

CMS ENERGY CORP  
Form 424B5  
June 20, 2007

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**Filed Pursuant to 424(b)5  
Registration Statement No. 333-125553**

**PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED JUNE 16, 2005****\$400,000,000****CMS Energy Corporation****\$250,000,000 6.55% Senior Notes due 2017****\$150,000,000 Floating Rate Senior Notes due 2013**

The Fixed Rate Notes will bear interest at the rate of 6.55% per year. Interest on the Fixed Rate Notes is payable semiannually on January 17 and July 17 of each year, beginning on January 17, 2008. The Fixed Rate Notes will mature on July 17, 2017. Interest on the Floating Rate Notes will be based on the three-month LIBOR rate plus 0.95% and will be reset quarterly. Interest on the Floating Rate Notes is payable quarterly on January 15, April 15, July 15 and October 15 of each year, beginning on October 15, 2007. The Floating Rate Notes will mature on January 15, 2013. We may redeem some or all of the Fixed Rate Notes at any time. The redemption price for the Fixed Rate Notes will be 100% of their principal amount, plus any Applicable Premium thereon at the time of redemption plus accrued and unpaid interest to the redemption date. See Description of the Notes Optional Redemption Fixed Rate Notes. We may redeem some or all of the Floating Rate Notes on July 15, 2009 or any interest payment date thereafter. The redemption price for the Floating Rate Notes will be 100% of their principal amount, plus accrued and unpaid interest to the redemption date. See Description of the Notes Optional Redemption Floating Rate Notes. Under certain circumstances, Holders of the Notes will have the right to require us to repurchase the Notes. See Description of the Notes Purchase of Notes Upon Change of Control. There is no sinking fund for the Notes.

The Notes will be our unsecured obligations and will rank equally with all of our other unsecured senior indebtedness.

**Investing in the Notes involves risks. See Risk Factors beginning on page S-10.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<b>Per Fixed Rate</b>		<b>Per Floating Rate</b>	
	<b>Note</b>	<b>Total</b>	<b>Note</b>	<b>Total</b>
Public Offering Price	99.742%	\$249,355,000	100.000%	\$150,000,000
Underwriting Discount	1.500%	\$3,750,000	1.500%	\$2,250,000
Proceeds to CMS Energy (before expenses)	98.242%	\$245,605,000	98.500%	\$147,750,000

Interest on the Notes will accrue from July 3, 2007 to date of delivery.

The underwriters expect to deliver the Notes to purchasers on or about July 3, 2007.

**Deutsche Bank Securities****Barclays Capital****Citi****JPMorgan****Merrill Lynch & Co.****Wachovia Securities**

June 19, 2007

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**You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus or to documents to which we have referred you. We have not authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of Notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which contains a description of the securities registered by us. To the extent there is a conflict between the information contained or incorporated by reference in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference therein, on the other hand, the information in this prospectus supplement shall control.

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission ( **SEC** ) using a shelf registration process. Under the registration statement, we may sell securities, including Notes, up to a dollar amount of \$1,500,000,000, of which this offering is a part.



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**WHERE YOU CAN FIND MORE INFORMATION**

We file reports, proxy statements and other information with the SEC under File No. 1-9513. Our SEC filings are available over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 100 F Street N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the public reference rooms and their copy charges. You may also inspect our SEC reports and other information at the New York Stock Exchange, 20 Broad Street, New York, New York 10005. You can find additional information about us, including our Annual Report on Form 10-K for the year ended December 31, 2006, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and a Form 8-K filed June 4, 2007 amending our 2006 financial statements to reflect certain discontinued operations resulting from certain recent asset sales, on our web site at <http://www.cmsenergy.com>. The information on this web site is not a part of this prospectus supplement and the accompanying prospectus.

We are incorporating by reference information into this prospectus supplement and the accompanying prospectus. This means that we are disclosing important information by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus, except for any information superseded by information in this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus incorporate by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us and our finances.

Annual Report on Form 10-K for the year ended December 31, 2006 filed on February 23, 2007

Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 filed on May 3, 2007

Current Reports on Form 8-K or Form 8-K/A filed on January 5, 2007, January 25, 2007, January 26, 2007, February 1, 2007, February 6, 2007, February 14, 2007, February 28, 2007, March 14, 2007, April 3, 2007, April 5, 2007, April 16, 2007, April 17, 2007, May 1, 2007, May 3, 2007 (SEC film number 07813240), May 21, 2007, May 29, 2007, June 4, 2007 (two filings) and June 18, 2007

The documents filed by us with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), after the date of this prospectus supplement, until the offering of the Notes pursuant to this prospectus supplement is terminated, are also incorporated by reference into this prospectus supplement and the accompanying prospectus. Any statement contained in such document will be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained in this prospectus supplement and the accompanying prospectus or any other subsequently filed document modifies or supersedes such statement.

We will provide, upon your oral or written request, a copy of any or all of the information that has been incorporated by reference in this prospectus supplement and the accompanying prospectus but not delivered with this prospectus supplement and the accompanying prospectus. You may request a copy of these filings at no cost by writing or telephoning us at the following address:

CMS Energy Corporation  
One Energy Plaza  
Jackson, Michigan 49201  
Tel: (517) 788-0550  
Attention: Office of the Secretary

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**SUMMARY**

*This summary may not contain all the information that may be important to you. You should read this prospectus supplement and the documents incorporated by reference into this prospectus supplement in their entirety before making an investment decision. The terms **CMS**, **CMS Energy**, **Our**, **Us** and **We** as used in this document refer to CMS Energy Corporation and its subsidiaries as a combined entity, except where it is made clear that such term means only CMS Energy Corporation.*

**CMS Energy Corporation**

CMS Energy was formed in Michigan in 1987 and is an energy company operating primarily in Michigan. Its two principal subsidiaries are Consumers Energy Company ( **Consumers** ) and CMS Enterprises Company ( **Enterprises** ). Consumers is a public utility that provides natural gas and/or electricity to almost 6.5 million of Michigan's 10 million residents and serves customers in all 68 counties in Michigan's Lower Peninsula. Enterprises, through various subsidiaries and affiliates, is engaged in energy businesses in the United States and in selected markets around the world.

Our principal businesses are:

Consumers' electric utility, which owns and operates 29 electric generating plants with an aggregate of 5,674 megawatts ( **MW** ) of capacity and serves 1.8 million customers in Michigan's Lower Peninsula;

Consumers' gas utility, which owns and operates over 27,966 miles of transmission and distribution lines throughout the Lower Peninsula of Michigan, providing natural gas to 1.7 million customers;

Enterprises' generation assets that include interests in power plants totaling 2,120 gross MW (1,474 net MW) throughout the United States and abroad. The plants are located in the U.S., Chile and Jamaica; and

CMS Gas Transmission Company ( **CMS Gas Transmission** ), a wholly owned subsidiary of Enterprises that owns an interest in and operates 4,069 miles of natural gas pipelines in South America.

In 2006, we had consolidated operating revenue of \$6.303 billion.

Our principal executive offices are located at One Energy Plaza, Jackson, Michigan 49201 and our telephone number is (517) 788-0550.

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**Recent Developments**

**Amendment of 2006 Financial Statements**

On June 4, 2007, we filed a Form 8-K to amend information previously reported on our Form 10-K for the year ended December 31, 2006, which was filed on February 23, 2007. This amendment was made to reflect certain subsidiaries associated with various completed asset sales in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". The sales involved included Enterprises' sale of its ownership interest in substantially all of its Argentine assets and its northern Michigan non-utility gas gathering, processing and pipeline businesses as well as its sale of its ownership interests in certain projects in the Middle East, North Africa and India.

**Rating Upgrades**

Recently, both Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ( **S&P** ), and Moody's Investors Service, Inc. ( **Moody's** ) upgraded CMS Energy's debt ratings. In May 2007, S&P raised its senior unsecured debt ratings of CMS Energy from B+ to BB+ and removed the ratings from CreditWatch with positive implication. In June 2007, Moody's upgraded the senior unsecured debt ratings of CMS Energy from Ba3 to Ba1 and revised the outlook to stable from positive.

**Senior Note Redemption**

On June 7, 2007, we redeemed \$260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand.

**Acquisition of Zeeland, Michigan Power Plant**

On May 24, 2007, Consumers signed a Purchase and Sale Agreement, dated as of May 24, 2007, with Broadway Gen Funding, LLC, an affiliate of the LS Power Group. Pursuant to this agreement, Consumers will acquire 100% of the membership interests in Zeeland Power Company, LLC, which owns a 946 MW gas-fired power plant located in Zeeland, Michigan. The purchase price, subject to working capital and other capital and maintenance expenditure adjustments, is \$517 million. The sale is contingent upon receipt of certain regulatory approvals, including approval of the Michigan Public Service Commission. The closing of the transaction is targeted for the first half of 2008.

**Sale of Interests in GasAtacama Project and Jamaica Power Plant**

On June 1, 2007, we announced that certain of our subsidiaries had entered into separate purchase and sale agreements to sell their interests in the GasAtacama project in Chile and Argentina and a power plant in Jamaica to wholly-owned subsidiaries of Ashmore Energy International. GasAtacama is a project that owns and operates natural gas pipelines in Argentina and Chile, as well as a 780 MW combined-cycle gas-fired generation facility in Chile. The Chilean power plant has been refitted to operate on oil due to curtailments of the gas supply from Argentina. In connection with this agreement, certain of our other subsidiaries are selling promissory notes related to GasAtacama. The purchase price for GasAtacama is \$80 million. The Jamaica power plant is a 63 MW diesel-fueled power plant. The purchase price for the Jamaica power plant is \$14 million. The closing of the sale of GasAtacama is expected to occur in the third quarter of 2007, and the closing of the sale of the Jamaica power plant is expected to occur by December 31, 2007.

**Quicksilver Litigation**

As previously reported, Quicksilver Resources, Inc. ( **Quicksilver** ) brought an action against CMS Marketing, Services and Trading Company ( **CMS MST** ), our wholly-owned subsidiary, in Texas State Court. The claim sought damages of \$126 million on the basis of an alleged breach of a contract entered into in 1999 to purchase natural gas for a term of ten years. In March 2007, the case was tried before a jury, which awarded Quicksilver zero compensatory damages but \$10 million in punitive damages. The jury found that CMS MST had breached the contract and committed fraud but found no actual damage on account of either claim.

On May 15, 2007, the trial court, ruling on consolidated motions to counter the entry of the judgment, vacated the jury award of punitive damages but held that the contract should be rescinded prospectively (from the date of the judgment forward). The judicial rescission of the contract will cause us to record a charge in the second quarter of 2007 of approximately \$24 million, net of tax, as we had previously recorded on our balance sheet a price risk management asset for this contract that is no longer realizable. We intend to seek reconsideration before the trial court and/or to pursue relief in the Texas Court of Appeals, if necessary.





**Table of Contents****The Offering**

Issuer	CMS Energy Corporation.
Securities Offered	\$250 million aggregate principal amount of 6.55% Senior Notes due 2017 (the <b>Fixed Rate Notes</b> ) and \$150 million aggregate principal amount of Floating Rate Senior Notes due 2013 (the <b>Floating Rate Notes</b> and, together with the Fixed Rate Notes, the <b>Notes</b> ) to be issued under the indenture dated as of September 15, 1992 between us and The Bank of New York (successor to JPMorgan Chase Bank, N.A. and NBD Bank, National Association), as trustee (the <b>Trustee</b> ), and as amended and supplemented from time to time (the <b>senior debt indenture</b> ).
Issue Price	Each Fixed Rate Note will be issued at a price of \$997.42 per Note, plus accrued interest, if any, from July 3, 2007. Each Floating Rate Note will be issued at a price of \$1,000 per Note, plus accrued interest, if any, from July 3, 2007.
Ratings	The Notes are rated BB+ by S&P, Ba1 by Moody's and BB- by FitchRatings.
Maturity	The Fixed Rate Notes will mature on July 17, 2017 and the Floating Rate Notes will mature on January 15, 2013.
Interest Rate	The Fixed Rate Notes will bear interest at the rate of 6.55% per year, payable semiannually in arrears on January 17 and July 17, commencing on January 17, 2008, and at maturity. Interest on the Floating Rate Notes will generally be based on the three-month LIBOR rate plus 0.95% and will reset quarterly. Interest on the Floating Rate Notes is payable quarterly on, January 15, April 15, July 15 and October 15 each year, beginning on October 15, 2007.
Use of Proceeds	We estimate that the proceeds of the offering of the Notes, after deducting underwriters' discounts and commissions and offering expenses, will aggregate approximately \$393 million. We intend to use all of the proceeds of this offering plus available cash to fund our tender offer for all of our outstanding 7.5% Senior Notes Due 2009. As of June 18, 2007, there were approximately \$409 million of our 7.5% Senior Notes Due 2009 outstanding. To the extent that the proceeds are not used to fund the tender offer, they will be used for general corporate purposes, which may include retiring debt. See Use of Proceeds.
Optional Redemption	The Fixed Rate Notes will be redeemable at our option, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days notice before the redemption date by mail to the Trustee, the paying agent and each Holder of the Fixed Rate Notes, for a price equal to 100% of the principal amount of the Fixed Rate Notes to be redeemed plus any accrued and unpaid interest, and Applicable Premium owed, if any, to the redemption date. See Description of the Notes Optional Redemption Fixed Rate Notes. The Floating Rate Notes will be redeemable at our option, in whole or in part, on July 15, 2009 or any interest payment date thereafter, upon not less than 30 nor more than 60 days notice before the redemption date by mail to the Trustee, the paying agent and each Holder of the Floating Rate Notes, for a price equal to

100% of the principal amount of the Floating Rate Notes to be redeemed plus any accrued and unpaid interest to the redemption date. See Description of the Notes Optional Redemption Floating Rate Notes.

Change of Control

If a Change of Control Repurchase Event (as defined under Description of the Notes Purchase of Notes Upon Change of Control ) occurs, Holders will have the right, at their option, to require us to purchase any or all of

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their Notes for cash. The cash price we are required to pay is equal to 101% of the principal amount of the Notes to be purchased plus accrued and unpaid interest, if any, to the purchase date. See Description of the Notes Purchase of Notes Upon Change of Control.

Ranking	The Notes will be unsecured and unsubordinated senior debt securities of ours ranking equally with our other unsecured and unsubordinated indebtedness. As of March 31, 2007, we had outstanding approximately \$2.450 billion aggregate principal amount of indebtedness, including approximately \$178 million of subordinated indebtedness relating to our convertible preferred securities, but excluding approximately \$4.483 billion of indebtedness of our subsidiaries. On June 7, 2007, we redeemed \$260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand. In April 2007, CMS Energy entered into the Seventh Amended and Restated Credit Agreement in the amount of approximately \$300 million. This facility is secured and the Notes are junior to such indebtedness as to the assets pledged. As of May 31, 2007, there were approximately \$23 million of letters of credit outstanding under the Seventh Amended and Restated Credit Agreement. Except for the amount outstanding under the Seventh Amended and Restated Credit Agreement, none of our indebtedness is senior to the Notes as to our assets. The Notes are structurally subordinated to approximately \$4.483 billion of our subsidiaries' debt.
Certain Covenants	The senior debt indenture will contain covenants that will, among other things, prohibit us from being able to incur additional liens, sell, transfer or dispose of certain assets, enter into certain transactions with affiliates or enter into certain mergers or consolidations.
Form of Notes	One or more global securities held in the name of The Depository Trust Company ( <b>DTC</b> ) in a minimum denomination of \$1,000 and any integral multiple thereof.
Trustee and Paying Agent	The Bank of New York.
Trading	The Notes will not be listed on any securities exchange or included in any automated quotation system. No assurance can be given as to the liquidity of or trading market for the Notes.
Risk Factors	You should carefully consider each of the factors described in the section of this prospectus supplement entitled Risk Factors starting on page S-10 before purchasing the Notes.
Governing Law	The senior debt indenture is governed by the laws of the State of Michigan.

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The following selected consolidated financial data have been derived from our audited consolidated financial statements, which have been audited by Ernst & Young LLP, independent registered public accounting firm, for the five fiscal years ended December 31, 2006, except for amounts included from the financial statements of the Midland Cogeneration Venture Limited Partnership (the **MCV Partnership**) and Jorf Lasfar Energy Company S.C.A. ( **Jorf Lasfar** ). The MCV Partnership, a 49% owned variable interest entity which we sold in November 2006, was consolidated in our financial statements beginning in 2004 through the date of sale and accounted for under the equity method of accounting through December 31, 2003 and was audited by another independent registered public accounting firm for all periods through the date of sale. Jorf Lasfar, an investment accounted for under the equity method of accounting which we sold in May 2007, was audited by Ernst & Young, independent registered public accounting firm, for the fiscal years ended December 31, 2006 and 2005 and another independent accountant for the fiscal years ended December 31, 2002 through December 31, 2004. The following selected consolidated financial data for the three months ended March 31, 2007 and 2006 have been derived from our unaudited consolidated financial statements. Please refer to our consolidated financial statements for the fiscal year ended December 31, 2006 and for the quarter ended March 31, 2007, which are each incorporated by reference herein. The financial information set forth below should be read in conjunction with our consolidated financial statements, related notes and other financial information that are incorporated by reference herein. Operating results for the three months ended March 31, 2007 are not necessarily indicative of results that may be expected for the entire year ending December 31, 2007. See [Where You Can Find More Information](#).

