

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2026

OR

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

For the transition period from ____ to ____

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

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

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

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

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

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

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

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

CMS Energy Corporation:		Consumers Energy Company:	
Large accelerated filer	☒	Large accelerated filer	☐
Non-accelerated filer	☐	Non-accelerated filer	☒
Accelerated filer	☐	Accelerated filer	☐
Smaller reporting company	☐	Smaller reporting company	☐
Emerging growth company	☐	Emerging growth company	☐

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock at July 13, 2026:

CMS Energy Corporation:	
CMS Energy Corporation Common Stock, \$0.01 par value	313,577,136
Consumers Energy Company:	
Consumers Common Stock, \$10 par value, privately held by CMS Energy Corporation	84,108,789

CMS Energy Corporation

Consumers Energy Company

Quarterly Reports on Form 10-Q to the Securities and Exchange Commission for the Period Ended June 30, 2026

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Glossary

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

2023 Energy Law

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

ABATE

Association of Businesses Advocating Tariff Equity

AFUDC

Allowance for borrowed and equity funds used during construction

ARO

Asset retirement obligation

ASP

Appliance Service Plan

Aviator Wind

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

Aviator Wind Equity Holdings

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

Bay Harbor

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

Bcf

Billion cubic feet

BG Solar Holdings

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

CCR

Coal combustion residual

CEO

Chief Executive Officer

CERCLA

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

CFO

Chief Financial Officer

Clean Air Act

Federal Clean Air Act of 1963, as amended

Clean Water Act

Federal Water Pollution Control Act of 1972, as amended

CMS Energy

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

CMS Land

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

Consumers

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

Covert Generating Station

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

Craven

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

CSAPR

Cross-State Air Pollution Rule of 2011, as amended

DB Pension Plans

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

DB SERP

Defined Benefit Supplemental Executive Retirement Plan

Delta Solar Equity Holdings

Delta Solar Equity Holdings, LLC, a VIE in which Grand River Solar, LLC, a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent interest

Dodd-Frank Act

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

DOE

U.S. Department of Energy

DTE Electric

DTE Electric Company, a non-affiliated company

EGLE

Michigan Department of Environment, Great Lakes, and Energy

Electric Supply Plan

Consumers' long-term strategy for delivering safe, reliable, affordable, clean, and equitable energy to its customers; this plan is outlined in Consumers' IRP and incorporates the REP

Endangered Species Act

Federal Endangered Species Act of 1973, as amended

Energy waste reduction

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

EPA

U.S. Environmental Protection Agency

EPS

Earnings per share

ERP

Enterprise Resource Planning software

Exchange Act

Securities Exchange Act of 1934

Federal Power Act

Federal Power Act of 1920

FERC

Federal Energy Regulatory Commission

FTR

Financial transmission right

GAAP

U.S. Generally Accepted Accounting Principles

GCR

Gas cost recovery

Genesee

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

Grayling

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

GW

Gigawatt, a unit of energy equal to 1 billion watts

HL Solar Holdings

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

IRP

Integrated Resource Plan

IRS

Internal Revenue Service

IT

Information technology

J.H. Campbell

J.H. Campbell Generating Complex, a three-unit coal-fueled electric generating facility comprised of Units 1 and 2, which are wholly owned by Consumers, and Unit 3, which Consumers jointly owns with the Michigan Public Power Agency, holding a 4.80-percent interest, and Wolverine Power, holding a 1.89-percent interest, each a non-affiliated entity

kWh

Kilowatt-hour, a unit of energy equal to 1,000 watt-hours

Ludington

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

MATS

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

MCV Facility

A 1,647-MW natural gas-fueled, combined-cycle cogeneration facility operated by the MCV Partnership

MCV Partnership

Midland Cogeneration Venture Limited Partnership, a non-affiliated company

METC

Michigan Electric Transmission Company, LLC, a non-affiliated company

MGP

Manufactured gas plant

Migratory Bird Treaty Act

Migratory Bird Treaty Act of 1918, as amended

MISO

Midcontinent Independent System Operator, Inc.

MISO Tariff

MISO Open Access Transmission, Energy, and Operating Reserve Markets Tariff

Mothball

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

MPSC

Michigan Public Service Commission

MW

Megawatt, a unit of power equal to 1 million watts

NAAQS

National Ambient Air Quality Standards

Natural Gas Act

Natural Gas Act of 1938

Newport Solar Holdings

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

NorthStar Clean Energy

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

NO_x

Nitrogen oxides

NPDES

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

NREPA

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

NWO Holdco

NWO Holdco, L.L.C., a VIE in which NWO Holdco I, LLC, a wholly owned subsidiary of NWO Wind Equity Holdings, LLC, holds a Class B membership interest

NWO Wind Equity Holdings

NWO Wind Equity Holdings, LLC, a VIE in which Grand River Wind, LLC, a wholly owned subsidiary of NorthStar Clean Energy, has a 50-percent interest

OPEB

Other post-employment benefits

OPEB Plan

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

PCB

Polychlorinated biphenyl

PPA

Power purchase agreement

PSCR

Power supply cost recovery

RCRA

Federal Resource Conservation and Recovery Act of 1976

Reliability Roadmap

Consumers' five-year strategy to improve its electric distribution system and the reliability of the grid; this plan was filed with the MPSC in 2023, and is an update to Consumers' previous Electric Distribution Infrastructure Investment Plan filed in 2021

REP

Renewable Energy Plan

ROA

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

SEC

U.S. Securities and Exchange Commission

Securitization

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

SOFR

Secured overnight financing rate calculated and published by the Federal Reserve Bank of New York

TAES

Toshiba America Energy Systems Corporation, a non-affiliated company

TBJH

TBJH Inc., a non-affiliated company

TCJA

Tax Cuts and Jobs Act of 2017

Term SOFR

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

T.E.S. Filer City

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

Toshiba

Toshiba Corporation, a non-affiliated company

Toshiba International

Toshiba International Corporation, a non-affiliated company

VIE

Variable interest entity

Filing Format

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

CMS Energy is the parent holding company of several subsidiaries, including Consumers and NorthStar Clean Energy. None of CMS Energy, NorthStar Clean Energy, nor any of CMS Energy's other subsidiaries (other than Consumers) has any obligation in respect of Consumers' debt securities or preferred stock and holders of such securities should not consider the financial resources or results of operations of CMS Energy, NorthStar Clean Energy, nor any of CMS Energy's other subsidiaries (other than Consumers and its own subsidiaries (in relevant circumstances)) in making a decision with respect to Consumers' debt securities or preferred stock. Similarly, neither Consumers nor any other subsidiary of CMS Energy has any obligation in respect of securities of CMS Energy.

This report should be read in its entirety. No one section of this report deals with all aspects of the subject matter of this report. This report should be read in conjunction with the consolidated financial statements and related notes and with the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2025 Form 10-K.

Available Information

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

Forward-looking Statements and Information

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

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

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

- the ability of CMS Energy and Consumers to execute their financing strategies
- the investment performance of the assets of CMS Energy's and Consumers' pension and benefit plans, the discount rates, mortality assumptions, and future medical costs used in calculating the plans' obligations, and the resulting impact on future funding requirements
- the impact of the economy, particularly in Michigan, and potential future volatility in the financial and credit markets on CMS Energy's, Consumers', or any of their affiliates' revenues, ability to collect accounts receivable from customers, or cost and availability of capital
- changes in the economic and financial viability of CMS Energy's and Consumers' suppliers, customers, and other counterparties and the continued ability of these third parties, including those in bankruptcy, to meet their obligations to CMS Energy and Consumers
- population changes in the geographic areas where CMS Energy and Consumers conduct business
- national, regional, and local economic, political, competitive, and regulatory policies, conditions, and developments
- loss of customer demand for electric generation supply to alternative electric suppliers, the creation of municipal utilities, increased use of self-generation including distributed generation, energy waste reduction, or energy storage
- loss of customer demand for natural gas due to alternative technologies or fuels or electrification
- the ability of Consumers to meet increased renewable energy demand due to customers seeking to meet their own sustainability goals in a timely and cost-efficient manner
- the reputational or other impact on CMS Energy and Consumers of the failure to meet the renewable or clean energy standards required by the 2023 Energy Law or to achieve or make timely progress on their greenhouse gas reduction goals related to reducing their impact on climate change
- adverse consequences of employee, director, or third-party fraud or non-compliance with codes of conduct or with laws or regulations
- federal regulation of electric sales, including periodic re-examination by federal regulators of CMS Energy's and Consumers' market-based sales authorizations
- any event, change, development, occurrence, or circumstance that could impact the implementation of the Electric Supply Plan, including any action by a regulatory authority or other third party to prohibit, delay, or impair the implementation of the Electric Supply Plan
- the ability to meet increases in electric demand associated with data centers, or alternatively, the risk that anticipated demand growth from data center expansion may not materialize as expected
- changes associated with artificial intelligence technologies and related sectors, including the risk that a significant decline in investor confidence could lead to broader economic disruption, reductions in customer demand, tightening of capital markets, higher financing costs, or other downstream impacts
- the availability, cost, coverage, and terms of insurance, the stability of insurance providers, and the ability of Consumers to recover the costs of any insurance from customers

- the effectiveness of CMS Energy’s and Consumers’ risk management policies, procedures, and strategies, including strategies to hedge risk related to interest rates and future prices of electricity, natural gas, basis risk, and other energy-related commodities
- factors affecting development of electric generation projects, gas transmission, and gas and electric distribution infrastructure replacement, conversion, and expansion projects, including factors related to project site identification, construction material availability, quality, and pricing, tariffs, embargoes on equipment, supply chain disruptions, schedule delays, interconnection delays, availability of qualified construction personnel, zoning, siting, permitting, acquisition of property rights, community opposition, environmental regulations, performance of contractors and counterparties, and government actions
- changes or disruption in fuel supply, including but not limited to supplier bankruptcy and delivery disruptions
- potential costs, lost revenues, reputational harm, or other consequences resulting from misappropriation of assets or sensitive information, corruption of data, or operational disruption in connection with a cyberattack or other cyber incident
- potential disruption to, interruption or failure of, or other impacts on IT backup or disaster recovery systems
- technological developments in energy production, storage, delivery, usage, and metering
- the ability to implement and integrate technology successfully, including artificial intelligence
- the impact of CMS Energy’s and Consumers’ integrated business software system and its effects on their operations, including utility customer billing and collections
- adverse consequences resulting from any past, present, or future assertion of indemnity or warranty claims associated with assets and businesses previously owned by CMS Energy or Consumers, including claims resulting from attempts by foreign or domestic governments to assess taxes on or to impose environmental liability associated with past operations or transactions
- the outcome, cost, and other effects of any legal or administrative claims, proceedings, investigations, or settlements
- the reputational impact on CMS Energy and Consumers of operational incidents, violations of corporate policies, regulatory violations, inappropriate use of social media, and other events
- restrictions imposed by various financing arrangements and regulatory requirements on the ability of Consumers and other subsidiaries of CMS Energy to transfer funds to CMS Energy in the form of cash dividends, loans, or advances
- earnings volatility resulting from the application of fair value accounting to certain energy commodity contracts or interest rate contracts
- changes in financial or regulatory accounting principles or policies or interpretation of principles or policies
- other matters that may be disclosed from time to time in CMS Energy’s and Consumers’ SEC filings, or in other public documents

All forward-looking statements should be considered in the context of the risk and other factors described above and as detailed from time to time in CMS Energy's and Consumers' SEC filings. For additional details regarding these and other uncertainties, see Part I—Item 1. Financial Statements and Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters and Note 3, Contingencies and Commitments; and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Part I—Financial Information

Item 1. Financial Statements

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CMS Energy Corporation

Consumers Energy Company

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations constitutes Part I—Item 2 of this Form 10-Q and is not part of the financial statements included in Item 1, for both CMS Energy and Consumers.

Executive Overview

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

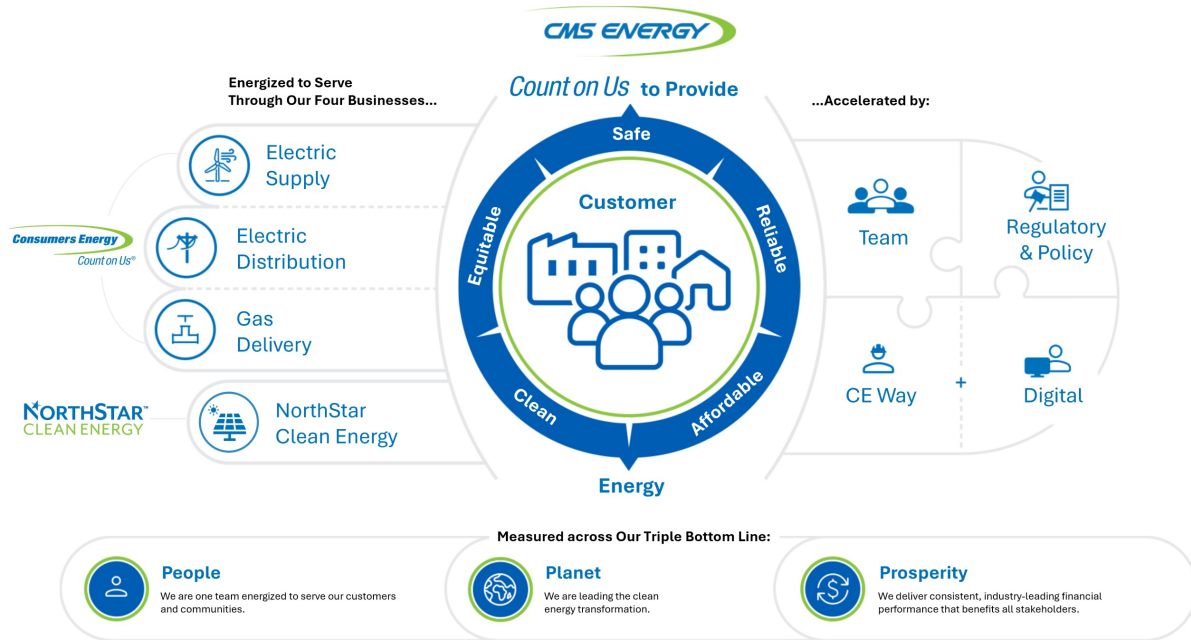
CMS Energy and Consumers manage their businesses by the nature of services each provides. CMS Energy operates principally in three business segments: electric utility; gas utility; and NorthStar Clean Energy, its non-utility operations and investments. Consumers operates principally in two business segments: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

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

The Triple Bottom Line

CMS Energy's and Consumers' purpose is to provide safe, reliable, affordable, clean, and equitable energy in service of their customers. In support of this purpose, CMS Energy and Consumers couple digital transformation with the "CE Way," a lean operating system designed to improve safety, quality, cost, delivery, and employee morale.

CMS Energy and Consumers measure their progress toward the purpose by considering their impact on the “triple bottom line” of people, planet, and prosperity; this consideration takes into account not only the economic value that CMS Energy and Consumers create for customers and investors, but also their responsibility to social and environmental goals. The triple bottom line balances the interests of employees, customers, suppliers, regulators, creditors, Michigan’s residents, the investment community, and other stakeholders, and it reflects the broader societal impacts of CMS Energy’s and Consumers’ activities.



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

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

The safety of co-workers, customers, and the general public is a priority of CMS Energy and Consumers. Accordingly, CMS Energy and Consumers have worked to integrate a set of safety principles into their business operations and culture. These principles include complying with applicable safety, health, and security regulations and implementing programs and processes aimed at continually improving safety and security conditions.

CMS Energy and Consumers also place a high priority on customer value and on providing reliable, affordable, and equitable energy in service of their customers. Consumers’ customer-driven investment program is aimed at improving safety and increasing electric and gas reliability.

In the electric rate case it filed with the MPSC in June 2025, Consumers updated its Reliability Roadmap, a five-year strategy to improve Consumers’ electric distribution system and the reliability of the grid. The plan proposes spending through 2029 for projects designed to reduce the number and duration of power outages to customers through investment in infrastructure upgrades, vegetation management, and grid

modernization. Consumers has requested rate recovery of the investments needed to achieve the Reliability Roadmap's key objectives in its electric rate cases.

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

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

While inflationary pressures and tariffs could impact supply chain availability and pricing, CMS Energy and Consumers are taking steps to help mitigate the impact on their ability to provide safe, reliable, affordable, clean, and equitable energy in service of their customers.

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

CMS Energy and Consumers continue to focus on opportunities to protect the environment and reduce their carbon footprint from owned generation. CMS Energy, including Consumers, has decreased its combined percentage of electric supply (self-generated and purchased) from coal by 24 percentage points since 2015. Additionally, as a result of actions already taken through 2025, Consumers has:

- reduced carbon dioxide emissions from owned generation by nearly 30 percent since 2005
- reduced methane emissions by nearly 40 percent since 2012
- reduced the volume of water used to generate electricity by nearly 60 percent since 2012
- reduced landfill waste disposal by more than 2 million tons since 1992
- enhanced, restored, or protected more than 13,500 acres of land since 2017
- reduced sulfur dioxide and particulate matter emissions by more than 90 percent since 2005
- reduced NOx emissions by more than 85 percent since 2005
- reduced mercury emissions by more than 90 percent since 2007

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

- increased the renewable energy standard from 15 percent to 50 percent by 2030 and 60 percent by 2035; renewable energy generated anywhere within MISO can be applied to meeting this standard, with certain limitations
- established a clean energy standard of 80 percent by 2035 and 100 percent by 2040; low- or zero-carbon emitting resources, such as nuclear generation and natural gas generation coupled with carbon capture, qualify as clean energy sources under this standard

- enhanced existing incentives for energy efficiency programs and returns earned on new clean or renewable PPAs
- created a new energy storage standard, requiring electric utilities to file plans by 2029 to help achieve a statewide target of 2,500 MW
- expanded the statutory cap on distributed generation resources to 10 percent of the electric utility's five-year average peak load

Consumers' Electric Supply Plan, its long-term strategy for delivering safe, reliable, affordable, clean, and equitable energy to its customers, is outlined in its IRP and incorporates Consumers' REP. The Electric Supply Plan is Consumers' blueprint for compliance with Michigan's 2023 Energy Law and for advancing sustainability objectives.

To meet these objectives, Consumers is executing a multi-faceted strategy. This strategy involves taking steps to end the use of coal, including the retirement of the D.E. Karn coal-fueled generating units, totaling 515 MW of nameplate capacity, in 2023 and obtaining MPSC approval to retire J.H. Campbell, totaling 1,407 MW of nameplate capacity. The retirement of J.H. Campbell is subject to temporary extensions under emergency orders issued by the U.S. Secretary of Energy. For a more detailed discussion of the emergency orders, see Consumers Electric Utility Outlook and Uncertainties—J.H. Campbell Emergency Orders and Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters.

To continue providing controllable sources of electricity to customers, Consumers purchased the Covert Generating Station, representing 1,200 MW of nameplate capacity, in 2023 and has solicited additional capacity from controllable sources of electricity to customers. In March 2026, Consumers announced the next IRP filing planned for September 2026 would include an all-of-the-above approach to electric supply, with over 13 GW in expanded renewables and clean energy resources including solar, battery storage, and wind, supported by two new natural gas-fueled electric generating plants totaling approximately 1,500 MW of capacity. These new units, which would be developed on existing sites in Bay and Genesee Counties, Michigan, would enhance reliability and maintain affordability.

