided, or at any annual meeting of shareholders held for the purpose of electing directors, and thereafter at each such annual meeting until such time as all dividends in arrears on the shares of Preferred Stock shall have been paid in full, at which time or times such voting rights and the term of the directors elected pursuant to Section 5(a)(i) shall terminate.
  - (iii) At any time when such voting rights shall have vested in holders of shares of the Voting Rights Class, an Officer of the Corporation may call, and, upon written request of the record holders of shares representing at least twenty-five percent (25%) of the voting power of the shares then outstanding of the Voting Rights Class, addressed to the Secretary of the Corporation, shall call

a special meeting of the holders of shares of the Voting Rights Class. Such meeting shall be held at the earliest practicable date upon the notice required for annual meetings of shareholders at the place for holding annual meetings of shareholders of the Corporation, or, if none, at a place designated by the Board of Directors. Notwithstanding the provisions of this Section 5(a)(iii), no such special meeting shall be called during a period within the 60 days immediately preceding the date fixed for the next annual meeting of shareholders, in which such case the election of directors pursuant to Section 5(a)(i) shall be held at such annual meeting of shareholders.

- (iv) At any meeting held for the purpose of electing directors at which the holders of the Voting Rights Class shall have the right to elect directors as provided herein, the presence in person or by proxy of the holders of shares representing more than fifty percent (50%) in voting power of the then outstanding shares of the Voting Rights Class shall be required and shall be sufficient to constitute a quorum of such class for the election of directors by such class. The affirmative vote of the holders of shares of Preferred Stock constituting a majority of the shares of Preferred Stock present at such meeting, in person or by proxy shall be sufficient to elect any such director.
- (v) Any director elected pursuant to the voting rights created under this Section 5(a) shall hold office until the next annual meeting of shareholders (unless such term has previously terminated pursuant to Section 5(a)(ii)) and any vacancy in respect of any such director shall be filled only by vote of the remaining director so elected by holders of the Voting Rights Class, or, if there be no such remaining director, by the holders of shares of the Voting Rights Class at a special meeting called in accordance with the procedures set forth in this Section 5, or, if no such special meeting is called, at the next annual meeting of shareholders. Upon any termination of such voting rights, the term of office of all directors elected pursuant to this Section 5 shall terminate.
- (vi) So long as any shares of Preferred Stock remain outstanding, unless a greater percentage shall then be required by law, the Corporation shall not, without the affirmative vote or consent of the holders of all of the outstanding Preferred Stock voting or consenting, as the case may be, separately as one class, (i) create, authorize or issue any class or series of Senior Stock (or any security convertible into Senior Stock) or (ii) amend the Articles of Incorporation so as to affect adversely the specified rights, preferences, privileges or voting rights of holders of shares of Preferred Stock.

(vii) In exercising the voting rights set forth in this Section 5(a), each share of Preferred Stock shall be entitled to one vote.

(b) The Corporation may authorize, increase the authorized amount of, or issue any class or series of Parity Stock or Junior Stock, without the consent of the holders of Preferred Stock, and in taking such actions the Corporation shall not be deemed to have affected adversely the rights, preferences, privileges or voting rights of holders of shares of Preferred Stock.

## 6. Liquidation Rights.

(a) In the event of any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, each holder of shares of Preferred Stock shall be entitled to receive and to be paid out of the assets of the Corporation available for distribution to its shareholders the Liquidation Preference plus Accumulated Dividends and Additional Dividends thereon in preference to the holders of, and before any payment or distribution is made on, any Junior Stock, including, without limitation, on any Common Stock.

(b) Neither the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all the assets or business of the Corporation (other than in connection with the liquidation, winding-up or dissolution of its business) nor the merger or consolidation of the Corporation into or with any other Person shall be deemed to be a liquidation, winding-up or dissolution, voluntary or involuntary, for the purposes of this Section 6.

(c) After the payment to the holders of the shares of Preferred Stock of full preferential amounts provided for in this Section 6, the holders of Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

(d) In the event the assets of the Corporation available for distribution to the holders of shares of Preferred Stock upon any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to Section 6(a), no such distribution shall be made on account of any shares of Parity Stock upon such liquidation, dissolution or winding-up unless proportionate distributable amounts shall be paid on account of the shares of Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all Preferred Stock and of any Parity Stock are entitled upon such liquidation, winding-up or dissolution.

## 7. Conversion.

(a) Conversion Rights. A Holder may convert Preferred Stock into cash and shares of Common Stock during the periods and upon satisfaction of at least one of the conditions set forth below:

(i) in any calendar quarter (and only during such calendar quarter) if the Last Reported Sale Price for Common Stock for at least 20 Trading Days during the period of 30 consecutive Trading Days ending on the last Trading Day of the previous calendar quarter is greater than or equal to 120% of the Conversion Price per share of Common Stock on such last Trading Day;

- (ii) during the five Business Days immediately following any ten consecutive Trading Day period in which the Trading Price per Liquidation Preference of Preferred Stock (as determined following a request by a Holder of Preferred Stock in accordance with the procedures described herein) for each day of that period was less than 95% of the product of the sale price of Common Stock and the then applicable Conversion Rate (the "Trading Exception"); provided, however, that a Holder may not convert its Preferred Stock if the average closing sale price of Common Stock for such ten consecutive Trading Day period is between the then current Conversion Price and 120% of the then applicable Conversion Price; in connection with any conversion upon satisfaction of such Trading Price condition, the Conversion Agent shall have no obligation to determine the Trading Price unless the Corporation has requested such determination; and the Corporation shall have no obligation to make such request unless the Holder provides reasonable evidence that the Trading

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Price would be less than 95% of the product of the sale price of Common Stock and the then applicable Conversion Rate; at which time, the Corporation shall instruct the Conversion Agent to determine the Trading Price beginning on the next Trading Day and on each successive Trading Day until the Trading Price is greater than or equal to 95% of the product of the sale price of Common Stock and the then applicable Conversion Rate;

- (iii) the Corporation becomes a party to a consolidation, merger or binding share exchange pursuant to which the Common Stock would be converted into cash or property (other than securities), in which case a Holder may surrender Preferred Stock for conversion at any time from and after the date which is 15 days prior to the anticipated effective date for the transaction until 15 days after the actual effective date (the "Effective Date") of such transaction; or
- (iv) the Corporation elects to (i) distribute to all holders of Common Stock assets, debt securities or rights to purchase securities of the Corporation, which distribution has a per share value as determined by the Board of Directors exceeding 15% of the Last Reported Sale Price of a share of Common Stock on the Trading Day immediately preceding the declaration date for such distribution, or (ii) distribute to all holders of Common Stock rights entitling them to purchase, for a period expiring within 60 days after the date of such distribution, shares of Common Stock at less than the Last Reported Sale Price of Common Stock on the Trading Day immediately preceding the declaration date of the distribution. In the case of the foregoing clauses (i) and (ii), the Corporation must notify the Holders at least 20 Business Days immediately prior to the ex-dividend date for such distribution. Once the Corporation has given

such notice, Holders may surrender their Preferred Stock for conversion at any time thereafter until the earlier of the close of business on the Business Day immediately prior to the ex-dividend date or the Corporation's announcement that such distribution will not take place; provided, however, that a Holder may not exercise this right to convert if the Holder may participate in the distribution without conversion. As used herein, the term "ex dividend date," when used with respect to any issuance or distribution, shall mean the first date on which the Common Stock trades regular way on such exchange or in such market without the right to receive such issuance or distribution.

The initial Conversion Rate is 5.0541 shares of Common Stock per share of Preferred Stock, subject to adjustment in certain events as described herein. The Corporation shall deliver cash or a check in lieu of any fractional share of Common Stock. A Holder may convert fewer than all of its Preferred Stock so long as the Preferred Stock converted is an integral multiple of the Liquidation Preference.

Holders of Preferred Stock at the close of business on a Dividend Record Date will receive payment of dividends, payable on the corresponding Dividend Payment Date notwithstanding the conversion of such Preferred Stock at any time after the close of business on such Dividend Record Date. Preferred Stock surrendered for conversion by a Holder during the period from the close of business on any Dividend Record Date to the opening of business on the immediately following Dividend Payment Date must be accompanied by payment of an amount equal to the dividend that the Holder is to receive on such Preferred Stock; provided, however, that no such payment need be made if (1) the Corporation has specified a Mandatory Conversion Date that is after a Dividend Record Date and on or prior to the immediately following Dividend Payment Date or (2) any accumulated and unpaid dividends exist at the time of conversion with respect to such shares of Preferred Stock to the extent of such accumulated and unpaid dividends.

To convert Preferred Stock a Holder must (i) complete and manually sign the irrevocable conversion notice in the form attached hereto as Exhibit B (a "Conversion Notice") (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent at its office in Jackson, Michigan or any other offices of the Conversion Agent maintained by the Conversion Agent for such purpose, (ii) surrender the shares of Preferred Stock to the Conversion Agent, (iii) furnish appropriate endorsements and transfer documents if required by the Conversion Agent or the Corporation and (iv) pay any transfer or similar tax, if required.

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**(b) Conversion Procedures.** To convert Preferred Stock, a Holder must satisfy the requirements in this Section 7 and in the Preferred Stock. The date on which the Holder satisfies all those requirements is the conversion



date (the "Conversion Date"). Subject to the procedures set forth in Section 7(f) hereof, as soon as practicable, but in no event later than the fifth Business Day following the Conversion Date, the Corporation shall deliver the Conversion Value in cash and deliver the Common Stock by either of the following methods: (i) update the global security representing the shares of Common Stock to record the Holder's interest in the Common Stock, or (ii) deliver to the Holder, through the Conversion Agent, a certificate for the number of full shares representing Net Shares, if any, together with, in either case, cash or a check in lieu of any fractional share determined pursuant to Section 7(c) hereof. The Person in whose name the certificate is registered shall be treated as a shareholder of record on and after the Conversion Date; provided, however, that no surrender of Preferred Stock on any date when the stock transfer books of the Corporation shall be closed shall be effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; such conversion shall be at the Conversion Rate in effect on the date that such shares of Preferred Stock shall have been surrendered for conversion, as if the stock transfer books of the Corporation had not been closed. Upon conversion of Preferred Stock, such Person shall no longer be a Holder of such Preferred Stock.

No payment or adjustment shall be made for dividends on or other distributions with respect to any Common Stock except as provided in Section 7(f) hereof or as otherwise provided in this Certificate of Designation.

On conversion of Preferred Stock, delivery of the Principal Return, the Net Shares and the cash or check payment, if any, in lieu of fractional shares will be deemed to satisfy the Corporation's obligation to pay the Liquidation Preference of the converted Preferred Stock, including Accumulated Dividends, if any. Accumulated Dividends with respect to the converted Preferred Stock will be deemed canceled, extinguished or forfeited, rather than paid in full to the Holder thereof.

Upon surrender of Preferred Stock that is converted in part, the Corporation shall execute, and the Transfer Agent shall authenticate and deliver to the Holder, new shares of Preferred Stock in a number equal to the unconverted portion of the shares of Preferred Stock surrendered.

If the last day on which Preferred Stock may be converted is a legal holiday in a place where a Conversion Agent is located, the Preferred Stock may be surrendered to that Conversion Agent on the next succeeding day that it is not a legal holiday.

(c) **Cash or Check Payments in Lieu of Fractional Shares.** The Corporation shall not issue a fractional share of Common Stock upon conversion of Preferred Stock. Instead the Corporation shall deliver cash (or Corporation's check) for the current market value of the fractional share. The current market value of a fractional share shall be determined to the nearest 1/10,000th of a share by multiplying the Last Reported Sale Price of a full share of Common Stock on the Trading Day immediately preceding the Conversion Date by the fractional amount and rounding the product to the nearest whole cent.

(d) **Taxes on Conversion.** If a Holder converts Preferred Stock, the Corporation shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon the conversion.

However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which shall be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any withholding tax required by law.

(e) Covenants of the Corporation. The Corporation shall, prior to issuance of any Preferred Stock hereunder, and from time to time as may be necessary, reserve out of its authorized but unissued Common Stock a sufficient number of shares of Common Stock to permit the conversion of the Preferred Stock.

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All shares of Common Stock delivered upon conversion of the Preferred Stock shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim.

The Corporation shall endeavor promptly to comply with all federal and state securities laws regulating the order and delivery of shares of Common Stock upon the conversion of Preferred Stock, if any, and shall cause to have listed or quoted all such shares of Common Stock on each United States national securities exchange or over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

(f) Adjustments to Conversion Rate. The Conversion Rate shall be adjusted from time to time, without duplication, as follows:

- (i) In case the Corporation shall: (A) pay a dividend, or make a distribution, exclusively in shares of its capital stock, on the Common Stock; (B) subdivide its outstanding Common Stock into a greater number of shares; (C) combine its outstanding Common Stock into a smaller number of shares; or (D) reclassify its Common Stock, the Conversion Rate in effect immediately prior to the record date or effective date, as the case may be, for the adjustment pursuant to this Section 7(f) as described below, shall be adjusted so that the Holder of any Preferred Stock thereafter surrendered for conversion shall be entitled to receive the cash and number of shares of Common Stock of the Corporation which such Holder would have owned or have been entitled to receive after the happening of any of the events described above had such Preferred Stock been converted immediately prior to such record date or effective date, as the case may be. An adjustment made pursuant to this Section 7(f) shall become effective immediately after the applicable record date in the case of a dividend or distribution and shall become effective immediately after the applicable effective date in the case of subdivision, combination or reclassification of the Corporation's Common Stock. If any dividend or distribution of the type described in clause (A) above is not so paid or made,



the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

- (ii) In case the Corporation shall issue rights or warrants to all holders of the Common Stock entitling them (for a period expiring within 60 days after the date of issuance of such rights or warrants) to subscribe for or purchase Common Stock at a price per share less than the Market Price per share of Common Stock on the record date fixed for determination of shareholders entitled to receive such rights or warrants, the Conversion Rate in effect immediately after such record date shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately after such record date by a fraction of which (A) the numerator shall be the number of shares of Common Stock outstanding on such record date plus the number of additional shares of Common Stock offered for subscription or purchase, and (B) the denominator shall be the number of shares of Common Stock outstanding on such record date plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at the Market Price per share of Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such issuance of rights or warrants. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such record date for the determination of shareholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the

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Corporation for such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors.