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>				
	<b>2007</b>	<b>2006</b>	<b>2006(a)</b>	<b>2005 (a)</b>	<b>2004(a)</b>	<b>2003</b>	<b>2002</b>
	<b>(Dollars in Millions Except Per Share Amounts)</b>						
<b>Income Statement Data:</b>							
Operating revenue	\$ 2,237	\$ 1,937	\$ 6,303	\$ 6,018	\$ 5,256	\$ 5,314	\$ 8,433
Earnings from equity method investees	19	36	89	125	115	164	92
Operating expenses	2,284	1,992	6,498	6,470	4,836	4,860	8,485
Operating income (loss)	(28)	(19)	(106)	(327)	535	618	40
Income (loss) from continuing operations	(31)	(32)	(122)	(133)	115		(393)
Income (loss) from discontinued operations	(180)	8	43	49	8	19	(275)
Net income (loss) available to common stockholders	\$ (215)	\$ (27)	\$ (90)	\$ (94)	\$ 110	\$ (44)	\$ (650)
Earnings (loss) per average common share:							
Income (loss) from continuing operations: Basic	\$ (0.16)	\$ (0.16)	\$ (0.61)	\$ (0.68)	\$ 0.61	\$ (0.01)	\$ (2.83)
	(0.16)	(0.16)	(0.61)	(0.68)	0.60	(0.01)	(2.83)

Income (loss) from continuing operations: Diluted CMS Energy Net Income (Loss) attributable to common stock: Basic	(0.97)	(0.12)	(0.41)	(0.44)	0.65	(0.30)	(4.68)
CMS Energy Net Income (Loss) attributable to common stock: Diluted	(0.97)	(0.12)	(0.41)	(0.44)	0.64	(0.30)	(4.68)
Dividends declared per average common share:							
CMS Energy	0.05						1.09
<b>Balance Sheet Data (At Period End Date):</b>							
Cash and cash equivalents at cost, which approximates market	\$ 577	\$ 692	\$ 263	\$ 794	\$ 580	\$ 496	\$ 321
Restricted cash	65	66	71	198	56	201	38
Net plant and property	7,903	7,702	7,773	7,658	8,556	6,820	5,898
Total assets	15,277	15,550	15,371	16,041	15,872	13,838	14,781
Long-term debt, excluding current maturities	6,032	6,696	6,202	6,780	6,417	5,985	5,315
Long-term debt related parties, excluding current maturities	178	178	178	178	504	684	
Non-current portion of capital and finance lease obligations	52	309	42	308	315	58	116
Notes payable	1		2				458
Other liabilities	6,525	5,416	6,331	5,829	5,541	5,161	6,921
Minority interests	85	340	77	319	718	60	(34)
Company-obligated mandatorily redeemable trust preferred securities of subsidiaries (b)							393
Company obligated trust preferred securities of Consumers subsidiaries (b)							490
Preferred stock	250	261	261	261	261	261	

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Preferred stock of subsidiary	44	44	44	44	44	44	44
Common stockholders equity	\$ 2,110	\$ 2,306	\$ 2,234	\$ 2,322	\$ 2,072	\$ 1,585	\$ 1,078
<b>Other Data:</b>							
Cash Flow: (c)							
Provided by (Used in) operating activities	\$ 315	\$ 171	\$ 688	\$ 599	\$ 353	\$ (250)	\$ 614
Provided by (Used in) investing activities	6	(36)	(751)	(494)	(347)	203	829
Provided by (Used in) financing activities	(57)	(225)	(434)	74	(43)	229	(1,223)
Ratio of earnings to fixed charges (d)	(e)	(f)	(g)	(h)	1.03	1.05	(i)

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- (a) Under revised FASB Interpretation No. 46 Consolidation of Variable Interest Entities, until their sale in November 2006, we were the primary beneficiary of the MCV Partnership and the First Midland Limited Partnership. As a result, we have consolidated the assets, liabilities and activities of these entities into our consolidated financial statements through the date of sale and for the years ended December 31, 2005 and 2004.
  
- (b) CMS Energy and Consumers each formed various statutory wholly-owned business trusts for the sole purpose of issuing preferred securities and lending the gross proceeds to the parent companies. The sole assets of the trusts are debentures of the parent company with terms similar to those of the preferred securities. As a result of the adoption of FASB



Interpretation  
No. 46 on  
December 31, 2003,  
we deconsolidated  
the trusts that hold  
the mandatorily  
redeemable trust  
preferred securities.  
Therefore,  
\$490 million,  
previously reported  
by us as  
Company-obligated  
mandatorily  
redeemable trust  
preferred securities  
of subsidiaries, plus  
\$16 million owed to  
the trusts and  
previously  
eliminated in  
consolidation, was  
included in the  
balance sheet as  
Long-term debt  
related parties.  
Additionally, \$173  
million, previously  
reported by us as  
Company-obligated  
trust preferred  
securities of  
Consumers  
subsidiaries, plus  
\$5 million owed to  
the trusts and  
previously  
eliminated in  
consolidation, was  
included in the  
balance sheet as  
Long-term debt  
related parties.  
Since December 31,  
2003, \$506 million  
of Long-term debt  
related parties has  
been retired.

- (c) Our cash flow  
statements include

amounts related to discontinued operations through the date of disposal.

- (d) For the purpose of computing the ratio, earnings represents the sum of income (loss) from continuing operations before income taxes and income from equity method investees, net interest charges and the estimated interest portion of lease rentals and distributed income of equity method investees.
  
- (e) For the three months ended March 31, 2007, fixed charges exceeded earnings by \$105 million. Earnings as defined include \$157 million after-tax of asset impairment charges.
  
- (f) For the three months ended March 31, 2006, fixed charges exceeded earnings by \$144 million. Earnings as defined include \$51 million in mark-to-market losses related to our investment in the MCV Partnership and \$25 million in mark-to-market losses at CMS Energy Resource

Management  
Company.

- (g) For the year ended December 31, 2006, fixed charges exceeded earnings by \$422 million. Earnings as defined include \$459 million of asset impairment charges.
- (h) For the year ended December 31, 2005, fixed charges exceeded earnings by \$763 million. Earnings as defined include \$1.184 billion of asset impairment charges.
- (i) For the year ended December 31, 2002, fixed charges exceeded earnings by \$495 million. Earnings as defined include \$602 million of asset impairment charges.

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*An investment in the Notes involves a significant degree of risk. You should carefully consider the following risk factors, together with all of the other information included or incorporated by reference in this prospectus supplement. In particular, you should carefully consider the factors listed in Forward-Looking Statements and Information as well as the Risk Factors contained in our Annual Report on Form 10-K filed with the SEC on February 23, 2007, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 filed with the SEC on May 3, 2007 and a Form 8-K filed with the SEC on June 4, 2007 amending our 2006 financial statements to reflect certain discontinued operations resulting from recent asset sales, which are incorporated by reference into this prospectus supplement, before you decide to purchase the Notes. These documents, this prospectus supplement and other written and oral statements that we make contain forward-looking statements as defined in Rule 3b-6 under the Exchange Act and Rule 175 under the Securities Act of 1933, as amended (the **Securities Act**), and relevant legal decisions. Our intention with the use of such words as may, could, anticipates, believes, estimates, expects, intends, plans, and other similar words is to identify forward-looking statements that involve risk and uncertainty. We designed the discussion of potential risks and uncertainties in these documents and this prospectus supplement to highlight important factors that may impact our business and financial outlook. We have no obligation to update or revise any forward-looking statements regardless of whether new information, future events or any other factors affect the information contained in the statements. The risks and uncertainties described below and those incorporated from the referenced Form 10-K, Form 10-Q and Form 8-K are not the only ones we may confront. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may impair our business operations. If any of those risks actually occur, our financial condition, operating results and prospects could be materially adversely affected. This section contains forward-looking statements.*

***The Notes are structurally subordinated to the debt and preferred stock of our subsidiaries.***

Of the approximately \$6.933 billion of our consolidated indebtedness as of March 31, 2007, approximately \$4.483 billion was indebtedness of our subsidiaries. On June 7, 2007, we redeemed \$260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand. Payments on that indebtedness are prior in right of payment to dividends paid to us by our subsidiaries. See Description of the Notes Structural Subordination.

***We may be unable to raise the funds necessary to purchase Notes upon a Change of Control Repurchase Event.***

In the event of a Change of Control Repurchase Event, each Holder of Notes may require us to purchase all or a portion of its Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued interest. Our ability to purchase the Notes will be limited by the terms of our other debt agreements and our ability to finance the purchase. It is expected that we will issue additional debt with similar change of control provisions in the future. If this occurs, the financial requirements for any purchases could be increased significantly. In addition, the terms of any debt securities issued to purchase debt under these change of control provisions may be unfavorable to us. We cannot assure Holders of Notes that we will be able to finance these purchase obligations or obtain consents to do so from Holders of Notes under other debt agreements restricting these purchases.

***We cannot assure you that an active trading market will develop for the Notes.***

The Notes are a new issue of securities for which there currently is no active trading market. As we do not intend to apply to list the Notes for trading on any national securities exchange or to include the Notes in any automated quotation system, we cannot assure you that an active trading market for the Notes will develop or as to the liquidity or sustainability of any such market, the ability of the Holders to sell their Notes or the price at which Holders of the Notes will be able to sell their Notes. Future trading prices of the Notes will also depend on many other factors, including, among other things, prevailing interest rates, the market for similar securities, our performance and other factors. We do not intend to apply for listing of the Notes on any securities exchange or any automated quotation system.

**Table of Contents****USE OF PROCEEDS**

We estimate that the proceeds of the offering of the Notes, after deducting underwriters' discounts and commissions and offering expenses, will aggregate approximately \$393 million. We intend to use all of the proceeds of this offering plus available cash to fund our tender offer for all of our outstanding 7.5% Senior Notes Due 2009. As of June 18, 2007, there were approximately \$409 million of our 7.5% Senior Notes Due 2009 outstanding. To the extent that the proceeds are not used to fund the tender offer, they will be used for general corporate purposes, which may include retiring debt.

**RATIO OF EARNINGS TO FIXED CHARGES**

The ratio of earnings to fixed charges for the three months ended March 31, 2007 and each of the years ended December 31, 2002 through 2006 is as follows:

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>			
	<b>March 31, 2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Ratio of earnings to fixed charges	(1)	(2)	(3)	1.03	1.05	(4)

(1) For the three months ended March 31, 2007, fixed charges exceeded earnings by \$105 million. Earnings as defined include \$157 million after-tax of asset impairment charges.

(2) For the year ended December 31, 2006, fixed charges exceeded earnings by \$422 million. Earnings as defined include \$459 million of asset impairment charges.

(3) For the year ended December 31, 2005, fixed

charges  
exceeded  
earnings by  
\$763 million.  
Earnings as  
defined include  
\$1.184 billion of  
asset  
impairment  
charges.

- (4) For the year  
ended  
December 31,  
2002, fixed  
charges  
exceeded  
earnings by  
\$495 million.  
Earnings as  
defined include  
\$602 million of  
asset  
impairment  
charges.

For the purpose of computing the ratio, earnings represent income before income taxes, net interest charges and the estimated interest portion of lease rentals and distributed income of equity method investees.

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**Table of Contents****CAPITALIZATION**

The following table sets forth our capitalization as of March 31, 2007 on an actual basis and as adjusted to reflect the sale of Notes in this offering and the application of the net proceeds as described under Use of Proceeds assuming that such net proceeds are applied to redeem up to \$400 million of our 7.5% Senior Notes Due 2009 as described therein. This table should be read in conjunction with our consolidated financial statements and related notes and other financial information also incorporated by reference in this prospectus supplement. See Where You Can Find More Information.

	<b>At March 31, 2007</b>	
	<b>Actual</b>	<b>As Adjusted For This Offering (Unaudited, Dollars in Millions)</b>
Current portion of long-term debt and capital leases	\$ 722	\$ 722
Non-current portion of capital lease obligations	\$ 52	\$ 52
Long-term debt:		
6.55% Senior Notes due 2017(a)		250
Floating Rate Senior Notes due 2013(a)		150
Other long-term debt (excluding current portion) (a)(b)	6,032	5,632
Long-term debt related parties	178	178
Preferred stock	250	250
Preferred stock of subsidiary	44	44
Common stockholders' equity	2,110	2,110
Total capitalization	\$ 8,666	\$ 8,666

(a) Reflects redemption of up to \$400 million of our 7.5% Senior Notes Due 2009 with the proceeds of this offering.

(b) On June 7, 2007, we redeemed \$260 million principal amount of our 8.9% Senior Notes due 2008 using cash on

hand. This transaction is not reflected in the capitalization table.

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**Table of Contents****DESCRIPTION OF THE NOTES****General**

The Notes will be issued as two series of senior debentures under the senior debt indenture as supplemented by two supplemental indentures thereto each to be dated as of July 3, 2007 (collectively, the **Supplemental Indentures**). The Fixed Rate Notes will be initially limited in aggregate principal amount to \$250 million and the Floating Rate Notes will be initially limited in aggregate principal amount to \$150 million. The senior debt indenture permits us to re-open this offering of the respective Notes without the consent of the Holders of the respective Notes. Accordingly, the principal amount of the respective Notes may be increased in the future on the same terms and conditions and with the same CUSIP numbers as the respective Notes being offered by this prospectus supplement, provided that such additional notes must be part of the same issue as the respective Notes offered hereby for United States federal income tax purposes. The respective Notes offered by this prospectus supplement and any such additional notes will constitute a single series of debt securities. This means that, in circumstances where the senior debt indenture provides for the holders of notes to vote or take any action, the Holders of the respective Notes offered by this prospectus supplement and the holders of any such additional notes will vote or take that action as a single class. The Notes will be unsecured and unsubordinated senior debt securities of CMS Energy.

As of March 31, 2007, we had outstanding approximately \$2.450 billion aggregate principal amount of indebtedness, including approximately \$178 million of subordinated indebtedness relating to our convertible trust preferred securities but excluding approximately \$4.483 billion of indebtedness of our subsidiaries. On June 7, 2007, we redeemed \$260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand. In April 2007, CMS Energy entered into the Seventh Amended and Restated Credit Agreement in the amount of approximately \$300 million. This facility is secured and the Notes are junior to such indebtedness as to the assets pledged. As of May 31, 2007, there were approximately \$23 million of letters of credit outstanding under the Seventh Amended and Restated Credit Agreement. Except for the amount outstanding under the Seventh Amended and Restated Credit Agreement, none of our indebtedness is senior to the Notes as to our assets. The Notes are structurally subordinated to approximately \$4.483 billion of our subsidiaries' debt.

We may issue debt securities from time to time in one or more series under the senior debt indenture. There is no limitation on the amount of debt securities we may issue under the senior debt indenture.

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

**Structural Subordination**

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

Of the approximately \$6.933 billion of our consolidated indebtedness as of March 31, 2007, approximately \$4.483 billion was indebtedness of our subsidiaries. On June 7, 2007, we redeemed \$260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand. Payments on that indebtedness are prior in right of payment to dividends paid to us by our subsidiaries.

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

The ability of CMS Energy to pay (i) dividends on its capital stock and (ii) its indebtedness, including the Notes, depends and will depend substantially upon timely receipt of sufficient dividends or other distributions from its subsidiaries, in particular Consumers and Enterprises. Each of Consumers and Enterprises ability to pay dividends on its common stock depends upon its revenues, earnings and other factors. Consumers revenues and earnings will depend substantially upon rates authorized by the Michigan Public Service Commission.

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

Consumers is subject to the Federal Power Act and the Natural Gas Act. These Acts limit Consumers ability to pay dividends from its retained earnings. As of March 31, 2007, Consumers retained earnings were \$283 million.

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

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

**Payment and Maturity*****Fixed Rate Notes***

The Fixed Rate Notes will mature on July 17, 2017, and will bear interest at the rate of 6.55% per year. At maturity, CMS Energy will pay the aggregate principal amount of the Fixed Rate Notes then outstanding. Each Fixed Rate Note will bear interest from the original date of issue, payable semiannually in arrears on January 17 and July 17, commencing on January 17, 2008, and at maturity. Interest will be paid to the person in whose name the Fixed Rate Notes are registered at the close of business fifteen days prior to the interest payment date. Interest payable on any interest payment date or on the date of maturity will be the amount of interest accrued from and including the date of original issuance or from and including the most recent interest payment date on which interest has been paid or duly made available for payment to but excluding such interest payment date or the date of maturity, as the case may be. Interest on the Fixed Rate Notes will be computed on the basis of a 360-day year consisting of twelve 30 day months.

In any case where any interest payment date, redemption date, repurchase date or maturity date (including upon the occurrence of a Change of Control Repurchase Event resulting in a Purchase Date) of any Fixed Rate Note shall not be a Business Day (as defined herein) at any place of payment, then payment of interest or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the interest payment date, redemption date, repurchase date or maturity date (including upon the occurrence of a Change of Control Repurchase Event resulting in a Purchase Date); and no interest shall accrue on the amount so payable for the period from and after such interest payment date, redemption date, repurchase date or maturity date, as the case may be, to such Business Day.

***Floating Rate Notes***

The Floating Rate Notes will mature on January 15, 2013. At maturity, CMS Energy will pay the aggregate principal amount of the Floating Rate Notes then outstanding. Each Floating Rate Note will bear interest from the original date of issue, payable quarterly in arrears, on, January 15, April 15, July 15 and October 15 of each year, commencing on October 15, 2007, and at maturity. Interest will be paid to the person in whose name the Floating Rate

Notes are registered at the close of business fifteen days prior to the interest payment date; provided, however, that, so long as the Floating Rate Notes are registered in the name of DTC, its nominee or a successor depository, the record date for interest payable on any interest payment date shall be the close of business on the Business Day immediately preceding such interest payment date for the Floating Rate Notes so registered. Interest payable on

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any interest payment date or on the date of maturity will be the amount of interest accrued from and including the date of original issuance or from and including the most recent interest payment date on which interest has been paid or duly made available for payment to but excluding such interest payment date or the date of maturity, as the case may be. Interest on the Floating Rate Notes will be computed on the basis of a 360-day year and the actual number of days elapsed in each quarterly interest period.