Consumers' updates to its REP include up to 9,000 MW of both purchased and owned solar energy resources and up to 4,000 MW of wind energy resources. Coupled with updates to its IRP, these actions position Consumers to achieve 60-percent renewable energy by 2035 and 100-percent clean energy by 2040, and will also contribute to Consumers' achievement of the emissions reductions goals discussed below.

Under its Methane Reduction Plan, Consumers has set a goal of net-zero methane emissions from its natural gas delivery system by 2030. Consumers plans to reduce methane emissions from its system by about 80 percent from 2012 baseline levels by accelerating the replacement of aging pipe, rehabilitating or retiring outdated infrastructure, and adopting new technologies and practices. The remaining emissions will likely be offset through clean fuel alternatives or nature-based carbon removal pathways. To date, Consumers has reduced methane emissions by nearly 40 percent.

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

- to enhance, restore, or protect 6,500 acres of land through 2027; Consumers surpassed this goal during the three-year period 2023 through 2025 and enhanced, restored, or protected 6,700 acres of land
- to reduce water usage by 1.7 billion gallons through 2027; Consumers surpassed this goal during the three-year period 2023 through 2025 by reducing water usage by more than 1.9 billion gallons

- to annually divert a minimum of 90 percent of waste from landfills (through waste reduction, recycling, and reuse); during 2025, Consumers' rate of waste diverted from landfills was 93 percent

CMS Energy and Consumers are monitoring numerous legislative, policy, executive, and regulatory initiatives, including those related to regulation and reporting of greenhouse gases, and related litigation. While CMS Energy and Consumers cannot predict the outcome of these matters, which could affect them materially, they intend to continue to move forward with a triple-bottom-line approach that focuses on people, planet, and prosperity.

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

For the six months ended June 30, 2026, CMS Energy's net income available to common stockholders was \$455 million and diluted EPS were \$1.47. This compares with net income available to common stockholders of \$500 million and diluted EPS of \$1.67 for the six months ended June 30, 2025. During the six months ended June 30, 2026, electric and gas rate increases and higher earnings at NorthStar Clean Energy were offset by the absence of gains on extinguishment of debt, higher service restoration costs, and increased depreciation and property taxes, reflecting higher capital spending. A more detailed discussion of the factors affecting CMS Energy's and Consumers' performance can be found in the Results of Operations section that follows this Executive Overview.

Over the next five years, Consumers expects weather-normalized electric deliveries to increase compared to 2025. This outlook reflects strong growth in electric demand, offset partially by the effects of energy waste reduction programs. Weather-normalized gas deliveries are expected to remain stable relative to 2025, reflecting modest growth in gas demand, offset by the effects of energy waste reduction programs.

Performance: Impacting the Triple Bottom Line

CMS Energy and Consumers remain committed to delivering safe, reliable, affordable, clean, and equitable energy in service of their customers and positively impacting the triple bottom line of people, planet, and prosperity. During 2025 and the first half of 2026, CMS Energy and Consumers:

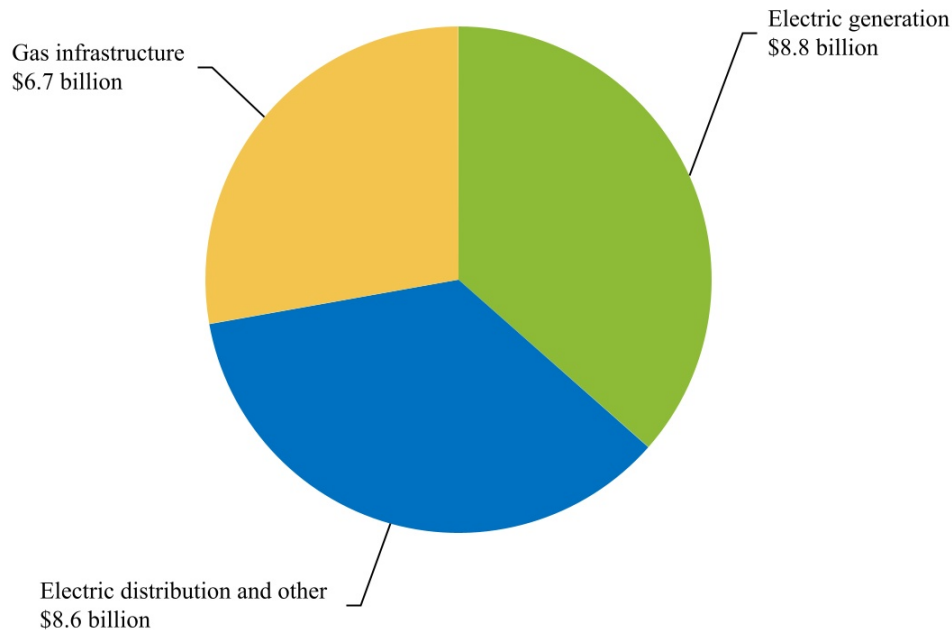
- advanced land stewardship efforts by exceeding a 6,500-acre restoration goal ahead of schedule, restoring 6,700 acres and expanding public access to more than 100 acres of utility-owned land across over 80 Michigan communities
- connected over 140,000 customers with \$60 million in energy-bill assistance and helped make over \$100 million in statewide aid available for 2026, reinforcing Consumers' commitment to affordability
- began operations at Muskegon Solar Energy Center, a 1,900-acre project generating 250 MW of clean energy to power 40,000 homes and businesses, supporting Michigan's energy needs and advancing the company's long-term clean energy strategy
- reached an agreement under Consumers' large-load tariff with a new data center expected to add more than 1 GW of incremental load growth in our service territory, supporting long-term sales growth and delivering economic benefits for Michigan
- expanded the use of drone technology enabling faster, safer inspections of 400 miles of hard-to-reach power lines and infrastructure resulting in reduced average outage time per customer and improved storm recovery capabilities

- announced the launch of “Green Giving,” a program enabling the general public to contribute to renewable energy while offering financial benefits to low-income customers, along with a new Residential Renewable Energy Program, which allows customers of all income levels to subscribe and match their energy usage with renewable energy sources, supporting clean energy initiatives
- moved forward with an aggressive plan to enhance grid reliability for nearly 2 million homes and businesses by clearing trees along 8,000 miles of power lines and creating a modern, stronger, and more resilient power grid through infrastructure upgrades and technology investments
- deployed eight state-of-the-art vehicles that survey the company’s nearly 30,000-mile gas distribution system to find methane emissions, enhancing safety and reliability for Consumers’ natural gas customers
- experienced success with the underground power line pilot program in early 2025, with pilot areas seeing 100-percent reduction in storm-related outages and improved customer satisfaction

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

Investment Plan: Over the next five years, Consumers expects to make significant expenditures on infrastructure upgrades, replacements, and clean generation. While it has a large number of potential investment opportunities that would add customer value, Consumers has prioritized its spending based on the criteria of enhancing public safety, increasing reliability, maintaining affordability for its customers, and advancing its environmental stewardship. Consumers’ investment program, which is subject to approval through general rate case and other MPSC proceedings, is expected to result in annual rate-base growth of more than 10 percent. This rate-base growth, together with cost-control measures, should allow Consumers to maintain affordable customer prices.

Presented in the following illustration are Consumers' planned capital expenditures through 2030 of \$24.1 billion:



Of this amount, Consumers plans to spend \$8.8 billion on electric generation, which includes solar, wind, and natural gas-fueled generation, as well as energy storage. Consumers also expects to spend \$15.3 billion over the next five years primarily to maintain and upgrade its electric distribution systems and gas infrastructure in order to enhance safety and reliability, improve customer satisfaction, reduce energy waste on those systems, and facilitate its clean energy transformation. Electric distribution and other projects comprise \$8.6 billion primarily to strengthen circuits and substations, replace poles, and interconnect clean energy resources. The gas infrastructure projects comprise \$6.7 billion to sustain deliverability, enhance pipeline integrity and safety, and reduce methane emissions.

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

2026 Electric Rate Case: In June 2026, Consumers filed an application with the MPSC seeking a rate increase of \$481 million made up of two components. First, Consumers requested a \$456 million annual rate increase, based on a 10.25-percent return on equity for the projected 12-month period ending April 30, 2028. The filing requested authority to recover costs related to new infrastructure investment primarily in distribution system reliability. Second, Consumers requested approval of a \$25 million surcharge for the recovery of distribution investments made during the 12 months ended February 28, 2026 that exceeded the rate amounts authorized in accordance with previous electric rate orders. The MPSC must issue a final order in this case before or in April 2027.

2025 Electric Rate Case: In March 2026, the MPSC issued an order stating an annual rate increase of \$277 million, based on a 9.90-percent authorized return on equity. The MPSC also approved deferred accounting treatment for \$22 million of incremental costs associated with accelerated low-voltage

distribution vegetation management and \$15 million of ERP implementation costs. Additionally, the MPSC approved a \$24 million surcharge for the recovery of distribution investments made during the 12 months ended February 28, 2025 that exceeded the rate amounts authorized in accordance with previous electric rate orders. The new rates became effective in May 2026.

Subsequent to issuance of the final order, Consumers identified an error affecting the calculation of the rate increase requested and reflected in the case. On a corrected basis, Consumers' rate increase reflected in the MPSC's order was \$217 million, with no change to the total revenue requirement, approved costs, or customer rates. In April 2026, the MPSC issued an Errata to its March 2026 order to reflect this correction in the public record.

2025 Gas Rate Case: In December 2025, Consumers filed an application with the MPSC seeking an annual rate increase of \$240 million based on a 10.25-percent authorized return on equity for the projected 12-month period ending October 31, 2027. In June 2026, Consumers revised its requested increase to \$232 million. The MPSC must issue a final order in this case before or in October 2026.

Looking Forward

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

Results of Operations

CMS Energy Consolidated Results of Operations

In Millions, Except Per Share Amounts

June 30	Three Months Ended			Six Months Ended		
	2026	2025	Change	2026	2025	Change
Net Income Available to Common Stockholders	\$ 117	\$ 198	\$ (81)	\$ 455	\$ 500	\$ (45)
Basic Earnings Per Average Common Share	\$ 0.38	\$ 0.67	\$ (0.29)	\$ 1.48	\$ 1.68	\$ (0.20)
Diluted Earnings Per Average Common Share	\$ 0.37	\$ 0.66	\$ (0.29)	\$ 1.47	\$ 1.67	\$ (0.20)

In Millions

June 30	Three Months Ended			Six Months Ended		
	2026	2025	Change	2026	2025	Change
Electric Utility	\$ 137	\$ 167	\$ (30)	\$ 247	\$ 291	\$ (44)
Gas Utility	27	25	2	247	238	9
NorthStar Clean Energy	18	22	(4)	59	4	55
Corporate interest and other	(65)	(16)	(49)	(98)	(33)	(65)
Net Income Available to Common Stockholders	\$ 117	\$ 198	\$ (81)	\$ 455	\$ 500	\$ (45)

Presented in the following table is a summary of changes to net income available to common stockholders for the three and six months ended June 30, 2026 versus 2025:

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2025	\$ 198	\$ 500
<i>Reasons for the change</i>		
<i>Consumers electric utility and gas utility</i>		
Electric sales	\$ (31)	\$ (33)
Gas sales	(7)	(5)
Electric rate increase	38	63
Gas rate increase, offset partially by the absence of ASP sale gain amortization	25	74
Higher service restoration costs	(40)	(70)
Higher depreciation and amortization	(17)	(42)
Higher IT expenses, including early-phase ERP implementation costs	(7)	(20)
Higher property taxes, reflecting higher capital spending	(8)	(19)
Higher other maintenance and operating expenses	(8)	(15)
Higher interest charges	(4)	(13)
Higher vegetation management costs	(7)	(7)
Higher other income, net of expenses	10	30
Absence of coal-fueled generation costs ¹	5	16
Lower income tax expenses	23	6
	\$ (28)	\$ (35)
NorthStar Clean Energy	(4)	55
Corporate interest and other	(49)	(65)
June 30, 2026	\$ 117	\$ 455

¹ See Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters—Consumers Electric Utility—J.H. Campbell Emergency Order.

Consumers Electric Utility Results of Operations

Presented in the following table are the detailed changes to the electric utility's net income available to common stockholders for the three and six months ended June 30, 2026 versus 2025:

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2025	\$ 167	\$ 291
<i>Reasons for the change</i>		
<i>Electric deliveries¹ and rate increases</i>		
Rate increase, including return on higher renewable capital spending	\$ 38	\$ 63
Lower revenue due primarily to weather and sales mix	(30)	(29)
Lower energy waste reduction program revenues	(8)	(16)
Lower other revenues	(1)	(4)
	\$ (1)	\$ 14
<i>Maintenance and other operating expenses</i>		
Higher service restoration costs	(40)	(70)
Higher IT expenses, including early-phase ERP implementation costs	(7)	(20)
Higher vegetation management costs	(7)	(7)
Absence of coal-fueled generation costs ²	5	16
Lower energy waste reduction program costs	8	16
Lower (higher) other maintenance and operating expenses	(3)	1
	(44)	(64)
<i>Depreciation and amortization</i>		
Increased plant in service, reflecting higher capital spending	(14)	(26)
<i>General taxes</i>		
Higher property taxes, reflecting higher capital spending	(5)	(11)
<i>Other income, net of expenses</i>		
Higher AFUDC due primarily to the REP ³	15	28
Lower other income, net of expenses	(5)	(2)
	10	26
<i>Interest charges</i>		
Higher AFUDC interest due primarily to the REP ³	7	12
Higher debt expense	(5)	(11)
Lower other interest charges	1	1
	3	2
<i>Income taxes</i>		
Lower electric utility pre-tax earnings	13	16
Absence of state deferred tax remeasurement	8	8
Increase in tax reserves ⁴	—	(12)
Lower other income taxes	—	3
	21	15
June 30, 2026	\$ 137	\$ 247

- ¹ For the three months ended June 30, deliveries to end-use customers were 8.9 billion kWh in 2026 and in 2025. For the six months ended June 30, deliveries to end-use customers were 18.0 billion kWh in 2026 and in 2025.
- ² See Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters—Consumers Electric Utility—J.H. Campbell Emergency Order.
- ³ The MPSC authorized Consumers to record AFUDC on REP construction work in progress beginning in 2026. Previously, Consumers recognized a current return on construction work in progress.
- ⁴ See Notes to the Unaudited Consolidated Financial Statements—Note 8, Income Taxes.

Consumers Gas Utility Results of Operations

Presented in the following table are the detailed changes to the gas utility's net income available to common stockholders for the three and six months ended June 30, 2026 versus 2025:

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2025	\$ 25	\$ 238
<i>Reasons for the change</i>		
<i>Gas deliveries¹ and rate increases</i>		
Rate increase	\$ 29	\$ 90
Lower other revenues	(7)	(5)
	\$ 22	\$ 85
<i>Maintenance and other operating expenses</i>		
Absence of ASP sale gain amortization ²	(4)	(16)
Higher maintenance and other operating expenses	(5)	(16)
	(9)	(32)
<i>Depreciation and amortization</i>		
Increased plant in service, reflecting higher capital spending	(3)	(16)
<i>General taxes</i>		
Higher property taxes, reflecting higher capital spending	(3)	(8)
<i>Other income, net of expenses</i>	—	4
<i>Interest charges</i>	(7)	(15)
<i>Income taxes</i>		
Increase in tax reserves ³	—	(6)
Higher gas utility pre-tax earnings	—	(5)
Absence of state deferred tax remeasurement	4	4
Higher other income taxes	(2)	(2)
	2	(9)
June 30, 2026	\$ 27	\$ 247

- ¹ For the three months ended June 30, deliveries to end-use customers were 46 Bcf in 2026 and 49 Bcf in 2025. For the six months ended June 30, deliveries to end-use customers were 181 Bcf in 2026 and 184 Bcf in 2025.
- ² In 2024, Consumers sold its unregulated ASP business to a non-affiliated company, and the MPSC subsequently approved the application of a portion of the gain as an offset to the revenue deficiency in lieu

of additional rate relief during the 12-month period beginning October 1, 2024, which concluded in September 2025.

³ See Notes to the Unaudited Consolidated Financial Statements—Note 8, Income Taxes.

NorthStar Clean Energy Results of Operations

Presented in the following table are the detailed changes to NorthStar Clean Energy's net income available to common stockholders for the three and six months ended June 30, 2026 versus 2025:

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2025	\$ 22	\$ 4
<i>Reason for the change</i>		
Higher earnings from renewable projects, reflecting timing of tax benefits	\$ 15	\$ 69
Lower other expenses	1	6
Higher tax expense	(23)	(19)
Higher (lower) operating earnings	3	(1)
June 30, 2026	\$ 18	\$ 59

Corporate Interest and Other Results of Operations

Presented in the following table are the detailed changes to corporate interest and other results for the three and six months ended June 30, 2026 versus 2025:

	<i>In Millions</i>	
	Three Months Ended	Six Months Ended
June 30, 2025	\$ (16)	\$ (33)
<i>Reasons for the change</i>		
Absence of gains on extinguishment of debt	\$ (72)	\$ (72)
Higher interest charges	(3)	(14)
Lower tax expense	29	14
Higher (lower) interest earnings and other	(3)	7
June 30, 2026	\$ (65)	\$ (98)

Cash Position, Investing, and Financing

At June 30, 2026, CMS Energy had \$345 million of consolidated cash and cash equivalents, which included \$104 million of restricted cash and cash equivalents. At June 30, 2026, Consumers had \$215 million of consolidated cash and cash equivalents, which included \$85 million of restricted cash and cash equivalents.

Operating Activities

Presented in the following table are specific components of net cash provided by operating activities for the six months ended June 30, 2026 versus 2025:

	<i>In Millions</i>
CMS Energy, including Consumers	
Six Months Ended June 30, 2025	\$ 1,414
<i>Reasons for the change</i>	
Lower net income	\$ (115)
Non-cash transactions ¹	74
Unfavorable impact of changes in core working capital, ² due primarily to higher GCR undercollections, increase in coal purchases, and timing of payments to vendors, offset partially by higher collections on receivables	(97)
Favorable impact of changes in other assets and liabilities, due primarily to higher tax-credit sale proceeds, offset partially by final recovery of previously deferred power supply costs	51
Six Months Ended June 30, 2026	\$ 1,327
Consumers	
Six Months Ended June 30, 2025	\$ 1,479
<i>Reasons for the change</i>	
Lower net income	\$ (30)
Non-cash transactions ¹	41
Unfavorable impact of changes in core working capital, ² due primarily to higher GCR undercollections, increase in coal purchases, and timing of payments to vendors, offset partially by higher collections on receivables	(126)
Unfavorable impact of changes in other assets and liabilities, due primarily to final recovery of previously deferred power supply costs and higher income tax payments to CMS Energy	(124)
Six Months Ended June 30, 2026	\$ 1,240

¹ Non-cash transactions comprise depreciation and amortization, changes in deferred income taxes and investment tax credits, and other non-cash operating activities and reconciling adjustments.

² Core working capital comprises accounts receivable, accrued revenue, inventories, accounts payable, and accrued rate refunds.