- (iii) In case the Corporation shall, by dividend or otherwise, distribute to all holders of Common Stock any assets, debt securities or rights or warrants to purchase any of its securities (excluding (a) any

dividend, distribution or issuance covered by those referred to in Section 7(f)(i) or Section 7(f)(ii) hereof and (b) any dividend or distribution paid exclusively in cash) (any of the foregoing hereinafter in this Section 7(f)(iii) called the “Distributed Assets or Securities”) in an aggregate amount per share of Common Stock that, combined together with the aggregate amount of any other such distributions to all holders of its Common Stock made within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this Section 7(f)(iii) has been made, exceeds 15% of the Market Price on the Trading Day immediately preceding the declaration of such distribution, then the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date mentioned below by a fraction of which (A) the numerator shall be the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution, and (B) the denominator shall be (1) the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution less (2) the Fair Market Value on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution (as determined by the Board of Directors, whose determination shall be conclusive, and described in a certificate filed with the Paying Agent) of the Distributed Assets or Securities so distributed applicable to one share of Common Stock. Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution; provided, however, that, if (a) the Fair Market Value of the portion of the Distributed Assets or Securities so distributed applicable to one share of Common Stock is equal to or greater than the Market Price of the Common Stock on the record date for the determination of shareholders entitled to receive such distribution or (b) the Market Price of the Common Stock on the record date for the determination of shareholders entitled to receive such distribution is greater than the Fair Market Value per share of such Distributed Assets or Securities by less than \$1.00, then, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the cash and shares of Common Stock, the kind and amount of assets, debt securities, or rights or warrants comprising the Distributed Assets or Securities the Holder would have received had such Holder converted such Preferred Stock immediately prior to the record date for the determination of shareholders entitled to receive such distribution. In the event that such distribution is not so paid or made, the applicable Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such distribution had not been declared.

- (iv) In case the Corporation shall declare a cash dividend or cash distribution to all or substantially all of the holders of Common Stock, the Conversion Rate shall be increased so that the applicable Conversion Rate shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the record date for such dividend or distribution by a fraction,

(A) the numerator of which shall be the average of the Last Reported Sale Price of Common Stock for the five consecutive Trading Days ending on the Trading Day immediately preceding the record date for such dividend or distribution (the “Pre-Dividend Sale Price”), and

(B) the denominator of which shall be the Pre-Dividend Sale Price, minus the full amount of such cash dividend or cash distribution applicable to one share of Common Stock (the “Dividend Adjustment Amount”), with

such adjustment to become effective immediately after the record date for such dividend or distribution; *provided* that if the denominator of the foregoing fraction is less than \$1.00 (including a negative

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amount), then in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the cash and Common Stock issuable upon such conversion, the amount of cash such Holder would have received had such Holder converted its Preferred Stock solely into Common Stock at the then applicable Conversion Rate immediately prior to the record date for such cash dividend or cash distribution. If such cash dividend or cash distribution is not so paid or made, the applicable Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(v) In the case the Corporation shall make (a) any distributions, by dividend or otherwise, during any quarterly fiscal periods consisting exclusively of cash to all holders of outstanding shares of Common Stock in an aggregate amount that, together with (b) other all-cash or all-check distributions made to all holders of outstanding shares of Common Stock during such quarterly fiscal period, and (c) any cash and the Fair Market Value, as of the expiration of any tender or exchange offer (other than consideration payable in respect of any odd-lot tender offer) of consideration payable in respect of any tender or exchange offer by the Corporation or any of the Corporation’s Subsidiaries for all or any portion of shares of Common Stock concluded during such quarterly fiscal period, exceed the product of \$0 multiplied by the number of shares of Common Stock outstanding on the record date for such distribution, then, and in each such case, the Conversion Rate shall be increased in accordance with the provisions of clause (iv) above.

(vi) If a Holder elects to convert Preferred Stock in connection with a corporate transaction that occurs on or prior to December 5, 2008 that constitutes a Fundamental Change (other than as described in clause (iv) of the definition of Fundamental Change) and 10% or more of the Fair Market Value of the consideration for the Common Stock (as determined by the Board of Directors, whose determination shall be conclusive evidence of such Fair Market Value) in the corporate transaction consists of (A) cash, (B) other property or (C) securities that are not traded or scheduled to be traded immediately

following such transaction on a U.S. national securities exchange or the Nasdaq National Market, then the Conversion Rate for the Preferred Stock surrendered for conversion by such Holder shall be adjusted so that such Holder will be entitled to receive cash and shares of Common Stock equal to the sum of (1) the Conversion Value and (2) the number of additional shares of Common Stock (the “Additional Shares”) determined in the manner set forth below, subject in each case to the Corporation’s payment elections as described in Section 7 hereof. For the avoidance of doubt, the adjustment provided for in this Section 7(f)(vi) shall only be made with respect to the Preferred Stock being converted in connection with such Fundamental Change and shall not be effective as to any Preferred Stock not so converted.

The number of Additional Shares will be determined by reference to the table below, based on the date on which such corporate transaction becomes effective (the “Effective Date”) and the Share Price; *provided* that if the Share Price is between two Share Price amounts in the table below or the Effective Date is between two Effective Dates in the table, the number of Additional Shares will be determined by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Share Price amounts and the two dates, as applicable, based on a 365-day year.

The Share Prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the applicable Conversion Rate of the Preferred Stock is adjusted pursuant to this Section 7(f). The adjusted Share Prices will equal the Share Prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Share Price adjustment and the denominator of which is the Conversion Rate as so adjusted.

The following table sets forth the hypothetical Share Price and number of Additional Shares to be received per Liquidation Preference of the Preferred Stock:

Effective Date	Share Price														
	\$7.81	\$8.00	\$9.00	\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00	\$20.00	\$25.00	\$30.00	\$35.00	\$40.00	\$50.00
November 9, 2004	1.52	1.52	1.42	1.20	1.02	0.88	0.79	0.70	0.63	0.39	0.27	0.20	0.15	0.12	0.00
December 5, 2005	1.52	1.52	1.33	1.11	0.93	0.79	0.71	0.61	0.55	0.33	0.23	0.17	0.13	0.10	0.00
December 5, 2006	1.52	1.52	1.23	1.00	0.82	0.89	0.62	0.52	0.47	0.27	0.18	0.13	0.10	0.08	0.00
December 5, 2007	1.52	1.43	1.12	0.89	0.70	0.57	0.50	0.41	0.34	0.19	0.12	0.09	0.07	0.05	0.00
December 5, 2008	1.52	1.36	1.03	0.77	0.57	0.43	0.37	0.27	0.20	0.10	0.06	0.05	0.04	0.03	0.00

The Share Prices and Additional Share amounts set forth above are based upon an initial Conversion Rate per share of 5.0541 per Liquidation Preference of the Preferred Stock.

If the Share Price is equal to or in excess of \$50.00 per share (subject to adjustment), no Additional Shares will be issued upon conversion.

If the Share Price is less than \$7.61 per share (subject to adjustment), no Additional Shares will be issued upon conversion.

Notwithstanding the foregoing, any adjustment to the applicable Conversion Rate relating to the issuance of Additional Shares as described in this Section 7(f)(vi) will not exceed the Maximum Conversion Rate.

(vii) Notwithstanding the foregoing, in the case of a Public Acquirer Change of Control, the Corporation may, in lieu of increasing the applicable Conversion Rate by Additional Shares as described in Section 7(f)(vii) hereof, elect to adjust the applicable Conversion Rate and the related conversion obligation such that upon conversion the Issuer will deliver cash and a number of shares of Public Acquirer Common Stock such that by multiplying the Conversion Rate in effect immediately before the Public Acquirer Change of Control shall be adjusted by a fraction:

(A) the numerator of which will be the average of the Last Reported Sale Price of the Common Stock for the five consecutive trading days prior to but excluding the effective date of such Public Acquirer Change of Control; and

(B) the denominator of which will be the average of the Last Reported Sale Price of the Public Acquirer Common Stock for the five consecutive trading days commencing on the Trading Day next succeeding the effective date of such Public Acquirer Change of Control.

A "Public Acquirer Change of Control" means any event described in Section 7(f)(vi) hereof that would otherwise obligate the Corporation to increase the Conversion Rate as described in Section 7(f)(vi) hereof and the acquirer (or any entity of which the acquirer is a directly or indirectly wholly-owned Subsidiary and such entity provides a guarantee to the Preferred Stock) has a class of common stock traded on a U.S. national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with such event (the "Public Acquirer Common Stock").

After the adjustment of the applicable Conversion Rate in connection with a Public Acquirer Change of Control, the applicable Conversion Rate will be subject to further similar adjustments in the event that any of the events described in this Section 7(f) occur thereafter.

The Corporation is required to notify Holders of its election in writing of such transaction, which notice shall be made five Business Days prior to the effective date of such Public Acquirer Change of Control. In addition, the Holder can also, subject to certain conditions, require the Corporation to repurchase all or a portion of its Preferred Stock as described under Section 4.

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- (viii) With respect to Section 7(f)(iii) hereof, in the event that the Corporation makes any distribution to all holders of Common Stock consisting of Equity Interests in a Subsidiary or other business unit of the Corporation, the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive such distribution by a fraction of which (A) the numerator shall be (x) the Spin-off Market Price per share of the Common Stock on such record date plus (y) the Spin-off Market Price per Equity Interest of the Subsidiary or other business unit of the Corporation on such record date and (B) the denominator shall be the Spin-off Market Price per share of the Common Stock on such record date, such adjustment to become effective 10 Trading Days after the effective date of such distribution of Equity Interests in a Subsidiary or other business unit of the Corporation.
- (ix) Upon conversion of the Preferred Stock, the Holders shall receive, in addition to the cash and Common Stock issuable upon such conversion, the rights issued under any future shareholder rights plan the Corporation implements (notwithstanding the occurrence of an event causing such rights to separate from the Common Stock at or prior to the time of conversion) unless, prior to conversion, the rights have expired, terminated or been redeemed or exchanged in accordance with such rights plan. If, and only if, the Holders of Preferred Stock receive rights under such shareholder rights plans as described in the preceding sentence upon conversion of their Preferred Stock, then no other adjustment pursuant to this Section 7(f) shall be made in connection with such shareholder rights plans.
- (x) For purposes of this Section 7(f), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Corporation shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.
- (xi) Notwithstanding the foregoing, in no event shall the Conversion Rate exceed the maximum conversion rate specified under this Section 7(f)(xi) (the "Maximum Conversion Rate") as a result of an adjustment pursuant to Sections 7(f)(iii), 7(f)(iv) or 7(f)(vi) hereof. The Maximum Conversion Rate shall initially be 6.5703 and shall be appropriately adjusted from time to time for any stock dividends on or subdivisions or combinations of the Common Stock. The Maximum Conversion Rate shall not apply to any adjustments made pursuant to any of the events in Section 7(f)(i) or Section 7(f)(ii) hereof.



(g) Calculation Methodology. No adjustment in the Conversion Price need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect, provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. Except as stated in this Section 7, the Conversion Rate will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing. Any adjustments that are made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Section 4 and Section 7(f) hereof and this Section 7(g) shall be made to the nearest cent or to the nearest 1/10,000th of a share, as the case may be.

(h) When No Adjustment Required. No adjustment to the Conversion Rate need be made:

(i) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Common Stock under any plan;

(ii) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Corporation or any of its Subsidiaries;

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(iii) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security not described in clause (ii) above and outstanding as of the date of this Certificate of Designation;

(iv) for a change in the par value or no par value of the Common Stock;

(v) for accumulated and unpaid dividends (including Additional Dividends, if any); or

(vi) if Holders are to participate in a merger or consolidation on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction; provided that the basis on which the Holders are to participate in the transaction shall not be deemed to be fair if it would require the conversion of securities at any time prior to the expiration of the conversion period specified for such securities.

To the extent the Preferred Stock becomes convertible into cash, assets or property (other than capital stock of the Corporation or securities to which Section 7(l) hereof applies), no adjustment shall be made thereafter as to the cash, assets or property. Interest shall not accumulate on such cash.

(i) Notice of Adjustment. Whenever the Conversion Rate is adjusted, the Corporation shall promptly mail to Holders a notice of the adjustment. The Corporation shall file with the Conversion Agent such notice. The certificate shall, absent manifest error, be conclusive evidence that the adjustment is correct. No Conversion Agent shall be under any duty or responsibility with respect to any such certificate except to exhibit the same to any Holder desiring inspection thereof.

(j) Voluntary Increase. The Corporation may make such increases in the Conversion Rate, in addition to those required by Section 7(f) hereof, as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. To the extent permitted by applicable law, the Corporation may from time to time increase the Conversion Rate by any amount, temporarily or otherwise, for any period of at least 20 days if the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Corporation, which determination shall be conclusive. Whenever the Conversion Rate is so increased, the Corporation shall mail to Holders and file with the Conversion Agent a notice of such increase. The Conversion Agent shall not be under any duty or responsibility with respect to any such notice except to exhibit the same to any holder desiring inspection thereof. The Corporation shall mail the notice at least 15 days before the date the increased Conversion Rate takes effect. The notice shall state the increased Conversion Rate and the period it shall be in effect.