The interest rate applicable during each quarterly interest period will be equal to the Three-Month LIBOR Rate (as defined below) as of the Interest Determination Date (as defined below), plus 0.95%, except that the interest rate for the first interest period (from and including the date of issuance to but excluding October 15, 2007) will be equal to an interpolated London interbank rate for deposits in U.S. dollars as of two business days before the date of issuance as determined by the calculation agent plus 0.95%. Interest on the Floating Rate Notes for subsequent quarterly periods will be reset on each interest payment date (each of these dates is called an **interest reset date**), beginning on October 15, 2007, based on the Three-Month LIBOR Rate as of the Interest Determination Date plus 0.95%. The interest rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by Michigan law as the same may be modified by United States law of general application; provided, however, that in no event shall the rate of interest on the Floating Rate Notes exceed 12% per annum.

**Three-Month LIBOR Rate** means the rate for deposits in U.S. dollars for the three-month period commencing on the applicable interest reset date which appears on Reuters Screen LIBOR01 Page at approximately 11:00 a.m., London time, on the applicable Interest Determination Date. If this rate does not appear on Reuters Screen LIBOR01 Page, the calculation agent will determine the rate on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market (selected by the calculation agent) at approximately 11:00 a.m., London time, on the applicable Interest Determination Date to prime banks in the London interbank market for a period of three months commencing on that interest reset date and in a principal amount equal to an amount not less than \$1,000,000 that is representative for a single transaction in such market at such time. In such case, the calculation agent will request the principal London office of each of the aforesaid major banks to provide a quotation of such rate. If at least two such quotations are provided, the rate for that interest reset date will be the arithmetic mean of the quotations, and, if fewer than two quotations are provided as requested, the rate for that interest reset date will be the arithmetic mean of the rates quoted by three major banks in New York City (selected by the calculation agent), at approximately 11:00 a.m., New York City time, on the applicable Interest Determination Date for loans in U.S. dollars to leading European banks for a period of three months commencing on that interest reset date and in a principal amount equal to an amount not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, that if fewer than three banks selected by the calculation agent are quoting rates, the interest rate for the applicable interest period will be the same as the interest rate for the immediately preceding period.

**Reuters Screen LIBOR01 Page** means the display page so designated on the Reuters service (or such other page as may replace such page on that service or any successor service for the purpose of displaying London interbank offered rates of major banks).

**Interest Determination Date** means, with respect to any interest reset date, the second London banking day prior to the applicable interest reset date; provided, that the initial Interest Determination Date shall be October 11, 2007.

A **London banking day** is any Business Day in which dealings in U.S. dollars are transacted in the London interbank market.

The calculation agent will, upon the request of the holder of any Floating Rate Note, provide the interest rate then in effect. The Trustee will serve as the calculation agent until such time as we appoint a successor calculation agent. All calculations made by the calculation agent in the absence of manifest error shall be conclusive for all purposes and binding on us and the holders of the Floating Rate Notes. We may appoint a successor calculation agent at our sole discretion.

All percentages resulting from any calculation of the interest rate with respect to the Floating Rate Notes will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (for example, 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655) and 9.876544% (or .09876544) being rounded to 9.87654% (or .0987654)), and all dollar amounts in or

resulting from any such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

In any case where any interest payment date, redemption date, repurchase date or maturity date (including upon the occurrence of a Change of Control Repurchase Event resulting in a Purchase Date) of any Floating Rate Note shall not be a Business Day (as defined herein) at any place of payment, then payment of interest or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the interest payment date, redemption date, repurchase date or maturity date (including upon the occurrence of a Change of Control Repurchase Event resulting in a Purchase Date); and no interest shall accrue on the amount so payable for the period from and after such interest payment date, redemption date, repurchase date or maturity date, as the

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case may be, to such Business Day; provided, however, that if any such next succeeding Business Day in respect of a Floating Rate Note is in the next succeeding calendar month, the interest payment date will be the immediately preceding Business Day.

**Registration, Transfer and Exchange**

The Notes will be initially issued in the form of one or more Notes in registered, global form, without coupons, in denominations of \$1,000 and any integral multiple thereof as described under Book-Entry System. The Global Notes will be registered in the name of the nominee of DTC. Except as described under Book-Entry System, owners of beneficial interests in a Global Note will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of any such Note and will not be considered the registered holder thereof under the senior debt indenture.

**Optional Redemption*****Fixed Rate Notes***

The Fixed Rate Notes will be redeemable at CMS Energy's option, in whole or in part, at any time or from time to time, at a redemption price equal to 100% of the principal amount of such Fixed Rate Notes being redeemed plus the Applicable Premium (as defined below), if any, thereon at the time of redemption, together with accrued interest, if any, thereon to the redemption date. In no event will the redemption price be less than 100% of the principal amount of the Fixed Rate Notes plus accrued interest, if any, thereon to the redemption date.

The following definitions are used to determine the Applicable Premium:

**Applicable Premium** means, with respect to a Fixed Rate Note (or portion thereof) being redeemed at any time, the excess of (A) the present value at such time of the principal amount of such Fixed Rate Note (or portion thereof) being redeemed plus all interest payments due on such Fixed Rate Note (or portion thereof) after the redemption date, which present value shall be computed using a discount rate equal to the Treasury Rate plus 30 basis points, over (B) the principal amount of such Fixed Rate Note (or portion thereof) being redeemed at such time. For purposes of this definition, the present values of interest and principal payments will be determined in accordance with generally accepted principles of financial analysis.

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

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

***Floating Rate Notes***

The Floating Rate Notes will be redeemable at CMS Energy's option, in whole or in part, on July 15, 2009 or any interest payment date thereafter, at a redemption price equal to 100% of the principal amount of such Floating Rate Notes being redeemed, together with accrued interest, if any, thereon to the redemption date.

***General***

If less than all of the Fixed Rate Notes or Floating Rate Notes are to be redeemed, the Trustee under the senior debt indenture shall select, in such manner as it shall deem appropriate and fair, the particular Fixed Rate Notes or Floating Rate Notes, as the case may be, or portions thereof to be redeemed. Notice of redemption shall be given by mail not less than 30 nor more than 60 days prior to the date fixed for redemption to the Holders of Fixed Rate Notes or Floating Rate Notes to be redeemed (which, as long as the Fixed Rate Notes or Floating Rate Notes, as the case may be, are held in the book-entry only system, will be DTC (or its nominee) or a successor depository); provided,

however, that the failure to duly give such notice by mail, or any defect therein, shall not affect the validity of any proceedings for the redemption of Fixed Rate Notes or Floating  
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Rate Notes, as the case may be, as to which there shall have been no such failure or defect. On and after the date fixed for redemption (unless CMS Energy shall default in the payment of the Fixed Rate Notes or Floating Rate Notes or portions thereof to be redeemed at the applicable redemption price, together with accrued interest, if any, thereon to such date), interest on the Fixed Rate Notes or Floating Rate Notes, as the case may be, or the portions thereof so called for redemption shall cease to accrue.

No sinking fund is provided for the Fixed Rate Notes or the Floating Rate Notes.

**Purchase of Notes Upon Change of Control**

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

Within 30 days after the Change of Control Date, CMS Energy is obligated to mail to each Holder of a Note a notice regarding the Change of Control Repurchase Event, which notice shall state, among other things:

that a Change of Control Repurchase Event has occurred and that each such Holder has the right to require CMS Energy to repurchase all or any part of such Holder's Notes at the Change of Control Purchase Price;

the Change of Control Purchase Price;

the Purchase Date;

the name and address of the paying agent; and

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

To exercise this right, a Holder must deliver a written notice (the **Change of Control Purchase Notice** ) to the paying agent (initially the Trustee) at its corporate trust office in New York, New York, or any other office of the paying agent maintained for such purposes, not later than 30 days prior to the Purchase Date. The Change of Control Purchase Notice shall state:

the portion of the principal amount of any Notes to be repurchased, which must be \$1,000 or an integral multiple thereof;

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

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

Any Change of Control Purchase Notice may be withdrawn by the Holder by a written notice of withdrawal delivered to the paying agent not later than three Business Days prior to the Purchase Date. The notice of withdrawal shall state the principal amount and, if applicable, the certificate numbers of the Notes as to which the withdrawal notice relates and the principal amount, if any, which remains subject to a Change of Control Purchase Notice.

If a Note is represented by a Global Note, DTC or its nominee will be the holder of such Note and therefore will be the only entity that can require CMS Energy to repurchase Notes upon a Change of Control Repurchase Event. To obtain repayment with respect to such Note upon a Change of Control Repurchase Event, the beneficial owner of such Note must provide to the broker or other entity through which it holds the beneficial interest in such Note (1) the Change of Control Purchase Notice signed by such beneficial owner, and such signature must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc. ( **NASD** ) or a commercial bank or trust company having an office or correspondent in the United States and

(2) instructions to such broker or other entity to notify DTC of such beneficial owner's desire to cause CMS Energy to repurchase such Notes. Such broker or other entity will provide to the paying agent (1) a Change of Control Purchase Notice received from such beneficial owner and (2) a certificate satisfactory to

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the paying agent from such broker or other entity that it represents such beneficial owner. Such broker or other entity will be responsible for disbursing any payments it receives upon the repurchase of such Notes by CMS Energy.

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

If the paying agent holds, in accordance with the terms of the senior debt indenture, money sufficient to pay the Change of Control Purchase Price of a Note on the Business Day following the Purchase Date for such Note, then, on and after such date, interest on such Note will cease to accrue, whether or not such Note is delivered to the paying agent, and all other rights of the Holder shall terminate (other than the right to receive the Change of Control Purchase Price upon delivery of the Note).

Under the senior debt indenture, a **Change of Control Repurchase Event** means the occurrence of both a Change of Control and a Rating Decline.

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

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

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

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

Under the senior debt indenture, a **Rating Decline** means the rating of the relevant securities shall be decreased by one or more gradations (including gradations within categories as well as between rating categories) by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of

Control until the end of the 30-day period following public notice of the occurrence of the Change of Control (which 30-day period shall be extended so long as the rating of the relevant securities is under publicly announced consideration for possible downgrade by either of the Rating Agencies; provided, that the other Rating Agency has either downgraded, or publicly announced that it is considering downgrading, the relevant securities); provided, however, that if the rating of the relevant securities by each of the Rating Agencies is Investment Grade, then Rating Decline means the rating of the relevant securities shall be decreased by one or more gradations (including gradations within categories as well as between rating categories) by each of the Rating Agencies

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such that the rating of the relevant securities by each of the Rating Agencies falls below Investment Grade on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 30-day period following public notice of the occurrence of the Change of Control (which 30-day period shall be extended so long as the rating of the relevant securities is under publicly announced consideration for possible downgrade by either of the Rating Agencies; provided, that the other Rating Agency has either downgraded, or publicly announced that it is considering downgrading, the relevant securities).

The senior debt indenture requires CMS Energy to comply with the provisions of Regulation 14E and any other tender offer rules under the Exchange Act which may then be applicable in connection with any offer by CMS Energy to purchase Notes at the option of Holders upon a Change of Control Repurchase Event. The Change of Control Repurchase Event purchase feature of the Notes may in certain circumstances make more difficult or discourage a takeover of CMS Energy and, thus, the removal of incumbent management. The Change of Control Repurchase Event purchase feature, however, is not the result of management's knowledge of any specific effort to accumulate shares of its common stock or to obtain control of CMS Energy by means of a merger, tender offer, solicitation or otherwise, or part of a plan by management to adopt a series of anti-takeover provisions. Instead, the Change of Control Repurchase Event purchase feature is a term contained in many similar debt offerings and the terms of such feature result from negotiations between CMS Energy and the underwriters. Management has no present intention to propose any anti-takeover measures although it is possible that CMS Energy could decide to do so in the future.

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

**Certain Restrictive Covenants**

The senior debt indenture contains the covenants described below. Certain capitalized terms used below are defined under the heading Certain Definitions below.

***Limitation on Certain Liens***

Under the terms of the senior debt indenture, so long as any of the Notes are outstanding, CMS Energy shall not create, incur, assume or suffer to exist any Lien, provided, that no event of default shall have occurred and be continuing (or result therefrom) at the time of payment of such dividend upon or with respect to any of its property of any character, including without limitation any shares of Capital Stock of Consumers or Enterprises, without making effective provision whereby the Notes shall be (so long as any such other creditor shall be so secured) equally and ratably secured. The foregoing restrictions shall not apply to (a) Liens securing Indebtedness of CMS Energy, provided that on the date such Liens are created, and after giving effect to such Indebtedness, the aggregate principal amount at maturity of all the secured Indebtedness of CMS Energy at such date shall not exceed 10% of Consolidated Net Tangible Assets or (b) certain liens for taxes, pledges to secure workman's compensation, other statutory obligations and Support Obligations, certain materialman's, mechanic's and similar liens and certain purchase money liens.

***Limitation on Consolidation, Merger and Sales***

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

in case CMS Energy shall consolidate with or merge into another Person or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any Person, the entity formed by such consolidation or into which CMS Energy is merged or the Person that acquires by conveyance or transfer, or that leases, the properties and assets of CMS Energy as an entirety or substantially as an entirety shall be a corporation or a limited liability company organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and shall expressly assume, by an indenture (or

indentures, if at such time there is more than one Trustee) supplemental to the senior debt indenture, executed by the successor Person and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of, any premium and interest on and any Additional Amounts with respect to all the

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securities, as defined in the senior debt indenture, and the performance of every obligation in the senior debt indenture and the outstanding securities, as defined in the senior debt indenture, on the part of CMS Energy to be performed or observed and shall provide for conversion or exchange rights in accordance with the provisions of the securities, as defined in the senior debt indenture, of any series that are convertible or exchangeable into common stock of CMS Energy or other securities; immediately after giving effect to such transaction, no Event of Default or event that, after notice or lapse of time, or both, would become an Event of Default, shall have occurred and be continuing; and

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

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

Notwithstanding the foregoing provisions, such a transaction may constitute a Change of Control as described in Purchase of Notes Upon Change of Control and could result in a Change of Control Repurchase Event giving rise to the right of a Holder to require CMS Energy to repurchase all or part of such Holder's Note.

**Certain Definitions**

Set forth below is a summary of certain defined terms used in the senior debt indenture. Reference is made to the senior debt indenture for a full definition of all terms as well as any other capitalized terms used herein and not otherwise defined.

**Additional Amount** means any additional amounts that are required by the senior debt indenture or any Note, under circumstances specified therein, to be paid by CMS Energy in respect of certain taxes, assessments or other governmental charges imposed on Holders specified therein and that are owing to such Holders.

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

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

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

**Consolidated Assets** means, at any date of determination, the aggregate assets of CMS Energy and its Consolidated Subsidiaries determined on a consolidated basis in accordance with generally accepted accounting principles.

**Consolidated Current Liabilities** means, for any period, the aggregate amount of liabilities of CMS Energy and its Consolidated Subsidiaries which may properly be classified as current liabilities (including taxes accrued as estimated), after (1) eliminating all inter-company items between CMS Energy and any Consolidated Subsidiary and (2) deducting all current maturities of long-term Indebtedness, all as determined in accordance with generally accepted accounting principles.

***Consolidated Net Tangible Assets*** means, for any period, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) as set forth on the most recently available quarterly or annual consolidated balance sheet of CMS Energy and its Consolidated Subsidiaries,

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determined on a consolidated basis in accordance with generally accepted accounting principles, and after giving effect to purchase accounting and after deducting therefrom, to the extent otherwise included, the amounts of:

Consolidated Current Liabilities;

minority interests in Consolidated Subsidiaries held by Persons other than CMS Energy or a Restricted Subsidiary;

excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors as evidenced by resolutions of the Board of Directors;

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

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

treasury stock; and

any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities.

***Consolidated Subsidiary*** means any Subsidiary whose accounts are or are required to be consolidated with the accounts of CMS Energy in accordance with generally accepted accounting principles.

***Holder*** means the Person in whose name a Note is registered in the security register kept by CMS Energy for that purpose.

***Indebtedness*** of any Person means, without duplication:

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

all Capital Lease Obligations of such Person;

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

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

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

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

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

**Lien** means any lien, mortgage, pledge, security interest, conditional sale, title retention agreement or other charge or encumbrance of any kind.

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***paying agent*** means any person authorized by CMS Energy to pay the principal of (and premium, if any) or interest on any of the Notes on behalf of CMS Energy. Initially, the paying agent is the Trustee under the senior debt indenture.

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

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

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

***Restricted Subsidiary*** means any Subsidiary (other than Consumers and its subsidiaries) of CMS Energy which, as of the date of CMS Energy's most recent quarterly consolidated balance sheet, constituted at least 10% of the total Consolidated Assets of CMS Energy and its Consolidated Subsidiaries and any other Subsidiary which from time to time is designated a Restricted Subsidiary by the Board of Directors, provided that no Subsidiary may be designated a Restricted Subsidiary if, immediately after giving effect thereto, an Event of Default or event that, with the lapse of time or giving of notice or both, would constitute an Event of Default would exist, and (1) any such Subsidiary so designated as a Restricted Subsidiary must be organized under the laws of the United States or any State thereof, (2) more than 80% of the Voting Stock of such Subsidiary must be owned of record and beneficially by CMS Energy or a Restricted Subsidiary and (3) such Restricted Subsidiary must be a Consolidated Subsidiary.

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

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

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

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

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

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

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

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

**Events of Default**

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

default for 30 days in the payment of any interest on any of the Notes;

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

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

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

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

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

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

a default in our obligation to purchase Notes upon the occurrence of a Change of Control Repurchase Event or exercise by a Holder of its option to require us to purchase such Holder's Notes.

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

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

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

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

**Modification and Waiver**

CMS Energy and the relevant trustee may enter into supplemental indentures without the consent of the Holders of the Notes to establish the form and terms of any series of securities under the senior debt indenture.