Investing Activities

Presented in the following table are specific components of net cash used in investing activities for the six months ended June 30, 2026 versus 2025:

	<i>In Millions</i>
CMS Energy, including Consumers	
Six Months Ended June 30, 2025	\$ (1,880)
<i>Reasons for the change</i>	
Higher capital expenditures	\$ (234)
Other investing activities, primarily lower cost to retire property	21
Six Months Ended June 30, 2026	\$ (2,093)
Consumers	
Six Months Ended June 30, 2025	\$ (1,632)
<i>Reasons for the change</i>	
Higher capital expenditures	\$ (285)
Other investing activities, primarily lower cost to retire property	28
Six Months Ended June 30, 2026	\$ (1,889)

Financing Activities

Presented in the following table are specific components of net cash provided by financing activities for the six months ended June 30, 2026 versus 2025:

	<i>In Millions</i>
CMS Energy, including Consumers	
Six Months Ended June 30, 2025	\$ 1,213
<i>Reasons for the change</i>	
Lower debt issuances	\$ (1,282)
Higher debt retirements	(42)
Lower repayments of notes payable	65
Higher issuances of common stock	511
Higher payments of dividends on common stock	(27)
Higher proceeds from sale of membership interests in VIEs	16
Other financing activities, primarily higher customer advances for construction and lower debt issuance costs	42
Six Months Ended June 30, 2026	\$ 496
Consumers	
Six Months Ended June 30, 2025	\$ 714
<i>Reasons for the change</i>	
Lower debt issuances	\$ (274)
Higher debt retirements	(118)
Lower repayments of notes payable	65
Repayment of notes payable to CMS Energy	(340)
Higher stockholder contribution from CMS Energy	705
Higher payments of dividends on common stock	(32)
Other financing activities, primarily higher customer advances for construction	33
Six Months Ended June 30, 2026	\$ 753

Capital Resources and Liquidity

CMS Energy and Consumers expect to have sufficient liquidity to fund their present and future commitments. CMS Energy uses dividends and tax-sharing payments from its subsidiaries and external financing and capital transactions to invest in its utility and non-utility businesses, retire debt, pay dividends, and fund its other obligations. The ability of CMS Energy's subsidiaries, including Consumers, to pay dividends to CMS Energy depends upon each subsidiary's revenues, earnings, cash needs, and other factors. In addition, Consumers' ability to pay dividends is restricted by certain terms included in its articles of incorporation and potentially by FERC requirements and provisions under the Federal Power Act and the Natural Gas Act. For additional details on Consumers' dividend restrictions, see Notes to the Unaudited Consolidated Financial Statements—Note 4, Financings and Capitalization—Dividend Restrictions. During the six months ended June 30, 2026, Consumers paid \$448 million in dividends on its common stock to CMS Energy.

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

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

In 2023, CMS Energy entered into an equity offering program under which it could sell shares of its common stock having an aggregate sales price of up to \$1 billion in privately negotiated transactions, in "at the market" offerings, or through forward sales transactions. During the six months ended June 30, 2026, CMS Energy entered into forward sale agreements for approximately 6.4 million shares at a weighted average initial forward price of \$75.63 per share. During the same period, CMS Energy settled all of the remaining forward sale contracts under this program by issuing approximately 6.5 million shares at a weighted average price of \$75.80 per share, resulting in net proceeds of \$495 million. CMS Energy has fully utilized the program and does not have any remaining capacity available for future issuances under the 2023 equity offering program.

In May 2026, CMS Energy entered into an equity offering program under which it may sell shares of its common stock having an aggregate sales price of up to \$3 billion in privately negotiated transactions, in "at the market" offerings, or through forward sales transactions. There have been no sales of securities under this program.

CMS Energy, NorthStar Clean Energy, and Consumers use revolving credit facilities for general working capital purposes and to issue letters of credit. At June 30, 2026, CMS Energy had \$715 million of its revolving credit facility available, NorthStar Clean Energy had \$163 million available under its revolving credit facility, and Consumers had \$1.3 billion available under its revolving credit facilities.

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

commercial paper in an amount exceeding the available capacity of the facilities. At June 30, 2026, there were no commercial paper notes outstanding under this program.

For additional details about these programs and facilities, see Notes to the Unaudited Consolidated Financial Statements—Note 4, Financings and Capitalization.

Certain of CMS Energy’s, NorthStar Clean Energy’s, and Consumers’ credit agreements contain covenants that require each entity to maintain certain financial ratios, as defined therein. At June 30, 2026, no default had occurred with respect to any of the financial covenants contained in these credit agreements. Each of the entities was in compliance with the covenants contained in their respective credit agreements as of June 30, 2026, as presented in the following table:

	Limit	Actual
CMS Energy, parent only		
Debt to capital ¹	≤ 0.70 to 1.0	0.55 to 1.0
NorthStar Clean Energy		
Debt to capital ²	≤ 0.50 to 1.0	0.07 to 1.0
Debt service coverage ²	≥ 2.00 to 1.0	5.54 to 1.0
Pledged equity interests to aggregate commitment ^{2,3}	≥ 2.00 to 1.0	2.07 to 1.0
Consumers		
Debt to capital ⁴	≤ 0.65 to 1.0	0.50 to 1.0

¹ Applies to CMS Energy’s revolving credit agreement and letter of credit reimbursement agreement.

² Applies to NorthStar Clean Energy’s revolving credit agreement.

³ The aggregate book value of the pledged equity interests under the revolving credit agreement was at least two-times the aggregate commitment under the revolving credit agreement at June 30, 2026.

⁴ Applies to Consumers’ revolving credit agreements and certain letter of credit reimbursement agreements.

Outlook

Several business trends and uncertainties may affect CMS Energy’s and Consumers’ financial condition and results of operations. These trends and uncertainties could have a material impact on CMS Energy’s and Consumers’ consolidated income, cash flows, or financial position.

Since 2025, the federal government has taken numerous executive actions related to tariffs and trade, alleviating regulatory burdens, and environmental regulations and enforcement, among other areas of potential impact. Many of these actions require further implementation by federal agencies and departments, and many of these actions are or likely will be subject to judicial review. CMS Energy and Consumers continue to monitor these executive actions and will continue taking steps to deliver consistently on the triple bottom line.

For additional details regarding these and other uncertainties, see Forward-looking Statements and Information; Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters, Note 3, Contingencies and Commitments, and Note 8, Income Taxes; and Item 1A. Risk Factors in the 2025 Form 10-K.

Consumers Electric Utility Outlook and Uncertainties

Energy Supply: Consumers' Electric Supply Plan, its long-term strategy for delivering safe, reliable, affordable, clean, and equitable energy to its customers, is outlined in its IRP and incorporates Consumers' REP. The Electric Supply Plan is Consumers' blueprint for compliance with Michigan's 2023 Energy Law and for advancing sustainability objectives.

Among other things, the 2023 Energy Law:

- increased the renewable energy standard from 15 percent to 50 percent by 2030 and 60 percent by 2035
- established a clean energy standard of 80 percent by 2035 and 100 percent by 2040; low- or zero-carbon emitting resources, such as nuclear generation and natural gas generation coupled with carbon capture, qualify as clean energy sources under this standard
- created a new energy storage standard, requiring electric utilities to file plans by 2029 to help achieve a statewide target of 2,500 MW; the MPSC Staff has indicated that Consumers' share of this target is 817 MW

Consumers' integrated resource planning process provides a clear path toward these goals. Consumers expects to file updates to its IRP in September 2026 to reinforce and expand that pathway, while recent updates to the REP—approved by the MPSC in September 2025—position Consumers to achieve 60-percent renewable energy by 2035 and 100-percent clean energy by 2040.

To meet these objectives, Consumers is executing a multi-faceted strategy:

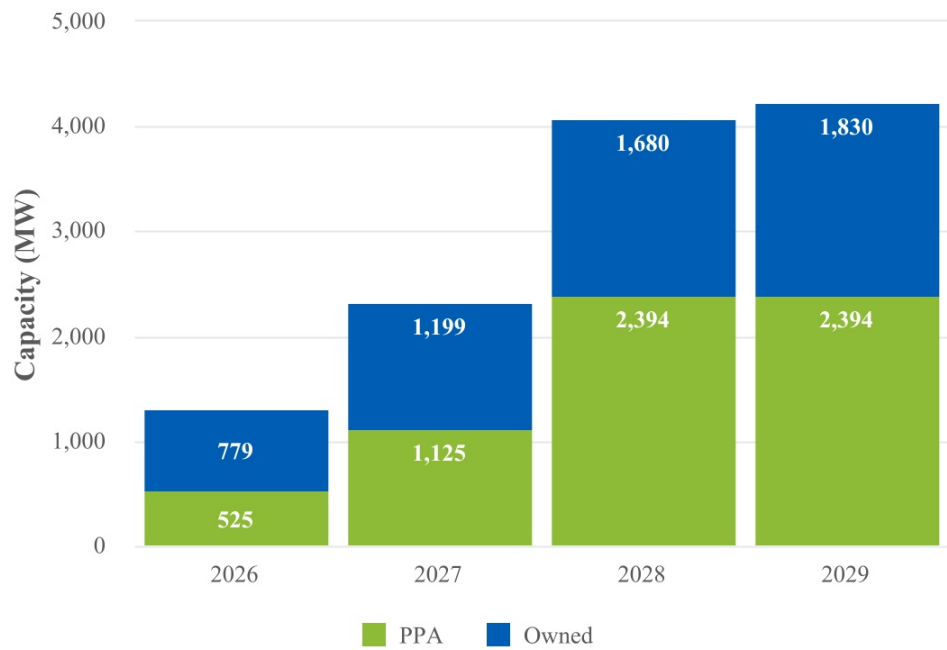
- **Ending the use of coal**—In 2023, Consumers retired the D.E. Karn coal-fueled generating units, totaling 515 MW of nameplate capacity, and as authorized by the MPSC, issued securitization bonds to finance the recovery of and return on those units. Additionally, Consumers obtained MPSC approval to retire J.H. Campbell in May 2025, totaling 1,407 MW of nameplate capacity, and to recover its remaining book value plus a 9.0-percent return on equity through regulatory asset treatment upon its retirement. As discussed further below, the retirement of J.H. Campbell is subject to temporary extensions under emergency orders issued by the U.S. Secretary of Energy.
- **Resource adequacy and reliability**—To maintain reliability during the transition, Consumers purchased the Covert Generating Station, representing 1,200 MW of nameplate capacity, in 2023. Additionally, in September 2025, Consumers entered into a new ten-year PPA with the MCV Partnership for the purchase of up to 1,240 MW of capacity and associated energy from the MCV Facility, effective June 1, 2030. The agreement is subject to MPSC approval, which will be requested as part of the next IRP filing.

In March 2026, Consumers announced the next IRP filing planned for September 2026 would include an all-of-the-above approach to electric supply, with over 13 GW in expanded renewables and clean energy resources including solar, battery storage, and wind, supported by two new natural gas-fueled electric generating plants totaling approximately 1,500 MW of capacity. These new units, which would be developed on existing sites in Bay and Genesee Counties, Michigan, would enhance reliability and maintain affordability.

- **Energy storage investments**—Consumers has contracted to purchase 850 MW of capacity from battery storage facilities to be located in Michigan's Lower Peninsula and with expected commercial operation dates through 2028.

- Renewable expansion—Recent REP updates include up to 4,000 MW of wind energy resources and up to 9,000 MW of both purchased and owned solar energy resources, of which 1,060 MW will support Consumers’ voluntary green pricing program.

Presented in the following illustration is the aggregate renewable capacity that Consumers expects to add to its portfolio through PPAs and owned generation under its IRP, voluntary green pricing program, and REP updates:



The company earns a return equal to its pre-tax weighted-average cost of capital on permanent capital structure for payments under new clean, renewable, or energy storage PPAs with non-affiliated entities.

Consumers will continue to competitively bid new capacity and energy resources, ensuring a balanced portfolio of intermittent renewables and dispatchable clean resources. Any resulting contracts are subject to MPSC approval. Through these integrated plans, Consumers is advancing Michigan’s clean energy transition while maintaining system reliability, affordability, and regulatory compliance.

J.H. Campbell Emergency Orders: In May 2025, before the planned closure of J.H. Campbell, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring J.H. Campbell to continue operating for 90 days, through August 20, 2025. Subsequently, the U.S. Secretary of Energy has issued four additional emergency orders for 90 days each, currently requiring continued operation of J.H. Campbell through August 16, 2026. These orders stated that continued operation of J.H. Campbell was required to meet an energy emergency across MISO’s North and Central regions. Consistent with the Federal Power Act and DOE regulations, the orders authorize Consumers to obtain cost recovery at FERC.

As directed, Consumers has continued to make J.H. Campbell available in the MISO market and, in June 2025, filed a complaint at FERC seeking a modification of the MISO Tariff that would enable Consumers to recover the costs of complying with the emergency orders. Consumers’ complaint sought a mechanism in the MISO Tariff that would allow allocation of those compliance costs across the MISO

North and Central regions, consistent with the nature of the energy emergency declared in the U.S. Secretary of Energy orders. In August 2025, FERC granted Consumers' complaint and ordered MISO to revise its tariff accordingly. MISO submitted a compliance filing with FERC in September 2025 and FERC rejected that filing in March 2026. MISO submitted a revised compliance filing in April 2026 and FERC approval of that filing remains pending.

From the date the first emergency order became effective through June 30, 2026, the net financial impact of complying with the emergency orders was \$259 million after applying MISO revenues of \$239 million.

In January 2026, Consumers filed a request at FERC seeking recovery and allocation of the net financial impact of complying with the May 2025 emergency order, which was \$42 million after applying MISO revenues of \$78 million. FERC approval of this filing, which encompasses recovery sought by the joint owners of J.H. Campbell, remains pending.

For all subsequent emergency orders, Consumers intends to seek recovery and allocation through FERC consistent with the recovery sought for the May 2025 emergency order. The ultimate financial impact remains subject to the outcome of the FERC proceedings and any future guidance or interpretation.

Following the May 2025 emergency order, several third-party stakeholders, including the Michigan Attorney General, the Organization of MISO States, and a group of environmental and public interest groups, asked the U.S. Secretary of Energy to reconsider the May 2025 emergency order. In July 2025, after the U.S. Secretary of Energy took no action on those requests, several parties filed petitions for review of the May 2025 emergency order in federal court. The requests for rehearing were subsequently denied, and similar challenges to the subsequent orders are underway. Third parties have also challenged FERC's August 2025 order granting Consumers' complaint seeking revisions to the MISO Tariff. That legal challenge is on hold pending the separate legal challenges to the emergency orders. The U.S. Secretary of Energy will likely issue more orders to require the continued operation of J.H. Campbell. While the timing and content of future orders and the outcome of third-party legal challenges are not yet known, Consumers is committed to pursuing cost recovery as provided for under applicable laws, orders, and proceedings.

To ensure appropriate staffing levels at J.H. Campbell, Consumers has implemented retention measures and expects to incur up to \$4 million during each 90-day emergency order period. Consumers will seek recovery of these retention costs from FERC, consistent with rate recovery sought for other costs of complying with the emergency orders. For additional details on this program, see Notes to the Unaudited Consolidated Financial Statements—Note 13, Exit Activities and Asset Sales.

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

Over the next five years, Consumers expects weather-normalized electric deliveries to increase compared to 2025. This outlook reflects strong growth in electric demand, offset partially by the effects of energy waste reduction programs. Actual delivery levels will depend on:

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

Electric ROA: Michigan law allows electric customers in Consumers' service territory to buy electric generation service from alternative electric suppliers in an aggregate amount capped at 10 percent of Consumers' sales, with certain exceptions. At June 30, 2026, electric deliveries under the ROA program were at the 10-percent limit. Fewer than 300 of Consumers' electric customers purchased electric generation service under the ROA program.

In 2016, Michigan law established a path to ensure that forward capacity is secured for all electric customers in Michigan, including customers served by alternative electric suppliers under ROA. The law also authorized the MPSC to ensure that alternative electric suppliers have procured enough capacity to cover their anticipated capacity requirements for the four-year forward period. In 2017, the MPSC issued an order establishing a state reliability mechanism for Consumers. Under this mechanism, if an alternative electric supplier does not demonstrate that it has procured its capacity requirements for the four-year forward period, its customers will pay a set charge to the utility for capacity that is not provided by the alternative electric supplier.

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

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

In January 2025, the Sixth Circuit Court of Appeals issued an opinion finding that the MPSC's imposition of a local clearing requirement on individual electric suppliers would discriminate against interstate commerce. The Court of Appeals remanded to the District Court for a determination of whether the local clearing requirement discriminated against interstate commerce and whether the MPSC's regulation survives a strict scrutiny standard, which depends on a determination of whether the local clearing requirement is the only means of achieving the state's goal of securing reliable energy supply. In January 2025, Consumers filed a petition for rehearing and en banc review with the Sixth Circuit Court of Appeals, requesting the Court to reconsider and reverse the panel's opinion. In February 2025, the Sixth Circuit Court of Appeals issued an order denying Consumers' petition for rehearing and en banc review. The case has therefore been remanded to the District Court for the Eastern District of Michigan for consideration of whether the MPSC's local clearing requirement meets the strict scrutiny standard pursuant to the Court of Appeals' decision. The remanded proceeding is pending at the Eastern District Court; there is no deadline for decision.

Sale of Hydroelectric Facilities: In September 2025, Consumers signed an agreement to sell its 13 river hydroelectric dams, which are located throughout Michigan, to a non-affiliated company. Additionally, Consumers signed an agreement to purchase power generated by the facilities for 30 years, at a price that reflects the counterparty's acceptance of the risks and rewards of ownership of the facilities, including FERC licensing obligations. The agreements are contingent upon MPSC and FERC approval, for which Consumers filed in October 2025.

In July 2026, Consumers filed exceptions to the proposal for decision issued in the related regulatory proceeding. The filing proposed a state-administered fund that would be established using all financial compensation mechanism revenues received under the PPA, estimated to total approximately \$270 million over the term of the agreement. Under the proposal, the fund would be controlled by the State of Michigan and used to support dam safety improvements, emergency response and remediation efforts, and future decommissioning or license surrender obligations associated with the hydroelectric facilities. The proposal is subject to regulatory review and approval.

An order from the MPSC is expected in September 2026. In Consumers' most recent electric rate cases, the MPSC has approved deferred accounting treatment for costs of owning and operating the hydroelectric dams pending and until completion of the transaction. At June 30, 2026, the net book value of the hydroelectric facilities was immaterial.

To ensure necessary staffing at the hydroelectric facilities through the anticipated sale, Consumers has provided current employees at the facilities with a retention incentive program. Subsequently, to ensure continued safe operation of the facilities after the sale, the buyer will offer employment to the current hydroelectric employees for a period of at least a year. The retention incentive benefits are contingent upon MPSC and FERC approval of the sale transaction.

Electric Rate Matters: Rate matters are critical to Consumers' electric utility business. For additional details on rate matters, see Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters and Note 3, Contingencies and Commitments.

2026 Electric Rate Case: In June 2026, Consumers filed an application with the MPSC seeking a rate increase of \$481 million made up of two components. First, Consumers requested a \$456 million annual rate increase, based on a 10.25-percent return on equity for the projected 12-month period ending April 30, 2028. The filing requested authority to recover costs related to new infrastructure investment primarily in distribution system reliability. Second, Consumers requested approval of a \$25 million surcharge for the recovery of distribution investments made during the 12 months ended February 28, 2026 that exceeded the rate amounts authorized in accordance with previous electric rate orders.

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

	<i>In Millions</i>
Projected 12-Month Period Ending April 30	2028
Investment in rate base	\$ 248
Operating and maintenance costs	46
Sales and other revenue	59
Cost of capital	103
Subtotal	\$ 456
Surcharge	25
Total	\$ 481

The MPSC must issue a final order in this case before or in April 2027.

Depreciation Rate Case: In December 2025, Consumers filed a depreciation case related to its electric and common utility property. In this case, Consumers requested to increase depreciation expense, and its recovery of that expense, by \$34 million annually based on December 31, 2024 balances.