(k) Notice to Holders Prior to Certain Actions. In case:

- (i) the Corporation shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 7(f) hereof;
- (ii) the Corporation shall authorize the granting to all or substantially all the holders of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants;
- (iii) of any reclassification or reorganization of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Corporation is a party and for which approval of any shareholders of the Corporation is required, or of the sale or transfer of all or substantially all of the assets of the Corporation; or
- (iv) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation, the Corporation shall cause to be filed with the Conversion Agent and to be mailed to each Holder at its address appearing on the Security Register, as promptly as possible but in any event at least 15 days



prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, or rights or warrants are to be determined or (y) the date on which such reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

(l) Effect of Reclassification, Consolidation, Merger, Binding Share Exchange or Sale. If any of the following events occur, namely; (i) any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); (ii) any consolidation, merger, combination or binding share exchange of the Corporation with another Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock; or (iii) any sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Corporation or the successor or purchasing Person, as the case may be, shall cause an amendment to this Certificate of Designation to be executed and filed in accordance with Michigan law, providing that each share of Preferred Stock shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, binding share exchange, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Preferred Stock immediately prior to such reclassification, change, consolidation, merger, combination, binding share exchange, sale or conveyance. Such amended Certificate of Designation shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7(l).

The Corporation shall cause notice of the execution of such amended Certificate of Designation to be mailed to each Holder, at its address appearing on the Security Register, within 20 days after filing thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section 7(l) shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, binding share exchanges, sales and conveyances.

If this Section 7(l) applies to any event or occurrence, Section 7(f) hereof shall not apply.

(m) Conversion Value of Preferred Stock Tendered.

- (i) Subject to certain exceptions described in Sections 7(a)(ii), 7(a)(iii) and 7(a)(iv), Holders tendering the Preferred Stock for conversion shall be entitled to receive, upon conversion of such Preferred Stock, per the Liquidation Preference, cash and shares of Common Stock, the value of which (the "Conversion Value") shall be equal to the product of:

(A) the then applicable Conversion Rate; and

(B) the average of the Common Stock prices for the ten consecutive Trading Days (appropriately adjusted to take into account the occurrence during such period of stock splits, stock dividends and similar events) beginning on the second Trading Day immediately following the day the Preferred Stock is tendered for conversion (the "Ten Day Average Closing Stock Price").

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- (ii) Subject to certain exceptions described below and under Sections 7(a)(ii), 7(a)(iii) and 7(a)(iv), the Corporation shall deliver the Conversion Value to converting Holders as follows;

(A) an amount in cash (the "Principal Return") equal to the lesser of (1) the Conversion Value of the Preferred Stock to be converted and (2) the aggregate Liquidation Preference per share of Preferred Stock to be converted;

(B) if the aggregate Conversion Value of the Preferred Stock to be converted is greater than the Principal Return, an amount in whole shares (the "Net Shares"), determined as set forth below, equal to such aggregate Conversion Value less the Principal Return (the "Net Share Amount"); and

(C) an amount paid in cash, determined as set forth below, in lieu of any fractional shares of Common Stock.

The number of Net Shares to be paid shall be determined by dividing the Net Share Amount by the Ten Day Average Closing Stock Price. Holders of Preferred Stock will not receive fractional shares upon conversion of Preferred Stock. In lieu of fractional shares, Holders will receive cash for the value of the fractional shares, which cash payment shall be based on the Ten Day Average Closing Stock Price.

The Conversion Value, Principal Return, number of Net Shares and Net Share Amount shall be determined by the Corporation at the end of the ten consecutive Trading Day period beginning on the second Trading Day immediately following the day the Preferred Stock are tendered for conversion (the "Determination Date").

The Corporation shall pay the Principal Return and cash for fractional shares and deliver the Net Shares, if any, as promptly as practicable after the Determination Date, but in no event later than five Business Days thereafter. Except as provided in Section 7, delivery of the Principal Return, Net Shares and cash in lieu of fractional shares shall be deemed to satisfy the Corporation's obligation to pay the Liquidation Preference, including Additional Dividends, if any. Any accumulated and unpaid dividends, including Additional Dividends, shall be deemed canceled, extinguished or forfeited rather than paid in full.

(n) Responsibility of Conversion Agent. The Conversion Agent shall not at any time be under any duty or responsibility to any Holder to either calculate the Conversion Rate or determine whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any amended Certificate of Designation provided to be employed, in making the same and shall be protected in relying upon an Officers' Certificate with respect to the same. The Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Preferred Stock and the Conversion Agent makes no representations with respect thereto. The Conversion Agent shall not be responsible for any failure of the Corporation to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Preferred Stock for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Corporation contained in this Section 7(n). Without limiting the generality of the foregoing, the Conversion Agent shall not be under any responsibility to determine the correctness of any provisions contained in any amended Certificate of Designation entered into pursuant to this Section 7 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Holders upon the conversion of their Preferred Stock after any event referred to in this Section 7 or to any adjustment to be made with respect thereto, but may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Corporation shall be obligated to file with the Conversion Agent prior to the execution of any such amended Certificate of Designation) with respect thereto.

(o) Simultaneous Adjustments. In the event that Section 7(f) hereof requires adjustments to the Conversion Rate under more than one of Section 7(f)(i), Section 7(f)(ii), Section 7(f)(iii) or Section 7(f)(iv) hereof, and the Dividend Record Dates for the distributions giving rise to such adjustments shall occur on the same date, then

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such adjustments shall be made by applying, first, the provisions of Section 7(f)(iii) hereof, second, the provisions of Section 7(f)(i) hereof and third, the provisions of Section 7(f)(ii) hereof; provided, however, that nothing in this Section 7(o) shall be done to evade the principle set forth in Section 7(f)(x) hereof that the

Maximum Conversion Rate shall not apply to any adjustments made with respect to any of the events in Section 7(f)(i) or Section 7(f)(ii) hereof.

(p) Successive Adjustments. After an adjustment to the Conversion Rate under Section 7(f) hereof, any subsequent event requiring an adjustment under Section 7(f) shall cause an adjustment to the Conversion Rate as so adjusted.

(q) General Considerations. Whenever successive adjustments to the Conversion Rate are called for pursuant to this Section 7, such adjustments shall be made to the Market Price as may be necessary or appropriate to effectuate the intent of this Section 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(r) Corporation Determination Final. Any determination which the Board of Directors must make pursuant to this Section 7 shall be conclusive and binding on the Holders.

## 8. Mandatory Conversion.

(a) At any time on or after December 5, 2008, the Corporation shall have the right, at its option, to cause the Preferred Stock, in whole but not in part, to be automatically converted into cash and shares of Common Stock equal to the Conversion Value and in accordance with the provisions of Section 7 hereof. The Corporation may exercise its right to cause a mandatory conversion pursuant to this Section 8(a) only if the Last Reported Sale Price of the Common Stock equals or exceeds 130% of the Conversion Price then in effect for at least 20 Trading Days in any consecutive 30-day trading period on the NYSE (or such other national securities exchange or automated quotation system on which the Common Stock is then listed or authorized for quotation), including the last Trading Day of such 30-day period, ending on the Trading Day prior to the Corporation's issuance of a press release announcing the mandatory conversion as described in Section 8(b).

(b) To exercise the mandatory conversion right described in Section 8(a), the Corporation must issue a press release for publication on the Dow Jones News Service prior to the opening of business on the first trading day following any date on which the conditions described in Section 8(a) are met, announcing such a mandatory conversion. The Corporation shall also give notice by mail or by publication (with subsequent prompt notice by mail) to the holders of Preferred Stock (not more than four Business Days after the date of the press release) of the mandatory conversion announcing the Corporation's intention to convert the Preferred Stock. The conversion date will be a date selected by the Corporation (the "Mandatory Conversion Date") and will be no more than five days after the date on which the Corporation issues the press release described in this Section 8(b).

(c) In addition to any information required by applicable law or regulation, the press release and notice of a mandatory conversion described in Section 8(b) shall state, as appropriate: (i) the Mandatory Conversion Date; (ii) the Conversion Value, including the Principal Return, the Net Shares and the cash in lieu of fractional shares to be delivered upon conversion of the Preferred Stock; (iii) the number of shares of Preferred Stock to be converted; and (iv) that dividends on the Preferred Stock to be converted will cease to accumulate on the Mandatory Conversion Date.

(d) On and after the Mandatory Conversion Date, dividends will cease to accumulate on the Preferred Stock called for a mandatory conversion pursuant to Section 8(a) and all rights of holders of such Preferred Stock will terminate except for the right to receive the cash and whole shares of Common Stock issuable upon conversion thereof and cash, in lieu of any fractional shares of Common Stock in accordance with Section 7(c). The dividend payment with respect to the Preferred Stock called for a mandatory conversion pursuant to Section 8(a) on a date during the period between the close of business on any Dividend Record Date to the close of business on the corresponding Dividend Payment Date will be payable on such Dividend Payment Date to the record holder of such share on such Dividend Record Date if such share has been converted after such Dividend Record Date and

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prior to such Dividend Payment Date. Except as provided in the immediately preceding sentence with respect to a mandatory conversion pursuant to Section 8(a), no payment or adjustment will be made upon conversion of Preferred Stock for Accumulated Dividends or for dividends with respect to the Common Stock issued upon such conversion.

(e) The Corporation may not authorize, issue a press release or give notice of any mandatory conversion pursuant to Section 8(a) unless, prior to giving the mandatory conversion notice, all Accumulated Dividends on the Preferred Stock for periods ended prior to the date of such mandatory conversion notice shall have been paid in cash.

(f) In addition to the mandatory conversion right described in Section 8(a), if there are less than 250,000 shares of Preferred Stock outstanding, the Corporation shall have the right, at any time on or after December 5, 2008, at its option, to cause the Preferred Stock to be automatically converted into cash and shares of Common Stock equal to the Conversion Value and in accordance with the provisions of Section 7 hereof.

## 9. Consolidation, Merger and Sale of Assets.

(a) The Corporation, without the consent of the Holders of any of the outstanding Preferred Stock, may consolidate with or merge into any other Person or convey, transfer or lease all or substantially all its assets to any Person or may permit any Person to consolidate with or merge into, or transfer or lease all or substantially all its properties to, the Corporation; provided, however, that: (i) the successor, transferee or lessee is organized under the laws of the United States or any political subdivision thereof; (ii) the shares of Preferred Stock will become shares of such successor, transferee or lessee, having in respect of such successor, transferee or lessee the same powers, designations, preferences and relative, participating, optional or other rights on which, and the qualification, limitations or restrictions thereon, the Preferred Stock had immediately prior to such transaction; and (iii) the Corporation delivers to the Transfer Agent an Officers' Certificate and an

Opinion of Counsel stating that such transaction complies with this Certificate of Designation (including without limitation the requirements of Section 7(l)).

(b) Upon any consolidation by the Corporation with, or merger by the Corporation into, any other Person or any conveyance, transfer or lease of all or substantially all the assets of the Corporation as described in Section 9(a), the successor resulting from such consolidation or into which the Corporation is merged or the transferee or lessee to which such conveyance, transfer or lease is made will succeed to, and be substituted for, and may exercise every right and power of, the Corporation under the shares of Preferred Stock, and, thereafter, except in the case of a lease, the predecessor (if still in existence) will be released from its obligations and covenants with respect to the Preferred Stock.

#### 10. SEC Reports.

Whether or not the Corporation is required to file reports with the Commission, if any shares of Preferred Stock are outstanding, the Corporation shall file with the Commission all such reports and other information as it would be required to file with the Commission by Section 13(a) or 15(d) under the Exchange Act. The Corporation shall supply each holder of Preferred Stock, upon request, without cost to such holder, copies of such reports or other information.

#### 11. Certificates.

(a) Form and Dating. The Preferred Stock and the Transfer Agent's certificate of authentication shall be substantially in the form of Exhibit C, which is hereby incorporated in and expressly made a part of this Certificate of Designation. The Preferred Stock certificate may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Corporation is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Corporation). Each Preferred Stock certificate shall be dated the date of its authentication. The terms of the Preferred Stock certificate set forth in Exhibit C are part of the terms of this Certificate of Designation.

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- (i) Global Preferred Stock. The Preferred Stock shall be issued initially in the form of one or more fully registered global certificates with the global securities legend and restricted securities legend set forth in Exhibit C hereto (the "Global Preferred Stock"), which shall be deposited on behalf of the purchasers represented thereby with DTC (or with such custodian as DTC may direct), and registered in the name of DTC or a nominee of DTC, duly executed by the Corporation and authenticated by the Transfer Agent as hereinafter provided. The number of shares of Preferred Stock represented by Global Preferred Stock may from time to time be increased or decreased by



adjustments made on the records of the Transfer Agent and DTC or its nominee as hereinafter provided. With respect to shares of Preferred Stock that are not “restricted securities” as defined in Rule 144 under the Securities Act on a Conversion Date, all shares of Common Stock distributed on such Conversion Date will be freely transferable without restriction under the Securities Act (other than by affiliates), and such shares will be eligible for receipt in global form through the facilities of DTC.

- (ii) **Book-Entry Provisions.** In the event Global Preferred Stock is deposited with or on behalf of DTC, the Corporation shall execute and the Transfer Agent shall authenticate and deliver initially one or more Global Preferred Stock certificates that (a) shall be registered in the name of DTC as depository for such Global Preferred Stock or the nominee of DTC and (b) shall be delivered by the Transfer Agent to DTC or pursuant to DTC’s instructions or held by the Transfer Agent as custodian for DTC.

Members of, or participants in, DTC (“Agent Members”) shall have no rights under this Certificate of Designation with respect to any Global Preferred Stock held on their behalf by DTC or by the Transfer Agent as the custodian of DTC or under such Global Preferred Stock, and DTC may be treated by the Corporation, the Transfer Agent and any agent of the Corporation or the Transfer Agent as the absolute owner of such Global Preferred Stock for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Corporation, the Transfer Agent or any agent of the Corporation or the Transfer Agent from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its Agent Members, the operation of customary practices of DTC governing the exercise of the rights of a holder of a beneficial interest in any Global Preferred Stock.

- (iii) **Certificated Preferred Stock.** Except as provided in Section 11(c), owners of beneficial interests in Global Preferred Stock will not be entitled to receive Certificated Preferred Stock.