CMS Energy and the relevant trustee, with the consent of the holders of at least a majority in total principal amount of senior debentures of all series then outstanding and affected (voting as one class), may change in any manner the provisions of the senior debt indenture or modify in any manner the rights of the holders of the senior debentures of each such affected series. CMS Energy and the relevant trustee may not, without the consent of the holders of each

senior debenture affected, enter into any supplemental indenture to:  
change the time of payment of the principal;

reduce the principal amount of such senior debenture;

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

reduce the amount payable on any securities issued originally at a discount upon acceleration or provable in bankruptcy;

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

reduce the redemption price or Change of Control Purchase Price for the Notes or change the terms applicable to redemption or purchase in a manner adverse to the Holder;

make any change that adversely affects the right to exchange any debt security, including the Notes, or decreases the exchange rate of any exchangeable debt security; or

waive any default in any payment of redemption price or Change of Control Purchase Price with respect to the Notes.

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

Prior to the acceleration of the maturity of any senior debenture, the holders, voting as one class, of a majority in total principal amount of the senior debentures with respect to which a default or event of default shall have occurred and be continuing may on behalf of the holders of all such affected senior debentures waive any past default or event of default and its consequences, except a default or an event of default in respect of a covenant or provision of the senior debt indenture or of any senior debenture which cannot be modified or amended without the consent of the holders of each senior debenture affected.

**Defeasance, Covenant Defeasance and Discharge**

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

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

CMS Energy need not comply with certain restrictive covenants of the senior debt indenture,

if CMS Energy in each case irrevocably deposits in trust with the relevant trustee money and/or securities backed by the full faith and credit of the United States which, through the payment of the principal thereof and the interest thereon in accordance with their terms, will provide money in an amount sufficient to pay all the principal and interest on the Notes on the stated maturities of such Notes in accordance with the terms thereof.

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

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

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

In the event:

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

the Notes are thereafter declared due and payable because of the occurrence of any event of default other than an event of default caused by failing to comply with the covenants which are defeased; or  
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the amount of money and securities on deposit with the relevant trustee would be insufficient to pay amounts due on the Notes at the time of the acceleration resulting from such event of default, CMS Energy would remain liable for such amounts.

### **The Trustee**

The Bank of New York is the Trustee and paying agent under the senior debt indenture for the Notes. CMS Energy and its affiliates maintain depository and other normal banking relationships with The Bank of New York.

### **Governing Law**

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

### **Book-Entry System**

The Notes will be represented by one or more global securities. Each global security will be deposited with, or on behalf of, DTC and be registered in the name of a nominee of DTC. Except under circumstances described below, the Notes will not be issued in definitive form.

The following is based upon information furnished by DTC:

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ( **participants** ) deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants ( **direct participants** ) include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Investors who purchase Notes in offshore transactions in reliance on Regulation S under the Securities Act may hold their interest in a global security directly through Euroclear Bank S.A./N.V., as operator of the Euroclear System ( **Euroclear** ), and Clearstream Banking, *société anonyme* ( **Clearstream** ), if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the global securities on behalf of their participants through their respective depositories, which in turn will hold such interests in the global securities in customers' securities accounts in the depositories' names on the books of DTC.

Upon the issuance of a global security, DTC will credit on its book-entry registration and transfer system the accounts of persons designated by the underwriters with the respective principal amounts of the Notes represented by the global security. Ownership of beneficial interests in a global security will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of persons other than participants). The laws of some states require that some purchasers of securities take physical delivery of the securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a global security.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by that global security for all purposes under the senior debt indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have Notes represented by that global security registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or Holders thereof under the senior debt indenture. Principal and interest payments, if any, on Notes registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the relevant global security. Neither we, the Trustee, any paying agent or the security registrar for the Notes will have any responsibility or liability for any aspect of the records relating to nor payments made on



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account of beneficial interests in a global security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest, will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a global security held through these participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of the participants.

Unless and until they are exchanged in whole or in part for Notes in definitive form, the global securities may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC. Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the global securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in the global securities from a DTC participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and such credit of any transactions interests in the global securities settled during such processing day will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received by Euroclear or Clearstream as a result of sales of interests in the global securities by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the DTC settlement date, but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

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

**Table of Contents****UNDERWRITING**

Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the principal amount of the Notes set forth opposite the underwriter's name.

<b>Underwriter</b>	<b>Principal Amount of</b>	
	<b>Fixed Rate Notes</b>	<b>Floating Rate Notes</b>
Deutsche Bank Securities Inc.	\$ 62,500,000	\$ 37,500,000
Barclays Capital Inc.	\$ 37,500,000	\$ 22,500,000
Citigroup Global Markets Inc.	\$ 37,500,000	\$ 22,500,000
J.P. Morgan Securities Inc.	\$ 37,500,000	\$ 22,500,000
Merrill, Lynch, Pierce, Fenner & Smith Incorporated	\$ 37,500,000	\$ 22,500,000
Wachovia Capital Markets, LLC	\$ 37,500,000	\$ 22,500,000
<b>Total</b>	<b>\$ 250,000,000</b>	<b>\$ 150,000,000</b>

The underwriting agreement provides that the obligations of the underwriters to purchase the Notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all of the Notes if they purchase any of the Notes.

The underwriters propose to offer some of the Notes directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the Notes to dealers at the public offering price less a concession not to exceed 0.90% of the principal amount of the Notes. The underwriters may allow, and dealers may reallocate, a concession not to exceed 0.45% of the principal amount of the Notes on sales to other dealers. After the initial offering of the Notes to the public, the underwriters may change the public offering price and concessions.

In connection with the offering, Deutsche Bank Securities Inc., on behalf of the underwriters, may purchase and sell Notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of Notes in excess of the principal amount of Notes to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when Deutsche Bank Securities Inc., in covering syndicate short positions or making stabilizing purchases, repurchase Notes originally sold by that syndicate member.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We estimate that our total expenses for this offering will be approximately \$180,000.

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this prospectus supplement, which will be the tenth business day following the date of pricing of the Notes. Since trades in the secondary market generally settle in three business days, purchasers who wish to trade Notes on the date of pricing will be required, by virtue of the fact that the Notes initially will settle in T+10 to specify alternative settlement arrangements to prevent a failed settlement. We intend to effect settlement of the Notes on the same day as the settlement of the tender offer for all of our outstanding 7.5% Senior Notes Due 2009, which is currently scheduled to settle on July 3, 2007.

The underwriters have performed investment banking and advisory services for us and our affiliates from time to time for which they have received customary fees and expenses. Affiliates of the underwriters are lenders to us and

our affiliates under our credit facilities. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

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**LEGAL MATTERS**

Robert C. Shrosbree, Assistant General Counsel for Consumers, acting as special counsel to CMS Energy, will render opinions as to the legality of the Notes for CMS Energy.

Pillsbury Winthrop Shaw Pittman LLP will pass upon certain legal matters with respect to the Notes for the underwriters.

**EXPERTS**

The consolidated financial statements (including schedules appearing therein) of CMS Energy appearing in CMS Energy's Annual Report (Form 10-K) for the year ended December 31, 2006, as amended by CMS Energy's Current Report on Form 8-K dated June 4, 2007, and CMS Energy's management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference, which are based in part on the reports of PricewaterhouseCoopers LLP, independent registered public accounting firm for the Midland Cogeneration Venture Limited Partnership, and Price Waterhouse, independent accountants for the 2004 financial statements of Jorf Lasfar Energy Company S.C.A. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

The financial statements of Jorf Lasfar Energy Company S.C.A. appearing in CMS Energy's Annual Report (Form 10-K) for the year ended December 31, 2006 have been audited by Ernst & Young, independent accountants, for the years 2006 and 2005 as set forth in their report thereon, included therein, and incorporated herein by reference. Such financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in auditing and accounting.

The financial statements of Jorf Lasfar Energy Company S.C.A. as of December 31, 2004 and for the year then ended incorporated herein by reference have been so included in reliance on the report of Price Waterhouse, independent accountants for Jorf Lasfar Energy Company S.C.A., given on the authority of said firm as experts in auditing and accounting.

The financial statements as of November 21, 2006 and December 31, 2005 and for the period ended November 21, 2006 and the two years in the period ended December 31, 2005 of the MCV Partnership, not separately presented in or incorporated by reference in this prospectus supplement or the accompanying prospectus, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report thereon is incorporated by reference herein. Such financial statements, to the extent they have been included in the financial statements of CMS Energy, have been so included in reliance on the report of such independent registered public accounting firm given on the authority of said firm as experts in auditing and accounting.

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**\$1,500,000,000**  
**CMS Energy Corporation**  
**CMS Energy Common Stock**  
**Senior Debentures**  
**Subordinated Debentures**  
**Stock Purchase Contracts**  
**Stock Purchase Units**  
**Guarantees**  
**and**  
**CMS Energy Trust IV**  
**CMS Energy Trust V**  
**Trust Preferred Securities**  
**Guaranteed To The Extent Set Forth Herein By**  
**CMS Energy Corporation**

We may offer, from time to time:

shares of CMS Energy Common Stock,

unsecured senior or subordinated debt securities consisting of debentures, convertible debentures, notes and other unsecured evidence of indebtedness,

stock purchase contracts to purchase CMS Energy Common Stock,

stock purchase units, each representing ownership of a stock purchase contract and unsecured senior or subordinated debt securities or trust preferred securities or debt obligations of third parties, including U.S. Treasury Securities, securing the holder's obligation to purchase the CMS Energy Common Stock under the stock purchase contract, or any combination of the above, and

guarantees of CMS Energy with respect to trust preferred securities of CMS Energy Trusts IV and V.

For each type of security listed above, the amount, price and terms will be determined at or prior to the time of sale.

CMS Energy Trust IV and CMS Energy Trust V, which are Delaware business trusts, may offer trust preferred securities. The trust preferred securities represent preferred undivided beneficial interests in the assets of CMS Energy Trust IV and CMS Energy Trust V in amounts, at prices and on terms to be determined at or prior to the time of sale.

We will provide the specific terms of these securities in an accompanying prospectus supplement or supplements. You should read this prospectus and the accompanying prospectus supplement or supplements carefully before you invest.

**These securities involve risk. See Risk Factors on Page 2.**

CMS Energy Common Stock is traded on the New York Stock Exchange under the symbol CMS. CMS Energy Common Stock sold pursuant to a prospectus supplement or supplements accompanying this prospectus will also be listed for trading on the New York Stock Exchange, subject to official notice of issuance.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

We intend to sell these securities through underwriters, dealers, agents or directly to a limited number of purchasers. The names of, and any securities to be purchased by or through, these parties, the compensation of these parties and other special terms in connection with the offering and sale of these securities will be provided in the

related prospectus supplement or supplements.

This prospectus may not be used to consummate sales of any of these securities unless accompanied by a prospectus supplement.

The date of this prospectus is June 16, 2005.

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**NO PERSON IS AUTHORIZED IN CONNECTION WITH THE OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT, AND ANY INFORMATION OR REPRESENTATION NOT CONTAINED OR INCORPORATED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY CMS ENERGY OR ANY UNDERWRITER, DEALER OR AGENT. THIS PROSPECTUS AND ANY PROSPECTUS SUPPLEMENT DO NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH THEY RELATE OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED OR INCORPORATED HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF SUCH INFORMATION.**

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**SUMMARY**

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission (the **SEC**) utilizing a shelf registration process. Under this shelf process, we may sell any combination of securities described in this prospectus in one or more offerings, up to a total dollar amount of \$1,500,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described below under the heading

Where To Find More Information. Our principal executive offices are located at One Energy Plaza, Jackson, Michigan 49201. The telephone number is 517-788-0550.

**RISK FACTORS**

Before acquiring any of the securities that may be offered hereby, you should carefully consider the risks discussed in the section of our Form 10-Q, filed May 5, 2005, for the quarter year ended March 31, 2005, entitled

Forward-Looking Statements and Risk Factors, which is incorporated in this document by reference. You should also consider the risk factors listed in the accompanying prospectus supplement or supplements and you should read this prospectus and the accompanying prospectus supplement or supplements carefully before you invest.

**Table of Contents****WHERE TO FIND MORE INFORMATION**

We file reports, proxy statements and other information with the SEC under File No. 1-9513. Our SEC filings are also available over the Internet at the SEC's Web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 450 Fifth Street N.W., Room 1024, Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the SEC's public reference room and its copy charges. Since we have securities listed on the New York Stock Exchange, you may also inspect our SEC reports and other information at the New York Stock Exchange, 20 Broad Street, New York, New York 10005. You can find additional information about us, including our Annual Report on Form 10-K for the year ended December 31, 2004 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, on our Web site at <http://www.cmsenergy.com>. The information on this Web site is not a part of this prospectus.

We have not included separate financial statements of the Trusts. We and the Trusts do not consider that such financial statements would be material to holders of Trust Preferred Securities because each Trust is a special purpose entity, has no operating history and no independent operations. The Trusts are not currently involved in and do not anticipate being involved in any activity other than as described under CMS Energy Trusts. Further, we believe that financial statements of the Trusts are not material to the holders of the Trust Preferred Securities since we will guarantee the Trust Preferred Securities. Holders of the Trust Preferred Securities, with respect to the payment of distributions and amounts upon liquidation, dissolution and winding-up, are at least in the same position vis-à-vis the assets of CMS Energy Corporation ( **CMS Energy** ) as a preferred stockholder of CMS Energy. We beneficially own all of the undivided beneficial interests in the assets of the Trusts (other than the beneficial interests represented by the Trust Preferred Securities). See CMS Energy Trusts, Description of Securities Trust Preferred Securities and Effect of Obligations Under the Debt Securities And the Guarantees The Guarantees. In future filings under the Securities Exchange Act of 1934, as amended (the **Exchange Act** ), there will be an audited footnote to our annual financial statements stating that the Trusts are wholly-owned by CMS Energy, that the sole assets of the Trusts are the Senior Debentures or the Subordinated Debentures of CMS Energy having a specified aggregate principal amount, and, considered together, the back-up undertakings, including the Guarantees, constitute a full and unconditional guarantee by CMS Energy of the Trusts' obligations under the Trust Preferred Securities issued by the Trusts.

We are incorporating by reference information into this prospectus. This means that we are disclosing important information to you when we refer you to another document that we filed separately with the SEC. Information incorporated by reference is considered to be part of this prospectus, unless the information is updated by information in this prospectus. This prospectus incorporates by reference the documents listed below. We encourage you to read these additional documents because these documents contain important information about us and our finances.

<b>SEC Filings (File No. 1-9513)</b>	<b>Period/Date</b>
Annual Report on Form 10-K	Year ended December 31, 2004
Quarterly Report on Form 10-Q	Quarter ended March 31, 2005
Current Reports on Form 8-K	Filed January 12, 2005, January 14, 2005, January 20, 2005, January 27, 2005, February 28, 2005 (Current Report on Form 8-K/A only), March 30, 2005, April 4, 2005 (2 reports), April 5, 2005, April 13, 2005 and May 17, 2005
The description of CMS Energy Common Stock contained in our Registration Statement on Form 8-B/A	Filed November 22, 1996

The documents we file with the SEC between the date of the initial filing of the registration statement of which this prospectus is a part and the effectiveness of the registration statement, as well as after the date of this prospectus and

prior to the termination of the offering made by this prospectus are also incorporated by reference into this prospectus. Any statement contained in such document will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document modifies or supersedes such statement.

This prospectus, which is part of the offering registration statement, does not contain all of the information found in the offering registration statement including various exhibits and schedules. We are incorporating by reference the offering registration statement.

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We will provide, upon your oral or written request, a copy of any or all of the information that has been incorporated by reference into the prospectus but not delivered with this prospectus.

You may request copies of these filings, including the registration statement, at no cost, by writing or telephoning CMS Energy at the following address:

CMS Energy Corporation  
Attn: Office of the Secretary  
One Energy Plaza  
Jackson, Michigan 49201  
Telephone: (517) 788-0550

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information that is different from this information.

**CMS ENERGY CORPORATION**

We are an integrated energy company with a business strategy focused primarily in Michigan. We are the parent holding company of Consumers Energy Company ( **Consumers** ) and CMS Enterprises Company ( **Enterprises** ). Consumers is a combination electric and gas utility company serving Michigan's Lower Peninsula. Enterprises, through various subsidiaries and equity investments, is engaged in domestic and international diversified energy businesses. We manage our businesses by the nature of services each provides and operate principally in three business segments: electric utility, gas utility, and enterprises.

**CMS ENERGY TRUSTS**

CMS Energy Trust IV and CMS Energy Trust V are statutory business trusts formed under the Delaware Business Trust Act (the **Trust Act** ) (each, a **Trust** and collectively, the **Trusts** ) pursuant to: (i) a trust agreement executed by CMS Energy, as sponsor, and the trustees of the Trusts (the **CMS Trustees** ); and (ii) the filing of a certificate of trust with the Secretary of State of the State of Delaware. At the time of public issuance of Trust Preferred Securities, each trust agreement will be amended and restated in its entirety (as so amended and restated, the **Trust Agreement** ) and will be qualified as an indenture under the Trust Indenture Act of 1939, as amended (the **Trust Indenture Act** ). CMS Energy will directly or indirectly acquire common securities of each Trust (the **Common Securities** and, together with the Trust Preferred Securities, the **Trust Securities** ) in an aggregate liquidation amount equal to approximately 3% for the total capital of the Trust. Each Trust exists for the exclusive purposes of:

issuing the Trust Preferred Securities and Common Securities representing undivided beneficial interests in the assets of the Trust;

investing the gross proceeds of the Trust Securities in the Senior Debentures or Subordinated Debentures; and

engaging in only those other activities necessary or incidental thereto.

Each Trust has a term of approximately 30 years, but may terminate earlier as provided in the Trust Agreement.