Electric Environmental Outlook: Consumers’ electric operations are subject to various federal, state, and local environmental laws and regulations. Consumers estimates that it will incur capital expenditures of \$245 million from 2026 through 2030 to continue to comply with RCRA, the Clean Air Act, and numerous other environmental regulations. Consumers expects to recover these costs in customer rates, but cannot guarantee this result. Multiple environmental laws and regulations are subject to litigation. Consumers’ primary environmental compliance focus includes, but is not limited to, the following matters.

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

MATS, emission standards for electric generating units published by the EPA based on Section 112 of the Clean Air Act, continue to apply to Consumers. In February 2026, the EPA issued a final rule repealing changes made to the MATS rule in 2024. The company has complied, and continues to comply, with the MATS regulation and this repeal will have minimal impacts on Consumers’ electric generating units. Consumers does not expect MATS to impact its environmental strategy materially.

CSAPR requires Michigan and many other states to improve air quality by reducing power plant emissions that, according to EPA modeling, contribute to ground-level ozone in other downwind states. Consumers complies with this regulation and expects it to have minimal financial and operational impact in the near and/or long term.

In 2015, the EPA lowered the NAAQS for ozone and made it more difficult to construct or modify power plants and other emission sources in areas of the country that do not meet the ozone standard. Three counties in western Michigan have been designated as “serious” ozone nonattainment. Based on recent air-quality data, EGLE has submitted a Clean Data Determination for two of those counties, a step toward redesignating those two counties to ozone attainment. The EPA has proposed approving the Clean Data Determination. Separately, a December 2025 court decision vacated the EPA’s 2023 redesignation of a seven-county area in southeast Michigan from moderate ozone nonattainment to attainment. In May 2026, EGLE submitted to the EPA an addendum to its request to redesignate the southeast Michigan counties to attainment status based on updated ozone data for the area. None of Consumers’ fossil-fuel-fired generating units are located in the affected western or southeastern Michigan areas. Consumers will continue to monitor developments related to the court decision and any resulting regulatory actions but does not expect them to have any impact on its generating assets.

In 2024, the EPA published a lower fine particulate matter NAAQS, which could result in newly designated nonattainment areas in Michigan starting in 2026. In 2025, EGLE proposed nonattainment areas for Kalamazoo and Wayne counties, with a decision by the EPA expected in 2026. Consumers does not have any fossil-fuel-fired generating assets in these counties and therefore does not expect this rule to have significant impacts on its existing generating assets or its clean energy strategy. Consumers will continue to monitor NAAQS rulemakings and litigation to evaluate potential impacts to its generating assets.

In January 2026, the EPA published a final rule amending new source performance standards for new, modified, and reconstructed stationary combustion turbines to lower emission limits for NOx. This final rule requires new large simple-cycle turbine units with higher capacity factors to install control equipment for NOx emissions. This rule will apply to any future stationary combustion turbines.

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

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

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

In 2025, the EPA proposed a rule to reconsider the Greenhouse Gas Reporting Program by eliminating the reporting obligations from numerous emission sources, including Consumers' electric generation sites and distribution equipment. In February 2026, the EPA finalized a portion of the proposed rule that delayed reporting deadlines for reporting year 2025 from March to October 2026 but did not substantively address whether the program would be retained or eliminated. Reporting of carbon dioxide to the EPA, however, will continue for sources subject to the Clean Air Act Acid Rain Program, which includes Consumers' fossil-fuel-fired electric generation. This change could result in inconsistent approaches in voluntary greenhouse gas accounting for industrial sources.

In 2024, the EPA finalized its rule under Section 111 of the Clean Air Act to address greenhouse gas emissions from new combustion turbine electric generating units and existing coal-, gas-, and oil-fueled steam electric generating units. These rules do not address existing combustion turbine electric generating units. In 2025, the EPA issued a proposed rule containing two different pathways to rescind these requirements. Consumers does not expect these proposed changes will have a significant impact on its existing gas- and oil-fueled steam electric generating assets. Consumers will continue to follow the EPA rules that address greenhouse gas emissions and will continue to evaluate potential impacts to its operations, both present and future.

Increased frequency or intensity of severe or extreme weather events, including those due to climate change, could materially impact Consumers' facilities, energy sales, and results of operations. Consumers is unable to predict these events; however, Consumers evaluates the potential physical impacts of climate change on its operations, including increased frequency or intensity of storm activity; increased precipitation; increased temperature; and changes in lake and river levels. Consumers released a report addressing the physical risks of climate change on its infrastructure in 2022. Consumers is taking steps to mitigate these risks as appropriate.

While Consumers cannot predict the outcome of changes in U.S. policy or of other legislative, executive, or regulatory initiatives involving the potential regulation or reporting of greenhouse gases, it intends to move forward with its compliance with Michigan's clean energy requirements, its own sustainability goals, and its emphasis on reliable and resilient electric supply. Litigation, international treaties, executive orders, federal laws and regulations (including regulations by the EPA), and state laws and regulations, if enacted or ratified, could ultimately impact Consumers. Consumers may be required to:

- replace equipment
- install additional emission control equipment

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

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

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

In 2024, the EPA finalized a rule regulating legacy CCR surface impoundments and CCR management units in response to litigation that exempted inactive impoundments at inactive facilities from the 2015 CCR rule. The new rule adopts minimum standards for impoundments at electric generating facilities that became inactive before the 2015 CCR rule's effective date. During 2024, owners and operators were required to assess whether an inactive facility contains a legacy surface impoundment and then, for identified locations, proceed with the compliance schedule.

Additionally, the EPA established groundwater monitoring, corrective action, closure, and post-closure care requirements for CCR surface impoundments and landfills closed prior to the effective date of the 2015 CCR rule, but that do not meet the closure technical and performance standards of the 2024 rule. These include inactive CCR landfills that were previously exempted from regulation but that are now considered CCR management units. Owners are required to conduct an evaluation at active facilities or any inactive facilities with at least one legacy impoundment to identify CCR management units and determine an appropriate course of action (closure, groundwater treatment, etc.) for each identified unit according to established compliance milestone schedules. In February 2026, the EPA issued a final rule extending the compliance milestone schedule for CCR management units. This extension does not have a material impact on Consumers' compliance strategy.

Separately, Congress passed legislation in 2016 allowing participating states to develop permitting programs for CCRs under RCRA Subtitle D. The EPA was granted authority to review these permitting programs to determine if permits issued under the proposed program would be as protective as the federal rule. Once approved, permits issued from an authorized state would serve as the basis for compliance, replacing the requirement to self-certify each aspect of the 2015 CCR rule.

Consumers, with agreement from EGLE, completed the work necessary to initiate closure by excavating CCRs or placing a final cover over each of its relevant CCR units prior to the closure initiation deadline set forth in the 2015 CCR rule. Consumers has historically been authorized to recover in electric rates costs related to coal ash disposal sites that supported power generation. Consumers completed an assessment of inactive facilities as required by the 2024 CCR rule, and did not identify any legacy impoundments. A proposed rule was issued in April 2026 requesting that entities subject to the regulations provide supporting information for proposed changes to requirements related to CCRMUs and

other CCR closure obligations. Consumers is evaluating the proposed rule. Any changes to compliance strategy will depend on the content of any final rule issued.

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

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

The EPA also regulates the discharge of wastewater through its effluent limitation guidelines for steam electric generating plants. Consumers has submitted the appropriate notices of planned participation in compliance with this rule. Consumers has also submitted timely NPDES permit applications and will be working with EGLE to incorporate applicable provisions during the permit renewal process.

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

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

Statutes like the federal Endangered Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act of 1940 and changes to permitting may impact operations at Consumers' facilities. In 2024, the U.S. Fish and Wildlife Service published a final rule providing for bald eagle general permits for qualifying wind farms and electric distribution systems. Consumers has received, or is pursuing, bald eagle general permits for all its wind farms. While any resulting permitting and monitoring fees and/or restrictions on operations could impact Consumers' existing and future operations, Consumers does not expect any material changes to its environmental strategy or Electric Supply Plan as a result of this rule.

Additionally, Consumers regularly monitors proposed changes to the listing status of several species within its operational area. A change in species listed under the Endangered Species Act, or under Michigan's equivalent law, may impact Consumers' costs to mitigate its impact on protected species and habitats at certain existing facilities as well as siting choices for new facilities.

Other Matters: Other electric environmental matters could have a material impact on Consumers' outlook. For additional details on other electric environmental matters, see Notes to the Unaudited Consolidated Financial Statements—Note 3, Contingencies and Commitments—Consumers Electric Utility Contingencies—Electric Environmental Matters.

Consumers Gas Utility Outlook and Uncertainties

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

Over the next five years, Consumers expects weather-normalized gas deliveries to remain stable relative to 2025. This outlook reflects modest growth in gas demand, offset by the effects of energy waste reduction programs. Actual delivery levels will depend on:

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

Gas Rate Matters: Rate matters are critical to Consumers’ gas utility business. For additional details on rate matters, see Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters and Note 3, Contingencies and Commitments.

2025 Gas Rate Case: In December 2025, Consumers filed an application with the MPSC seeking an annual rate increase of \$240 million based on a 10.25-percent authorized return on equity for the projected 12-month period ending October 31, 2027. In June 2026, Consumers revised its requested increase to \$232 million.

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

	<i>In Millions</i>	
Projected 12-Month Period Ending October 31		2027
Investment in rate base	\$	93
Operating and maintenance costs		61
Cost of capital		77
Sales/gross margin		1
Total	\$	232

The MPSC must issue a final order in this case before or in October 2026.

Gas Pipeline and Storage Integrity and Safety: Consumers’ gas operations are governed by federal and state pipeline safety rules, and there are robust processes and procedures in place to maintain compliance with these regulations. The U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration has published rules that revise federal safety standards for gas transmission pipelines and underground storage facilities. Consumers has implemented measures to achieve compliance with the revised regulations. Proposed rules expanding federal gas safety requirements for distribution lines are in the final stages of regulatory review with publication anticipated near the end of 2026. Consumers will continue to monitor developments related to the proposed rules and assess impacts to its gas pipeline and storage assets. While Consumers expects to recover any costs of complying with new regulations in customer rates, it cannot guarantee that result.

Gas Environmental Outlook: Consumers expects to incur response activity costs at a number of sites, including 23 former MGP sites. For additional details, see Notes to the Unaudited Consolidated Financial Statements—Note 3, Contingencies and Commitments—Consumers Gas Utility Contingencies.

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

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

In 2015, the EPA lowered the NAAQS for ozone and made it more difficult to construct or modify natural gas compressor stations and other emission sources in areas of the country that do not meet the ozone standard. Three counties in western Michigan have been designated as “serious” ozone nonattainment. Based on recent air-quality data, EGLE has submitted a Clean Data Determination for two of those counties, a step toward redesignating those two counties to ozone attainment. However, Consumers has one compressor station located in the remaining nonattainment area. Consequently, Consumers is retrofitting equipment at this compressor station to lower NOx emissions.

Additionally, a December 2025 court decision vacated the EPA’s 2023 redesignation of the seven-county area in southeast Michigan from moderate ozone nonattainment to attainment. In May 2026, EGLE submitted to the EPA an addendum to its request for redesignation to attainment for the southeast Michigan counties, based on updated ozone data for the area. Four of Consumers’ compressor stations are located in these counties, with one station having assets that may be impacted by the redesignation change. Consumers will continue to monitor the recent court decision’s impact on the seven-county area in southeast Michigan, including resulting agency actions, and the potential impacts to compressor station assets.

Consumers will continue to monitor NAAQS rulemakings and litigation, and evaluate potential impacts to its compressor stations and other applicable natural gas storage and delivery assets.

In 2024, the EPA published a lower fine particulate matter NAAQS, which could result in newly designated nonattainment areas in Michigan starting in 2026. In 2025, EGLE proposed nonattainment areas for Kalamazoo and Wayne counties, with a decision by the EPA expected in 2026. Consumers has one compressor station located in Wayne County and will continue to monitor NAAQS rulemakings and litigation to evaluate potential impacts to the natural gas compressor station assets.

Greenhouse Gases: Some interest exists at the various levels of government in regulating greenhouse gases or their sources. Future regulations, if adopted, may involve requirements to reduce methane emissions from Consumers’ gas utility operations and carbon dioxide emissions from customer use of natural gas. Consumers will continue to monitor such potential rules for impacts.

In September 2025, the EPA proposed a rule to reconsider the Greenhouse Gas Reporting Program by removing the natural gas distribution segment from the reporting obligations under the petroleum and natural gas source category, and proposed to delay the reporting obligations until 2034 for the remaining sources in this category. In February 2026, the EPA finalized a portion of the proposed rule that delayed reporting deadlines for reporting year 2025 from March to October 2026 but did not substantively address whether the program would be retained or eliminated. If this proposal is finalized as proposed, it could result in inconsistent approaches in voluntary greenhouse gas accounting for industrial sources.

Consumers is making voluntary efforts to reduce its gas utility’s methane emissions. Under its Methane Reduction Plan, Consumers has set a goal of net-zero methane emissions from its natural gas delivery system by 2030. Consumers plans to reduce methane emissions from its system by about 80 percent from

2012 baseline levels by accelerating the replacement of aging pipe, rehabilitating or retiring outdated infrastructure, and adopting new technologies and practices. The remaining emissions will likely be offset through clean fuel alternatives or nature-based carbon removal pathways. To date, Consumers has reduced methane emissions by nearly 40 percent.

Consumers has already initiated work in these key areas by continuing to expand its energy waste reduction targets and by offering gas customers the ability to offset their carbon footprint associated with natural gas use by purchasing renewable natural gas and/or carbon credits associated with Michigan forest preservation. Consumers has renewable natural gas facilities under construction scheduled for commercial operation in 2026 and is monitoring regulatory developments and market conditions closely as part of its ongoing evaluation of the projects. As part of this evaluation, two early-phase renewable natural gas development projects have been paused indefinitely, and Consumers recognized an impairment charge of \$15 million related to these projects in 2025. Consumers is evaluating and monitoring newer technologies to determine their role in achieving Consumers' interim and long-term net-zero goals, including biofuels, geothermal, synthetic methane, carbon capture sequestration systems, and other innovative technologies.

NorthStar Clean Energy Outlook and Uncertainties

CMS Energy's primary focus with respect to its NorthStar Clean Energy businesses is to maximize the value of generating assets representing 1,865 MW of capacity.

In July 2026, the CMS Energy Board of Directors approved a plan to divest certain renewable projects owned by NorthStar Clean Energy and to exit non-utility renewables development. The projects included in the planned divestiture are primarily non-Michigan-based renewable generation projects. CMS Energy has initiated a sales process for these renewable projects and is evaluating market information and potential indications of interest. CMS Energy expects to classify the related assets and liabilities as held for sale in the third quarter of 2026, as the held-for-sale criteria were not met as of June 30, 2026. CMS Energy could record a material impairment charge in the third quarter of 2026 if expected sale proceeds are insufficient to recover the carrying value of the assets. CMS Energy expects to complete the divestment within twelve months, subject to negotiating contractual terms with a third-party, which would then be subject to regulatory approvals and other customary closing conditions.

In June 2026, NorthStar Clean Energy sold to a tax equity investor a Class A membership interest in HL Solar Holdings, the holding company of a 96-MW solar generation project being constructed in St. Clair County, Michigan, and the future holding company of a 120-MW solar generation project being constructed in Hart Township, Michigan. The nameplate capacity of both projects has been committed under long-term renewable energy purchase agreements. The tax equity investor contributed \$9 million in June 2026 and will contribute additional amounts upon further completion of the projects. The tax equity financing will also incorporate the sale of investment tax credits once the projects are placed into service for tax purposes, expected later in 2026.

NorthStar Clean Energy retained a Class B membership interest in HL Solar Holdings. Earnings, tax attributes, and cash flows generated by HL Solar Holdings will be allocated among and distributed to the membership classes in accordance with the ratios specified in the associated limited liability company operating agreement; these ratios will change over time and will not be representative of the ownership interest percentages of each membership class. For additional details, see Notes to the Unaudited Consolidated Financial Statements—Note 12, Variable Interest Entities.

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

- investment in and financial benefits received from renewable energy and energy storage projects, including changes to tax and trade policy
- delays or difficulties in financing, constructing, and developing projects, including those arising from the performance of contractors, suppliers, or other counterparties
- changes in energy, capacity, and other commodity prices
- changes in market rules, resource accreditation methodologies, and regulatory frameworks, including MISO capacity accreditation requirements
- severe weather events and climate change associated with increasing levels of greenhouse gases
- changes in various environmental laws, regulations, principles, or practices, or in their interpretation
- indemnity obligations assumed in connection with ownership interests in facilities that involve tax equity financing
- representations, warranties, and indemnities provided in connection with sales of assets
- delays or difficulties in obtaining environmental permits

For additional details regarding NorthStar Clean Energy's uncertainties, see Notes to the Unaudited Consolidated Financial Statements—Note 3, Contingencies and Commitments—Guarantees.

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

MATS, emission standards for electric generating units published by the EPA based on Section 112 of the Clean Air Act, continue to apply to one of the NorthStar Clean Energy electric generating sites. In February 2026, the EPA issued a final rule repealing changes made to the MATS rule in 2024. The company has complied, and continues to comply, with the MATS regulation and this repeal will have minimal impacts on NorthStar Clean Energy's electric generating units. NorthStar Clean Energy does not expect MATS to impact its environmental strategy materially.

CSAPR requires Michigan and many other states to improve air quality by reducing power plant emissions that, according to EPA modeling, contribute to ground-level ozone in other downwind states. NorthStar Clean Energy complies with this regulation and expects it to have minimal financial and operational impact in the near and/or long term.

In 2024, the EPA published a lower fine particulate matter NAAQS, which could result in newly designated nonattainment areas in Michigan starting in 2026. In 2025, EGLE proposed nonattainment areas for Kalamazoo and Wayne counties, with a decision by the EPA expected in 2026. NorthStar Clean Energy has two fossil-fuel-fired generating units in these counties and will continue to monitor NAAQS rulemaking and litigation to evaluate potential impacts to its generating assets.

In January 2026, the EPA published a final rule amending new source performance standards for new, modified, and reconstructed stationary combustion turbines to lower emission limits for NOx. This final rule requires new large simple-cycle turbine units with higher capacity factors to install control equipment for NOx emissions. NorthStar Clean Energy's existing generation is not impacted by this rule, but the rule could apply to any future generation.

A December 2025 court decision vacated the EPA's 2023 redesignation of the seven-county area in southeast Michigan from moderate ozone nonattainment to attainment. In May 2026, EGLE submitted to

the EPA an addendum to its request for redesignation to attainment for the southeast Michigan counties, based on updated ozone data for the area. NorthStar Clean Energy has one electric generating station located within this area. NorthStar Clean Energy will continue to monitor the recent court decision's impact on the seven-county area in southeast Michigan, including resulting agency actions, and the potential impacts to compressor station assets.

For additional details regarding the ozone NAAQS, see Consumers Electric Utility Outlook and Uncertainties—Electric Environmental Outlook.

In 2025, the EPA proposed a rule to reconsider the Greenhouse Gas Reporting Program by eliminating the reporting obligations from numerous emission sources. Reporting of carbon dioxide to the EPA, however, will continue for sources subject to the Clean Air Act Acid Rain Program. In February 2026, the EPA finalized a portion of the proposed rule that delayed reporting deadlines for reporting year 2025 from March to October 2026 but did not substantively address whether the program would be retained or eliminated. This change could result in inconsistent approaches in voluntary greenhouse gas accounting for industrial sources.