(b) **Execution and Authentication.** Two Officers shall sign the Preferred Stock certificate for the Corporation by manual or facsimile signature.

If an Officer whose signature is on a Preferred Stock certificate no longer holds that office at the time the Transfer Agent authenticates the Preferred Stock certificate, the Preferred Stock certificate shall be valid nevertheless.

A Preferred Stock certificate shall not be valid until an authorized signatory of the Transfer Agent and the Security Registrar manually signs the certificate of authentication on the Preferred Stock certificate. The signature shall be conclusive evidence that the Preferred Stock certificate has been authenticated under this Certificate of Designation.

The Transfer Agent shall authenticate and deliver certificates for 4,910,000 shares of Preferred Stock for original issue upon a written order of the Corporation signed by two Officers or by an Officer and an Assistant Treasurer of the Corporation. Such order shall specify the number of shares of Preferred Stock to be authenticated and the date on which the original issue of Preferred Stock is to be authenticated.

The Transfer Agent may appoint an authenticating agent reasonably acceptable to the Corporation to authenticate the certificates for Preferred Stock. Unless limited by the terms of such appointment, an authenticating agent may authenticate certificates for Preferred Stock whenever the Transfer Agent may do so. Each reference in this Certificate of Designation to authentication by the Transfer Agent includes authentication

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by such agent. An authenticating agent has the same rights as the Transfer Agent or agent for service of notices and demands.

(c) Transfer and Exchange of Global Preferred Stock. The transfer and exchange of Global Preferred Stock or beneficial interests therein shall be effected through DTC, in accordance with this Certificate of Designation (including applicable restrictions on transfer set forth herein, if any) and the procedures of DTC therefor.

(i) Restrictions on Transfer and Exchange of Global Preferred Stock.

(A) Notwithstanding any other provisions of this Certificate of Designation (other than the provisions set forth in Section 11(c)(ii)), Global Preferred Stock may not be transferred as a whole except by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor depository or a nominee of such successor depository.

(B) In the event that the Global Preferred Stock is exchanged for Preferred Stock in definitive registered form pursuant to Section 11(c)(ii) prior to the effectiveness of a Shelf Registration Statement with respect to such securities, such Preferred Stock may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 11(c) (including the certification requirements set forth in the Exhibits to this Certificate of Designation intended to ensure that such transfers comply with Rule 144A or such other applicable exemption from registration under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Corporation.

(C) The Preferred Stock, and any shares of Common Stock distributed pursuant to the conversion of the Preferred Stock, may not be sold until December 5, 2005, except (a) pursuant to registration under the Securities Act, (b) in accordance with Rule 144 (if available) or Rule 144A under the Securities Act (if available) or (c) in offshore transactions in reliance on Regulation S, and will bear a legend to this effect.

(ii) Authentication of Certificated Preferred Stock. If at any time:



(A) DTC notifies the Corporation that DTC is unwilling or unable to continue as depository for the Global Preferred Stock and a successor depository for the Global Preferred Stock is not appointed by the Corporation within 90 days after delivery of such notice;

(B) DTC ceases to be a clearing agency registered under the Exchange Act and a successor depository for the Global Preferred Stock is not appointed by the Corporation within 90 days; or

(C) the Corporation, in its sole discretion, notifies the Transfer Agent in writing that it elects to cause the issuance of Certificated Preferred Stock under this Certificate of Designation,

then the Corporation will execute, and the Transfer Agent, upon receipt of a written order of the Corporation signed by two Officers or by an Officer and an Assistant Treasurer of the Corporation requesting the authentication and delivery of Certificated Preferred Stock to the Persons designated by the Corporation, will authenticate and deliver Certificated Preferred Stock equal to the number of shares of Preferred Stock represented by the Global Preferred Stock, in exchange for such Global Preferred Stock.

- (iii) Cancellation or Adjustment of Global Preferred Stock. At such time as all beneficial interests in Global Preferred Stock have either been exchanged for Certificated Preferred Stock, converted or canceled, such Global Preferred Stock shall be returned to DTC for cancellation or retained and canceled by the Transfer Agent. At any time prior to such cancellation, if any beneficial interest in Global Preferred Stock is exchanged for Certificated Preferred Stock, converted or canceled, the number of shares of Preferred Stock represented by such Global Preferred Stock shall be reduced and an adjustment shall be

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made on the books and records of the Transfer Agent with respect to such Global Preferred Stock, by the Transfer Agent or DTC, to reflect such reduction.

- (iv) Obligations with Respect to Transfers and Exchanges of Preferred Stock.

(A) To permit registrations of transfers and exchanges, the Corporation shall execute and the Transfer Agent shall authenticate Certificated Preferred Stock and Global Preferred Stock as required pursuant to the provisions of this Section 11(c).

(B) All Certificated Preferred Stock and Global Preferred Stock issued upon any registration of transfer or exchange of Certificated Preferred Stock or Global Preferred Stock shall be the valid obligations of the Corporation, entitled to the same benefits under this Certificate of Designation as

the Certificated Preferred Stock or Global Preferred Stock surrendered upon such registration of transfer or exchange.

(C) Prior to due presentment for registration of transfer of any shares of Preferred Stock, the Transfer Agent and the Corporation may deem and treat the Person in whose name such shares of Preferred Stock are registered as the absolute owner of such Preferred Stock and neither the Transfer Agent nor the Corporation shall be affected by notice to the contrary.

(D) No service charge shall be made to a Holder for any registration of transfer or exchange upon surrender of any Preferred Stock certificate or Common Stock certificate at the office of the Transfer Agent maintained for that purpose. However, the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Preferred Stock certificates or Common Stock certificates.

(E) Upon any sale or transfer of shares of Preferred Stock (including any Preferred Stock represented by a Global Preferred Stock certificate) or of certificated Common Stock pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 or another exemption from registration under the Securities Act (and based upon an Opinion of Counsel reasonably satisfactory to the Corporation if it so requests):

(1) in the case of any Certificated Preferred Stock or certificated Common Stock, the Corporation and the Transfer Agent shall permit the holder thereof to exchange such Preferred Stock or certificated Common Stock for Certificated Preferred Stock or certificated Common Stock, as the case may be, that does not bear the restrictive legend set forth on Exhibit C and rescind any restriction on the transfer of such Preferred Stock or Common Stock issuable in respect of the conversion of the Preferred Stock; and

(2) in the case of any Global Preferred Stock, such Preferred Stock shall not be required to bear the restrictive legend set forth on Exhibit C; provided, however, that with respect to any request for an exchange of Preferred Stock that is represented by Global Preferred Stock for Certificated Preferred Stock that does not bear a restrictive as set forth on Exhibit C in connection with a sale or transfer thereof pursuant to Rule 144 or another exemption from registration under the Securities Act (and based upon an Opinion of Counsel if the Corporation so requests), the Holder thereof shall certify in writing to the Transfer Agent that such request is being made pursuant to such exemption (such certification to be substantially in the form of Exhibit D hereto).

(v) No Obligation of the Transfer Agent.

(A) The Transfer Agent shall have no responsibility or obligation to any beneficial owner of Global Preferred Stock, a member of, or a participant in, DTC or any other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Preferred Stock or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice or the payment of any amount, under or with respect to such Global Preferred Stock. All notices and communications to be

given to the Holders and all payments to be made to Holders under the Preferred Stock shall be given or made only

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to the Holders (which shall be DTC or its nominee in the case of the Global Preferred Stock). The rights of beneficial owners in any Global Preferred Stock shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Transfer Agent may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

(B) The Transfer Agent shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Certificate of Designation or under applicable law with respect to any transfer of any interest in any Preferred Stock (including any transfers between or among DTC participants, members or beneficial owners in any Global Preferred Stock) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Certificate of Designation, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(d) Replacement Certificates. If a mutilated Preferred Stock certificate is surrendered to the Transfer Agent or if the Holder of a Preferred Stock certificate claims that the Preferred Stock certificate has been lost, destroyed or wrongfully taken, the Corporation shall issue and the Transfer Agent shall countersign a replacement Preferred Stock certificate if the reasonable requirements of the Transfer Agent are met. If required by the Transfer Agent or the Corporation, such Holder shall furnish an indemnity bond sufficient in the judgment of the Corporation and the Transfer Agent to protect the Corporation and the Transfer Agent from any loss which either of them may suffer if a Preferred Stock certificate is replaced. The Corporation and the Transfer Agent may charge the Holder for their expenses in replacing a Preferred Stock certificate.

12. Additional Rights of Holders. In addition to the rights provided to Holders under this Certificate of Designation, Holders shall have the rights set forth in the Registration Rights Agreement.

### 13. Other Provisions.

(a) With respect to any notice to a Holder of shares of Preferred Stock required to be provided hereunder, neither failure to mail such notice, nor any defect therein or in the mailing thereof, to any particular Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any distribution, rights, warrant, reclassification,

consolidation, merger, conveyance, transfer, dissolution, liquidation or winding-up, or the vote upon any such action. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

(b) Shares of Preferred Stock issued and reacquired will be retired and canceled promptly after reacquisition thereof and, upon compliance with the applicable requirements of Michigan law, have the status of authorized but unissued shares of preferred stock of the Corporation undesignated as to series and may with any and all other authorized but unissued shares of preferred stock of the Corporation be designated or redesignated and issued or reissued, as the case may be, as part of any series of preferred stock of the Corporation, except that any issuance or reissuance of shares of Preferred Stock must be in compliance with this Certificate of Designation.

(c) The shares of Preferred Stock shall be issuable only in whole shares.

(d) All notice periods referred to herein shall commence on the date of the mailing of the applicable notice.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed and attested this 15th day of December, 2004.

CMS ENERGY CORPORATION

By: /s/ Michael D. VanHemert  
Name: Michael D. VanHemert  
Title: Vice President and Secretary

Attest: /s/ Joyce H. Norkey  
Joyce H. Norkey

**FORM OF FUNDAMENTAL CHANGE PURCHASE NOTICE**

To: CMS Energy Corporation

The undersigned registered holder of shares of Preferred Stock hereby acknowledges receipt of a notice from CMS Energy Corporation (the "Corporation") as to the occurrence of a Fundamental Change with respect to the Corporation and requests and instructs the Corporation to repurchase the shares of Preferred Stock (\$50.00 liquidation preference or an integral multiple thereof) designated below, in accordance with the terms of the Certificate of Designation referred to in such Preferred Stock and directs that the check of the Corporation, in payment for these shares of Preferred Stock, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If any portion of these shares of Preferred Stock are not repurchased and are to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

Dated:

Signature(s)

Signature(s) must be guaranteed by a commercial bank or trust company or a member firm of a major stock exchange if cash and shares of Preferred Stock are to be delivered other than to or in the name of the registered holder.

Signature Guarantee

Fill in for registration of Preferred Stock if to be issued other than to and in the name of registered holder:

(Name)

Number of shares of Preferred Stock to be purchased (if less than all are to be purchased):

(Street Address)

Certificate Number (if shares of Preferred Stock are Certificated):

(City, state and zip code)

Please print name and address

Social Security or other taxpayer number:

EXHIBIT B

FORM OF CONVERSION NOTICE

To: CMS Energy Corporation

The undersigned registered holder of these shares of Preferred Stock hereby exercises the option to convert these shares of Preferred Stock, or portion hereof (which is \$50.00 liquidation preference or an integral multiple thereof) designated below, for cash and shares of Common Stock of CMS Energy Corporation in accordance with the terms of the Certificate of Designation referred to in the Preferred Stock, and directs that the shares, if any, issuable and deliverable upon such conversion, together with any check for cash deliverable upon such conversion, and any shares of Preferred Stock representing any unconverted shares hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of the Preferred Stock not converted are to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

This notice shall be deemed to be an irrevocable exercise of the option to convert these shares of Preferred Stock.

Dated:

\_\_\_\_\_  
Signature(s)

Signature(s) must be guaranteed by a commercial bank or trust company or a member firm of a major stock exchange if cash and shares of Common Stock are to be issued, or shares of Preferred Stock to be delivered, other than to or in the name of the registered holder.

\_\_\_\_\_  
Signature Guarantee

Fill in for registration of shares if to be delivered, and shares of Preferred Stock if to be issued other than to and in the name of registered holder:

\_\_\_\_\_  
(Name)

Number of shares of Preferred Stock to be converted (if less than all):

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
Certificate Number (if shares of Preferred Stock are Certificated):

\_\_\_\_\_  
(City, state and zip code)

Please print name and address

\_\_\_\_\_  
Social Security or other taxpayer number:

EXHIBIT C

**FORM OF PREFERRED  
STOCK FACE OF SECURITY**



THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (V) TO CMS ENERGY CORPORATION OR (VI) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (VI) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN CLAUSE (A) ABOVE.

THE HOLDER OF THIS SECURITY AGREES THAT SUCH HOLDER WILL NOT ENGAGE IN HEDGING TRANSACTIONS INVOLVING THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

THIS SECURITY AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

THE HOLDER OF THIS SECURITY IS SUBJECT TO, AND ENTITLED TO THE BENEFITS OF, A REGISTRATION RIGHTS AGREEMENT, DATED AS OF DECEMBER 5, 2003 ENTERED INTO BY THE COMPANY FOR THE BENEFIT OF CERTAIN HOLDERS OF SECURITIES FROM TIME TO TIME.