The undivided common beneficial interests in the Trust will be owned by CMS Energy. The proceeds from the offering of the Trust Preferred Securities and the sale of the Common Securities may be contributed by the Trust to purchase from CMS Energy Senior Debentures or Subordinated Debentures in an aggregate principal amount equal to the aggregate liquidation preference of the Trust Securities, bearing interest at an annual rate equal to the annual distribution rate of such Trust Securities and having certain redemption terms which correspond to the redemption terms for the Trust Securities. The Senior Debentures will rank on an equal basis with all other unsecured debt of CMS Energy except subordinated debt. The Subordinated Debentures will rank subordinate in right of payment to all of CMS Energy's Senior Indebtedness (as defined herein). Distributions on the Trust Securities may not be made unless the Trust receives corresponding interest payments on the Senior Debentures or the Subordinated Debentures from CMS Energy. CMS Energy will irrevocably guarantee, on a senior or subordinated basis, as applicable, and to the extent set forth therein, with respect to each of the Trust Securities, the payment of distributions, the redemption price, including all accrued or deferred and unpaid distributions, and payment on liquidation, but only to the extent of funds on hand. Each Guarantee will be unsecured and will be either equal to or subordinate to, as applicable, all Senior Indebtedness, of CMS Energy. Upon the occurrence of certain events (subject to the conditions to be described

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accompanying prospectus supplement) the Trust may be liquidated and the holders of the Trust Securities could receive Senior Debentures or Subordinated Debentures in lieu of any liquidating cash distribution.

Pursuant to the Trust Agreement, the number of CMS Trustees will initially be three. Two of the CMS Trustees will be persons who are employees or officers of or who are affiliated with CMS Energy (the **Administrative Trustees** ). The third trustee will be a financial institution that is unaffiliated with CMS Energy, which trustee will serve as property trustee under the Trust Agreement and as indenture trustee for the purposes of compliance with the provisions of the Trust Indenture Act (the **Property Trustee** ). Initially, either The Bank of New York, a New York banking corporation, or J.P. Morgan Trust Company, N.A., a national banking association, will be the Property Trustee until removed or replaced by the holder of the Common Securities. For the purpose of compliance with the provisions of the Trust Indenture Act, The Bank of New York or J.P. Morgan Trust Company, N.A. will also act as trustee (each a **Guarantee Trustee** and collectively the **Guarantee Trustees** ). The Bank of New York (Delaware) will act as the **Delaware Trustee** for the purposes of the Trust Act, until removed or replaced by the holder of the Common Securities. See Effect of Obligations Under the Debt Securities And the Guarantees The Guarantees.

Each Property Trustee will hold title to the applicable Debt Securities for the benefit of the holders of the Trust Securities and each Property Trustee will have the power to exercise all rights, powers and privileges under the applicable indentures (as defined herein) as the holder of the Debt Securities. In addition, each Property Trustee will maintain exclusive control of a segregated non-interest bearing bank account (the **Property Account** ) to hold all payments made in respect of the Debt Securities for the benefit of the holders of the Trust Securities. Each Property Trustee will make payments of distributions and payments on liquidation, redemption and otherwise to the holders of the Trust Securities out of funds from the Property Account. The Guarantee Trustees will hold the Guarantees for the benefit of the holders of the Trust Securities. CMS Energy, as the direct or indirect holder of all the Common Securities, will have the right to appoint, remove or replace any CMS Trustee and to increase or decrease the number of CMS Trustees; provided, that the number of CMS Trustees shall be at least three, a majority of which shall be Administrative Trustees. CMS Energy will pay all fees and expenses related to the Trusts and the offering of the Trust Securities.

The rights of the holders of the Trust Preferred Securities, including economic rights, rights to information and voting rights, are set forth in the Trust Agreement, the Trust Act and the Trust Indenture Act.

The trustee in the State of Delaware is The Bank of New York (Delaware), White Clay Center, Route 273, Newark, Delaware 19711.

The principal place of business of each Trust shall be c/o CMS Energy Corporation, One Energy Plaza, Jackson, Michigan 49201.

**USE OF PROCEEDS**

The proceeds received by each of the Trusts from the sale of its Trust Preferred Securities or the Common Securities will be invested in the Senior Debentures or the Subordinated Debentures. As will be more specifically set forth in the applicable prospectus supplement, we will use such borrowed amounts and the net proceeds from the sale of CMS Energy Common Stock, Stock Purchase Contracts, Stock Purchase Units and any Senior Debentures or Subordinated Debentures offered hereby for our general corporate purposes, including capital expenditures, investment in subsidiaries, working capital and repayment of debt.

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS**

The ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preference dividends for the three months ended March 31, 2005 and each of the years ended December 31, 2000 through 2004 is as follows:

	<b>Three Months Ended March 31,</b>		<b>Year Ended December 31,</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Ratio of earnings to fixed charges	3.43	1.12(1)	(2)	(3)	(4)	(5)
Ratio of earnings to combined fixed charges and preference dividends	3.38	1.12(1)	(2)	(3)	(4)	(5)

(1) Fixed charges, adjusted as defined, includes \$25 million of interest cost that was capitalized prior to 2004 and subsequently expensed in 2004.

(2) For the year ended December 31, 2003, fixed charges exceeded earnings by \$34 million. Earnings as defined include \$95 million of asset impairment charges.

(3) For the year ended December 31, 2002, fixed charges

exceeded  
earnings by  
\$488 million.  
Earnings as  
defined include  
\$602 million of  
asset  
impairment  
charges.

- (4) For the year  
ended  
December 31,  
2001, fixed  
charges  
exceeded  
earnings by  
\$395 million.  
Earnings as  
defined include  
\$323 million of  
asset  
impairment  
charges.

- (5) For the year  
ended  
December 31,  
2000, fixed  
charges  
exceeded  
earnings by  
\$220 million.  
Earnings as  
defined include  
\$329 million of  
asset  
impairment  
charges.

For the purpose of computing these ratios, earnings represent the sum of income from continuing operations before income taxes, net interest charges and the estimated interest portion of lease rentals and distributed income of equity method investees.



**Table of Contents****DESCRIPTION OF SECURITIES****Introduction**

Specific terms of the shares of Common Stock, par value \$.01 per share ( **CMS Energy Common Stock** ), unsecured senior debt securities (the **Senior Debentures** ) and unsecured subordinated debt securities (the **Subordinated Debentures** ) (individually a **Debt Security** and collectively the **Debt Securities** ) consisting of debentures, convertible debentures, notes and other unsecured evidence of indebtedness, Stock Purchase Contracts (the **Stock Purchase Contracts** ) to purchase CMS Energy Common Stock, Stock Purchase Units (the **Stock Purchase Units** ), each representing ownership of a Stock Purchase Contract and Debt Securities, or Trust Preferred Securities or debt obligations of third parties, including U.S. Treasury Securities, securing the holder's obligation to purchase the CMS Energy Common Stock under the Stock Purchase Contract, or any combination of the foregoing, irrevocable guarantees (individually a **Guarantee** and collectively **Guarantees** ) of CMS Energy, on a senior or subordinated basis as applicable, and to the extent set forth therein, with respect to each of the Trust Securities, the payment of distributions, the redemption price, including all accrued or deferred and unpaid distributions, and payment on liquidation, but only to the extent of funds on hand, and trust preferred securities (the **Trust Preferred Securities** ) representing preferred undivided beneficial interests in the assets of the Trust, in respect of which this prospectus is being delivered (collectively, the **Offered Securities** ), will be set forth in an accompanying prospectus supplement or supplements, together with the terms of the offering of the Offered Securities, the initial price thereof and the net proceeds from the sale thereof. The prospectus supplement will set forth with regard to the particular Offered Securities, without limitation, the following: (i) in the case of Debt Securities, the designation, aggregate principal amount, denomination, maturity, premium, if any, any exchange, conversion, redemption or sinking fund provisions, interest rate (which may be fixed or variable), the time or method of calculating interest payments, the right of CMS Energy, if any, to defer payment or interest on the Debt Securities and the maximum length of such deferral, put options, if any, public offering price, ranking, any listing on a securities exchange and other specific terms of the offering; (ii) in the case of CMS Energy Common Stock, the designation, number of shares, public offering price and other specific terms of the offering, from the sale thereof; (iii) in the case of Trust Preferred Securities, the designation, number of shares, liquidation preference per security, initial public offering price, any listing on a securities exchange, dividend rate (or method of calculation thereof), dates on which dividends shall be payable and dates from which dividends shall accrue, any voting rights, any redemption, exchange, conversion or sinking fund provisions and any other rights, preferences, privileges, limitations or restrictions relating to a specific series of the Trust Preferred Securities including a description of the Guarantee, as the case may be; and (iv) in the case of Stock Purchase Units, the specific terms of the Stock Purchase Contracts and any Debt Securities, Trust Preferred Securities, or debt obligations of third parties securing the holders obligation to purchase CMS Energy Common Stock under the Stock Purchase Contracts, and the terms of the offering and sale thereof.

**Capital Stock**

The following summary of certain rights of the holders of CMS Energy capital stock does not purport to be complete and is qualified in its entirety by express reference to the Restated Articles of Incorporation of CMS Energy (the **Articles of Incorporation** ) and the By-Laws of CMS Energy, which are incorporated into this prospectus by reference. See **Where You Can Find More Information**. A copy of the By-laws has been previously filed with the SEC. The Articles of Incorporation are available on our website at <http://www.cmsenergy.com>.

The authorized capital stock of CMS Energy consists of:

350 million shares of CMS Energy Common Stock; and

10 million shares of CMS Energy Preferred Stock, par value \$0.01 per share ( **Preferred Stock** ).

As of May 31, 2005, we had 5,000,000 shares of 4.50% Cumulative Convertible Preferred Stock and 221,294,189 shares of CMS Energy Common Stock issued and outstanding.

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**Common Stock**

***Dividend Rights and Policy; Restrictions on Dividends***

Dividends on the common stock are paid at the discretion of the Board of Directors based primarily upon the earnings and financial condition of CMS Energy. Dividends are payable out of the assets of CMS Energy legally available therefor.

In January 2003, the Board of Directors suspended the payment of CMS Energy Common Stock dividends.

CMS Energy is a holding company and its assets consist primarily of investments in its subsidiaries. As a holding company with no significant operations of its own, the principal sources of its funds are dependent primarily upon the earnings of its subsidiaries (in particular, Consumers), borrowings and sales of equity. CMS Energy's ability to pay dividends on CMS Energy Common Stock is dependent primarily upon the earnings and cash flows of its subsidiaries and the distribution or other payment of such earnings to CMS Energy in the form of dividends, tax sharing payments, loans or advances and repayment of loans and advances from CMS Energy. Accordingly, the ability of CMS Energy to pay dividends on its capital stock will depend on the earnings, financial requirements, contractual restrictions of the subsidiaries of CMS Energy (in particular, Consumers) and other factors. CMS Energy's subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts on the capital stock of CMS Energy or to make any funds available therefor, whether by dividends, loans or other payments.

Dividends on capital stock of CMS Energy are limited by Michigan law to legally available assets of CMS Energy. Distributions on CMS Energy Common Stock may be subject to the rights of the holders, if any, of the Preferred Stock, including the currently issued and outstanding 4.50% Cumulative Convertible Preferred Stock. As long as the 4.50% Cumulative Convertible Preferred Stock is outstanding, CMS Energy may not pay dividends on the CMS Energy Common Stock unless certain conditions are met including, but not limited to, that dividends on the 4.50% Cumulative Convertible Preferred Stock have been paid. See Preferred Stock Dividends .

CMS Energy is subject to the following contractual restrictions on its ability to pay dividends:

**CMS Energy's Senior Secured Credit Facility**

Under the terms of our Sixth Amended and Restated Credit Agreement, dated as of May 18, 2005, we have agreed that we will not, and will not permit certain of our subsidiaries, directly or indirectly, to:

declare or pay any dividend, payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of CMS Energy Common Stock or the capital stock or other ownership interests of certain subsidiaries (other than stock splits and dividends payable solely in our non-convertible equity securities (other than Redeemable Stock or Exchangeable Stock (as such terms are defined in the senior debt indenture on May 18, 2005)) and dividends and distributions made to us or certain of our subsidiaries); or

purchase, redeem, retire or otherwise acquire for value any such capital stock or other ownership interests;

other than (i) pursuant to the terms of any class of our capital stock issued and outstanding (and as in effect on May 18, 2005), any purchase or redemption of our capital stock made by exchange for, or out of the proceeds of the substantially concurrent sale of, our capital stock (other than Redeemable Stock or Exchangeable Stock (as such terms are defined in the senior debt indenture on May 18, 2005)), (ii) payments made by us or certain subsidiaries pursuant to our tax sharing agreement and (iii) after January 1, 2005, payments not to exceed certain amounts for any twelve-month period so long as a certain amount of liquidity is held by CMS Energy.

**Senior Debt Indenture**

Under the terms of the senior debt indenture we have the following issued and outstanding securities: 9.875% Senior Notes Due 2007, 8.9% Senior Notes Due 2008, 7.5% Senior Notes Due 2009, 7.75% Senior Notes Due 2010, 8.5% Senior Notes Due 2011, 6.30% Senior Notes Due 2012, 3.375% Convertible Senior Notes Due 2023, and 2.875% Convertible Senior Notes Due 2024. So long as any of such notes issued thereunder are outstanding and until those notes are rated BBB- or above (or an equivalent rating) by S&P and one other rating agency, at which time we will be permanently released from the provisions of this limitation, we have agreed that we will not, and will not permit any of our restricted subsidiaries, directly or indirectly, to:



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declare or pay any dividend or make any distribution on our capital stock to the direct or indirect holders of our capital stock (except dividends or distributions payable solely in our non-convertible capital stock (as defined in the senior debt indenture) or in options, warrants or other rights to purchase such non-convertible capital stock and except dividends or other distributions payable to us or one of our subsidiaries);

purchase, redeem or otherwise acquire or retire for value any of our capital stock; or

purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to the scheduled maturity or scheduled repayment thereof, any of our subordinated indebtedness (each, for purposes of the senior debt indenture, a **restricted payment** ),

if at the time of any restricted payment described above (1) an event of default under the senior debt indenture (or event that with the lapse of time or giving of notice would constitute an event of default) has occurred and is continuing, or would occur as a result of the restricted payment, or (2) after giving effect to any restricted payment described above, the aggregate amount of all restricted payments made since May 6, 1997 would exceed the sum of: \$100 million;

100% of our consolidated net income from May 6, 1997 to the end of the most recent fiscal quarter ending at least 45 days prior to the date of the restricted payment (or, in the case of a deficit, minus 100% of the deficit); and

the aggregate net proceeds we have received for any issuance or sale of, or contribution with respect to, our capital stock subsequent to May 6, 1997.

***Trust Preferred Securities***

In June 1997, a CMS Energy affiliated trust issued \$172.5 million of 7 3/4% Convertible Quarterly Income Preferred Securities. The preferred securities are convertible at the option of the holder into shares of CMS Energy Common Stock at an initial conversion rate of 1.2255 shares of CMS Energy Common Stock for each preferred security (equivalent to a purchase price of \$40.80 per share of CMS Energy Common Stock), subject to certain adjustments. We may, at our option, cause the conversion rights of the holders of the preferred securities to expire upon certain conditions.

Under the terms of the indenture, dated June 1, 1997, between us and The Bank of New York, as trustee, as amended and supplemented, and the guarantee agreement dated June 20, 1997 between us and The Bank of New York relating to the preferred securities of CMS Energy Trust I pursuant to which the preferred securities and the related 7 3/4% Convertible Subordinated Debentures due 2027 were issued, we have agreed that we will not, and will not cause any of our subsidiaries to, declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock, if at such time:

an event has occurred, of which we have actual knowledge, that with the giving of notice or the lapse of time, or both, would constitute an event of default and in respect of which we have not taken reasonable steps to cure;

we are in default with respect to the payment of any obligations under the relevant guarantee agreement; or

we have given notice of our selection of an extension period as provided in such indenture with respect to the subordinated debentures and have not rescinded such notice, or such extension period (or any extension thereof) is continuing.

***Dividend Restrictions Under Michigan Law***

Michigan law prohibits payment of a dividend or a repurchase of capital stock if, after giving it effect, a corporation would not be able to pay its debts as they become due in the usual course of business, or its total assets would be less than the sum of its total liabilities plus, unless the Articles of Incorporation provide otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the

preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution (including the rights of holders of preferred stock, if any).

***Voting Rights***

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Each holder of CMS Energy Common Stock is entitled to one vote for each share of CMS Energy Common Stock held by such holder on each matter voted upon by the shareholders. Such right to vote is not cumulative. A majority of the votes cast by the holders of shares entitled to vote thereon is sufficient for the adoption of any question presented, except that certain provisions of the Articles of Incorporation relating to special shareholder meetings, the removal, indemnification and liability of the Board of Directors and the requirements for amending these provisions may not be amended, altered, changed or repealed unless such amendment, alteration, change or repeal is approved by the affirmative vote of at least 75% of the outstanding shares entitled to vote thereon.

Under Michigan law, the approval of the holders of a majority of the outstanding shares of CMS Energy Common Stock would be necessary for authorizing, effecting or validating the merger or consolidation of CMS Energy into or with any other corporation if such merger or consolidation would adversely affect the powers or special rights of such CMS Energy Common Stock, and to authorize any amendment to the Articles of Incorporation that would increase or decrease the aggregate number of authorized shares of CMS Energy Common Stock or alter or change the powers, preferences or special rights of the shares of CMS Energy Common Stock so as to affect them adversely. The Articles of Incorporation also provide that unless the vote or consent of a greater number of shares shall then be required by law, the vote or consent of the holders of a majority of the shares of CMS Energy Common Stock then outstanding will be necessary for authorizing, effecting or validating the merger or consolidation of CMS Energy into or with any other entity if such merger or consolidation would adversely affect the powers or special rights of the CMS Energy Common Stock, either directly by amendment to the Articles of Incorporation or indirectly by requiring the holders of the CMS Energy Common Stock to accept or retain, in such merger or consolidation, anything other than (i) shares of such class or (ii) shares of the surviving or resulting corporation, having, in either case, powers and special rights identical to those of such common stock prior to such merger or consolidation. The effect of these provisions may be to permit the holders of a majority of the outstanding shares of CMS Energy Common Stock to block any such merger or amendment that would adversely affect the powers or special rights of holders of such shares of CMS Energy Common Stock.