In 2024, the EPA finalized its rule under Section 111 of the Clean Air Act to address greenhouse gas emissions from new combustion turbine electric generating units and existing coal-, gas-, and oil-fueled steam electric generating units. These rules do not address existing combustion turbine electric generating units. In 2025, the EPA issued a proposed rule containing two different pathways to rescind these requirements. Neither pathway impacts NorthStar Clean Energy's existing facilities. NorthStar Clean Energy will continue to follow the EPA rules that address greenhouse gas emissions and will continue to evaluate potential impacts to its operations, both present and future.

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

Other Outlook and Uncertainties

Litigation: CMS Energy, Consumers, and certain of their subsidiaries are parties to various litigation matters, as well as to administrative proceedings before various courts and governmental agencies, arising in the ordinary course of business. For additional details regarding certain legal matters, see Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters, Note 3, Contingencies and Commitments, and Note 8, Income Taxes.

New Accounting Standards

For details regarding new accounting standards issued but not yet effective, see Notes to the Unaudited Consolidated Financial Statements—Note 1, New Accounting Standards.

CMS Energy Corporation

Consolidated Statements of Income (Unaudited)

In Millions, Except Per Share Amounts

	Three Months Ended		Six Months Ended	
June 30	2026	2025	2026	2025
Operating Revenue	\$ 1,829	\$ 1,838	\$ 4,559	\$ 4,285
Operating Expenses				
Fuel for electric generation	104	134	324	351
Purchased and interchange power	455	439	906	819
Purchased power – related parties	14	30	34	48
Cost of gas sold	102	124	618	507
Maintenance and other operating expenses	464	397	912	802
Depreciation and amortization	308	288	720	676
General taxes	118	109	291	271
Total operating expenses	1,565	1,521	3,805	3,474
Operating Income	264	317	754	811
Other Income (Expense)				
Non-operating retirement benefits, net	50	47	101	89
Other income	29	95	57	109
Other expense	(4)	(5)	(8)	(11)
Total other income	75	137	150	187
Interest Charges				
Interest on long-term debt	211	199	420	386
Interest expense – related parties	3	3	6	6
Other interest expense	5	—	4	(1)
Allowance for borrowed funds used during construction	(9)	(3)	(17)	(6)
Total interest charges	210	199	413	385
Income Before Income Taxes	129	255	491	613
Income Tax Expense	33	62	118	125
Net Income	96	193	373	488
Loss Attributable to Noncontrolling Interests	(24)	(8)	(87)	(17)
Net Income Attributable to CMS Energy	120	201	460	505
Preferred Stock Dividends	3	3	5	5
Net Income Available to Common Stockholders	\$ 117	\$ 198	\$ 455	\$ 500
Basic Earnings Per Average Common Share	\$ 0.38	\$ 0.67	\$ 1.48	\$ 1.68
Diluted Earnings Per Average Common Share	\$ 0.37	\$ 0.66	\$ 1.47	\$ 1.67

The accompanying notes are an integral part of these statements.

CMS Energy Corporation

Consolidated Statements of Comprehensive Income (Unaudited)

In Millions

June 30	Three Months Ended		Six Months Ended	
	2026	2025	2026	2025
Net Income	\$ 96	\$ 193	\$ 373	\$ 488
Retirement Benefits Liability				
Amortization of net actuarial loss, net of tax of \$— for all periods	—	—	1	—
Other Comprehensive Income	—	—	1	—
Comprehensive Income	96	193	374	488
Comprehensive Loss Attributable to Noncontrolling Interests	(24)	(8)	(87)	(17)
Comprehensive Income Attributable to CMS Energy	\$ 120	\$ 201	\$ 461	\$ 505

The accompanying notes are an integral part of these statements.

CMS Energy Corporation

Consolidated Statements of Cash Flows (Unaudited)

	<i>In Millions</i>	
Six Months Ended June 30	2026	2025
Cash Flows from Operating Activities		
Net income	\$ 373	\$ 488
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortization	720	676
Deferred income taxes and investment tax credits	114	124
Other non-cash operating activities and reconciling adjustments	(104)	(144)
<i>Changes in assets and liabilities</i>		
Accounts receivable and accrued revenue	211	80
Inventories	(34)	34
Accounts payable and accrued rate refunds	(136)	24
Other current assets and liabilities	(7)	117
Other non-current assets and liabilities	190	15
Net cash provided by operating activities	1,327	1,414
Cash Flows from Investing Activities		
Capital expenditures (excludes assets placed under finance lease)	(2,006)	(1,772)
Cost to retire property and other investing activities	(87)	(108)
Net cash used in investing activities	(2,093)	(1,880)
Cash Flows from Financing Activities		
Proceeds from issuance of debt	1,167	2,449
Retirement of debt	(883)	(841)
Decrease in notes payable	—	(65)
Issuance of common stock	528	17
Payment of dividends on common and preferred stock	(358)	(331)
Proceeds from the sale of membership interests in VIEs	—	44
Proceeds from the sale of membership interest in VIE to tax equity investor	60	—
Other financing costs	(18)	(60)
Net cash provided by financing activities	496	1,213
Net Increase (Decrease) in Cash and Cash Equivalents, Including Restricted Amounts	(270)	747
Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period	615	178
Cash and Cash Equivalents, Including Restricted Amounts, End of Period	\$ 345	\$ 925
Other Cash Flow Activities and Non-cash Investing and Financing Activities		
<i>Non-cash transactions</i>		
Capital expenditures not paid	590	537
Deemed contribution from sale of membership interest	\$ 87	\$ —

The accompanying notes are an integral part of these statements.

CMS Energy Corporation

Consolidated Balance Sheets (Unaudited)

ASSETS

	<i>In Millions</i>	
	June 30 2026	December 31 2025
Current Assets		
Cash and cash equivalents	\$ 241	\$ 509
Restricted cash and cash equivalents	104	106
Accounts receivable and accrued revenue, less allowance of \$32 in 2026 and \$27 in 2025	1,008	1,306
Accounts receivable – related parties	15	17
<i>Inventories at average cost</i>		
Gas in underground storage	414	427
Materials and supplies	345	329
Generating plant fuel stock	65	35
Deferred property taxes	350	479
Regulatory assets	81	104
Prepayments and other current assets	243	160
Total current assets	2,866	3,472
Plant, Property, and Equipment		
Plant, property, and equipment, gross	39,227	37,763
Less accumulated depreciation and amortization	10,496	10,135
Plant, property, and equipment, net	28,731	27,628
Construction work in progress	3,598	3,052
Total plant, property, and equipment	32,329	30,680
Other Non-current Assets		
Regulatory assets	3,274	3,355
Accounts receivable	18	18
Investments	63	61
Postretirement benefits	2,053	1,957
Other	302	398
Total other non-current assets	5,710	5,789
Total Assets	\$ 40,905	\$ 39,941

LIABILITIES AND EQUITY

	<i>In Millions</i>	
	June 30 2026	December 31 2025
Current Liabilities		
Current portion of long-term debt and finance leases	\$ 870	\$ 956
Accounts payable	1,223	1,395
Accounts payable – related parties	6	9
Accrued rate refunds	—	28
Accrued interest	183	182
Accrued taxes	498	708
Regulatory liabilities	96	85
Other current liabilities	187	185
Total current liabilities	3,063	3,548
Non-current Liabilities		
Long-term debt	18,172	17,807
Non-current portion of finance leases	259	135
Regulatory liabilities	4,152	4,091
Postretirement benefits	93	95
AROs	808	792
Deferred investment tax credit	116	118
Deferred income taxes	3,399	3,252
Other non-current liabilities	444	392
Total non-current liabilities	27,443	26,682
Commitments and Contingencies (Notes 2, 3, and 8)		
Equity		
<i>Common stockholders' equity</i>		
Common stock, authorized 700.0 shares in 2026 and 350.0 shares in 2025; outstanding 313.6 shares in 2026 and 306.4 shares in 2025	3	3
Other paid-in capital	7,036	6,510
Accumulated other comprehensive loss	(35)	(36)
Retained earnings	2,546	2,443
Total common stockholders' equity	9,550	8,920
Cumulative redeemable perpetual preferred stock, Series C, authorized 9.2 depositary shares; outstanding 9.2 depositary shares in both periods	224	224
Total stockholders' equity	9,774	9,144
Noncontrolling interests	625	567
Total equity	10,399	9,711
Total Liabilities and Equity	\$ 40,905	\$ 39,941

The accompanying notes are an integral part of these statements.

CMS Energy Corporation

Consolidated Statements of Changes in Equity (Unaudited)

In Millions, Except Per Share Amounts

June 30	Three Months Ended		Six Months Ended	
	2026	2025	2026	2025
Total Equity at Beginning of Period	\$ 10,051	\$ 8,923	\$ 9,711	\$ 8,748
Common Stock				
At beginning and end of period	3	3	3	3
Other Paid-in Capital				
At beginning of period	6,669	5,975	6,510	6,009
Common stock issued	368	23	540	35
Common stock repurchased	(1)	—	(14)	(12)
Adjustment for sale of membership interests in VIEs	—	—	—	(34)
At end of period	7,036	5,998	7,036	5,998
Accumulated Other Comprehensive Loss				
<i>Retirement benefits liability</i>				
At beginning of period	(35)	(41)	(36)	(41)
Amortization of net actuarial loss	—	—	1	—
Amortization of prior service cost	—	—	—	—
At end of period	(35)	(41)	(35)	(41)
Retained Earnings				
At beginning of period	2,605	2,174	2,443	2,035
Net income attributable to CMS Energy	120	201	460	505
Dividends declared on common stock	(176)	(162)	(352)	(325)
Dividends declared on preferred stock	(3)	(3)	(5)	(5)
At end of period	2,546	2,210	2,546	2,210
Cumulative Redeemable Perpetual Preferred Stock, Series C				
At beginning and end of period	224	224	224	224
Noncontrolling Interests				
At beginning of period	585	588	567	518
Sale of membership interests in VIEs	—	—	—	78
Sale of membership interest in VIE to tax equity investor	70	—	152	—
Loss attributable to noncontrolling interests	(24)	(8)	(87)	(17)
Other changes in noncontrolling interests	(6)	(3)	(7)	(2)
At end of period	625	577	625	577
Total Equity at End of Period	\$ 10,399	\$ 8,971	\$ 10,399	\$ 8,971
Dividends declared per common share	\$ 0.5700	\$ 0.5425	\$ 1.1400	\$ 1.0850
Dividends declared per preferred stock Series C depositary share	\$ 0.2625	\$ 0.2625	\$ 0.5250	\$ 0.5250

The accompanying notes are an integral part of these statements.

Consumers Energy Company

Consolidated Statements of Income (Unaudited)

In Millions

	Three Months Ended		Six Months Ended	
June 30	2026	2025	2026	2025
Operating Revenue	\$ 1,726	\$ 1,746	\$ 4,338	\$ 4,094
Operating Expenses				
Fuel for electric generation	69	113	230	306
Purchased and interchange power	434	394	853	729
Purchased power – related parties	14	30	34	48
Cost of gas sold	102	123	616	505
Maintenance and other operating expenses	429	376	845	749
Depreciation and amortization	293	276	693	651
General taxes	114	106	284	265
Total operating expenses	1,455	1,418	3,555	3,253
Operating Income	271	328	783	841
Other Income (Expense)				
Non-operating retirement benefits, net	47	45	95	84
Other income	29	19	50	29
Other expense	(7)	(4)	(10)	(7)
Total other income	69	60	135	106
Interest Charges				
Interest on long-term debt	139	131	272	253
Interest expense – related parties	12	10	26	20
Other interest expense	2	3	2	3
Allowance for borrowed funds used during construction	(9)	(3)	(17)	(5)
Total interest charges	144	141	283	271
Income Before Income Taxes	196	247	635	676
Income Tax Expense	38	59	131	142
Net Income	158	188	504	534
Preferred Stock Dividends	1	1	1	1
Net Income Available to Common Stockholder	\$ 157	\$ 187	\$ 503	\$ 533

The accompanying notes are an integral part of these statements.

Consumers Energy Company

Consolidated Statements of Comprehensive Income (Unaudited)

	<i>In Millions</i>			
	Three Months Ended		Six Months Ended	
June 30	2026	2025	2026	2025
Net Income	\$ 158	\$ 188	\$ 504	\$ 534
Other Comprehensive Income	—	—	—	—
Comprehensive Income	\$ 158	\$ 188	\$ 504	\$ 534

The accompanying notes are an integral part of these statements.

Consumers Energy Company

Consolidated Statements of Cash Flows (Unaudited)

	<i>In Millions</i>	
Six Months Ended June 30	2026	2025
Cash Flows from Operating Activities		
Net income	\$ 504	\$ 534
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortization	693	651
Deferred income taxes and investment tax credits	87	66
Other non-cash operating activities and reconciling adjustments	(102)	(80)
<i>Changes in assets and liabilities</i>		
Accounts and notes receivable and accrued revenue	221	95
Inventories	(37)	33
Accounts payable and accrued rate refunds	(123)	59
Other current assets and liabilities	(28)	125
Other non-current assets and liabilities	25	(4)
Net cash provided by operating activities	1,240	1,479
Cash Flows from Investing Activities		
Capital expenditures (excludes assets placed under finance lease)	(1,804)	(1,519)
Cost to retire property and other investing activities	(85)	(113)
Net cash used in investing activities	(1,889)	(1,632)
Cash Flows from Financing Activities		
Proceeds from issuance of debt	849	1,123
Retirement of debt	(175)	(57)
Decrease in notes payable	—	(65)
Decrease in notes payable – related parties	(340)	—
Stockholder contribution	855	150
Payment of dividends on common and preferred stock	(449)	(417)
Other financing costs	13	(20)
Net cash provided by financing activities	753	714
Net Increase in Cash and Cash Equivalents, Including Restricted Amounts	104	561
Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period	111	119
Cash and Cash Equivalents, Including Restricted Amounts, End of Period	\$ 215	\$ 680
Other Cash Flow Activities and Non-cash Investing and Financing Activities		
<i>Non-cash transactions</i>		
Capital expenditures not paid	\$ 497	\$ 425

The accompanying notes are an integral part of these statements.

Consumers Energy Company

Consolidated Balance Sheets (Unaudited)

ASSETS

	<i>In Millions</i>	
	June 30 2026	December 31 2025
Current Assets		
Cash and cash equivalents	\$ 130	\$ 25
Restricted cash and cash equivalents	85	86
Accounts receivable and accrued revenue, less allowance of \$32 in 2026 and \$27 in 2025	962	1,210
Accounts and notes receivable – related parties	8	15
<i>Inventories at average cost</i>		
Gas in underground storage	414	427
Materials and supplies	336	316
Generating plant fuel stock	60	31
Deferred property taxes	350	479
Regulatory assets	81	104
Prepayments and other current assets	198	132
Total current assets	2,624	2,825
Plant, Property, and Equipment		
Plant, property, and equipment, gross	37,175	36,120
Less accumulated depreciation and amortization	10,177	9,842
Plant, property, and equipment, net	26,998	26,278
Construction work in progress	3,102	2,354
Total plant, property, and equipment	30,100	28,632
Other Non-current Assets		
Regulatory assets	3,274	3,355
Accounts receivable	24	24
Accounts and notes receivable – related parties	87	88
Postretirement benefits	1,910	1,821
Other	247	346
Total other non-current assets	5,542	5,634
Total Assets	\$ 38,266	\$ 37,091

LIABILITIES AND EQUITY

	<i>In Millions</i>	
	June 30 2026	December 31 2025
Current Liabilities		
Current portion of long-term debt and finance leases	\$ 466	\$ 579
Notes payable – related parties	—	340
Accounts payable	1,100	1,229
Accounts payable – related parties	12	14
Accrued rate refunds	—	28
Accrued interest	150	149
Accrued taxes	509	747
Regulatory liabilities	96	85
Other current liabilities	146	163
Total current liabilities	2,479	3,334
Non-current Liabilities		
Long-term debt	12,308	11,524
Long-term debt – related parties	1,005	1,005
Non-current portion of finance leases	178	81
Regulatory liabilities	4,152	4,091
Postretirement benefits	68	70
AROs	763	753
Deferred investment tax credit	116	118
Deferred income taxes	3,321	3,201
Other non-current liabilities	388	336
Total non-current liabilities	22,299	21,179
Commitments and Contingencies (Notes 2, 3, and 8)		
Equity		
<i>Common stockholder's equity</i>		
Common stock, authorized 125.0 shares; outstanding 84.1 shares in both periods	841	841
Other paid-in capital	9,949	9,094
Accumulated other comprehensive loss	(13)	(13)
Retained earnings	2,674	2,619
Total common stockholder's equity	13,451	12,541
Cumulative preferred stock, \$4.50 series, authorized 7.5 shares; outstanding 0.4 shares in both periods	37	37
Total equity	13,488	12,578
Total Liabilities and Equity	\$ 38,266	\$ 37,091

The accompanying notes are an integral part of these statements.

Consumers Energy Company

Consolidated Statements of Changes in Equity (Unaudited)

In Millions

June 30	Three Months Ended		Six Months Ended	
	2026	2025	2026	2025
Total Equity at Beginning of Period	\$ 13,016	\$ 11,656	\$ 12,578	\$ 11,431
Common Stock				
At beginning and end of period	841	841	841	841
Other Paid-in Capital				
At beginning of period	9,494	8,324	9,094	8,174
Stockholder contribution	455	—	855	150
At end of period	9,949	8,324	9,949	8,324
Accumulated Other Comprehensive Loss				
<i>Retirement benefits liability</i>				
At beginning and end of period	(13)	(11)	(13)	(11)
Retained Earnings				
At beginning of period	2,657	2,465	2,619	2,390
Net income	158	188	504	534
Dividends declared on common stock	(140)	(145)	(448)	(416)
Dividends declared on preferred stock	(1)	(1)	(1)	(1)
At end of period	2,674	2,507	2,674	2,507
Cumulative Preferred Stock				
At beginning and end of period	37	37	37	37
Total Equity at End of Period	\$ 13,488	\$ 11,698	\$ 13,488	\$ 11,698

The accompanying notes are an integral part of these statements.

CMS Energy Corporation

Consumers Energy Company

Notes to the Unaudited Consolidated Financial Statements

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

CMS Energy and Consumers are required to make estimates using assumptions that may affect reported amounts and disclosures; actual results could differ from these estimates. In management's opinion, the unaudited information contained in this report reflects all adjustments of a normal recurring nature necessary to ensure that CMS Energy's and Consumers' financial position, results of operations, and cash flows for the periods presented are fairly stated. The notes to the unaudited consolidated financial statements and the related unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the 2025 Form 10-K. Due to the seasonal nature of CMS Energy's and Consumers' operations, the results presented for this interim period are not necessarily indicative of results to be achieved for the fiscal year.

1: New Accounting Standards

New Accounting Standards Not Yet Effective

ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses: This standard requires public companies to provide disaggregated information about certain expense categories presented on the income statement. The guidance calls for annual and interim disclosures that separate specified components, such as employee compensation, depreciation, and amortization, within relevant expense line items in the notes to the financial statements. The standard is effective for annual reporting periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. CMS Energy and Consumers will adopt the guidance upon the effective date. The standard will not have an impact on CMS Energy's or Consumers' consolidated net income, cash flows, or financial position.

ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software: This standard updates guidance for capitalizing costs related to internal-use software development. The amendments remove references to the previous "project stage" model and clarify the threshold for when capitalization should begin, focusing on whether completion of the project is probable. The amendments are effective for annual and interim reporting periods beginning after December 15, 2027. The guidance may be applied on a prospective, retrospective, or modified transition basis. Early adoption is permitted. CMS Energy and Consumers are currently evaluating the new standard.

ASU 2026-02, Environmental Credits and Environmental Credit Obligations (Topic 818): This standard establishes a comprehensive accounting model for environmental credits based on the intended use of those credits and requires recognition of certain environmental credit obligations arising from regulatory compliance programs. The guidance also expands disclosure related to environmental credit activities,

obligations, and significant estimates and judgments. The amendments are effective for annual and interim reporting periods beginning after December 15, 2027. The guidance is required to be applied on a retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the annual reporting period of adoption. Prior-period financial statement information will not be recast. Early adoption is permitted. CMS Energy and Consumers are currently evaluating the new standard.

2: Regulatory Matters

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

2025 Electric Rate Case: In June 2025, Consumers filed an application with the MPSC requesting authority to recover costs related to new infrastructure investment primarily in distribution system reliability. Consumers refined its request in October 2025, requesting an annual rate increase of \$423 million, based on a 10.25-percent authorized return on equity for the projected 12-month period ending April 30, 2027. Of the annual rate increase requested, Consumers requested deferred accounting treatment for \$21 million of operating and maintenance costs associated with accelerated low-voltage distribution vegetation management and \$15 million associated with ERP implementation costs, resulting in a net requested annual rate increase of \$387 million. Additionally, Consumers requested approval of a \$24 million surcharge for the recovery of distribution investments made during the 12 months ended February 28, 2025 that exceeded the rate amounts authorized in accordance with previous electric rate orders.

In March 2026, the MPSC issued an order stating an annual rate increase of \$277 million, based on a 9.90-percent authorized return on equity. The MPSC also approved deferred accounting treatment for \$22 million of incremental costs associated with accelerated low-voltage distribution vegetation management and \$15 million of ERP implementation costs. Additionally, the MPSC approved a \$24 million surcharge for the recovery of distribution investments made during the 12 months ended February 28, 2025 that exceeded the rate amounts authorized in accordance with previous electric rate orders. The new rates became effective in May 2026.

Subsequent to issuance of the final order, Consumers identified an error affecting the calculation of the rate increase requested and reflected in the case. On a corrected basis, Consumers' requested rate increase was \$328 million. Consumers' rate increase reflected in the MPSC's order was \$217 million, with no change to the total revenue requirement, approved costs, or customer rates. In April 2026, the MPSC issued an Errata to its March 2026 order to reflect this correction in the public record.

Service Restoration Cost Deferral Application: As a result of catastrophic storms in Consumers' electric service territory, Consumers incurred significant service restoration costs during March 2026. In June 2026, Consumers filed with the MPSC an ex parte application requesting approval to defer, as a regulatory asset, operating and maintenance expenses associated with the storms, estimated to be

\$57 million. Consumers would have the opportunity to seek appropriate recovery and ratemaking treatment for amounts recorded as a regulatory asset in a future rate case or other proceeding.

J.H. Campbell Emergency Orders: In May 2025, before the planned closure of J.H. Campbell, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring J.H. Campbell to continue operating for 90 days, through August 20, 2025. Subsequently, the U.S. Secretary of Energy has issued four additional emergency orders for 90 days each, currently requiring continued operation of J.H. Campbell through August 16, 2026. These orders stated that continued operation of J.H. Campbell was required to meet an energy emergency across MISO's North and Central regions. Consistent with the Federal Power Act and DOE regulations, the orders authorize Consumers to obtain cost recovery at FERC.

As directed, Consumers has continued to make J.H. Campbell available in the MISO market and, in June 2025, filed a complaint at FERC seeking a modification of the MISO Tariff that would enable Consumers to recover the costs of complying with the emergency orders. Consumers' complaint sought a mechanism in the MISO Tariff that would allow allocation of those compliance costs across the MISO North and Central regions, consistent with the nature of the energy emergency declared in the U.S. Secretary of Energy orders. In August 2025, FERC granted Consumers' complaint and ordered MISO to revise its tariff accordingly. MISO submitted a compliance filing with FERC in September 2025 and FERC rejected that filing in March 2026. MISO submitted a revised compliance filing in April 2026 and FERC approval of that filing remains pending.

From the date the first emergency order became effective through June 30, 2026, the net financial impact of complying with the emergency orders was \$259 million after applying MISO revenues of \$239 million.

In January 2026, Consumers filed a request at FERC seeking recovery and allocation of the net financial impact of complying with the May 2025 emergency order, which was \$42 million after applying MISO revenues of \$78 million. FERC approval of this filing, which encompasses recovery sought by the joint owners of J.H. Campbell, remains pending.

For all subsequent emergency orders, Consumers intends to seek recovery and allocation through FERC consistent with the recovery sought for the May 2025 emergency order. The ultimate financial impact remains subject to the outcome of the FERC proceedings and any future guidance or interpretation.

Following the May 2025 emergency order, several third-party stakeholders, including the Michigan Attorney General, the Organization of MISO States, and a group of environmental and public interest groups, asked the U.S. Secretary of Energy to reconsider the May 2025 emergency order. In July 2025, after the U.S. Secretary of Energy took no action on those requests, several parties filed petitions for review of the May 2025 emergency order in federal court. The requests for rehearing were subsequently denied, and similar challenges to the subsequent orders are underway. Third parties have also challenged FERC's August 2025 order granting Consumers' complaint seeking revisions to the MISO Tariff. That legal challenge is on hold pending the separate legal challenges to the emergency orders. The U.S. Secretary of Energy will likely issue more orders to require the continued operation of J.H. Campbell. While the timing and content of future orders and the outcome of third-party legal challenges are not yet known, Consumers is committed to pursuing cost recovery as provided for under applicable laws, orders, and proceedings.

3: Contingencies and Commitments

CMS Energy and Consumers are involved in various matters that give rise to contingent liabilities. Depending on the specific issues, the resolution of these contingencies could negatively affect CMS Energy's and Consumers' liquidity, financial condition, and results of operations. In their disclosures of these matters, CMS Energy and Consumers provide an estimate of the possible loss or range of loss when such an estimate can be made. Disclosures stating that CMS Energy or Consumers cannot predict the outcome of a matter indicate that they are unable to estimate a possible loss or range of loss for the matter.

CMS Energy Contingencies

CMS Land retained environmental remediation obligations for the collection and treatment of leachate at Bay Harbor after selling its interests in the development in 2002. Leachate is produced when water enters into cement kiln dust piles left over from former cement plant operations at the site. In 2012, CMS Land and EGLE finalized an agreement establishing the final remedies and the future water quality criteria at the site. CMS Land completed all construction necessary to implement the remedies required by the agreement and will continue to maintain and operate a system to discharge treated leachate into Little Traverse Bay under an NPDES permit, which was valid through 2025. CMS Land submitted a renewal request in March 2025, and will continue to operate under the existing permit until a renewal is issued.

At June 30, 2026, CMS Energy had a recorded liability of \$47 million for its remaining obligations for environmental remediation. CMS Energy calculated this liability based on discounted projected costs, using a discount rate of 4.34 percent and an inflation rate of 1 percent on annual operating and maintenance costs. The undiscounted amount of the remaining obligation is \$60 million. CMS Energy expects to pay the following amounts for long-term leachate disposal and operating and maintenance costs during the remainder of 2026 and in each of the next five years:

	<i>In Millions</i>					
	2026	2027	2028	2029	2030	2031
Long-term leachate disposal and operating and maintenance costs	\$ 2	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4

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

Consumers Electric Utility Contingencies

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

Cleanup and Solid Waste: Consumers expects to incur remediation and other response activity costs at a number of sites under NREPA. Consumers believes that these costs should be recoverable in rates, but cannot guarantee that outcome. Consumers estimates its liability for NREPA sites for which it can estimate a range of loss to be between \$2 million and \$3 million. At June 30, 2026, Consumers had a recorded liability of \$2 million, the minimum amount in the range of its estimated probable NREPA liability, as no amount in the range was considered a better estimate than any other amount.

Consumers is a potentially responsible party at a number of contaminated sites subject to response actions under CERCLA. CERCLA liability may exist at Superfund sites as well as other current, former, or potential response sites. From time to time, Consumers receives notices, information requests, or other communications from governmental agencies or third parties regarding alleged or potential responsibility for contamination at certain current or former electric generating sites or other locations.

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

Based on its experience, Consumers estimates its share of the total liability for known CERCLA sites to be between \$21 million and \$57 million. Various factors, including the number and creditworthiness of potentially responsible parties involved with each site, affect Consumers' share of the total liability. At June 30, 2026, Consumers had a recorded liability of \$21 million for its share of the total liability at these sites, the minimum amount in the range of its estimated probable CERCLA liability, as no amount in the range was considered a better estimate than any other amount.

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

Ludington Overhaul Contract Dispute: Consumers and DTE Electric, co-owners of Ludington, entered into a 2010 engineering, procurement, and construction agreement with Toshiba International, under which Toshiba International contracted to perform a major overhaul and upgrade of Ludington. Toshiba International later assigned the contract and all of its obligations to TAES. TAES' work under the contract was incomplete, defective, and non-conforming. Consumers and DTE Electric repeatedly documented TAES' failure to perform under the contract and demanded that TAES provide a comprehensive plan to resolve those matters, including adherence to its warranty commitments and other contractual obligations. Consumers and DTE Electric engaged in extensive efforts to resolve these issues with TAES, including formal demands to TAES' parent, Toshiba, under a parent guaranty it provided. TAES did not provide a comprehensive plan or otherwise meet its performance obligations. As a result of TAES' defaults, Consumers and DTE Electric terminated the contract.

In order to enforce their rights under the contract and parent guaranty, and to pursue appropriate damages, Consumers and DTE Electric filed a complaint against TAES and Toshiba in the U.S. District Court for the Eastern District of Michigan in 2022. TAES and Toshiba filed a motion to dismiss the complaint, along with an answer and counterclaims seeking approximately \$15 million in damages related to payments allegedly owed under the parties' contract. The court denied the motion to dismiss filed by TAES and Toshiba.

The case against TAES went to trial before a jury and, in December 2025, the jury rendered a verdict in Consumers' and DTE Electric's favor. The jury found that TAES breached the parties' contract and awarded damages of \$383 million. The parties separately stipulated to \$11 million in additional liquidated damages for late performance by TAES. These amounts are subject to pre- and post-judgment interest. In

addition, the jury rejected TAES' counterclaim, determining that Consumers and DTE Electric did not breach the contract. The parent guaranty provided by Toshiba allows Consumers and DTE Electric to recover legal costs in addition to damages. The parties are still engaged in post-verdict proceedings at the District Court and the jury verdict may be appealed; these processes could take two years or more to conclude with finality. Notwithstanding the favorable jury verdict for Consumers, the ultimate outcome remains subject to the related additional proceedings, which could have a material adverse effect on CMS Energy's and Consumers' financial condition, results of operations, or liquidity. Additionally, Consumers and DTE Electric must still resolve their claim against Toshiba under the parent guaranty, which is still pending but which was bifurcated by the Court from the claims against TAES.

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

With MPSC approval, Consumers and DTE Electric were authorized to defer as a regulatory asset the costs associated with repairing or replacing the defective work performed by TAES while the litigation with TAES and Toshiba remains pending. Consumers currently estimates that its share of repair, replacement, and other damages resulting from TAES' defective work is approximately \$350 million, which is expected to be offset in part or entirely by future litigation proceeds received from TAES or Toshiba. Consumers and DTE Electric will have the opportunity to seek appropriate recovery and ratemaking treatment for amounts recorded as a regulatory asset following final resolution of the litigation and appeals, including any amounts not recovered from TAES or Toshiba. Consumers cannot predict the financial impact or outcome of such proceedings.

Consumers Gas Utility Contingencies

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

At June 30, 2026, Consumers had a recorded liability of \$58 million for its remaining obligations for these sites. Consumers expects to pay the following amounts for remediation and other response activity costs during the remainder of 2026 and in each of the next five years:

	<i>In Millions</i>					
	2026	2027	2028	2029	2030	2031
Remediation and other response activity costs	\$ 2	\$ 8	\$ 25	\$ 11	\$ 3	\$ 1

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

Pursuant to orders issued by the MPSC, Consumers defers its MGP-related remediation costs and recovers them from its customers over a ten-year period. At June 30, 2026, Consumers had a regulatory asset of \$78 million related to the MGP sites.

Guarantees

Presented in the following table are CMS Energy's and Consumers' guarantees at June 30, 2026:

In Millions

Guarantee Description	Issue Date	Expiration Date	Maximum Obligation	Carrying Amount
CMS Energy, including Consumers				
Indemnity obligations from sale of membership interests in VIEs ¹	various	various	\$ 229	\$ —
Indemnity obligations from stock and asset sale agreements ²	various	indefinite	152	—
Guarantee ³	2011	indefinite	30	—
Consumers				
Guarantee ³	2011	indefinite	\$ 30	\$ —

¹ These obligations arose from the sale of membership interests in Aviator Wind, BG Solar Holdings, HL Solar Holdings, Newport Solar Holdings, and NWO Holdco to tax equity investors. NorthStar Clean Energy provided certain indemnity obligations that protect the tax equity investors against losses incurred as a result of breaches of representations and warranties under the associated limited liability company agreements. These obligations are generally capped at an amount equal to the tax equity investor's capital contributions plus a specified return, less any distributions and tax benefits it receives, in connection with its membership interest. For any indemnity obligations related to Aviator Wind, NorthStar Clean Energy would recover 49 percent of any amounts paid to the tax equity investor from the other owner of Aviator Wind Equity Holdings. Additionally, Aviator Wind holds insurance coverage that would partially protect against losses incurred as a result of certain failures to qualify for production tax credits. For further details on NorthStar Clean Energy's ownership interest in these entities, see Note 12, Variable Interest Entities.

² These obligations arose from stock and asset sale agreements under which CMS Energy or a subsidiary of CMS Energy indemnified the purchaser for losses resulting from various matters, including claims related to taxes. The maximum obligation amount is mostly related to an Equatorial Guinea tax claim.

³ This obligation comprises a guarantee provided by Consumers to the DOE in connection with a settlement agreement regarding damages resulting from the department's failure to accept spent nuclear fuel from nuclear power plants formerly owned by Consumers.

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

Other Contingencies

In addition to the matters disclosed in this Note and Note 2, Regulatory Matters, there are certain other lawsuits and administrative proceedings before various courts and governmental agencies, as well as unasserted claims that may result in such proceedings, arising in the ordinary course of business to which CMS Energy, Consumers, and certain other subsidiaries of CMS Energy are parties. These other lawsuits, proceedings, and unasserted claims may involve personal injury, property damage, contracts, environmental matters, federal and state taxes, rates, licensing, employment, and other matters. Certain of these matters, while potentially substantial, are covered by insurance and the insurer or insurers are involved in the relevant proceedings. Further, CMS Energy and Consumers occasionally self-report

certain regulatory non-compliance matters that may or may not eventually result in administrative proceedings. CMS Energy and Consumers believe that the outcome of any one of these proceedings and potential claims will not have a material negative effect on their consolidated results of operations, financial condition, or liquidity.

4: Financings and Capitalization

Financings: Presented in the following table is a summary of major long-term debt issuances during the six months ended June 30, 2026:

	Principal (In Millions)	Interest Rate (%)	Issuance Date	Maturity Date
NorthStar Clean Energy				
Term loan ¹	\$ 24	variable	April 2026	June 2031
Term loan ¹	90	variable	June 2026	June 2031
Construction financing agreement ²	252	variable	March 2026	Five years after conversion date
Total NorthStar Clean Energy	\$ 366			
Consumers				
First mortgage bonds	\$ 850	5.125	May 2026	May 2036
Total Consumers	\$ 850			
Total CMS Energy	\$ 1,216			

¹ At completion of project construction, NorthStar Clean Energy converted construction financing agreements into term loans.

² At completion of project construction, scheduled for the second half of 2026, NorthStar Clean Energy expects to convert \$133 million of these outstanding borrowings into term loans maturing five years after the conversion date and to repay the remaining \$119 million.

Retirements: Presented in the following table is a summary of major long-term debt retirements during the six months ended June 30, 2026:

	Principal (In Millions)	Interest Rate (%)	Retirement Date	Maturity Date
CMS Energy, parent only				
Senior notes	\$ 300	3.000	May 2026	May 2026
Total CMS Energy, parent only	\$ 300			
NorthStar Clean Energy				
Construction financing agreement ¹	\$ 270	variable	June 2026	June 2026
Total NorthStar Clean Energy	\$ 270			
Consumers				
First mortgage bonds	\$ 115	5.240	May 2026	May 2026
Total Consumers	\$ 115			
Total CMS Energy	\$ 685			

¹ At completion of project construction, NorthStar Clean Energy converted \$114 million of the construction financing agreements into term loans and repaid the remaining \$156 million.

Credit Facilities: The following credit facilities with banks were available at June 30, 2026:

In Millions					
Expiration Date	Amount of Facility	Amount Borrowed	Letters of Credit Outstanding	Amount Available	
CMS Energy, parent only					
Unsecured revolving credit facility, expiring November 2030 ¹	\$ 750	\$ —	\$ 35	\$ 715	
Unsecured letter of credit facility, expiring September 2026	50	—	49	1	
NorthStar Clean Energy					
Secured revolving credit facility, expiring May 2028 ²	\$ 300	\$ —	\$ 137	\$ 163	
Secured letter of credit facility, expiring September 2028 ³	37	—	37	—	
Secured revolving credit facility, expiring May 2029 ⁴	75	—	—	75	
Secured letter of credit facility ⁵	19	—	19	—	
Secured letter of credit facility ⁶	22	—	7	15	
Consumers					
Secured revolving credit facility, expiring November 2030 ^{1,7}	\$ 1,100	\$ —	\$ 53	\$ 1,047	
Secured revolving credit facility, expiring November 2028 ^{1,7}	300	—	—	300	
Secured letter of credit facility, expiring May 2027 ^{1,7}	100	—	100	—	
Unsecured letter of credit facility, expiring March 2028	50	—	41	9	
Unsecured letter of credit facility ⁸	97	—	97	—	
Unsecured letter of credit facility ⁸	125	—	125	—	
Unsecured letter of credit facility ⁸	106	—	106	—	

¹ There were no borrowings under this facility during the six months ended June 30, 2026.

² Obligations under this facility are secured by certain pledged equity interests in subsidiaries of NorthStar Clean Energy; under the terms of this facility, the interests may not be sold by NorthStar Clean Energy unless there is an agreed-upon substitution for the pledged equity interests. At June 30, 2026, the net book value of the pledged equity interests was \$622 million. Also under the terms of this facility, NorthStar Clean Energy may be restricted from remitting cash dividends to CMS Energy in the event of default.

³ This letter of credit facility is available to a subsidiary of Aviator Wind Equity Holdings and is secured by assets of Aviator Wind. For more information regarding Aviator Wind Equity Holdings and Aviator Wind, see Note 12, Variable Interest Entities.

⁴ This letter of credit facility is available to a subsidiary of NorthStar Clean Energy and is secured by development assets.

⁵ The letter of credit facility is available to certain subsidiaries of NorthStar Clean Energy and is secured under term loans maturing in June 2031.