Certificate Number

[ ]

Number of Shares

[ ]

CUSIP NO.: \_\_\_\_\_

4.50% Cumulative Convertible Preferred Stock, Series B (par value \$0.01) (liquidation preference \$50 per share)

of

CMS Energy Corporation

CMS Energy Corporation, a Michigan corporation (the "Corporation"), hereby certifies that [ ] (the "Holder") is the registered owner of [ ] fully paid and non-assessable preferred securities of the Corporation designated the 4.50% Cumulative Convertible Preferred Stock, Series B (par value \$0.01) (liquidation preference \$50 per share) (the "Preferred Stock"). The shares of Preferred Stock are transferable on the books and records of the Transfer Agent, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Stock represented hereby are issued and shall in all respects be subject to the provisions of the Certificate of Designation dated December 15, 2004, as the same may be amended from time to time (the "Certificate of Designation"). Capitalized terms used herein but not defined shall have the meaning given them in the Certificate of Designation. The Corporation will provide a copy of the Certificate of Designation to a Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to select provisions of the Preferred Stock set forth on the reverse hereof, and to the Certificate of Designation, which select provisions and the Certificate of Designation shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Certificate of Designation and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, these shares of Preferred Stock shall not be entitled to any benefit under the Certificate of Designation or

be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has executed this certificate this \_\_\_\_ day of , 2004.

CMS ENERGY CORPORATION

By:

\_\_\_\_\_  
Name:

Title:

By:

\_\_\_\_\_  
Name:

Title:

TRANSFER AGENT’S AND SECURITY REGISTRAR’S CERTIFICATE OF AUTHENTICATION

These are shares of the Preferred Stock referred to in the within-mentioned Certificate of Designation.

Dated: , 2004

CMS Energy Corporation, as Transfer Agent and  
Security Registrar

By:

\_\_\_\_\_  
Authorized Signatory

REVERSE OF SECURITY

Cash dividends on each share of Preferred Stock shall be payable at a rate per annum set forth on the face hereof or as provided in the Certificate of Designation.

The shares of Preferred Stock shall be convertible into cash and the shares of the Corporation’s Common Stock in the manner and according to the terms set forth in the Certificate of Designation.

The Corporation will furnish without charge to each holder who so requests the powers, designations, preferences and relative, participating, optional or other rights of each class of stock and the qualifications, limitations or restrictions of such preferences and/or rights.

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of Preferred Stock evidenced hereby to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints agent to transfer the shares of Preferred Stock evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

(Sign exactly as your name appears on the other side of this Preferred Stock certificate)

Signature Guarantee: (1) \_\_\_\_\_

<sup>1</sup> (Signature must be guaranteed by an “eligible guarantor institution” that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

EXHIBIT D

**CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR REGISTRATION OF TRANSFER OF  
PREFERRED STOCK**

Re: 4.50% Cumulative Convertible Preferred Stock, Series B (the “Preferred Stock”) of CMS Energy Corporation (the “Corporation”)

This Certificate relates to \_\_\_ shares of Preferred Stock held in ☐ \*/ book-entry or ☐ \*/ definitive form by (the “Transferor”).

The Transferor\*:

☐ has requested the Transfer Agent by written order to deliver in exchange for its beneficial interest in the Preferred Stock held by the Depository cash and shares of Preferred Stock in definitive, registered form equal to its beneficial interest in such Preferred Stock (or the portion thereof indicated above); or

☐ has requested the Transfer Agent by written order to exchange or register the transfer of Preferred Stock.

In connection with such request and in respect of such Preferred Stock, the Transferor does hereby certify that the Transferor is familiar with the Certificate of Designation relating to the above-captioned Preferred Stock and that the transfer of this Preferred Stock does not require registration under the Securities Act of 1933, as amended (the “Securities Act”) because \*/:

☐ Such Preferred Stock is being acquired for the Transferor’s own account without transfer.

☐ Such Preferred Stock is being transferred to the Corporation.

☐ Such Preferred Stock is being transferred to a qualified institutional buyer (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A.

☐ Such Preferred Stock is being transferred in reliance on and in compliance with another exemption from the registration requirements of the Securities Act (and based on an Opinion of Counsel if the Corporation so requests).

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\*/ Please check applicable box.

[NAME OF TRANSFEROR]

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**Michigan Department of Labor & Economic Growth**

**Filing Endorsement**

**This is to Certify that the CERTIFICATE OF CORRECTION**

**for**

**CMS ENERGY CORPORATION**

**ID NUMBER: 485283**

**received by facsimile transmission on February 27, 2006 is hereby endorsed**

**Filed on February 27, 2006 by the Administrator.**

**The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.**

Effective Date: December 20, 2004

In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 27TH day of February, 2006.

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, Director

Bureau of Commercial Services

Sent by Facsimile Transmission 06058

BCS / CD - 518 (Rev. 12/05)

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH

BUREAU OF COMMERCIAL SERVICES

Date Received

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name

Joyce H Norkey, Assistant Secretary, CMS Energy Corporation

Address

One Energy Plaza, EP1-420

City

State

Zip Code

Jackson, MI 49201-2276

EFFECTIVE DATE:

Document will be returned to the name and address you enter above.

If left blank document will be mailed to the registered office.

CERTIFICATE OF CORRECTION

**For use by Corporations and Limited Liability Companies**  
**(Please read information and instruction on last page)**

**Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts of 1993 (limited liability companies), the undersigned corporation or limited liability company executes the following Certificate:**

- 1. The name of the corporation or limited liability company is:**

**CMS Energy Corporation**

- 2. The identification number assigned by the Bureau is: 485-283**

- 3. The corporation or limited liability company is formed under the laws of the State of Michigan**

- 4. That a Certificate of Designation of 4.50% Cumulative Convertible Preferred Stock, Series B**

**(Title of Document Being Corrected)**

**was filed by the Bureau on December 20, 2004 and that said document requires correction.**

- 5. Describe the inaccuracy or defect contained in the above named document:**

**The amount of shares issued of the 4.50% Cumulative Convertible Preferred Stock, Series B, should have been 5,000,000 shares instead of 4,910,000 shares in exchange for 5,000,000 shares, instead of 4,910,000 shares, of 4.50% Cumulative Convertible Preferred Stock. In addition, a correction needs to be made to the definition of "Fundamental Change".**

- 6. The document is corrected as follows:**

**See Attachment.**

- 7. This document is hereby executed in the same manner as the Act requires the document being corrected to be executed.**

**Signed this 27th day of February, 2006**

By /s/ Michael D. VanHemert  
(Signature)

By /s/ Joyce H. Norkey  
(Signature)

By \_\_\_\_\_  
(Signature)

**JOYCE H. NORKEY NOTARY PUBLIC**  
**JACKSON CO, MI MY COMMISSION EXPIRES**  
**Sep 7, 2006**

Michael D. VanHemert  
(Type or Print Name and Title)

\_\_\_\_\_  
(Type or Print Name and Title)

\_\_\_\_\_  
(Type or Print Name and Title)

**Vice President, Corporate**  
**Secretary and Chief Governance Officer**



**ATTACHMENT TO CERTIFICATE OF CORRECTION  
OF CMS ENERGY CORPORATION  
(CORPORATION IDENTIFICATION NUMBER 485-283)**

6. The Certificate of Designation of 4.50% Cumulative Convertible Preferred Stock, Series B, of CMS Energy Corporation filed on December 20, 2004 is corrected as follows (corrections are in **bold**):

Page 1

1. Designation and Amount; Ranking.

(a) There shall be created from the 10,000,000 shares of preferred stock, par value \$0.01 per share, of the Corporation authorized to be issued pursuant to the Articles of Incorporation, a series of preferred stock, designated as the "4.50% Cumulative Convertible Preferred Stock, Series B," par value \$0.01 per share (the "Preferred Stock"), and the number of shares of such series shall be 5,000,000. Such number of shares may be decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Preferred Stock to a number less than that of the shares of Preferred Stock then outstanding plus the number of shares issuable upon exercise of options or rights then outstanding. The Preferred Stock was exchanged for **5,000,000** of then outstanding shares of 4.50% Cumulative Convertible Preferred Stock, par value \$0.01 per share (the "Original Preferred Stock"), established pursuant to the Certificate of Designation of 4.50% Cumulative Convertible Preferred Stock of CMS Energy Corporation dated December 4, 2003 pursuant to an exchange offer.

\* \* \*

Page 3

A "Fundamental Change" shall be deemed to have occurred at such time after the original issuance of the Preferred Stock...; *provided, however*, that a Fundamental Change shall not be deemed to have occurred in respect of any of the foregoing if either (1) the Last Reported Sale Price of Common Stock for any five Trading Days within the ten consecutive Trading Days ending immediately before the later of the Fundamental Change or the public announcement thereof equals or exceeds 105% of the applicable Conversion Price of the Preferred Stock in effect immediately before the Fundamental Change or the public announcement thereof **(except that this clause (1) shall not apply to the events described in Section 7(f)(vi) hereof)** or (2) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a national securities exchange or quoted on the NASDAQ National Market (or which shall be so traded or quoted when issued or exchanged in connection with such Fundamental Change) (such securities being referred to as "Publicly Traded Securities") and as a result of such transaction or transactions the Preferred Stock becomes convertible into such Publicly Traded Securities (excluding cash payments for fractional shares).

\* \* \*

The Transfer Agent shall authenticate and deliver certificates for **5,000,000** shares of Preferred Stock for original issue upon a written order of the Corporation signed by two Officers or by an Officer and an Assistant Treasurer of the Corporation. Such order shall specify the number of shares of Preferred Stock to be authenticated and the date on which the original issue of Preferred Stock is to be authenticated.

\* \* \*

---

**Michigan Department of Labor & Economic Growth**

**Filing Endorsement**

*This is to Certify that the CERT. OF CHANGE OF REG. OFF./RES. AGENT*

*for*

**CMS ENERGY CORPORATION**

**ID NUMBER: 485283**

*received by facsimile transmission on October 27, 2006 is hereby endorsed*

*Filed on October 27, 2006 by the Administrator.*

*The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.*

In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 27TH day of October, 2006.

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, Director

Bureau of Commercial Services

Sent by Facsimile Transmission 06300

BCS / CD-520 (Rev. 12/05)

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH**

**BUREAU OF COMMERCIAL SERVICES**

Date Received

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name

Jane M. Kramer

Address

One Energy Plaza

City

State

Zip Code

Jackson,

MI

49201

EFFECTIVE DATE:

Document will be returned to the name and address you enter above.

If left blank document will be mailed to the registered office.

**CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT**

For use by Domestic and Foreign Corporations and Limited Liability Companies

(Please read information and Instructions on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts of 1993 (limited liability companies), the undersigned corporation or limited liability company executes the following Certificate:

1.

The name of the corporation or limited liability company is:

CMS Energy Corporation
2.

The identification number assigned by the Bureau is: 485–283
3.

a.

The name of the resident agent on file with the Bureau is: Michael D. VanHemert

b.

The location of the registered office on file with the Bureau is:

One Energy Plaza, EP1-420

Jackson, Michigan

49201—2276

(Street Address)(City)(Zip Code)

c.

The mailing address of the above registered office on file with the Bureau is:

One Energy Plaza, EP1-420

Jackson, Michigan

49201—2276

(Street Address or P.O. Box)(City)(Zip Code)

ENTER IN ITEM 4 THE INFORMATION AS IT SHOULD NOW APPEAR ON THE PUBLIC RECORD

4.

a.

The name of the resident agent is: Catherine M. Reynolds

b.

The address of the registered office is:

One Energy Plaza, EP1-420

Jackson, Michigan

49201—2276

(Street Address)(City)(Zip Code)

c.

The mailing address of the registered office IF DIFFERENT THAN 4B is:

(Street Address or P.O. Box)

(City)

(Zip Code)

5.

The above changes were authorized by resolution duly adopted by: 1. ALL CORPORATIONS: its Board of Directors; 2. PROFIT CORPORATIONS ONLY: the resident agent if only the address of the registered office is changed, in which case a copy of this statement has been mailed to the corporation: 3. LIMITED LIABILITY COMPANIES: an operating agreement, affirmative vote of a majority of the members pursuant to section 502(1), managers pursuant to section 405, or the resident agent if only the address of the registered office is changed.

6.

The corporation or limited liability company further states that the address of its registered office and the address of its resident agent, as changed, are identical.

Signature

Type or Print Name and Title or Capacity

Date Signed

/s/ Jane M. Kramer

Jane M. Kramer, Assistant Secretary


10-27-06

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REFINITIV



**Michigan Department Of Energy, Labor & Economic Growth**

**Filing Endorsement**

*This is to Certify that the CERTIFICATE OF AMENDMENT - CORPORATION*

*for*

**CMS ENERGY CORPORATION**


**ID NUMBER: 485283**


*received by facsimile transmission on May 22, 2009 is hereby endorsed*

*Filed on May 22, 2009 by the Administrator.*

*The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.*

*In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 22ND day of May, 2009.*

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, Director

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH**

**BUREAU OF COMMERCIAL SERVICES**

Date Received

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name

CMS Energy Corporation c/o Catherine M. Reynolds

Address

One Energy Plaza, EP12-246

City

State

ZIP Code

Jackson

MI

49201

Document will be returned to the name and address you enter above.

EFFECTIVE DATE:

If left blank document will be mailed to the registered office.

**CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION**

**For use by Domestic Profit and Nonprofit Corporations**

(Please read information and instructions on the last page)

*Pursuant to the provisions of Act 284, Public Acts of 1972, (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:*

1. The present name of the corporation is: CMS Energy Corporation
2. The identification number assigned by the Bureau is: 485-283
3. Article XII of the Articles of Incorporation is hereby amended to read as follows:

In an uncontested election of directors, each director of the Corporation shall be elected by a majority of the votes cast by the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors (a "majority vote"); however, in a contested election, the directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. For purposes of this provision, a majority of the votes cast means that the number of shares voted "for" a director must exceed 50% of the votes cast with respect to that director. For purposes of this Article XII, (i) an "uncontested election" is an election in which the number of nominees for director is not greater than the number to be elected, and (ii) a "contested election" is an election in which the number of nominees for director is greater than the number to be elected.