***Preemptive Rights***

The Articles of Incorporation provide that holders of CMS Energy Common Stock will have no preemptive rights to subscribe for or purchase any additional shares of the capital stock of CMS Energy of any class now or hereafter authorized, or 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.

***Liquidation Rights***

In the event of the dissolution, liquidation or winding up of CMS Energy, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of CMS Energy 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 CMS Energy Common Stock will be entitled to receive, on a per share basis, the assets of CMS Energy remaining for distribution to the holders of CMS Energy Common Stock. Neither the merger or consolidation of CMS Energy into or with any other corporation, nor the merger or consolidation of any other corporation into or with CMS Energy nor any sale, transfer or lease of all or any part of the assets of CMS Energy, shall be deemed to be a dissolution, liquidation or winding up for the purposes of this provision.

Because CMS Energy has subsidiaries that have debt obligations and other liabilities of their own, CMS Energy's rights and the rights of its creditors and its stockholders to participate in the distribution of assets of any subsidiary upon the latter's liquidation or recapitalization will be subject to prior claims of the subsidiary's creditors, except to the extent that CMS Energy may itself be a creditor with recognized claims against the subsidiary.

***Subdivision or Combination***

If CMS Energy subdivides (by stock split, stock dividend or otherwise) or combines (by reverse stock split or otherwise), the voting and liquidation rights of shares of CMS Energy Common Stock will be appropriately adjusted so as to avoid any dilution in aggregate voting or liquidation rights.

***Exchanges***



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The Articles of Incorporation do not provide for either the mandatory or optional exchange or redemption of CMS Energy Common Stock.

***Transfer Agent and Registrar***

CMS Energy Common Stock is transferable at Consumers Energy Company, One Energy Plaza, Jackson, Michigan 49201. CMS Energy is the registrar and transfer agent for CMS Energy Common Stock.

***Preferred Stock***

The authorized Preferred Stock may be issued without the approval of the holders of CMS Energy Common Stock in one or more series, from time to time, with each such series to have such designation, powers, preferences and relative, participating, optional or other special rights, voting rights, if any, and qualifications, limitations or restrictions thereof, as shall be stated in a resolution providing for the issue of any such series adopted by CMS Energy's Board of Directors. The Articles of Incorporation provide that holders of Preferred Stock will not have any preemptive rights to subscribe for or purchase any additional shares of the capital stock of CMS Energy 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. The future issuance of Preferred Stock may have the effect of delaying, deterring or preventing a change in control of CMS Energy.

***4.50% Cumulative Convertible Preferred Stock***

The Articles of Incorporation establish one series of preferred stock designated as 4.50% Cumulative Convertible Preferred Stock consisting of 5,000,000 shares with a liquidation preference of \$50.00 per share (the **Cumulative Convertible Preferred Stock**). The Cumulative Convertible Preferred Stock ranks prior to any series of our CMS Energy Common Stock as to the payment of dividends and distribution of assets upon dissolution, liquidation or winding up of CMS Energy, and is convertible into shares of CMS Energy Common Stock. The holders of the Cumulative Convertible Preferred Stock have no preemptive rights.

***Dividends***

Holders of shares of Cumulative Convertible Preferred Stock will be entitled to receive, when, as and if declared by our board of directors out of funds legally available for payment, cumulative cash dividends at the rate per annum of 4.50% per share on the liquidation preference thereof of \$50.00 per share (equivalent to \$2.25 per annum per share). Dividends on the Cumulative Convertible Preferred Stock will be payable quarterly on March 1, June 1, September 1 and December 1 of each year at such annual rate, and shall accumulate from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the issue date of the Cumulative Convertible Preferred Stock, whether or not in any dividend period or periods there have been funds legally available for the payment of such dividends. Accumulated unpaid dividends accrue and cumulate dividends at the annual rate of 4.50%.

As long as any Cumulative Convertible Preferred Stock is outstanding, we may not pay dividends or distributions on, or purchase, redeem or otherwise acquire, subject to certain exceptions, shares of the CMS Energy Common Stock unless all accumulated and unpaid dividends on the Cumulative Convertible Preferred Stock have been paid or set aside for payment.

***Liquidation Preference***

In the event of our voluntary or involuntary liquidation, winding-up or dissolution, holders of Cumulative Convertible Preferred Stock will be entitled to receive and to be paid out of our assets available for distribution to our stockholders, before any payment or distribution is made to holders of junior stock (including CMS Energy Common Stock), a liquidation preference in the amount of \$50.00 per share of Cumulative Convertible Preferred Stock, plus accumulated and unpaid dividends on the shares to the date fixed for liquidation, winding-up or dissolution. If, upon our voluntary or involuntary liquidation, winding-up or dissolution, the amounts payable with respect to the liquidation preference of the Cumulative Convertible Preferred Stock and all parity stock are not paid in full, the holders of the Cumulative Convertible Preferred Stock and the parity stock will share equally and ratably in any distribution of our assets in proportion to the full liquidation preference and accumulated and unpaid dividends to which they are entitled.

***Voting Rights***





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Except as required by Michigan law and our Articles of Incorporation, the holders of Cumulative Convertible Preferred Stock have no voting rights unless dividends payable on the Cumulative Convertible Preferred Stock are in arrears for six or more quarterly periods (whether or not consecutive). In that event, the holders of the Cumulative Convertible Preferred Stock, voting as a single class with the shares of any other preferred stock or preference securities having similar voting rights that are exercisable, will be entitled at the next regular or special meeting of our stockholders to elect two additional directors (or one director if fewer than six directors comprise our board prior to appointment) and the number of directors that comprise our board will be increased by the number of directors so elected. These voting rights and the terms of the directors so elected will continue until such time as the dividend arrearage on the Cumulative Convertible Preferred Stock has been paid in full.

***Redemption***

We cannot redeem shares of the Cumulative Convertible Preferred Stock.

***Mandatory Conversion***

On or after December 5, 2008, we may, at our option, cause the Cumulative Convertible Preferred Stock to be automatically converted into that number of shares of CMS Energy Common Stock for each share of Cumulative Convertible Preferred Stock equal to \$50.00 (the liquidation preference) divided by the applicable conversion rate. We may exercise our conversion right only if, for 20 trading days within any period of 30 consecutive trading days (including the last trading day of such 30-day period), the closing price of the CMS Energy Common Stock exceeds 130% of the then prevailing conversion price of the Cumulative Convertible Preferred Stock.

***Conversion Rights***

A holder of record of Cumulative Convertible Preferred Stock may convert its shares of Cumulative Convertible Preferred Stock at any time into shares of CMS Energy Common Stock under any of the following circumstances:

- during any calendar quarter (and only during such calendar quarter) if the last reported sale price of CMS Energy 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 CMS Energy Common Stock on such last trading day;

upon the occurrence of specified corporate transactions; and

subject to certain exceptions, during the five business day period immediately following any ten consecutive trading-day period in which the trading price per share of Cumulative Convertible Preferred Stock for each day of that period was less than 95% of the product of the closing sale price of CMS Energy Common Stock and the applicable conversion rate of such share of Cumulative Convertible Preferred Stock; provided, however, a holder may not convert its shares of Cumulative Convertible Preferred Stock if the average closing sale price of CMS Energy Common Stock for such ten consecutive trading-day period was between the then current conversion price on the Cumulative Convertible Preferred Stock and 120% of the then applicable conversion price on the Cumulative Convertible Preferred Stock.

For each share of Cumulative Convertible Preferred Stock surrendered for conversion, holders will receive 5.0541 shares of CMS Energy Common Stock. This represents an initial conversion price of \$9.893 per share of CMS Energy Common Stock. The conversion rate may be adjusted for certain reasons, but it will not be adjusted for accumulated and unpaid dividends on the Preferred Stock.

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

The ability of CMS Energy to pay (i) dividends on its capital stock and (ii) its indebtedness, including the Debt Securities, depends and will depend substantially upon timely receipt of sufficient dividends or other distributions from its subsidiaries, in particular Consumers and Enterprises. Each of Consumers and Enterprises ability to pay dividends on its common stock depends upon its revenues, earnings and other factors. Consumers revenues and earnings will depend substantially upon rates authorized by the Michigan Public Service Commission (the **MPSC** ).

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CMS Energy has pledged the common stock of its principal subsidiaries, including Consumers, as security for bank credit facilities.

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

In addition, Consumers indenture dated as of January 1, 1996, between Consumers and The Bank of New York, as trustee (the **Preferred Securities Indenture** ), and a certain preferred securities guarantee by Consumers dated May 31, 2001 (the **Consumers Preferred Securities Guarantee** ), in connection with which the 9.00% Trust Preferred Securities of Consumers Energy Company Financing IV (the **Consumers Trust Preferred Securities** ) were issued, provide that Consumers shall not declare or pay any dividend on, make any distributions with respect to, or redeem, purchase or make a liquidation payment with respect to, any of its capital stock if (i) there shall have occurred any event that would constitute an event of default under the Preferred Securities Indenture or the trust agreements pursuant to which the Consumers Trust Preferred Securities were issued, (ii) a default has occurred with respect to its payment of any obligations under the Consumers Preferred Securities Guarantees or certain Consumers common stock guarantees or (iii) it gives notice of its election to extend the interest payment period on the subordinated notes issued under the Preferred Securities Indenture, at any time for up to 20 consecutive quarters, provided, however, Consumers may declare and pay stock dividends where the dividend stock is the same stock as that on which the dividend is being paid.

Consumers ability to pay dividends is also restricted by the Third Amended and Restated Credit Agreement dated as of May 18, 2005 among Consumers, JPMorgan Chase Bank, N.A., as administrative agent, and the financial institutions named therein. Pursuant to this loan agreement, so long as there exists no event of default under the agreement, Consumers may pay dividends in an aggregate amount not to exceed \$300 million during any calendar year.

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

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

**Debt Securities**

The Debt Securities offered by this prospectus will be unsecured obligations of CMS Energy and will be either senior or subordinated debt. Senior Debentures will be issued under a senior debt indenture and Subordinated Debentures will be issued under a subordinated debt indenture. The senior debt indenture and the subordinated debt indenture are sometimes referred to in this prospectus individually as an **indenture** and collectively as the **indentures**.

The following briefly summarizes the material provisions of the indentures and the Debt Securities. You should read the more detailed provisions of the applicable indenture, including the defined terms, for provisions that may be important to you. You should also read the particular terms of a series of Debt Securities, which will be described in more detail in the applicable prospectus supplement. Copies of the indentures may be obtained from CMS Energy or the applicable trustee.

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Unless otherwise provided in the applicable prospectus supplement, the trustee under the senior debt indenture will be J.P. Morgan Trust Company, N.A. and the trustee under the subordinated debt indenture will be The Bank of New York.

**General**

The indentures provide that Debt Securities of CMS Energy may be issued in one or more series, with different terms, in each case as authorized from time to time by CMS Energy.

Federal income tax consequences and other special considerations applicable to any Debt Securities issued by CMS Energy at a discount will be described in the applicable prospectus supplement.

Because CMS Energy is a holding company, the claims of creditors of CMS Energy's subsidiaries will have a priority over CMS Energy's equity rights and the rights of CMS Energy's creditors, including the holders of Debt Securities, to participate in the assets of the subsidiary upon the subsidiary's liquidation.

The applicable prospectus supplement relating to any series of Debt Securities will describe the following terms, where applicable:

the title of the Debt Securities;

whether the Debt Securities will be senior or subordinated debt;

the total principal amount of the Debt Securities;

the percentage of the principal amount at which the Debt Securities will be sold and, if applicable, the method of determining the price;

the maturity date or dates;

the interest rate or the method of computing the interest rate;

the date or dates from which any interest will accrue, or how such date or dates will be determined, and the interest payment date or dates and any related record dates;

the location where payments on the Debt Securities will be made;

the terms and conditions on which the Debt Securities may be redeemed at the option of CMS Energy;

any obligation of CMS Energy to redeem, purchase or repay the Debt Securities at the option of a holder upon the happening of any event and the terms and conditions of redemption, purchase or repayment;

any provisions for the discharge of CMS Energy's obligations relating to the Debt Securities by deposit of funds or United States government obligations;

whether the Debt Securities are to trade in book-entry form and the terms and any conditions for exchanging the global security in whole or in part for paper certificates;

any material provisions of the applicable indenture described in this prospectus that do not apply to the Debt Securities;

any additional amounts with respect to the Debt Securities that CMS Energy will pay to a non-United States person because of any tax, assessment or governmental charge withheld or deducted and, if so, any option of CMS Energy to redeem the Debt Securities rather than paying these additional amounts; and

any other specific terms of the Debt Securities.

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**Concerning the Trustees**

Each of J.P. Morgan Trust Company, N.A., the trustee under the senior debt indenture, and The Bank of New York, the trustee under the subordinated debt indenture, is one of a number of banks with which CMS Energy and its subsidiaries maintain ordinary banking relationships, including credit facilities.

**Exchange and Transfer**

Debt Securities may be presented for exchange and registered Debt Securities may be presented for registration of transfer at the offices and subject to the restrictions set forth therein and in the applicable prospectus supplement without service charge, but upon payment of any taxes or other governmental charges due in connection therewith, subject to any limitations contained in the applicable indenture. Debt Securities in bearer form and the coupons appertaining thereto, if any, will be transferable by delivery.

**Payment**

Distributions on the Debt Securities in registered form will be made at the office or agency of the applicable trustee in the Borough of Manhattan, The City of New York or its other designated office. However, at the option of CMS Energy, payment of any interest may be made by check or by wire transfer. Payment of any interest due on Debt Securities in registered form will be made to the persons in whose name the Debt Securities are registered at the close of business on the record date for such interest payments. Payments made in any other manner will be specified in the prospectus supplement.

**Events of Default**

Each indenture provides that events of default regarding any series of Debt Securities will be:

failure to pay required interest on any Debt Security of such series for 30 days;

failure to pay principal other than a scheduled installment payment or premium, if any, on any Debt Security of such series when due;

failure to make any required scheduled installment payment for 30 days on Debt Securities of such series;

failure to perform for 90 days after notice any other covenant in the relevant indenture other than a covenant included in the relevant indenture solely for the benefit of a series of Debt Securities other than such series;

certain events of bankruptcy or insolvency, whether voluntary or not; or

entry of final judgments against CMS Energy or Consumers for more than \$25,000,000 which remain undischarged or unbonded for 60 days or a default resulting in the acceleration of indebtedness of CMS Energy or Consumers of more than \$25,000,000, and the acceleration has not been rescinded or annulled within 10 days after written notice of such default as provided in the applicable indenture.

Additional events of default may be prescribed for the benefit of the holders of a particular series of Debt Securities and will be described in the prospectus supplement relating to those Debt Securities.

If an event of default regarding Debt Securities of any series issued under the indentures should occur and be continuing, either the trustee or the holders of 25% in the principal amount of outstanding Debt Securities of such series may declare each Debt Security of that series due and payable.

Holders of a majority in principal amount of the outstanding Debt Securities of any series will be entitled to control certain actions of the trustee under the indentures and to waive past defaults regarding such series. The trustee generally will not be requested, ordered or directed by any of the holders of Debt Securities, unless one or more of such holders shall have offered to the trustee reasonable security or indemnity.

Before any holder of any series of Debt Securities may institute action for any remedy, except payment on such holder's Debt Security when due, the holders of not less than 25% in principal amount of the Debt Securities of that series outstanding must request

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the trustee to take action. Holders must also offer and give the satisfactory security and indemnity against liabilities incurred by the trustee for taking such action.

CMS Energy is required to annually furnish the relevant trustee a statement as to CMS Energy's compliance with all conditions and covenants under the applicable indenture. Each indenture provides that the relevant trustee may withhold notice to the holders of the Debt Securities of any series of any default affecting such series, except payment on holders' Debt Securities when due, if it considers withholding notice to be in the interests of the holders of the Debt Securities of such series.

### **Consolidation, Merger or Sale of Assets**

Each indenture provides that CMS Energy may consolidate with or merge into, or sell, lease or convey its property as an entirety or substantially as an entirety to, any other corporation if the new corporation assumes the obligations of CMS Energy under the Debt Securities and the indentures and is organized and existing under the laws of the United States of America, any U.S. state or the District of Columbia.

### **Modification of the Indenture**

Each indenture permits CMS Energy and the relevant trustee to enter into supplemental indentures without the consent of the holders of the Debt Securities to establish the form and terms of any series of securities under that indenture.

Each indenture also permits CMS Energy and the relevant trustee, with the consent of the holders of a majority in total principal amount of the Debt Securities of all series then outstanding and affected (voting as one class), to change in any manner the provisions of the applicable indenture or modify in any manner the rights of the holders of the Debt Securities of each such affected series. CMS Energy and the relevant trustee may not, without the consent of the holder of each Debt Security affected, enter into any supplemental indenture to:

- change the time of payment of the principal;

- reduce the principal amount of such Debt Security;

- reduce the rate or change the time of payment of interest on such Debt Security;

- reduce the amount payable on any securities issued originally at a discount upon acceleration or provable in bankruptcy; or

- impair the right to institute suit for the enforcement of any payment on any Debt Security when due.

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

Prior to the acceleration of the maturity of any Debt Security, the holders, voting as one class, of a majority in total principal amount of the Debt Securities with respect to which a default or event of default shall have occurred and be continuing may on behalf of the holders of all such affected Debt Securities waive any past default or event of default and its consequences, except a default or an event of default in respect of a covenant or provision of the applicable indenture or of any Debt Security which cannot be modified or amended without the consent of the holder of each Debt Security affected.