- ⁶ The letter of credit facility is available to certain subsidiaries of NorthStar Clean Energy and is secured under a construction-to-term financing agreement. It will expire five years after the term conversion date.
- ⁷ Obligations under these facilities are secured by first mortgage bonds of Consumers.
- ⁸ Letters of credit issued under this uncommitted letter of credit facility have expiration dates with automatic renewal provisions.

Regulatory Authorization for Financings: Consumers is required to maintain FERC authorization for financings. Any long-term issuances during the authorization period are exempt from FERC's competitive bidding and negotiated placement requirements. In April 2026, FERC approved Consumers' application for authority to issue long-term and short-term debt securities. The authorization is effective May 1, 2026 through April 30, 2028.

Short-term Borrowings: Under Consumers' commercial paper program, Consumers may issue, in one or more placements, investment-grade commercial paper notes with maturities of up to 365 days at market interest rates. These issuances are supported by Consumers' revolving credit facilities and may have an aggregate principal amount outstanding of up to \$500 million. While the amount of outstanding commercial paper does not reduce the available capacity of the revolving credit facilities, Consumers does not intend to issue commercial paper in an amount exceeding the available capacity of the facilities. At June 30, 2026, there were no commercial paper notes outstanding under this program.

In December 2025, Consumers renewed a short-term credit agreement with CMS Energy, permitting Consumers to borrow up to \$500 million at an interest rate of the prior month's average one-month Term SOFR minus 0.100 percent. In March 2026, Consumers increased the limit at which it could borrow under the agreement to \$750 million. At June 30, 2026, there were no outstanding borrowings under the agreement.

NorthStar Clean Energy's Supplier Financing Program: Under a supplier financing program, NorthStar Clean Energy agrees to pay a bank that is acting as its payment agent the stated amount of confirmed invoices from participating suppliers on the original maturity dates of the invoices. The bank is required to pay the supplier invoices that have been confirmed as valid under the program in full within 135 days of the invoice date. NorthStar Clean Energy does not provide collateral or a guarantee to the bank in support of its payment obligations under the agreement, nor does it pay a fee for the service. NorthStar Clean Energy or the bank may terminate the supplier financing program agreement upon 30 days prior written notice to the other party. Obligations under this program, which are accounted for in accounts payable on CMS Energy's consolidated balance sheets, were \$45 million at June 30, 2026 and \$78 million at December 31, 2025.

Dividend Restrictions: At June 30, 2026, payment of dividends by CMS Energy on its common stock was limited to \$9.6 billion under provisions of the Michigan Business Corporation Act of 1972.

Under the provisions of its articles of incorporation, at June 30, 2026, Consumers had \$2.6 billion of unrestricted retained earnings available to pay dividends on its common stock to CMS Energy. Provisions of the Federal Power Act and the Natural Gas Act appear to restrict dividends payable by Consumers to the amount of Consumers' retained earnings. Several decisions from FERC suggest that, under a variety of circumstances, dividends from Consumers on its common stock would not be limited to amounts in Consumers' retained earnings. Any decision by Consumers to pay dividends on its common stock in excess of retained earnings would be based on specific facts and circumstances and would be subject to a formal regulatory filing process.

During the six months ended June 30, 2026, Consumers paid \$448 million in dividends on its common stock to CMS Energy.

Issuance of Common Stock: In 2023, CMS Energy entered into an equity offering program under which it could sell shares of its common stock having an aggregate sales price of up to \$1 billion in privately negotiated transactions, in “at the market” offerings, or through forward sales transactions.

During the six months ended June 30, 2026, CMS Energy entered into forward sale agreements for approximately 6.4 million shares at a weighted average initial forward price of \$75.63 per share. During the same period, CMS Energy settled all of the remaining forward sale contracts under this program by issuing approximately 6.5 million shares at a weighted average price of \$75.80 per share, resulting in net proceeds of \$495 million. CMS Energy has fully utilized the program and does not have any remaining capacity available for future issuances under the 2023 equity offering program.

In May 2026, CMS Energy entered into an equity offering program under which it may sell shares of its common stock having an aggregate sales price of up to \$3 billion in privately negotiated transactions, in “at the market” offerings, or through forward sales transactions. There have been no sales of securities under this program.

Under the forward sales transactions, CMS Energy may either settle physically by issuing shares of its common stock at the then-applicable forward sale price specified by the agreement or settle net by delivering or receiving cash or shares. CMS Energy may settle the contracts at any time through their maturity dates, and presently intends to physically settle the contracts by delivering shares of its common stock.

The initial forward price in the forward equity sale contracts includes a deduction for commissions and will be adjusted on a daily basis over the term based on an interest rate factor. The forward price will also be reduced on certain dates by certain predetermined amounts to reflect expected dividend payments. No amounts are recorded on CMS Energy’s consolidated balance sheets until settlements of the forward equity sale contracts occur.

5: Fair Value Measurements

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

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

<i>In Millions</i>				
	CMS Energy, including Consumers		Consumers	
	June 30 2026	December 31 2025	June 30 2026	December 31 2025
Assets¹				
Cash equivalents	\$ 35	\$ 154	\$ —	\$ —
Restricted cash equivalents	104	106	85	86
Nonqualified deferred compensation plan assets	38	36	29	27
Derivative instruments	3	2	3	2
Total assets	\$ 180	\$ 298	\$ 117	\$ 115
Liabilities¹				
Nonqualified deferred compensation plan liabilities	\$ 38	\$ 36	\$ 29	\$ 27
Derivative instruments	2	3	—	—
Total liabilities	\$ 40	\$ 39	\$ 29	\$ 27

¹ All assets and liabilities were classified as Level 1 with the exception of derivative contracts, which were classified as Level 2 and 3.

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

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

Derivative Instruments: CMS Energy and Consumers value their derivative instruments using either a market approach that incorporates information from market transactions, or an income approach that discounts future expected cash flows to a present value amount. CMS Energy's and Consumers' derivatives are classified as Level 2 and 3.

The derivatives classified as Level 2 are interest rate swaps at NorthStar Clean Energy, which are valued using market-based inputs.

Subsidiaries of NorthStar Clean Energy have entered into floating-to-fixed interest rate swaps to reduce the impact of interest rate fluctuations associated with interest payments on certain future long-term variable-rate debt. The interest rate swaps economically hedge the future variability of interest payments on debt with a notional amount of \$209 million. Gains or losses on these swaps are reported in other expense on CMS Energy's consolidated statements of income. The amount recorded in other expense was \$2 million for the three months ended June 30, 2026 and \$1 million for the three months ended

June 30, 2025. The amount recorded in other expense was \$2 million for the six months ended June 30, 2026 and \$4 million for the six months ended June 30, 2025. The fair value of these swaps recorded in other liabilities on CMS Energy's consolidated balance sheets totaled less than \$1 million at June 30, 2026 and totaled \$3 million at December 31, 2025.

The majority of derivatives classified as Level 3 are FTRs held by Consumers. Due to the lack of quoted pricing information, Consumers determines the fair value of its FTRs based on Consumers' average historical settlements. Consumers reports derivatives associated with FTRs in other current assets on its consolidated balance sheets. There was no material activity within the Level 3 category of derivatives during the periods presented.

6: Financial Instruments

Presented in the following table are the carrying amounts and fair values, by level within the fair value hierarchy, of CMS Energy's and Consumers' financial instruments that are not recorded at fair value. The table excludes cash, cash equivalents, short-term financial instruments, and trade accounts receivable and payable whose carrying amounts approximate their fair values. For information about assets and liabilities recorded at fair value and for additional details regarding the fair value hierarchy, see Note 5, Fair Value Measurements.

In Millions																				
	June 30, 2026								December 31, 2025											
	Carrying Amount	Fair Value						Carrying Amount	Fair Value											
		Total	Level			Total	Level													
			1	2	3		1		2	3										
CMS Energy, including Consumers																				
Assets																				
Long-term receivables ¹	\$	6	\$	5	\$	—	\$	—	\$	5	\$	7	\$	6	\$	—	\$	—	\$	6
Liabilities																				
Long-term debt ²		19,036		18,438		1,984		14,643		1,811		18,757		17,645		2,042		13,663		1,940
Long-term payables ³		6		6		—		—		6		7		7		—		—		7
Consumers																				
Assets																				
Long-term receivables ¹	\$	6	\$	5	\$	—	\$	—	\$	5	\$	7	\$	6	\$	—	\$	—	\$	6
Notes receivable – related party ⁴		89		89		—		—		89		90		90		—		—		90
Liabilities																				
Long-term debt ⁵		12,769		12,209		—		10,398		1,811		12,097		11,031		—		9,091		1,940
Long-term debt – related party ⁶		1,005		649		—		649		—		1,005		657		—		657		—
Long-term payables		1		1		—		—		1		2		2		—		—		2

- ¹ Includes current portion of long-term accounts receivable and notes receivable of \$2 million at June 30, 2026 and \$3 million at December 31, 2025.
- ² Includes current portion of long-term debt of \$864 million at June 30, 2026 and \$950 million at December 31, 2025.
- ³ Includes current portion of long-term payables of \$1 million at June 30, 2026 and \$2 million at December 31, 2025.
- ⁴ Includes current portion of notes receivable – related party of \$7 million at June 30, 2026 and December 31, 2025.
- ⁵ Includes current portion of long-term debt of \$461 million at June 30, 2026 and \$573 million at December 31, 2025.
- ⁶ For more information on CMS Energy’s repurchases of Consumers’ first mortgage bonds, see Note 4, Financings and Capitalization—CMS Energy’s Purchase of Consumers’ First Mortgage Bonds.

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

7: Retirement Benefits

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

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

<i>In Millions</i>											
June 30	DB Pension Plans						OPEB Plan				
	Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended				
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	
CMS Energy, including Consumers											
<i>Net periodic credit</i>											
Service cost	\$ 6	\$ 7	\$ 12	\$ 13	\$ 2	\$ 2	\$ 4	\$ 4			
Interest cost	25	27	50	54	9	11	19	22			
Expected return on plan assets	(59)	(57)	(119)	(114)	(31)	(28)	(62)	(56)			
<i>Amortization of:</i>											
Net loss	3	2	7	5	—	1	—	2			
Prior service cost (credit)	1	1	2	2	(8)	(8)	(16)	(17)			
Settlement loss	2	2	5	5	—	—	—	—			
Net periodic credit	\$ (22)	\$ (18)	\$ (43)	\$ (35)	\$ (28)	\$ (22)	\$ (55)	\$ (45)			
Consumers											
<i>Net periodic credit</i>											
Service cost	\$ 6	\$ 6	\$ 12	\$ 12	\$ 2	\$ 2	\$ 4	\$ 4			
Interest cost	24	25	47	51	9	11	19	21			
Expected return on plan assets	(56)	(54)	(112)	(108)	(29)	(26)	(58)	(52)			
<i>Amortization of:</i>											
Net loss	3	3	6	5	—	1	—	2			
Prior service cost (credit)	1	1	2	2	(8)	(9)	(16)	(17)			
Settlement loss	2	2	5	5	—	—	—	—			
Net periodic credit	\$ (20)	\$ (17)	\$ (40)	\$ (33)	\$ (26)	\$ (21)	\$ (51)	\$ (42)			

In Consumers' electric and gas rate cases, the MPSC approved a mechanism allowing Consumers to defer for future recovery or refund pension and OPEB expenses above or below the amounts used to set existing rates. Amounts deferred will be collected from or refunded to customers over ten years. At June 30, 2026, CMS Energy, including Consumers, had deferred \$4 million of pension credits and \$6 million of OPEB credits under this mechanism related to 2026 expense. At June 30, 2025, CMS Energy, including Consumers, had deferred less than \$1 million of pension credits and \$5 million of OPEB credits under this mechanism related to 2025 expense.

8: Income Taxes

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

Six Months Ended June 30	2026	2025
CMS Energy, including Consumers		
Income tax expense at statutory rate	21.0 %	21.0 %
<i>Increase (decrease) in income taxes from:</i>		
State and local income taxes, net of federal income tax effect ¹	5.5	7.2
<i>Tax credits</i>		
Renewable energy tax credits	(5.5)	(5.7)
Other	(0.6)	(0.2)
Nontaxable or nondeductible items	0.2	0.2
Changes in unrecognized tax benefits ²	3.9	0.5
<i>Other adjustments</i>		
Taxes attributable to noncontrolling interests	4.3	1.3
TCJA excess deferred taxes	(3.3)	(3.6)
Property differences	(1.4)	(0.5)
Other, net	(0.1)	0.2
Effective tax rate	24.0 %	20.4 %
Consumers		
Income tax expense at statutory rate	21.0 %	21.0 %
<i>Increase (decrease) in income taxes from:</i>		
State and local income taxes, net of federal income tax effect ¹	4.6	6.7
<i>Tax credits</i>		
Renewable energy tax credits	(4.3)	(3.3)
Other	(0.5)	(0.4)
Nontaxable or nondeductible items	0.2	0.2
Changes in unrecognized tax benefits ²	3.0	0.4
<i>Other adjustments</i>		
TCJA excess deferred taxes	(2.5)	(3.0)
Property differences	(1.1)	(0.3)
Other, net	0.2	(0.3)
Effective tax rate	20.6 %	21.0 %

¹ In June 2025, state deferred tax balances were increased by \$12 million to reflect a change in Illinois tax policy that establishes nexus for Consumers. The policy change is effective for tax years beginning January 1, 2026.

² The change in unrecognized tax benefits was primarily associated with Consumers' state income tax claim.

State Income Tax Claim: In February 2025, CMS Energy received an adverse ruling from the Michigan Tax Tribunal in regards to the methodology of state apportionment for Consumers' electricity sales to MISO. In March 2025, CMS Energy filed an appeal with the Michigan Court of Appeals. The Court issued an opinion in the appeal in February 2026, affirming the Michigan Tax Tribunal's ruling. In June 2026, CMS Energy filed a request for leave to appeal the Michigan Court of Appeals' decision to the

Michigan Supreme Court. CMS Energy is currently awaiting the Court's decision on whether to grant review.

CMS Energy and Consumers evaluated and increased their uncertain tax positions associated with this matter, recognizing a \$19 million increase to income tax expense during 2026. While CMS Energy and Consumers are confident in the merits of their position, if the appeal to the Michigan Supreme Court was unsuccessful, the companies would be required to revise the estimated value of their state deferred tax liabilities, which could result in a material impact to their results of operations.

9: Earnings Per Share—CMS Energy

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

June 30	<i>In Millions, Except Per Share Amounts</i>			
	Three Months Ended		Six Months Ended	
	2026	2025	2026	2025
<i>Income available to common stockholders</i>				
Income from continuing operations	\$ 96	\$ 193	\$ 373	\$ 488
Less loss attributable to noncontrolling interests	(24)	(8)	(87)	(17)
Less preferred stock dividends	3	3	5	5
Income from continuing operations available to common stockholders – basic and diluted	\$ 117	\$ 198	\$ 455	\$ 500
<i>Average common shares outstanding</i>				
Weighted-average shares – basic	310.2	298.5	308.3	298.4
Add dilutive nonvested stock awards	0.3	0.6	0.3	0.6
Add dilutive contingently convertible securities	0.3	—	0.3	—
Weighted-average shares – diluted	310.8	299.1	308.9	299.0
<i>Income from continuing operations per average common share available to common stockholders</i>				
Basic	\$ 0.38	\$ 0.67	\$ 1.48	\$ 1.68
Diluted	0.37	0.66	1.47	1.67

Nonvested Stock Awards

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

Forward Equity Sale Contracts

CMS Energy has entered and settled forward equity sale contracts. These forward equity sale contracts are non-participating securities. While the forward sale price in the forward equity sale contract is decreased on certain dates by certain predetermined amounts to reflect expected dividend payments, these price adjustments were set upon inception of the agreement and the forward contract does not give the owner the right to participate in undistributed earnings. Accordingly, the forward equity sale contracts were included in the computation of diluted EPS, but not in the computation of basic EPS. The impact to diluted EPS was de minimis.

The potentially dilutive impact from these forward equity sale contracts is reflected in diluted EPS using the treasury stock method. There will be a dilutive effect on EPS when the average market price of common stock shares is above the applicable adjusted forward sale price. Additionally, any physical settlement or net share settlement of the agreements would dilute EPS. For further details on the forward equity sale contracts, see Note 4, Financings and Capitalization.

Convertible Securities

CMS Energy has issued convertible senior notes. Potentially dilutive common shares issuable upon conversion of the convertible senior notes are determined using the if-converted method for calculating diluted EPS. Upon conversion, the convertible senior notes are required to be paid in cash with only amounts exceeding the principal permitted to be settled in shares. Accordingly, the convertible senior notes were included in the computation of diluted EPS, but not in the computation of basic EPS.

10: Revenue

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

	<i>In Millions</i>				
Three Months Ended June 30, 2026	Electric Utility	Gas Utility	NorthStar Clean Energy ¹	Consolidated	
CMS Energy, including Consumers					
Consumers utility revenue	\$ 1,333	\$ 386	\$ —	\$ 1,719	
Other	—	—	89	89	
Revenue recognized from contracts with customers	\$ 1,333	\$ 386	\$ 89	\$ 1,808	
Leasing income	—	—	14	14	
Financing income	3	2	—	5	
Consumers alternative-revenue programs	2	—	—	2	
Total operating revenue – CMS Energy	\$ 1,338	\$ 388	\$ 103	\$ 1,829	
Consumers					
<i>Consumers utility revenue</i>					
Residential	\$ 629	\$ 279		\$ 908	
Commercial	467	81		548	
Industrial	188	7		195	
Other	49	19		68	
Revenue recognized from contracts with customers	\$ 1,333	\$ 386		\$ 1,719	
Financing income	3	2		5	
Alternative-revenue programs	2	—		2	
Total operating revenue – Consumers	\$ 1,338	\$ 388		\$ 1,726	

¹ Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$9 million for the three months ended June 30, 2026.

In Millions

Three Months Ended June 30, 2025	Electric Utility	Gas Utility	NorthStar Clean Energy ¹	Consolidated
CMS Energy, including Consumers				
Consumers utility revenue	\$ 1,355	\$ 385	\$ —	\$ 1,740
Other	—	—	58	58
Revenue recognized from contracts with customers	\$ 1,355	\$ 385	\$ 58	\$ 1,798
Leasing income	—	—	34	34
Financing income	2	2	—	4
Consumers alternative-revenue programs	2	—	—	2
Total operating revenue – CMS Energy	\$ 1,359	\$ 387	\$ 92	\$ 1,838
Consumers				
<i>Consumers utility revenue</i>				
Residential	\$ 619	\$ 276		\$ 895
Commercial	473	90		563
Industrial	199	10		209
Other	64	9		73
Revenue recognized from contracts with customers	\$ 1,355	\$ 385		\$ 1,740
Financing income	2	2		4
Alternative-revenue programs	2	—		2
Total operating revenue – Consumers	\$ 1,359	\$ 387		\$ 1,746

¹ Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$23 million for the three months ended June 30, 2025.