Following any uncontested election, any incumbent director who failed to receive a majority vote, shall tender his or her resignation to the Board of Directors. A recommendation on whether or not to accept such resignation offer shall be made by (i) a designated standing committee of the Board of Directors (the "Committee"), or (ii) if each member of the Committee did not receive a majority vote, then the independent directors who did receive a majority vote may appoint a committee from amongst themselves to consider the resignation offer and make a recommendation to the Board of Directors, or (iii) if three or fewer independent directors received a majority vote, then all such

directors may participate in the actions regarding the resignation offers and make a recommendation to the Board of Directors. The Board of Directors will act on the recommendation and publicly disclose its decision within 90 days from the date of the certification of the election results. The director who tenders his or her resignation will not participate in the Board of Directors' decision.

COMPLETE ONLY ONE OF THE FOLLOWING:

4. Profit or Nonprofit Corporation: For amendments adopted by unanimous consent of Incorporators before the first meeting of the board of directors or trustees.

The foregoing amendment to the Articles of Incorporation was duly adopted on the day of , in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the Board of Directors or Trustees.

Signed this _____ day of _____,	
_____	_____
(Signature)	(Signature)
_____	_____
(Type or Print Name)	(Type or Print Name)
_____	_____
(Signature)	(Signature)
_____	_____
(Type or Print Name)	(Type or Print Name)

5. Profit Corporation Only: Shareholder or Board Approval

The foregoing amendment to the Articles of Incorporation proposed by the board was duly adopted on the 22nd day of May, 2009, by the: (check one of the following)

- ☒ shareholders at a meeting in accordance with Section 611(3) of the Act.
- ☐ written consent of the shareholders having not less than the minimum number of votes required by statute in accordance with Section 407(1) of the Act. Written notice to shareholders who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders is permitted only if such provision appears in the Articles of Incorporation.)
- ☐ written consent of all the shareholders entitled to vote in accordance with Section 407(2) of the Act.
- ☐ board of a profit corporation pursuant to section 611(2) of the Act.

Profit Corporations and Professional Service Corporations

Signed this 22 day of May, 2009

By /s/ Catherine M. Reynolds

(Signature of an authorized officer or agent)

Catherine M. Reynolds, Vice President and Corporate Secretary

(Type or Print Name)

---

**Michigan Department of Licensing and Regulatory Affairs**

**Filing Endorsement**

***This is to Certify that the CERT. OF CHANGE OF REG. OFF./RES. AGENT***

***for***

***CMS ENERGY CORPORATION***

***ID NUMBER: 485283***


***received by facsimile transmission on November 20, 2013 is hereby endorsed***




*Filed on November 20, 2013 by the Administrator.*

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

*In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 20TH day of November, 2013.*

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*Alan J. Schefke, Director*

*Corporations, Securities & Commercial Licensing Bureau*

Sent by Facsimile Transmission 13324

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

Date Received (FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name  
Georgine R. Hyden

Address  
One Energy Plaza, EP1-416

City	State	Zip Code	EFFECTIVE DATE:
Jackson,	Michigan	49201	

Document will be returned to the name and address you enter above.  
If left blank document will be returned to the registered office.

CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT  
For use by Domestic and Foreign Corporations and Limited Liability Companies  
(Please read information and instructions on the last page)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts 1993 (limited liability companies), the undersigned execute the following Certificate:

1. The present name of the corporation is:  
CMS Energy Corporation
  2. The identification number assigned by the Bureau is: 485283
  3.
    - a. The name of the resident agent on file with the Bureau is: Catherine M. Reynolds
    - b. The location of the registered office on file with the Bureau is:
 

One Energy Plaza, EP1-420,	Jackson, Michigan	49201
(Street Address)	(City)	(Zip Code)
    - c. The mailing address of the above registered office on file with the Bureau is:
 

One Energy Plaza, EP1-420,	Jackson, Michigan	49201
(Street Address or P.O. Box)	(City)	(Zip Code)
- ENTER IN ITEM F4 THE INFORMATION AS IT SHOULD NOW APPEAR ON THE PUBLIC RECORD
4.
    - a. The name of the resident agent is: Melissa M. Gleespen
    - b. The address of its registered office is:
 

One Energy Plaza,	Jackson, Michigan	49201
(Street Address)	(City)	(Zip Code)
    - c. The mailing address of the registered office IF DIFFERENT THAN 4B is:
 

(Street Address or P.O. Box)	(City)	(Zip Code)
------------------------------	--------	------------
  5. The above changes were authorized by resolution duly adopted by: 1. ALL CORPORATIONS: its Board of Directors; 2. PROFIT CORPORATIONS ONLY: the resident agent if only the address of the registered office is changed, in which case a copy of this statement has been mailed to the corporation.
  6. The corporation or limited liability company further states that the address of its registered office and the address of its resident agent as changed, are identical.
- | Signature             | Type or Print Name and Title or Capacity | Date Signed |
|-----------------------|--|-------------|
| /s/ Georgine R. Hyden | Georgine R. Hyden, Assistant Secretary   | 11-19-13    |

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JUN 29 2021

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CERTIFICATE OF DESIGNATION OF

FILED

4.200% CUMULATIVE REDEEMABLE PERPETUAL

PREFERRED STOCK, SERIES C

JUN 29 2021

OF

CMS ENERGY CORPORATION

ADMINISTRATOR

CORPORATIONS

DIVISION

CMS Energy Corporation, a corporation organized and existing under the Business Corporation Act of the State of Michigan (the “**Corporation**”), in accordance with the provisions of Section 302(3) thereof, does hereby certify:

The board of directors of the Corporation (the “**Board of Directors**”), in accordance with Article III of the Restated Articles of Incorporation, as amended, of the Corporation, the Amended and Restated Bylaws of the Corporation and applicable law, authorized the issuance and sale by the Corporation of shares of its Preferred Stock pursuant to resolutions adopted by the Board of Directors effective May 1, 2020 (collectively, the “**Resolutions**”) and granted the Special Financing Committee of the Board of Directors (the “**Committee**”) the full authority to act on behalf of the Board of Directors for the purposes stated in the Resolutions with respect to the proposed issuance and sale by the Corporation of shares of its Preferred Stock, and pursuant to the authority conferred upon the Committee in accordance with Section 528(1)(a) of the Business Corporation Act of the State of Michigan and the Resolutions, the Committee adopted the following resolution creating and setting forth the terms of a series of Preferred Stock of the Corporation designated as the “4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C.”

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the Resolutions, the provisions of the Restated Articles of Incorporation, as amended, of the Corporation, the Amended and Restated Bylaws of the Corporation and applicable law, a series of Preferred Stock, par value \$0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions, of the shares of such series (in addition to the provisions of the Restated Articles of Incorporation, as amended, of the Corporation, which are applicable to Preferred Stock regardless of series), are as follows:

**SECTION 1. Designation.** The distinctive serial designation of such series of Preferred Stock is “4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C” (the “**Series C Preferred Stock**”). Each share of Series C Preferred Stock shall be identical in all respects to every other share of Series C Preferred Stock, except as to the respective dates from which dividends thereon shall accumulate, to the extent such dates may differ as permitted pursuant to Section 4(a) below.

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## SECTION 2. *Number of Shares and Ranking.*

(a) The authorized number of shares of Series C Preferred Stock shall be 9,200. Such number of shares may be decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Series C Preferred Stock to a number that is less than that of the shares of Series C Preferred Stock then outstanding. Any such decrease in the number of shares of Series C Preferred Stock shall have the status of authorized but unissued shares of Preferred Stock undesignated as to series and may with any and all other authorized but unissued shares of Preferred Stock be designated or redesignated and issued or reissued, as the case may be, as part of any series of Preferred Stock.

(b) The Series C Preferred Stock shall rank, with respect to dividend rights and distribution rights upon the liquidation, winding-up or dissolution of the Corporation: (i) senior to the Common Stock and each other class or series of Junior Stock; (ii) on parity with each class or series of Parity Stock; and (iii) junior to each class or series of Senior Stock.

## SECTION 3. *Definitions.* As used herein with respect to the Series C Preferred Stock:

**“Articles”** means the Restated Articles of Incorporation of the Corporation, as amended and as the same may be amended, restated or amended and restated from time to time.

**“Board of Directors”** means the Board of Directors of the Corporation.

**“Business Day”** means any day other than a Saturday or Sunday or any other day on which commercial banks in New York City are authorized or required by law or executive order to close.

**“Bylaws”** means the Amended and Restated Bylaws of the Corporation, as they may be amended, restated or amended and restated from time to time.

**“Certificate of Designation”** means this Certificate of Designation establishing the terms of the Series C Preferred Stock.

The term “**close of business**” means 5:00 p.m., New York City time.

“**Common Stock**” means the common stock of the Corporation.

“**Corporation**” means CMS Energy Corporation, a Michigan corporation.

“**Dividend Disbursing Agent**” means Equiniti Trust Company d/b/a EQ Shareowner Services, the Corporation’s duly appointed dividend disbursing agent for the Series C Preferred Stock, or any successor appointed under Section 9.

“**Dividend Payment Date**” has the meaning set forth in Section 4(a).

“**Dividend Period**” means the period from, and including, a Dividend Payment Date to, but excluding, the next Dividend Payment Date, except that the initial Dividend Period shall commence on, and include, the Initial Issue Date.

“**DTC**” has the meaning set forth in Section 6.

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“**Holder**” means each Person in whose name any share of the Series C Preferred Stock is registered on the stock register of the Corporation, who shall be treated by the Corporation and the Registrar as the absolute owner of such share of the Series C Preferred Stock.

“**Initial Issue Date**” means July 1, 2021, the original issue date of shares of the Series C Preferred Stock.

“**Junior Stock**” means: (a) the Common Stock; and (b) each other class or series of capital stock of the Corporation established after the Initial Issue Date the terms of which do not expressly provide that such class or series shall rank senior to or on parity with the Series C Preferred Stock as to dividend rights and distribution rights upon the Corporation’s liquidation, winding-up or dissolution.

“**Liquidation Dividend Amount**” shall have the meaning set forth in Section 7(a).

**“Liquidation Preference”** means, as to the Series C Preferred Stock, \$25,000 per share thereof, subject to adjustment as provided in Section 16(b).

**“Nonpayment Event”** shall have the meaning set forth in Section 8(b)(i).

**“Officer”** shall have the meaning set forth in Section 14(b).

**“Parity Stock”** means each class or series of capital stock of the Corporation established after the Initial Issue Date the terms of which expressly provide that such class or series shall rank on parity with the Series C Preferred Stock as to dividend rights and distribution rights upon the Corporation's liquidation, winding-up or dissolution.

**“Person”** means any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

**“Preferred Directors”** shall have the meaning set forth in Section 8(b)(i).

**“Preferred Stock”** means the preferred stock of the Corporation.

**“Prospectus Supplement”** means the prospectus supplement dated June 24, 2021 relating to the initial offering and sale of the depositary shares each representing a 1/1,000<sup>th</sup> interest in a share of the Series C Preferred Stock.

**“Ratings Event”** means that, and shall be deemed to have occurred when, any nationally recognized statistical rating organization as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended, or in any successor provision thereto, that then publishes a rating for the Corporation (a **“Rating Agency”**), amends, clarifies or changes the criteria it uses to assign equity credit to securities such as the Series C Preferred Stock, which amendment, clarification or change results in:

(a) the shortening of the length of time the Series C Preferred Stock is assigned a particular level of equity credit by that Rating Agency as compared to the length of time the Series C

Preferred Stock would have been assigned that level of equity credit by that Rating Agency or its predecessor on the Initial Issue Date; or

(b) the lowering of the equity credit (including up to a lesser amount) assigned to the Series C Preferred Stock by that Rating Agency as compared to the equity credit assigned by that Rating Agency or its predecessor on the Initial Issue Date.

**“Record Date”** has the meaning set forth in Section 4(a).

**“Redemption Date”** means any date fixed for redemption of any shares of Series C Preferred Stock pursuant to the provisions of Section 5.

**“Registrar”** means Equiniti Trust Company d/b/a EQ Shareowner Services, the Corporation's duly appointed registrar for the Series C Preferred Stock, or any successor appointed under Section 9.

**“Senior Stock”** means each class or series of capital stock of the Corporation established after the Initial Issue Date the terms of which expressly provide that such class or series shall rank senior to the Series C Preferred Stock as to dividend rights or distribution rights upon the Corporation's liquidation, winding-up or dissolution.

**“Series C Preferred Stock”** has the meaning set forth in Section 1.

**“Share Dilution Amount”** means the increase in the number of diluted shares outstanding (determined in accordance with accounting principles generally accepted in the United States, and as measured from the date of the Corporation's consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Initial Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to directors, employees, contractors and agents and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar event.

**“Transfer Agent”** means Equiniti Trust Company d/b/a EQ Shareowner Services, the Corporation's duly appointed transfer agent for the Series C Preferred Stock, or any successor appointed under Section 9.

**“Voting Preferred Stock”** means any series of Preferred Stock, other than the Series C Preferred Stock, ranking equally with the Series C Preferred Stock either as to dividends or to the distribution of assets upon liquidation, dissolution or winding-up of the Corporation and upon which voting rights similar to the voting rights of the Series C Preferred Stock in all material respects have been established for such series of Preferred Stock and which are exercisable at the time of any vote of the Preferred Stock.



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#### SECTION 4. *Dividends.*

(a) *Rate.* Subject to the rights of holders of any class or series of capital stock of the Corporation ranking senior to the Series C Preferred Stock with respect to dividends, Holders shall be entitled to receive, when, as and if declared by the Board of Directors (or an authorized committee thereof) out of funds of the Corporation legally available for payment, cash dividends at the rate per annum of 4.200% on the Liquidation Preference per share of the Series C Preferred Stock. Declared dividends on the Series C Preferred Stock will be payable in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on October 15, 2021 (each, a “**Dividend Payment Date**”). Dividends on the Series C Preferred Stock shall accumulate daily from and including the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the Initial Issue Date (or such other date as may be set forth in the certificate evidencing the relevant shares of Series C Preferred Stock) without regard to whether funds are legally available for the declaration or payment of such dividends. Declared dividends shall be payable on the relevant Dividend Payment Date to Holders as they appear on the Corporation’s stock register at the close of business on the immediately preceding January 1, April 1, July 1 or October 1, as applicable (each, a “**Record Date**”). These Record Dates shall apply regardless of whether a particular Record Date is a Business Day. If a Dividend Payment Date is not a Business Day, payment of declared dividends shall be made on the next succeeding Business Day, without any interest, additional dividends, or other payment in lieu of interest or additional dividends accumulating with respect to this delay.