### **Defeasance, Covenant Defeasance and Discharge**

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

- CMS Energy will be discharged from all obligations in respect of the Debt Securities of a particular series then outstanding (except for certain obligations to register the transfer of or exchange the Debt Securities of such series, to replace stolen, lost or mutilated Debt Securities of such series, to maintain paying agencies and to maintain the trust described below); or

- CMS Energy need not comply with certain restrictive covenants of the relevant indenture (including those described under **Consolidation, Merger or Sale of Assets**),





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if CMS Energy in each case irrevocably deposits in trust with the relevant trustee money and/or securities backed by the full faith and credit of the United States which, through the payment of the principal thereof and the interest thereon in accordance with their terms, will provide money in an amount sufficient to pay all the principal and interest on the Debt Securities of such series on the stated maturities of such Debt Securities in accordance with the terms thereof.

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

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

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

In the event:

CMS Energy exercises its option to effect a covenant defeasance with respect to the Debt Securities of any series as described above,

the Debt Securities of such series are thereafter declared due and payable because of the occurrence of any event of default other than an event of default caused by failing to comply with the covenants which are defeased, or

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

CMS Energy would remain liable for such amounts.

**Governing Law**

Each indenture and the Debt Securities will be governed by, and construed in accordance with, the laws of the State of Michigan unless the laws of another jurisdiction shall mandatorily apply.

**Senior Debentures**

The Senior Debentures will be issued under the senior debt indenture and will rank on an equal basis with all other unsecured debt of CMS Energy except subordinated debt.

**Subordinated Debentures**

The Subordinated Debentures will be issued under the subordinated debt indenture and will rank subordinated and junior in right of payment, to the extent set forth in the subordinated debt indenture, to all Senior Indebtedness (as defined below) of CMS Energy.

If CMS Energy defaults in the payment of any distributions on any Senior Indebtedness when it becomes due and payable after any applicable grace period, then, unless and until the default is cured or waived or ceases to exist, CMS Energy cannot make a payment on account of or redeem or otherwise acquire the Subordinated Debentures. The subordinated debt indenture provisions described in this paragraph, however, do not prevent CMS Energy from making sinking fund payments in Subordinated Debentures acquired prior to the maturity of Senior Indebtedness or, in the case of default, prior to such default and notice thereof. If there is any insolvency, bankruptcy, liquidation or other similar proceeding relating to CMS Energy, its creditors or its property, then all Senior Indebtedness must be paid in full before any payment may be made to any holders of Subordinated Debentures. Holders of

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Subordinated Debentures must return and deliver any payments received by them, other than in a plan of reorganization or through a defeasance trust as described above, directly to the holders of Senior Indebtedness until all Senior Indebtedness is paid in full.

**Senior Indebtedness** means distributions on the following, whether outstanding on the date of execution of the subordinated debt indenture or thereafter incurred, created or assumed:

indebtedness of CMS Energy for money borrowed by CMS Energy or evidenced by debentures (other than the Subordinated Debentures), notes, bankers' acceptances or other corporate debt securities or similar instruments issued by CMS Energy;

obligations of CMS Energy with respect to letters of credit;

all indebtedness of others of the type referred to in the two preceding clauses assumed by or guaranteed in any manner by CMS Energy or in effect guaranteed by CMS Energy; or

renewals, extensions or refundings of any of the indebtedness referred to in the preceding three clauses unless, in the case of any particular indebtedness, renewal, extension or refunding, under the express provisions of the instrument creating or evidencing the same or the assumption or guarantee of the same, or pursuant to which the same is outstanding, such indebtedness or such renewal, extension or refunding thereof is not superior in right of payment to the subordinated debt securities.

The subordinated debt indenture does not limit the total amount of Senior Indebtedness that may be issued.

## **Certain Covenants**

If Debt Securities are issued to a Trust or a trustee of such Trust in connection with the issuance of Trust Preferred Securities by such Trust, CMS Energy will covenant that it will not, and it will not cause any of its subsidiaries to, (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of CMS Energy's capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay or repurchase or redeem any debt securities (including guarantees of indebtedness for money borrowed) of CMS Energy that rank *pari passu* (in the case of Subordinated Debentures) with or junior (in the case of Senior and Subordinated Debentures) to that Debt Security (other than (a) any dividend, redemption, liquidation, interest, principal or guarantee payment by CMS Energy where the payment is made by way of securities (including capital stock) that rank *pari passu* with or junior to the securities on which such dividend, redemption, liquidation, interest, principal or guarantee payment is being made, (b) payments under the Guarantees, (c) purchases of CMS Energy Common Stock related to the issuance of CMS Energy Common Stock under any of CMS Energy's benefit plans for its directors, officers or employees, (d) as a result of a reclassification of CMS Energy's capital stock or the exchange or conversion of one series or class of CMS Energy's capital stock for another series or class of CMS Energy's capital stock and (e) the purchase of fractional interests in shares of CMS Energy's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged) if at such time (i) there shall have occurred any event of which CMS Energy has actual knowledge that (a) with the giving of notice or the lapse of time, or both, would constitute an event of default under the indentures and (b) in respect of which CMS Energy shall not have taken reasonable steps to cure, (ii) CMS Energy shall be in default with respect to its payment of any obligations under the Guarantees or (iii) CMS Energy shall have given notice of its selection of an extension period as provided in the indentures with respect to the Debt Securities and shall not have rescinded such notice, or such extension period, or any extension thereof, shall be continuing. CMS Energy will also covenant (i) for so long as Trust Preferred Securities are outstanding, not to convert the Debt Securities except pursuant to a notice of conversion delivered to the Conversion Agent (as defined in the indentures) by a holder of Trust Preferred Securities, (ii) to maintain directly or indirectly 100% ownership of the Common Securities, provided that certain successors which are permitted pursuant to the indentures may succeed to CMS Energy's ownership of the Common Securities, (iii) not to voluntarily terminate, wind-up or liquidate such Trust, except (a) in connection with a distribution of the Debt Securities to the holders of the Trust Preferred Securities in liquidation of such Trust or (b) in connection with certain mergers, consolidations or amalgamations permitted by the Trust Agreement, (iv) to maintain the reservation for

issuance of the number of shares of CMS Energy Common Stock that would be required from time to time upon the conversion of all the Debt Securities then outstanding, (v) to use its reasonable efforts, consistent with the terms and provisions of the Trust Agreement, to cause such Trust to remain classified as a grantor trust and not as an association taxable as a corporation for United States federal income tax purposes and (vi) to deliver shares of CMS Energy Common Stock upon an election by the holders of the Trust Preferred Securities to convert such Trust Preferred Securities into CMS Energy Common Stock.

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As part of the Guarantees, CMS Energy will agree that it will honor all obligations described therein relating to the conversion or exchange of the Trust Preferred Securities into or for CMS Energy Common Stock, Senior Debentures or Subordinated Debentures.

### **Conversion Rights**

If the prospectus supplement provides, the holders of Debt Securities may convert such Debt Securities into CMS Energy Common Stock, as defined herein (see Description of Securities Common Stock ), at the option of the holders at the principal amount thereof, or of such portion thereof, at any time during the period specified in the prospectus supplement, at the conversion price or conversion rate specified in the prospectus supplement; except that, with respect to any Debt Securities (or portion thereof) called for redemption, such conversion right shall terminate at the close of business on the fifteenth day prior to the date fixed for redemption of such Debt Security, unless CMS Energy shall default in payment of the amount due upon redemption thereof.

The conversion privilege and conversion price or conversion rate will be adjusted in certain events, including if CMS Energy:

pays a dividend or makes a distribution in shares of CMS Energy Common Stock;

subdivides its outstanding shares of CMS Energy Common Stock into a greater number of shares;

combines its outstanding shares of CMS Energy Common Stock into a smaller number of shares;

pays a dividend or makes a distribution on its CMS Energy Common Stock other than in \_\_\_\_\_ shares of its CMS Energy Common Stock;

issues by reclassification of its shares of CMS Energy Common Stock any shares of its capital stock;

issues any rights or warrants to all holders of shares of its CMS Energy Common Stock entitling them (for a period expiring within 45 days, or such other period as may be specified in the prospectus supplement) to purchase shares of CMS Energy Common Stock (or Convertible Securities as defined in the indentures) at a price per share less than the Average Market Price (as defined in the indentures) per share for such CMS Energy Common Stock; or

distributes to all holders of shares of its CMS Energy Common Stock any assets or Debt Securities or any rights or warrants to purchase securities, provided that no adjustment shall be made under the last two bullet points above if the adjusted conversion price would be higher than, or the adjusted conversion rate would be less than, the conversion price or conversion rate, as the case may be, in effect prior to such adjustment.

CMS Energy may reduce the conversion price or increase the conversion rate, temporarily or otherwise, by any amount but in no event shall such adjusted conversion price or conversion rate result in shares of CMS Energy Common Stock being issuable upon conversion of the Debt Securities if converted at the time of such adjustment at an effective conversion price per share less than the par value of the CMS Energy Common Stock at the time such adjustment is made. No adjustments in the conversion price or conversion rate need be made unless the adjustment would require an increase or decrease of at least one percent (1%) in the initial conversion price or conversion rate. Any adjustment that is not made shall be carried forward and taken into account in any subsequent adjustment. The foregoing conversion provisions may be modified to the extent set forth in the prospectus supplement.

### **Trust Preferred Securities**

#### ***General***

Each Trust may issue, from time to time, Trust Preferred Securities having terms described in the applicable prospectus supplement. The Trust Agreement of each Trust will authorize the establishment of no more than one series of Trust Preferred Securities, having such terms, including distributions, redemption, voting, liquidation rights and such other preferred, deferred or other special rights or such rights or restrictions as shall be set forth therein or otherwise established by the relevant Trust's trustees. Reference is made to the prospectus supplement relating to the

Trust Preferred Securities for specific terms, including:

the distinctive designation and the number of Trust Preferred Securities to be offered which will represent undivided beneficial interests in the assets of the Trust;

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the annual distribution rate and the dates or date upon which such distributions will be paid, provided, however, distributions on the Trust Preferred Securities will be paid quarterly in arrears to holders of Trust Preferred Securities as of a record date on which the Trust Preferred Securities are outstanding;

whether holders can convert the Trust Preferred Securities into shares of CMS Energy Common Stock;

whether distributions on Trust Preferred Securities would be deferred during any deferral of interest payments on the Debt Securities, provided, however, that no such deferral, including extensions, if any, may exceed 20 consecutive quarters nor extend beyond the stated maturity date of the Debt Securities, and at the end of any such deferrals, CMS Energy shall make all interest payments then accrued or deferred and unpaid (including any compounded interest);

the amount of any liquidation preference;

the obligation, if any, of the Trust to redeem Trust Preferred Securities through the exercise by CMS Energy of an option on the corresponding Debt Securities and the price or prices at which, the period or periods within which and the terms and conditions upon which Trust Preferred Securities shall be purchased or redeemed, in whole or in part, pursuant to such obligation;

the period or periods within which and the terms and conditions, if any, including the price or prices or the rate or rates of conversion or exchange and the terms and conditions of any adjustments thereof, upon which the Trust Preferred Securities shall be convertible or exchangeable at the option of the holder of the Trust Preferred Securities or other property or cash;

the voting rights, if any, of the Trust Preferred Securities in addition to those required by law and in the Trust Agreement, or set forth under a Guarantee (as defined below);

the additional payments, if any, which the Trust will pay as a distribution as necessary so that the net amounts reserved by the Trust and distributable to the holders of the Trust Preferred Securities, after all taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) have been paid will not be less than the amount that would have been reserved and distributed by the Trust, and the amount the holders of the Trust Preferred Securities would have reserved, had no such taxes, duties, assessments or governmental charges been imposed;

the terms and conditions, if any, upon which the Debt Securities may be distributed to holders of Trust Preferred Securities; and

any other relative rights, powers, preferences, privileges, limitations or restrictions of the Trust Preferred Securities not inconsistent with the Trust Agreement or applicable law. All Trust Preferred Securities offered hereby will be irrevocably guaranteed by CMS Energy, on a senior or subordinated basis, as applicable, and to the extent set forth below under *Effect of Obligations Under the Debt Securities and the Guarantees* The Guarantees. Any applicable federal income tax considerations applicable to any offering of the Trust Preferred Securities will be described in the prospectus supplement relating thereto. The aggregate number of Trust Preferred Securities which the Trust shall have authority to issue will be pursuant to the terms of the Trust Agreement.

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**EFFECT OF OBLIGATIONS UNDER THE DEBT SECURITIES  
AND THE GUARANTEES**

As set forth in the Trust Agreement, the sole purpose of each Trust is to issue the Trust Securities evidencing undivided beneficial interests in the assets of each Trust, and to invest the proceeds from such issuance and sale to acquire directly the Debt Securities from CMS Energy.

As long as payments of interest and other payments are made when due on the Debt Securities, such payments will be sufficient to cover distributions and payments due on the Trust Securities because of the following factors:

the aggregate principal amount of Debt Securities will be equal to the sums of the aggregate stated liquidation amount of the Trust Securities;

the interest rate and the interest and other payment dates on the Debt Securities will match the distribution rate and distribution and other payment dates for the Trust Securities;

CMS Energy shall pay, and the Trust shall not be obligated to pay, directly or indirectly, all costs, expenses, debt and obligations of the Trust (other than with respect to the Trust Securities); and

the Trust Agreement further provides that the trustees shall not take or cause or permit the Trust to, among other things, engage in any activity that is not consistent with the purposes of the Trust.

Payments of distributions (to the extent funds therefor are available) and other payments due on the Trust Preferred Securities (to the extent funds therefor are available) are guaranteed by CMS Energy as and to the extent set forth under The Guarantees below. If CMS Energy does not make interest payments on the Debt Securities purchased by the Trust, it is expected that the Trust will not have sufficient funds to pay distributions on the Trust Preferred Securities. The Guarantees do not apply to any payment of distributions unless and until the Trust has sufficient funds for the payment of distributions and other payments on the Trust Preferred Securities only if and to the extent that CMS Energy has made a payment of interest or principal on the Debt Securities held by the Trust as its sole asset. The Guarantees, when taken together with CMS Energy's obligations under the Debt Securities and the indenture and its obligations under the Trust Agreement, including its obligations to pay costs, expenses, debts and liabilities of the Trust (other than with respect to the Trust's securities), provide a full and unconditional guarantee of amounts on the Trust Preferred Securities.

If CMS Energy fails to make interest or other payments on the Debt Securities when due (taking account of any extension period), the Trust Agreement provides a mechanism whereby the holders of the Trust Preferred Securities may direct a Property Trustee to enforce its rights under the Debt Securities. If a Property Trustee fails to enforce its rights under the Debt Securities, a holder of Trust Preferred Securities may institute a legal proceeding against CMS Energy to enforce a Property Trustee's rights under the Debt Securities without first instituting any legal proceeding against a Property Trustee or any other person or entity. Notwithstanding the foregoing, if an event of default has occurred and is continuing under the Trust Agreement, and such event is attributable to the failure of CMS Energy to pay interest or principal on the Debt Securities on the date such interest or principal is otherwise payable (or in the case of redemption on the redemption date), then a holder of Trust Preferred Securities may institute legal proceedings directly against CMS Energy to obtain payment. If CMS Energy fails to make payments under the Guarantees, the Guarantees provide a mechanism whereby the holders of the Trust Preferred Securities may direct a Guarantee Trustee to enforce its rights thereunder. Any holder of Trust Preferred Securities may institute a legal proceeding directly against CMS Energy to enforce a Guarantee Trustee's rights under a Guarantee without first instituting a legal proceeding against the Trust, the Guarantee Trustee, or any other person or entity.

**The Guarantees**

Set forth below is a summary of information concerning the Guarantees that will be executed and delivered by CMS Energy for the benefit of the holders, from time to time, of the Trust Preferred Securities. Each Guarantee will be qualified as an indenture under the Trust Indenture Act of 1939. Either The Bank of New York, or J.P. Morgan Trust Company, N.A., each an independent trustee, will act as indenture trustee under the Guarantees for the purpose of compliance with the provisions of the Trust Indenture Act of 1939. This summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Guarantees, which



are filed as exhibits to the Registration Statement of which this prospectus forms a part.

**Table of Contents****General**

CMS Energy will irrevocably agree to pay in full, on a senior or subordinated basis, as applicable, to the extent set forth herein, the Guarantee Payments (as defined below) to the holders of the Trust Preferred Securities, as and when due, regardless of any defense, right of set-off or counterclaim that the Trust may have or assert other than the defense of payment. The following payments with respect to the Trust Preferred Securities, to the extent not paid by or on behalf of the Trust (the **Guarantee Payments**), will be subject to a Guarantee: (i) any accumulated and unpaid distributions required to be paid on the Trust Preferred Securities, to the extent that the Trust has funds on hand available therefor at such time; (ii) the redemption price with respect to any Trust Preferred Securities called for redemption to the extent that the Trust has funds on hand available therefor at such time; or (iii) upon a voluntary or involuntary dissolution, winding up or liquidation of the Trust (unless the Debt Securities are distributed to holders of the Trust Preferred Securities), the lesser of (a) the liquidation distribution, to the extent that the Trust has funds on hand available therefor at such time, and (b) the amount of assets of the Trust remaining available for distribution to holders of Trust Preferred Securities. CMS Energy's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts of CMS Energy to the holders of the Trust Preferred Securities or by causing the Trust to pay such amount to such holders.

Such Guarantees will be irrevocable guarantees, on a senior or subordinated basis, as applicable, of the Trust's obligations under the Trust Preferred Securities, but will apply only to the extent that the Trust has funds sufficient to make such payments, and are not guarantees of collection. If CMS Energy does not make interest payments on the Debt Securities held by the Trust, the Trust will not be able to pay distributions on the Trust Preferred Securities and will not have funds legally available therefor.