Dividends accumulating or payable on the Series C Preferred Stock for any Dividend Period (or portion thereof) shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Accumulations of dividends on shares of the Series C Preferred Stock shall not bear interest or dividends on such accumulated amount.

No dividend shall be declared or paid on, or any sum of cash set aside for the payment of dividends on, any outstanding shares of Series C Preferred Stock with respect to any Dividend Period unless all dividends for all preceding Dividend Periods have been declared and paid on, or a sufficient sum of cash has been set aside for the payment of such dividends on, all outstanding shares of Series C Preferred Stock.

(b) *Priority of Dividends.* So long as any share of the Series C Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on Common Stock or any other Junior Stock, and no Common Stock or any other Junior Stock shall be repurchased, redeemed or otherwise acquired for

consideration by the Corporation or any of its subsidiaries unless, in each case, all accumulated and unpaid dividends for all preceding Dividend Periods have been declared and paid, or a sufficient sum of cash has been set aside for the payment of such dividends, on all outstanding shares of the Series C Preferred Stock. The foregoing limitation shall not apply to: (i) any dividend or distribution payable in shares of Common Stock or other Junior Stock, together with cash in lieu of any fractional share; (ii) repurchases, redemptions or other acquisitions of Common Stock or other Junior Stock in connection with the administration of any benefit or other incentive plan, including any employment contract, including, without limitation, (x) purchases to offset the Share Dilution Amount pursuant to a publicly announced repurchase plan; *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount, (y) the forfeiture of unvested shares of restricted stock or share withholdings or other surrender of shares to which the holder may otherwise be entitled upon exercise, delivery or vesting of equity

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awards (whether in payment of applicable taxes, the exercise price or otherwise), and (z) the payment of cash in lieu of fractional shares; (iii) purchases of fractional interests in shares of Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of such shares of other Junior Stock or any securities exchangeable for or convertible into shares of Common Stock or other Junior Stock; (iv) any dividends or distributions of rights or Common Stock or other Junior Stock in connection with a shareholders' rights plan or any redemption or repurchase of rights pursuant to any shareholders' rights plan; (v) repurchases of Common Stock or other Junior Stock pursuant to a contractually binding requirement to buy Common Stock or other Junior Stock existing prior to the preceding Dividend Period, including under a contractually binding stock repurchase plan; (vi) the deemed purchase or acquisition of fractional interests in shares of Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged; (vii) the acquisition by the Corporation or any of its subsidiaries of record ownership in Common Stock or other Junior Stock for the beneficial ownership of any other Persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians, and the payment of cash in lieu of fractional shares; and (viii) the exchange or conversion of Junior Stock for or into other Junior Stock and the payment of cash in lieu of fractional shares.

When dividends on shares of the Series C Preferred Stock with respect to any previously completed Dividend Period (A) have not been declared and paid in full or (B) have been declared but a sum of cash sufficient for payment thereof has not been set aside for the benefit of the Holders thereof on the applicable Record Date, no dividends may be declared or paid on any Parity Stock unless dividends are declared on the shares of Series C Preferred Stock such that the respective amounts of such dividends declared on the shares of Series C Preferred Stock and such Parity Stock shall bear the same ratio to each other as all accumulated dividends and all declared and unpaid dividends per share on the shares of Series C Preferred Stock and such Parity Stock bear to each other; *provided, however*, that any unpaid dividends will continue to accumulate. The foregoing limitation shall not apply to (i) purchases of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such shares of Parity Stock or any securities exchangeable for or convertible into shares of Parity Stock, (ii) the deemed purchase or acquisition of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged, (iii) the acquisition by the Corporation or any of its subsidiaries of record ownership in Parity Stock for the beneficial ownership of any other Persons (other than for the Corporation or any of its subsidiaries), including as trustees or custodians, and the payment of cash in lieu of fractional shares and (iv) the exchange or conversion of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock and the payment of cash in lieu of fractional shares.

Subject only to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors (or an authorized committee thereof) may be declared and paid on any securities, including Common Stock, from time to time out of any funds legally available for such payment, and Holders shall not be entitled to participate in any such dividends declared on securities other than the Series C Preferred Stock.

#### SECTION 5. *Optional Redemption.*

The Corporation may, at its option, redeem the Series C Preferred Stock:

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(a) in whole or in part, from time to time, on or after July 15, 2026 at a redemption price in cash equal to \$25,000 per share of Series C Preferred Stock, subject to equitable adjustment as provided below; or

(b) in whole but not in part, at any time within 120 days after the conclusion of any review or appeal process instituted by the Corporation following the occurrence of a Ratings Event, or, if no review or appeal process is available or sought with respect to such Ratings Event, at any time within 120 days after the occurrence of such Ratings Event, at a redemption price in cash equal to \$25,500 per share of Series C Preferred Stock, subject to equitable adjustment as provided below,

plus, in each case, all accumulated and unpaid dividends (whether or not declared) to, but excluding, such Redemption Date; *provided that*, notwithstanding the foregoing, if a Redemption Date for any shares of Series C Preferred Stock occurs subsequent to a Record Date and on or prior to the next succeeding Dividend Payment Date, then the full amount of accumulated and unpaid dividends (whether or not declared) on such shares of Series C Preferred Stock to, but excluding, such Dividend Payment Date shall be paid on such Dividend Payment Date to the Persons who were the Holders of such shares at the close of business on such Record Date and such accumulated and unpaid dividends shall not be paid or required to be paid on the Redemption Date and shall not constitute a part of the redemption price of such shares.

The redemption price shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event involving the Series C Preferred Stock. Any such adjustments shall be determined in good faith by the Board of Directors (or an authorized committee thereof) and submitted by the Board of Directors (or such authorized committee thereof) to the Transfer Agent.

#### SECTION 6. *Redemption Procedures.*

If the Series C Preferred Stock is to be redeemed, the notice of redemption shall be given by first class mail, postage prepaid, or by overnight air courier guaranteeing next day delivery, to the Holders of the Series C Preferred Stock to be redeemed, mailed not less than 30 days, nor more than 60 days, prior to the Redemption Date (*provided that*, if the Series C Preferred Stock is held in book-entry form evidenced by a global certificate held by The Depository Trust Company (“DTC,” which term includes any successor thereto) or its nominee, the Corporation may give such notice in any manner permitted or required by DTC. Each notice of redemption shall include a statement setting forth:

(a) the Redemption Date;

(b) the number of shares of Series C Preferred Stock to be redeemed and, if less than all the shares of Series C Preferred Stock held by such Holder are to be redeemed, the number of such shares of Series C Preferred Stock to be redeemed from such Holder;

(c) the redemption price;

(d) the place or places where Holders may surrender certificates evidencing the Series C Preferred Stock for payment of the redemption price; and

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(e) that dividends on the shares of Series C Preferred Stock to be redeemed shall cease to accumulate from and after such Redemption Date.

If notice of redemption of any shares of Series C Preferred Stock has been given, and if the funds necessary for such redemption have been set aside by the Corporation for the benefit of the Holders of the shares of Series C Preferred Stock so called for redemption, then, from and after the Redemption Date, dividends shall cease to accumulate on such shares of Series C Preferred Stock, and such shares of Series C Preferred Stock shall no longer be deemed outstanding and all rights of the Holders of such shares of Series C Preferred Stock shall terminate, except for (i) the right of the Holders thereof to receive the amount payable with respect to such redemption, without interest and (ii) if the Redemption Date occurs subsequent to a Record Date and on or prior to the next succeeding Dividend Payment Date, the right of the Persons who were the Holders of such shares at the close of business on such Record Date to receive, on such Dividend Payment Date, the full amount of accumulated and unpaid dividends (whether or not declared) on such shares to, but excluding, such Dividend Payment Date. Any funds unclaimed at the end of one year from the Redemption Date shall, to the extent permitted by law, be released by the Corporation, after which time the Holders of such Series C Preferred Stock so called for redemption shall look only to the Corporation for payment of the redemption price of such Series C Preferred Stock. If a Redemption Date is not a Business Day, payment shall be made on the next succeeding Business Day, without any interest, additional dividends, or other payment in lieu of interest or additional dividends accumulating with respect to this delay.

In case of any redemption of only part of the Series C Preferred Stock at the time outstanding, the Series C Preferred Stock to be redeemed shall be selected either pro rata or by lot. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the Holder thereof.

#### **SECTION 7. *Liquidation, Winding-up or Dissolution.***

(a) In the event of any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, each Holder shall be entitled to receive the Liquidation Preference per share of the Series C Preferred Stock, plus an amount (the “**Liquidation Dividend Amount**”) equal to accumulated and unpaid

dividends (whether or not declared) on such shares to (but excluding) the date fixed for liquidation, winding-up or dissolution, to be paid out of the assets of the Corporation legally available for distribution to its shareholders, after payment or provision for the Corporation's debts, obligations and liabilities, including debt and other liabilities owed to the Corporation's creditors, as required by applicable law, and to holders of shares of any class or series of capital stock of the Corporation ranking senior to the Series C Preferred Stock with respect to distribution rights upon the Corporation's liquidation, winding-up or dissolution and before any payment or distribution is made to holders of any Junior Stock (including, without limitation, Common Stock).

(b) If, upon the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation, the amounts payable with respect to (i) the Liquidation Preference plus the Liquidation Dividend Amount on the shares of Series C Preferred Stock and (ii) the liquidation preference of, and the amount of accumulated and unpaid dividends (to, but excluding, the date fixed for such liquidation, winding-up or dissolution) on, all other Parity Stock are not paid in full, the Holders and all holders of any such other Parity Stock shall share equally and ratably in any distribution of the

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Corporation's assets in proportion to their respective liquidation preferences and amounts equal to the accumulated and unpaid dividends to which they are entitled.

(c) After the payment to any Holder of the full amount of the Liquidation Preference and the Liquidation Dividend Amount for each of such Holder's shares of Series C Preferred Stock, such Holder as such shall have no right or claim to any of the remaining assets of the Corporation.

(d) Neither the sale, lease or exchange of all or substantially all of the Corporation's assets, nor the Corporation's merger or consolidation into or with any other Person, shall be deemed to be the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation.

## SECTION 8. *Voting Rights.*

(a) *General.* Holders shall not have any voting rights except as set forth in this Section 8 and except as otherwise from time to time specifically required by Michigan law. Without limitation to the foregoing, but subject to any limits and restrictions stated in the Articles, no vote or consent of the Holders shall be

required for the issuance of any additional shares of Series C Preferred Stock not exceeding the aggregate number of shares authorized in this Certificate of Designation.

*(b) Voting Rights.*

(i) Whenever dividends on any shares of the Series C Preferred Stock or any other class or series of Preferred Stock that ranks on parity with the Series C Preferred Stock as to payment of dividends, and upon which similar voting rights have been conferred and are exercisable, shall have not been declared and paid for the equivalent of six quarterly dividend payments, whether or not for consecutive Dividend Periods (a “**Nonpayment Event**”), the Holders of the Series C Preferred Stock (voting as a single class together with holders of any and all other classes of authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) shall be entitled to vote as a single class for the election of a total of two additional members of the Board of Directors (the “**Preferred Directors**”), provided that the Board of Directors shall at no time include more than two Preferred Directors. In that event, the number of directors on the Board of Directors shall automatically increase by two and, at the request of any Holder of Series C Preferred Stock or other Preferred Stock with equivalent voting rights, a special meeting of the Holders of Series C Preferred Stock and the holders of any other class or series of Preferred Stock that ranks on parity with Series C Preferred Stock as to payment of dividends and for which dividends have not been paid shall be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders, in which event such election shall be held at such next annual or special meeting of shareholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series C Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series C Preferred Stock as to payment of dividends for at least four consecutive quarterly Dividend Periods or their equivalent following the Nonpayment Event.

If and when full dividends have been paid regularly on the Series C Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series C Preferred Stock



as to payment of dividends for at least four consecutive quarterly Dividend Periods or their equivalent following a Nonpayment Event, the Holders of the Series C Preferred Stock shall be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment Event) and the term of office of each Preferred Director so elected shall terminate and the number of directors on the Board of Directors shall automatically decrease by two. Any Preferred Director may be removed at any time without cause by the Holders of a majority of the outstanding shares of the Series C Preferred Stock (together with holders of any and all other classes of authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment Event continues, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office or, if none remains in office, by a vote of the Holders of the outstanding shares of Series C Preferred Stock (together with holders of any and all other class of authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of shareholders. The Preferred Directors shall each be entitled to one vote per director on any matter.