CMS Energy has, through the Guarantees, the Trust Agreements, the Senior Debentures, the Subordinated Debentures, the indentures and the related Expense Agreement, taken together, fully, irrevocably and unconditionally guaranteed all of the Trust's obligations under the Trust Preferred Securities. No single document standing alone or operating in conjunction with fewer than all of the other documents constitutes such Guarantee. It is only the combined operation of these documents that has the effect of providing a full, irrevocable and unconditional guarantee of the Trust's obligations under the Trust Preferred Securities.

CMS Energy has also agreed separately to irrevocably and unconditionally guarantee the obligations of the Trust with respect to the Common Securities to the same extent as the Guarantees, except that upon the occurrence and during the continuation of a Trust Agreement event of default, holders of Trust Preferred Securities shall have priority over holders of Common Securities with respect to distributions and payments on liquidation, redemption or otherwise.

**Certain Covenants Of CMS Energy**

CMS Energy will covenant in each Guarantee that if and so long as (i) the Trust is the holder of all the Debt Securities, (ii) a Tax Event (as defined in the Guarantee) in respect of the Trust has occurred and is continuing and (iii) CMS Energy has elected, and has not revoked such election, to pay Additional Sums (as defined in the Guarantee) in respect of the Trust Preferred Securities and Common Securities, CMS Energy will pay to the Trust such Additional Sums. CMS Energy will also covenant that it will not, and it will not cause any of its subsidiaries to: (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of CMS Energy's capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay or repurchase or redeem any debt securities (including guarantees of indebtedness for money borrowed) of CMS Energy that rank *pari passu* (in the case of Subordinated Debentures with or junior in the case of the Senior and Subordinated Debentures) to the Debt Securities (other than (a) any dividend, redemption, liquidation, interest, principal or guarantee payment by CMS Energy where the payment is made by way of securities (including capital stock) that rank *pari passu* with or junior to the securities on which such dividend, redemption, liquidation, interest, principal or guarantee payment is being made, (b) payments under the Guarantees, (c) purchases of CMS Energy Common Stock related to the issuance of CMS Energy Common Stock under any of CMS Energy's benefit plans for its directors, officers or employees, (d) as a result of a reclassification of CMS Energy's capital stock or the exchange or conversion of one series or class of CMS Energy's capital stock for another series or class of CMS Energy's capital stock and (e) the purchase of fractional interests in shares of CMS Energy's capital stock pursuant to the conversion or exchange

provisions of such capital stock or the security being converted or exchanged) if at such time (i) there shall have occurred any event of which CMS Energy has actual knowledge that (a) with the giving of notice or the lapse of time, or both, would constitute an event of default and (b) in respect of which CMS Energy shall not have taken reasonable steps to cure, (ii) CMS Energy shall be in default with respect to its payment of any obligations under the Guarantee or (iii) CMS Energy shall have given notice of its selection of an extension period as provided in the indentures with respect to the Debt Securities and shall not have rescinded such notice, or such extension period, or any extension thereof, shall be continuing. CMS Energy also will covenant to (i) for so long as Trust Preferred Securities are outstanding, not convert Debt Securities except pursuant to a notice of conversion delivered to the Conversion Agent by a holder of Trust Preferred Securities, (ii) maintain directly or indirectly 100% ownership of the Common Securities, provided that

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certain successors which are permitted pursuant to the indentures may succeed to CMS Energy's ownership of the Common Securities, (iii) not voluntarily terminate, wind-up or liquidate the Trust, except (a) in connection with a distribution of the Debt Securities to the holders of the Trust Preferred Securities in liquidation of the Trust or (b) in connection with certain mergers, consolidations or amalgamations permitted by the Trust Agreement, (iv) maintain the reservation for issuance of the number of shares of CMS Energy Common Stock that would be required from time to time upon the conversion of all the Debt Securities then outstanding, (v) use its reasonable efforts, consistent with the terms and provisions of the Trust Agreement, to cause the Trust to remain classified as a grantor trust and not as an association taxable as a corporation for United States federal income tax purposes and (vi) deliver shares of CMS Energy Common Stock upon an election by the holders of the Trust Preferred Securities to convert such Trust Preferred Securities into CMS Energy Common Stock.

As part of the Guarantees, CMS Energy will agree that it will honor all obligations described therein relating to the conversion or exchange of the Trust Preferred Securities into or for CMS Energy Common Stock, Senior Debentures or Subordinated Debentures.

**Amendments and Assignment**

Except with respect to any changes that do not materially adversely affect the rights of holders of the Trust Preferred Securities (in which case no vote will be required), the Guarantees may not be amended without the prior approval of the holders of a majority in aggregate liquidation amount of such outstanding Trust Preferred Securities. All guarantees and agreements contained in the Guarantees shall bind the successors, assigns, receivers, trustees and representatives of CMS Energy and shall inure to the benefit of the holders of the Trust Preferred Securities then outstanding.

**Termination of the Guarantees**

The Guarantees will terminate and be of no further force and effect upon full payment of the redemption price of the Trust Preferred Securities, upon full payment of the amounts payable upon liquidation of the Trust, upon the distribution, if any, of CMS Energy Common Stock to the holders of Trust Preferred Securities in respect of the conversion of all such holders' Trust Preferred Securities into CMS Energy Common Stock or upon distribution of the Debt Securities to the holders of the Trust Preferred Securities in exchange for all of the Trust Preferred Securities. The Guarantees will continue to be effective or will be reinstated, as the case may be, if at any time any holder of Trust Preferred Securities must restore payment of any sums paid under such Trust Preferred Securities or the Guarantees.

**Events of Default**

An event of default under a Guarantee will occur upon the failure of CMS Energy to perform any of its payment or other obligations thereunder. The holders of a majority in aggregate liquidation amount of the Trust Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to a Guarantee Trustee in respect of a Guarantee or to direct the exercise of any trust or power conferred upon a Guarantee Trustee under the Guarantees.

If a Guarantee Trustee fails to enforce a Guarantee, any holder of the Trust Preferred Securities may institute a legal proceeding directly against CMS Energy to enforce its rights under such Guarantee without first instituting a legal proceeding against the Trust, the Guarantee Trustee or any other person or entity. In addition, any record holder of Trust Preferred Securities shall have the right, which is absolute and unconditional, to proceed directly against CMS Energy to obtain Guarantee Payments, without first waiting to determine if the Guarantee Trustee has enforced a Guarantee or instituting a legal proceeding against the Trust, the Guarantee Trustee or any other person or entity. CMS Energy has waived any right or remedy to require that any action be brought just against the Trust, or any other person or entity before proceeding directly against CMS Energy.

CMS Energy, as guarantor, is required to file annually with each Guarantee Trustee a certificate as to whether or not CMS Energy is in compliance with all the conditions and covenants applicable to it under the Guarantees.

**Status of the Guarantees**

The Guarantees will constitute unsecured obligations of CMS Energy and will rank equal to or subordinate and junior in right of payment to all other liabilities of CMS Energy, as applicable. The Guarantees will rank *pari passu* with or senior to, as applicable, any guarantee now or hereafter entered into by CMS Energy in respect of any

preferred or preference stock of any affiliate of CMS Energy.

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The Guarantees will constitute a guarantee of payment and not of collection which means that the guaranteed party may institute a legal proceeding directly against the guarantor to enforce its rights under the Guarantee without first instituting a legal proceeding against any other person or entity. The Guarantees will be held for the benefit of the holders of the Trust Preferred Securities. The Guarantees will not be discharged except by payment of the Guarantee Payments in full to the extent not paid by the Trust or upon distribution of the Debt Securities to the holders of the Trust Preferred Securities. The Guarantees do not place a limitation on the amount of additional indebtedness that may be incurred by CMS Energy or any of its subsidiaries.

**Description of Stock Purchase Contracts and Stock Purchase Units**

CMS Energy may issue Stock Purchase Contracts, representing contracts obligating holders to purchase from CMS Energy, and CMS Energy to sell to the holders, a specified number of shares of CMS Energy Common Stock at a future date or dates. The price per share of CMS Energy Common Stock may be fixed at the time the Stock Purchase Contracts are issued or may be determined by reference to a specific formula set forth in the Stock Purchase Contracts. The Stock Purchase Contracts may be issued separately or as part of Stock Purchase Units consisting of a Stock Purchase Contract and Senior Debentures, Subordinated Debentures, Trust Preferred Securities or debt obligations of third parties, including U.S. Treasury securities, securing the holders' obligations to purchase the Common Stock under the Stock Purchase Contracts. The Stock Purchase Contracts may require CMS Energy to make periodic payments to the holders of the Stock Purchase Units or vice versa, and such payments may be unsecured or refunded on some basis. The Stock Purchase Contracts may require holders to secure their obligations thereunder in a specified manner.

The applicable prospectus supplement will describe the terms of any Stock Purchase Contracts or Stock Purchase Units. The description in the prospectus supplement will not purport to be complete and will be qualified in its entirety by reference to the Stock Purchase Contracts, and, if applicable, collateral arrangements and depositary arrangements, relating to such Stock Purchase Contracts or Stock Purchase Units.

**PLAN OF DISTRIBUTION**

CMS Energy and/or the Trusts may sell the Offered Securities: (i) through the solicitation of proposals of underwriters or dealers to purchase the Offered Securities; (ii) through underwriters or dealers on a negotiated basis; (iii) directly to a limited number of purchasers or to a single purchaser; or (iv) through agents. The prospectus supplement with respect to any Offered Securities will set forth the terms of such offering, including: the name or names of any underwriters, dealers or agents; the purchase price of the Offered Securities and the proceeds to CMS Energy and/or the Trust from such sale; any underwriting discounts and commissions and other items constituting underwriters' compensation; any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers and any securities exchange on which such Offered Securities may be listed. Any initial public offering price, discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If underwriters are used in the sale, the Offered Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Offered Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. The underwriter or underwriters with respect to a particular underwritten offering of Offered Securities will be named in the prospectus supplement relating to such offering and, if an underwriting syndicate is used, the managing underwriter or underwriters will be set forth on the cover of such prospectus supplement. Unless otherwise set forth in the prospectus supplement relating thereto, the obligations of the underwriters to purchase the Offered Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Offered Securities if any are purchased.

CMS Energy and/or the Trusts may sell Offered Securities to dealers as principals. The dealers may then resell such Offered Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the prospectus supplement relating thereto.

The Offered Securities may be sold directly by CMS Energy and/or the Trusts to institutional investors or others, who may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended (the **Securities Act**), with respect to any resale thereof. The terms of any such sales will be described in the prospectus supplement relating thereto.

The CMS Energy Common Stock may be offered other than through the facilities of a national securities exchange and other than to or through a market maker other than on an exchange.

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Agents, dealers and underwriters may be entitled under agreements with CMS Energy and/or the Trusts to indemnification by CMS Energy and/or the Trusts against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which such agents, dealers or underwriters may be required to make in respect thereof. Agents, dealers and underwriters may be customers of, engage in transactions with, or perform services for, CMS Energy and/or the Trusts in the ordinary course of business.

The Offered Securities may also be offered and sold, if so indicated in the applicable prospectus supplement, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms, or otherwise, by one or more firms ( **remarketing firms** ), acting as principals for their own accounts or as agents for CMS Energy and/or the Trusts. Any remarketing firm will be identified and the terms of its agreement, if any, with its compensation will be described in the applicable prospectus supplement. Remarketing firms may be deemed to be underwriters, as such term is defined in the Securities Act, in connection with the Offered Securities remarketed thereby. Remarketing firms may be entitled under agreements which may be entered into with CMS Energy and/or the Trusts to indemnification or contribution by CMS Energy and/or the Trusts against certain civil liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with, or perform services for, CMS Energy and its subsidiaries in the ordinary course of business.

The Offered Securities may or may not be listed on a national securities exchange. Reference is made to the prospectus supplement with regard to such matter. No assurance can be given that there will be a market for any of the Offered Securities.

We may engage J.P. Morgan Securities Inc. ( **JPMS** ) or Brinson Patrick Securities Corporation ( **Brinson** ) (JPMS and Brinson collectively, the **Agents** ) to act as agent or principal for offerings from time to time of shares of CMS Energy Common Stock in one or more placements pursuant to the terms of a distribution agreement between us and either JPMS or Brinson. The terms of sales to or through the Agents pursuant to a distribution agreement will be set out in more detail in a prospectus supplement to this prospectus. When acting as agent, the Agents will use commercially reasonable efforts to sell the shares pursuant to the terms agreed to with us, including the number of shares to be offered in the placement and any minimum price below which sales may not be made. The Agents, in their capacity as agent or principal, could arrange for or make sales in privately negotiated transactions, at the market in the existing trading market for CMS Energy Common Stock, including sales made to or through a market maker or through an electronic communications network, or in any other manner that may be deemed to be an at-the-market offering as defined in Rule 415 promulgated under the Securities Act and/or any other method permitted by law.

CMS Energy Common Stock sold through the Agents in any at-the-market offerings will be sold at prices related to the prevailing market price for such securities, and therefore exact figures regarding proceeds that will be raised or commissions to be paid are impossible to determine. We will report at least quarterly the number of shares of CMS Energy Common Stock sold to or through the Agents in at-the-market offerings, the net proceeds to us and the compensation paid by us to the Agents in connection with such sales of CMS Energy Common Stock. Pursuant to the terms of a distribution agreement with the Agents or any other distribution agreement we may enter into, we also may agree to sell, and the relevant underwriters or agents may agree to solicit offers to purchase, blocks of CMS Energy Common Stock or other securities. The total number of shares that we may sell in at-the-market offerings will be disclosed in a prospectus supplement to this prospectus.

In connection with the offering of the securities, certain underwriters and selling group members and their respective affiliates may engage in transactions that stabilize, maintain or otherwise affect the market price of the applicable securities. These transactions may include stabilization transactions effected in accordance with Rule 104 of Regulation M promulgated by the SEC pursuant to which these persons may bid for or purchase securities for the purpose of stabilizing their market price.

If indicated in the applicable prospectus supplement, we will authorize underwriters, dealers or agents to solicit offers by institutional investors to purchase securities from us pursuant to contracts providing for payment and delivery at a future date. In all cases, these purchasers must be approved by us. Unless otherwise set forth in the applicable prospectus supplement, the obligations of any purchaser under any of these contracts will not be subject to any conditions, except that the purchase of the securities must not at the time of delivery be prohibited under the laws of any jurisdiction to which that purchaser is subject and if securities also are being sold to underwriters, we must



have sold to these underwriters the securities not subject to delayed delivery. Underwriters and other agents will not have any responsibility in respect of the validity or performance of these contracts.

Under the securities laws of some states, the securities registered by the registration statement that includes this prospectus may be sold in those states only through registered or licensed brokers or dealers. Any person participating in the distribution of the securities registered under the registration statement that includes this prospectus will be subject to applicable provisions of the Exchange Act, and the applicable rules and regulations of the SEC, including, among others, Regulation M noted above, which may limit the timing

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of purchases and sales of any of the securities by any such person. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution of the securities to engage in market-making activities with respect to the securities. These restrictions may affect the marketability of the securities and the ability of any person or entity to engage in market-making activities with respect to the securities.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third parties may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement (or a post-effective amendment).

We or one of our affiliates may loan or pledge securities to a financial institution or other third party that in turn may sell the securities using this prospectus. Such financial institution or third party may transfer its short position to investors in our securities or in connection with a simultaneous offering of other securities offered by this prospectus or otherwise.

**LEGAL OPINIONS**

Opinions as to the legality of certain of the Offered Securities will be rendered for CMS Energy by Robert C. Shrosbree, Esq., Assistant General Counsel for CMS Energy. Certain matters of Delaware law relating to the validity of the Trust Preferred Securities will be passed upon on behalf of the Trusts by Skadden, Arps, Slate, Meagher & Flom LLP, special Delaware counsel to the Trusts. Certain United States Federal income taxation matters may be passed upon for CMS Energy and the Trust by either Theodore Vogel, tax counsel for CMS Energy, or by special tax counsel to CMS Energy and of the Trust, who will be named in the prospectus supplement. Certain legal matters with respect to Offered Securities will be passed upon by counsel for any underwriters, dealers or agents, each of whom will be named in the related prospectus supplement.

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**EXPERTS**

The consolidated financial statements of CMS Energy appearing in CMS Energy's Annual Report (Form 10-K) for the year ended December 31, 2004 (including a schedule appearing therein), and CMS Energy's management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference, which are based in part on the reports of PricewaterhouseCoopers LLP, independent registered public accounting firm for the Midland Cogeneration Venture Limited Partnership, and Price Waterhouse, independent accountants for Jorf Lasfar Energy Company S.C.A. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

The financial statements of Jorf Lasfar Energy Company S.C.A. as of December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004 incorporated herein by reference have been so included in reliance on the report of Price Waterhouse, independent accountants for Jorf Lasfar Energy Company S.C.A., given on the authority of said firm as experts in auditing and accounting.

The audited financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of the Midland Cogeneration Venture Limited Partnership for the years ended December 31, 2004 and 2003, not separately presented or incorporated by reference into this prospectus, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report thereon appears herein. Such financial statements and management's assessment of the effectiveness of internal control over financial reporting, to the extent they have been included in the financial statements and management's assessment of the effectiveness of internal control over financial reporting of CMS Energy, have been so included in reliance on the report of such independent registered public accounting firm given on the authority of said firm as experts in auditing and accounting.

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**\$400,000,000**  
**CMS Energy Corporation**  
**\$250,000,000 6.55% Senior Notes due 2017**  
**\$150,000,000 Floating Rate Senior Notes due 2013**

**PROSPECTUS SUPPLEMENT**  
**JUNE 19, 2007**

**Deutsche Bank Securities**  
**Barclays Capital**  
**Citi**  
**JPMorgan**  
**Merrill Lynch & Co.**  
**Wachovia Securities**