(ii) So long as any shares of the Series C Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by the Articles, the affirmative vote or consent of the holders of not less than two-thirds of the total stated liquidation preference (excluding accumulated and unpaid dividends thereon, and premiums or other similar amounts, if any) of all outstanding shares of Series C Preferred Stock and all outstanding shares of any other series of Voting Preferred Stock (subject to Section 8(b)(iii)) at the time outstanding and entitled to vote thereon, voting together as a single class, given in person or by proxy, either in writing without a meeting or by vote at an annual or special meeting of such shareholders, shall be necessary for the Corporation to effect:

(A) any amendment of the Articles, including this Certificate of Designation, so as to authorize, or increase the authorized amount of, any class or series of Senior Stock;

(B) any amendment of any provision of the Articles, other than this Certificate of Designation, so as to adversely affect the special rights, preferences, privileges, restrictions, or voting powers of the Series C Preferred Stock; or

(C) any consummation of a binding share exchange or reclassification involving the shares of the Series C Preferred Stock, or of a merger or consolidation of the Corporation with or into another entity, unless in each case (x) the shares of the Series C Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity (or the Series C Preferred Stock is otherwise



exchanged or reclassified), are converted or reclassified into or exchanged for preferred stock of the surviving or resulting entity or its ultimate parent, and (y) the shares of the Series C Preferred Stock that remain outstanding or such shares of preferred stock, as the case may be, have rights, preferences, privileges and voting powers that, taken as a whole, are not materially less favorable to the holders thereof than the

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rights, preferences, privileges and voting powers, taken as a whole, of the Series C Preferred Stock immediately prior to the consummation of such transaction;

*provided, however*, that, for the avoidance of doubt, (1) any increase in the amount of the Corporation's authorized but unissued shares of Preferred Stock, (2) any increase in the amount of the Corporation's authorized Series C Preferred Stock or the issuance of any additional shares of the Series C Preferred Stock or (3) the authorization or creation of any class or series of Parity Stock or Junior Stock, any increase in the amount of authorized but unissued shares of such class or series of Parity Stock or Junior Stock or the issuance of any shares of such class or series of Parity Stock or Junior Stock shall be deemed not to adversely affect (or to otherwise cause to be materially less favorable) the rights, preferences, privileges, restrictions or voting powers of the Series C Preferred Stock, and shall not require the affirmative vote or consent of the Holders, except as required pursuant to Michigan law.

(iii) If any amendment, share exchange, reclassification, merger or consolidation specified in this Section 8(b) would adversely affect (or cause to be materially less favorable, as applicable) the rights, preferences, privileges, restrictions or voting powers of one or more but not all series of Voting Preferred Stock, then only the series of Voting Preferred Stock adversely affected (or the terms of which would be materially less favorable, as applicable) and entitled to vote shall vote as a class in lieu of all other series of Voting Preferred Stock.

(iv) Without the consent of the Holders, to the fullest extent permitted by applicable law and so long as such action does not adversely affect the special rights, preferences, privileges, restrictions or voting powers of the Series C Preferred Stock, the Corporation may amend, alter, supplement, or

repeal any terms of the Series C Preferred Stock, including by way of amendment to this Certificate of Designation, for the following purposes:

(A) to cure any ambiguity or mistake, or to correct or supplement any provision contained in this Certificate of Designation that may be defective or inconsistent with any other provision contained in this Certificate of Designation;

(B) to make any provision with respect to matters or questions relating to the Series C Preferred Stock that is not inconsistent with the provisions of the Articles, including this Certificate of Designation; or

(C) to waive any of the Corporation's rights with respect thereto.

(v) Without the consent of the Holders, to the fullest extent permitted by applicable law, the Corporation may amend, alter, supplement or repeal any terms of the Series C Preferred Stock, including by way of amendment to this Certificate of Designation, in order to conform the terms thereof to the description of the terms of the Series C Preferred Stock set forth under "Certain Terms of the Series C Preferred Stock" in the Prospectus Supplement.

(c) *Procedures for Voting and Consents.* The rules and procedures for calling and conducting any meeting of the Holders (including, without limitation, the fixing of a Record Date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other procedural aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which

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rules and procedures shall conform to the requirements of the Articles, the Bylaws, applicable law and the rules of any national securities exchange or other trading facility on which the Series C Preferred Stock is listed or traded at the time.

**SECTION 9. *Transfer Agent, Registrar, and Dividend Disbursing Agent.*** The duly appointed Transfer Agent, Registrar and Dividend Disbursing Agent for the Series C Preferred Stock shall be Equiniti Trust Company d/b/a EQ Shareowner Services. The Corporation may, in its sole discretion, remove any

Person serving as the Transfer Agent, Registrar or Dividend Disbursing Agent; *provided, however*, that prior to the effectiveness of any such removal the Corporation shall appoint a successor Transfer Agent, Registrar or Dividend Disbursing Agent, as the case may be, who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the Holders.

SECTION 10. *Record Holders*. To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent may deem and treat the Holder of any shares of the Series C Preferred Stock as the true and lawful owner thereof for all purposes.

SECTION 11. *Notices*. The Corporation shall send all notices or communications to Holders of the Series C Preferred Stock pursuant to this Certificate of Designation in writing by first class mail, postage prepaid, or by overnight air courier guaranteeing next day delivery, to the Holders' respective addresses shown on the register for the Series C Preferred Stock (*provided* that, if the Series C Preferred Stock is held in book-entry form evidenced by a global certificate held by DTC or its nominee, the Corporation shall be permitted to send notices or communications to Holders pursuant to the procedures of DTC, and notices and communications that the Corporation sends in this manner will be deemed to have been properly sent to such Holders in writing).

SECTION 12. *No Preemptive Rights*. The Holders shall have no preemptive or preferential rights to purchase or subscribe for any stock, obligations, warrants or other securities of the Corporation of any class or series.

SECTION 13. *Other Rights*. The shares of the Series C Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Articles or as provided by applicable law.

SECTION 14. *Stock Certificates*.

(a) Shares of the Series C Preferred Stock shall initially be represented by stock certificates substantially in the form set forth as Exhibit A hereto.

(b) Stock certificates representing shares of the Series C Preferred Stock shall be signed by the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary (each, an “**Officer**”), in accordance with the Bylaws and applicable Michigan law, by manual or facsimile signature.

(c) A stock certificate representing shares of the Series C Preferred Stock shall not be valid until manually countersigned by an authorized signatory of the Transfer Agent and Registrar. Each

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stock certificate representing shares of the Series C Preferred Stock shall be dated the date of its countersignature.

(d) If any Officer of the Corporation who has signed a stock certificate no longer holds that office at the time the Transfer Agent and Registrar countersigns the stock certificate, the stock certificate shall be valid nonetheless.

**SECTION 15. *Replacement Certificates.*** If physical certificates are issued, and any of the Series C Preferred Stock certificates shall be mutilated, lost, stolen or destroyed, the Corporation shall, at the expense of the Holder, issue, in exchange and in substitution for and upon cancellation of the mutilated Series C Preferred Stock certificate, or in lieu of and substitution for the Series C Preferred Stock certificate lost, stolen or destroyed, a new Series C Preferred Stock certificate of like tenor and representing an equivalent Liquidation Preference of shares of the Series C Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Series C Preferred Stock certificate and indemnity, if requested, reasonably satisfactory to the Corporation and the Transfer Agent.

**SECTION 16. *Miscellaneous.***

(a) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any initial issuance or delivery of shares of the Series C Preferred Stock or certificates representing such shares.

(b) The Liquidation Preference shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event involving the Series C Preferred Stock. Such adjustments shall be determined in good faith by the Board of Directors (or an authorized committee thereof) and submitted by the Board of Directors (or such authorized committee thereof) to the Transfer Agent.

(c) Shares of Series C Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of Series C Preferred Stock which may be reissued from time to time by the Corporation, unless the Board of Directors determines by resolution that the shares shall have the status of authorized but unissued shares of Preferred Stock undesignated as to series and may with any and all other authorized but unissued shares

of Preferred Stock be designated or redesignated and issued or reissued, as the case may be, as part of any series of Preferred Stock.

SECTION 17. *Withholding Taxes.* Notwithstanding anything to the contrary, if the Corporation or other applicable withholding agent pays withholding taxes or backup withholding on behalf of the Holder or beneficial owner, the Corporation or other applicable withholding agent may, at its option, set off such payments against payments of cash on the Series C Preferred Stock.

Exhibit A

[FORM OF FACE OF  
4.200% CUMULATIVE REDEEMABLE PERPETUAL PREFERRED  
STOCK, SERIES C CERTIFICATE]

THE SHARES OF 4.200% CUMULATIVE REDEEMABLE PERPETUAL PREFERRED STOCK, SERIES C ARE SUBJECT TO REDEMPTION AT THE OPTION OF THE CORPORATION (AS DEFINED BELOW) AT THE TIMES AND REDEMPTION PRICES, AND ON TERMS AND CONDITIONS, SET FORTH IN THE CERTIFICATE OF DESIGNATION (AS DEFINED BELOW).

Certificate Number [ ] [Number] Shares of 4.200%  
Cumulative Redeemable Perpetual Preferred Stock, Series C  
CUSIP: 125896 829  
ISIN: US1258968296

CMS ENERGY CORPORATION  
(Formed under the laws of the State of Michigan)

4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C  
(Liquidation Preference as specified below)

CMS Energy Corporation, a Michigan corporation (the “**Corporation**”), hereby certifies that [ ] (the “**Holder**”) is the registered owner of [ ] shares of fully paid and non-assessable shares of the Corporation’s designated 4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C, with a Liquidation Preference of \$25,000.00 per share (the “**Series C Preferred Stock**”). The shares of the Series C Preferred Stock are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The rights, privileges, restrictions and other terms and provisions of the Series C Preferred Stock represented hereby are and shall in all respects be subject to the provisions of the Certificate of Designation of 4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C of CMS Energy Corporation dated June 28, 2021, as the same may be amended from time to time (the “**Certificate of Designation**”). Capitalized terms used herein but not defined shall have the meanings given them in the Certificate of Designation. The Corporation will provide a copy of the Certificate of Designation to the Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to the provisions of the Series C Preferred Stock set forth on the reverse hereof and in the Certificate of Designation, which provisions shall for all purposes have the same effect as if set forth at this place. If the terms of this certificate conflict with the terms of the Certificate of Designation, then the terms of the Certificate of Designation will control to the extent of such conflict.

Upon receipt of this executed certificate, the Holder is bound by the Certificate of Designation and is entitled to the benefits thereunder.

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Unless the Transfer Agent and Registrar have properly countersigned this certificate, these shares of the Series C Preferred Stock shall not be entitled to any benefit under the Certificate of Designation or be valid or obligatory for any purpose.

[Remainder of Page Intentionally Left Blank]

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Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

CMS ENERGY CORPORATION

CMS ENERGY CORPORATION

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name

Title: [President or Vice President]

Title: [Treasurer, Assistant Treasurer,  
Secretary or Assistant Secretary]

[Impression or Facsimile of Corporation Seal]

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COUNTERSIGNATURE

These are shares of the Series C Preferred Stock referred to in the within-mentioned Certificate of Designation.

Dated: [ ], [ ]

Equiniti Trust Company d/b/a EQ Shareowner Services,  
as Transfer Agent and Registrar

By: \_\_\_\_\_

Name:

Title:

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[FORM OF REVERSE OF  
CERTIFICATE FOR SERIES C PREFERRED STOCK]

Cumulative cash dividends on each share of the Series C Preferred Stock shall be payable at the rate provided in the Certificate of Designation.

The Corporation shall furnish without charge to each Holder who so requests a full statement of the designation, relative rights, preferences and limitations of each class and series of stock of the Corporation authorized to be issued, including the Series C Preferred Stock, in so far as the same shall have been prescribed and the authority of the Board of Directors of the Corporation to designate and prescribe the relative rights, preferences and limitations of other series. Such statement may be obtained from the Corporation at the Corporation’s principal executive offices, which, on the Initial Issue Date of shares of the Series C Preferred Stock, were located at One Energy Plaza, Jackson, Michigan 49201.



## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of the Series C Preferred Stock evidenced hereby to:

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(Insert assignee's social security or taxpayer identification number, if any)

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(Insert address and zip code of assignee)

and  
irrevocably  
appoints:

as agent to transfer the shares of the Series C Preferred Stock evidenced hereby on the books of the Transfer Agent and Registrar. The agent may substitute another to act for him or her.

Date:

Signature:

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(Sign exactly as your name appears on the other side of this Certificate)

Signature

Guarantee:

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(Signature must be guaranteed by an “eligible guarantor institution” that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

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IN WITNESS WHEREOF, CMS ENERGY CORPORATION has caused this Certificate of Designation to be signed by its Assistant Secretary on this 28th day of June, 2021.

CMS ENERGY CORPORATION


By: /s/ TERRY L. CHRISTIAN

Name: Terry L. Christian


Title: Assistant Secretary and authorized agent

[Signature Page to Series C Certificate of Designation]

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Exhibit 31.1

## Certification of Garrick J. Rochow

I, Garrick J. Rochow, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CMS Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 25, 2024 July 25, 2024

By:

/s/ Garrick J. Rochow

Garrick J. Rochow

President and Chief Executive Officer

Exhibit 31.2

## Certification of Rejji P. Hayes

I, Rejji P. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CMS Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 25, 2024 July 25, 2024

By: /s/ Rejji P. Hayes

Rejji P. Hayes

Executive Vice President and Chief Financial Officer

Exhibit 31.3

## Certification of Garrick J. Rochow

I, Garrick J. Rochow, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumers Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and

internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 25, 2024 July 25, 2024

By: /s/ Garrick J. Rochow

Garrick J. Rochow

President and Chief Executive Officer

Exhibit 31.4

# Certification of Rejji P. Hayes

I, Rejji P. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumers Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and



b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 25, 2024 July 25, 2024

By: /s/ Rejji P. Hayes

Rejji P. Hayes

Executive Vice President and Chief Financial Officer

Exhibit 32.1

## Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of CMS Energy Corporation (the "Company") for the quarterly period ended March 31, June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Garrick J. Rochow, as President and Chief Executive Officer of the Company, and Rejji P. Hayes, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Garrick J. Rochow

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Name: Garrick J. Rochow  
Title: President and Chief Executive Officer  
Date: April July 25, 2024

/s/ Rejji P. Hayes

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Name: Rejji P. Hayes  
Title: Executive Vice President and Chief Financial Officer  
Date: April July 25, 2024

Exhibit 32.2

## **Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Consumers Energy Company (the “Company”) for the quarterly period ended March 31, June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Garrick J. Rochow, as President and Chief Executive Officer of the Company, and Rejji P. Hayes, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Garrick J. Rochow

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Name: Garrick J. Rochow

Title: President and Chief Executive Officer

Date: April July 25, 2024

/s/ Rejji P. Hayes

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Name: Rejji P. Hayes

Title: Executive Vice President and Chief Financial Officer

Date: April July 25, 2024

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