In Millions

Six Months Ended June 30, 2026	Electric Utility	Gas Utility	NorthStar Clean Energy ¹	Consolidated
CMS Energy, including Consumers				
Consumers utility revenue	\$ 2,698	\$ 1,628	\$ —	\$ 4,326
Other	—	—	157	157
Revenue recognized from contracts with customers	\$ 2,698	\$ 1,628	\$ 157	\$ 4,483
Leasing income	—	—	64	64
Financing income	5	4	—	9
Consumers alternative-revenue programs	3	—	—	3
Total operating revenue – CMS Energy	\$ 2,706	\$ 1,632	\$ 221	\$ 4,559
Consumers				
<i>Consumers utility revenue</i>				
Residential	\$ 1,292	\$ 1,169		\$ 2,461
Commercial	915	356		1,271
Industrial	390	40		430
Other	101	63		164
Revenue recognized from contracts with customers	\$ 2,698	\$ 1,628		\$ 4,326
Financing income	5	4		9
Alternative-revenue programs	3	—		3
Total operating revenue – Consumers	\$ 2,706	\$ 1,632		\$ 4,338

¹ Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$46 million for the six months ended June 30, 2026.

In Millions

Six Months Ended June 30, 2025	Electric Utility	Gas Utility	NorthStar Clean Energy ¹	Consolidated
CMS Energy, including Consumers				
Consumers utility revenue	\$ 2,649	\$ 1,432	\$ —	\$ 4,081
Other	—	—	115	115
Revenue recognized from contracts with customers	\$ 2,649	\$ 1,432	\$ 115	\$ 4,196
Leasing income	—	—	76	76
Financing income	5	4	—	9
Consumers alternative-revenue programs	4	—	—	4
Total operating revenue – CMS Energy	\$ 2,658	\$ 1,436	\$ 191	\$ 4,285
Consumers				
<i>Consumers utility revenue</i>				
Residential	\$ 1,213	\$ 1,007		\$ 2,220
Commercial	891	329		1,220
Industrial	372	40		412
Other	173	56		229
Revenue recognized from contracts with customers	\$ 2,649	\$ 1,432		\$ 4,081
Financing income	5	4		9
Alternative-revenue programs	4	—		4
Total operating revenue – Consumers	\$ 2,658	\$ 1,436		\$ 4,094

¹ Amounts represent NorthStar Clean Energy's operating revenue from independent power production and its sales of energy commodities. Certain of NorthStar Clean Energy's power sales agreements are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. NorthStar Clean Energy's leasing income included variable lease payments of \$54 million for the six months ended June 30, 2025.

Electric and Gas Utilities

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

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

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

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

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

CMS Energy and Consumers recorded uncollectible accounts expense of \$7 million for the three months ended June 30, 2026 and \$8 million for the three months ended June 30, 2025. CMS Energy and Consumers recorded uncollectible accounts expense of \$20 million for the six months ended June 30, 2026 and 2025.

Consumers' customers are billed monthly in cycles having billing dates that do not generally coincide with the end of a calendar month. This results in customers having received electricity or natural gas that they have not been billed for as of the month-end. Consumers estimates its unbilled revenues by applying an average billed rate to total unbilled deliveries for each customer class. Unbilled revenues, which are recorded as accounts receivable and accrued revenue on CMS Energy's and Consumers' consolidated balance sheets, were \$429 million at June 30, 2026 and \$659 million at December 31, 2025.

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

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

11: Reportable Segments

Reportable segments consist of business units defined by the products and services they offer. CMS Energy's and Consumers' chief operating decision-maker is the CEO. The chief operating decision-maker evaluates segment performance and profitability using net income available to CMS Energy's common stockholders. This metric provides a clear, consistent basis for analyzing the financial results of each segment and supports decision-making regarding the allocation of resources.

Resource allocation to CMS Energy's and Consumers' segments begins with the annual budgeting process, which establishes initial funding and resource levels for each segment. The budget incorporates key financial and operational inputs, including anticipated revenues, expenses, and capital requirements, aligning with CMS Energy's and Consumers' strategic objectives and regulatory obligations. The chief operating decision-maker reviews budget-to-actual variances on a monthly basis and makes interim decisions to reallocate resources among segments as needed, ensuring a timely and effective response to changing conditions. For the electric utility and gas utility segments, the chief operating decision-maker uses this assessment to determine whether the segments are achieving their regulatory authorized return on equity.

CMS Energy

The segments reported for CMS Energy are:

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

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

Consumers

The segments reported for Consumers are:

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

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

In Millions

Three Months Ended June 30, 2026	Electric Utility	Gas Utility	NorthStar Clean Energy	Segments Total	Other Reconciling Items	Consolidated
CMS Energy, including Consumers						
Operating revenue	\$ 1,338	\$ 388	\$ 103	\$ 1,829	\$ —	\$ 1,829
<i>Operating expenses</i>						
Power supply cost ¹	517	—	56	573	—	573
Cost of gas sold	—	102	—	102	—	102
Maintenance and other operating expenses	308	121	30	459	5	464
Depreciation and amortization	236	57	15	308	—	308
General taxes	78	36	3	117	1	118
Total operating expenses	1,139	316	104	1,559	6	1,565
Operating Income (Loss)	199	72	(1)	270	(6)	264
Other income	46	23	3	72	3	75
Interest charges	86	58	4	148	62	210
Income (Loss) Before Income Taxes	159	37	(2)	194	(65)	129
Income tax expense (benefit)	21	10	5	36	(3)	33
Income (Loss) From Continuing Operations	138	27	(7)	158	(62)	96
Other segment items ²	(1)	—	25	24	(3)	21
Net Income (Loss) Available to Common Stockholders	\$ 137	\$ 27	\$ 18	\$ 182	\$ (65)	\$ 117
Property, plant, and equipment, gross	\$ 22,595 ³	\$ 14,548 ³	\$ 2,058	\$ 39,201	\$ 26	\$ 39,227
Total assets	23,926 ³	14,193 ³	2,689	40,808	97	40,905

¹ Power supply costs reflect fuel for electric generation, purchased and interchange power, and purchased power – related parties.

² Other segment items reflect loss attributable to noncontrolling interests and preferred stock dividends.

³ Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

In Millions

Three Months Ended June 30, 2026	Electric Utility	Gas Utility	Segments Total	Other Reconciling Items	Consolidated
Consumers					
Operating revenue	\$ 1,338	\$ 388	\$ 1,726	\$ —	\$ 1,726
<i>Operating expenses</i>					
Power supply cost ¹	517	—	517	—	517
Cost of gas sold	—	102	102	—	102
Maintenance and other operating expenses	308	121	429	—	429
Depreciation and amortization	236	57	293	—	293
General taxes	78	36	114	—	114
Total operating expenses	1,139	316	1,455	—	1,455
Operating Income	199	72	271	—	271
Other income	46	23	69	—	69
Interest charges	86	58	144	—	144
Income Before Income Taxes	159	37	196	—	196
Income tax expense	21	10	31	7	38
Net Income (Loss)	138	27	165	(7)	158
Other segment items ²	(1)	—	(1)	—	(1)
Net Income (Loss) Available to Common Stockholder	\$ 137	\$ 27	\$ 164	\$ (7)	\$ 157
Property, plant, and equipment, gross	\$ 22,595 ³	\$ 14,548 ³	\$ 37,143	\$ 32	\$ 37,175
Total assets	23,979 ³	14,234 ³	38,213	53	38,266

¹ Power supply costs reflect fuel for electric generation, purchased and interchange power, and purchased power – related parties.

² Other segment items reflect preferred stock dividends.

³ Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

In Millions

Three Months Ended June 30, 2025	Electric Utility	Gas Utility	NorthStar Clean Energy	Segments Total	Other Reconciling Items	Consolidated
CMS Energy, including Consumers						
Operating revenue	\$ 1,359	\$ 387	\$ 92	\$ 1,838	\$ —	\$ 1,838
<i>Operating expenses</i>						
Power supply cost ¹	537	—	66	603	—	603
Cost of gas sold	—	123	1	124	—	124
Maintenance and other operating expenses	264	112	18	394	3	397
Depreciation and amortization	222	54	12	288	—	288
General taxes	73	33	3	109	—	109
Total operating expenses	1,096	322	100	1,518	3	1,521
Operating Income (Loss)	263	65	(8)	320	(3)	317
Other income	36	23	2	61	76	137
Interest charges	89	51	(1)	139	60	199
Income (Loss) Before Income Taxes	210	37	(5)	242	13	255
Income tax expense (benefit)	42	12	(18)	36	26	62
Income (Loss) From Continuing Operations	168	25	13	206	(13)	193
Other segment items ²	(1)	—	9	8	(3)	5
Net Income (Loss) Available to Common Stockholders	\$ 167	\$ 25	\$ 22	\$ 214	\$ (16)	\$ 198
Property, plant, and equipment, gross	\$ 20,761 ³	\$ 13,609 ³	\$ 1,562	\$ 35,932	\$ 30	\$ 35,962
Total assets	21,942 ³	13,388 ³	2,105	37,435	264	37,699

¹ Power supply costs reflect fuel for electric generation, purchased and interchange power, and purchased power – related parties.

² Other segment items reflect loss attributable to noncontrolling interests and preferred stock dividends.

³ Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

In Millions

Three Months Ended June 30, 2025	Electric Utility		Gas Utility	Segments Total		Other Reconciling Items		Consolidated		
Consumers										
Operating revenue	\$	1,359	\$	387	\$	1,746	\$	—	\$	1,746
<i>Operating expenses</i>										
Power supply cost ¹		537		—		537		—		537
Cost of gas sold		—		123		123		—		123
Maintenance and other operating expenses		264		112		376		—		376
Depreciation and amortization		222		54		276		—		276
General taxes		73		33		106		—		106
Total operating expenses		1,096		322		1,418		—		1,418
Operating Income		263		65		328		—		328
Other income		36		23		59		1		60
Interest charges		89		51		140		1		141
Income Before Income Taxes		210		37		247		—		247
Income tax expense		42		12		54		5		59
Net Income (Loss)		168		25		193		(5)		188
Other segment items ²		(1)		—		(1)		—		(1)
Net Income (Loss) Available to Common Stockholder	\$	167	\$	25	\$	192	\$	(5)	\$	187
Property, plant, and equipment, gross	\$	20,761	\$	13,609	\$	34,370	\$	36	\$	34,406
Total assets		21,997		13,430		35,427		40		35,467

¹ Power supply costs reflect fuel for electric generation, purchased and interchange power, and purchased power – related parties.

² Other segment items reflect preferred stock dividends.

³ Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

Presented in the following tables is financial information by segment:

								<i>In Millions</i>		
Six Months Ended June 30, 2026	Electric Utility		Gas Utility		NorthStar Clean Energy		Other Reconciling Items		Consolidated	
CMS Energy, including Consumers										
Operating revenue	\$	2,706	\$	1,632	\$	221	\$	4,559	\$	4,559
<i>Operating expenses</i>										
Power supply cost ¹		1,117		—		147		1,264		1,264
Cost of gas sold		—		616		2		618		618
Maintenance and other operating expenses		585		260		60		905		912
Depreciation and amortization		469		224		27		720		720
General taxes		157		127		6		290		291
Total operating expenses		2,328		1,227		242		3,797		3,805
Operating Income (Loss)		378		405		(21)		762		754
Other income		89		46		10		145		150
Interest charges		169		114		6		289		413
Income (Loss) Before Income Taxes		298		337		(17)		618		491
Income tax expense (benefit)		50		90		12		152		118
Income (Loss) From Continuing Operations		248		247		(29)		466		373
Other segment items ²		(1)		—		88		87		82
Net Income (Loss) Available to Common Stockholders	\$	247	\$	247	\$	59	\$	553	\$	455
Property, plant, and equipment, gross	\$	22,595 ³	\$	14,548 ³	\$	2,058	\$	39,201	\$	39,227
Total assets		23,926 ³		14,193 ³		2,689		40,808		40,905

¹ Power supply costs reflect fuel for electric generation, purchased and interchange power, and purchased power – related parties.

² Other segment items reflect loss attributable to noncontrolling interests and preferred stock dividends.

³ Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

In Millions

Six Months Ended June 30, 2026	Electric Utility		Gas Utility	Segments Total		Other Reconciling Items		Consolidated		
Consumers										
Operating revenue	\$	2,706	\$	1,632	\$	4,338	\$	—	\$	4,338
<i>Operating expenses</i>										
Power supply cost ¹		1,117		—		1,117		—		1,117
Cost of gas sold		—		616		616		—		616
Maintenance and other operating expenses		585		260		845		—		845
Depreciation and amortization		469		224		693		—		693
General taxes		157		127		284		—		284
Total operating expenses		2,328		1,227		3,555		—		3,555
Operating Income		378		405		783		—		783
Other income		89		46		135		—		135
Interest charges		169		114		283		—		283
Income Before Income Taxes		298		337		635		—		635
Income tax expense (benefit)		50		90		140		(9)		131
Net Income		248		247		495		9		504
Other segment items ²		(1)		—		(1)		—		(1)
Net Income Available to Common Stockholder	\$	247	\$	247	\$	494	\$	9	\$	503
Property, plant, and equipment, gross	\$	22,595 ³	\$	14,548 ³	\$	37,143	\$	32	\$	37,175
Total assets		23,979 ³		14,234 ³		38,213		53		38,266

¹ Power supply costs reflect fuel for electric generation, purchased and interchange power, and purchased power – related parties.

² Other segment items reflect preferred stock dividends.

³ Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

In Millions

Six Months Ended June 30, 2025	Electric Utility		Gas Utility		NorthStar Clean Energy		Segments Total		Other Reconciling Items		Consolidated	
CMS Energy, including Consumers												
Operating revenue	\$	2,658	\$	1,436	\$	191	\$	4,285	\$	—	\$	4,285
Operating expenses												
Power supply cost ¹		1,083		—		135		1,218		—		1,218
Cost of gas sold		—		505		2		507		—		507
Maintenance and other operating expenses		521		228		48		797		5		802
Depreciation and amortization		443		208		25		676		—		676
General taxes		146		119		6		271		—		271
Total operating expenses		2,193		1,060		216		3,469		5		3,474
Operating Income (Loss)		465		376		(25)		816		(5)		811
Other income		63		42		3		108		79		187
Interest charges		171		99		(1)		269		116		385
Income (Loss) Before Income Taxes		357		319		(21)		655		(42)		613
Income tax expense (benefit)		65		81		(7)		139		(14)		125
Income (Loss) From Continuing Operations		292		238		(14)		516		(28)		488
Other segment items ²		(1)		—		18		17		(5)		12
Net Income (Loss) Available to Common Stockholders	\$	291	\$	238	\$	4	\$	533	\$	(33)	\$	500
Property, plant, and equipment, gross	\$	20,761 ³	\$	13,609 ³	\$	1,562	\$	35,932	\$	30	\$	35,962
Total assets		21,942 ³		13,388 ³		2,105		37,435		264		37,699

¹ Power supply costs reflect fuel for electric generation, purchased and interchange power, and purchased power – related parties.

² Other segment items reflect loss attributable to noncontrolling interests and preferred stock dividends.

³ Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

In Millions

Six Months Ended June 30, 2025	Electric Utility		Gas Utility		Segments Total		Other Reconciling Items		Consolidated	
Consumers										
Operating revenue	\$	2,658	\$	1,436	\$	4,094	\$	—	\$	4,094
<i>Operating expenses</i>										
Power supply cost ¹		1,083		—		1,083		—		1,083
Cost of gas sold		—		505		505		—		505
Maintenance and other operating expenses		521		228		749		—		749
Depreciation and amortization		443		208		651		—		651
General taxes		146		119		265		—		265
Total operating expenses		2,193		1,060		3,253		—		3,253
Operating Income		465		376		841		—		841
Other income		63		42		105		1		106
Interest charges		171		99		270		1		271
Income Before Income Taxes		357		319		676		—		676
Income tax expense (benefit)		65		81		146		(4)		142
Net Income		292		238		530		4		534
Other segment items ²		(1)		—		(1)		—		(1)
Net Income Available to Common Stockholder	\$	291	\$	238	\$	529	\$	4	\$	533
Property, plant, and equipment, gross	\$	20,761	\$	13,609	\$	34,370	\$	36	\$	34,406
Total assets		21,997		13,430		35,427		40		35,467

¹ Power supply costs reflect fuel for electric generation, purchased and interchange power, and purchased power – related parties.

² Other segment items reflect preferred stock dividends.

³ Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

12: Variable Interest Entities

Consolidated VIEs: In June 2026, NorthStar Clean Energy sold to a tax equity investor a Class A membership interest in HL Solar Holdings, the holding company of a 96-MW solar generation project being constructed in St. Clair County, Michigan, and the future holding company of a 120-MW solar generation project being constructed in Hart Township, Michigan. The nameplate capacity of both projects has been committed under long-term renewable energy purchase agreements. The tax equity investor contributed \$9 million in June 2026 and will contribute additional amounts upon further completion of the projects. The tax equity financing will also incorporate the sale of investment tax credits once the projects are placed into service for tax purposes, expected later in 2026.

NorthStar Clean Energy consolidates this and other entities that it does not wholly own, but for which it manages and controls the entities' operating activities. NorthStar Clean Energy is the primary beneficiary of these entities because it has the power to direct the activities that most significantly impact the economic performance of the companies, as well as the obligation to absorb losses or the right to receive benefits from the companies.

Presented in the following table is information about the VIEs NorthStar Clean Energy consolidates:

Consolidated VIE	NorthStar Clean Energy's ownership interest	Description of VIE
Aviator Wind Equity Holdings	51-percent ownership interest ¹	Holds a Class B membership interest in Aviator Wind Holding company of a 525-MW wind generation project in Coke County, Texas
Aviator Wind	Class B membership interest ²	Holding company of a 200-MW solar generation project in Branch County, Michigan
BG Solar Holdings ³	Class B membership interest ²	Holding company of a 24-MW solar generation project in Delta Township, Michigan
Delta Solar Equity Holdings	50-percent ownership interest ¹	Holding company of a 96-MW solar generation project in St. Clair County, Michigan and future holding company of a 120-MW solar generation project in Hart Township, Michigan
HL Solar Holdings	Class B membership interest ²	Holding company of a 180-MW solar generation project in Jackson County, Arkansas
Newport Solar Holdings	Class B membership interest ²	Holds a Class B membership interest in NWO Holdco Holding company of a 100-MW wind generation project in Paulding County, Ohio
NWO Wind Equity Holdings	50 percent ownership interest ¹	
NWO Holdco	Class B membership interest ²	

¹ The remaining ownership interest is presented as noncontrolling interest on CMS Energy's consolidated balance sheets.

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

³ During 2025, the tax equity investor contributed \$15 million and recognized a deemed contribution of \$35 million associated with BG Solar Holdings' sale of investment tax credits related to a portion of the project placed into service for tax purposes in 2025. The remaining portion of the project was placed into service for tax purposes during 2026, and the tax equity investor recognized a deemed contribution of \$87 million. In June 2026, the project achieved commercial operation and the tax equity investor contributed an additional \$56 million.

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

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

	<i>In Millions</i>	
	June 30, 2026	December 31, 2025
<i>Current</i>		
Cash and cash equivalents	\$ 29	\$ 20
Restricted cash and cash equivalents	18	19
Accounts receivable	12	42
Prepayments and other current assets	17	5
<i>Non-current</i>		
Plant, property, and equipment, net	1,399	1,037
Construction work in progress	170	357
Other non-current assets	7	5
Total assets ¹	\$ 1,652	\$ 1,485
<i>Current</i>		
Current portion of long-term debt and finance leases	\$ 38	\$ 65
Accounts payable	33	29
Other current liabilities	1	—
<i>Non-current</i>		
Long-term debt	57	118
Non-current portion of finance leases	43	39
AROs	44	38
Other non-current liabilities	7	3
Total liabilities	\$ 223	\$ 292

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

NorthStar Clean Energy is obligated under certain indemnities that protect the tax equity investors against losses incurred as a result of breaches of representations and warranties under the associated limited liability company agreements. For additional details on these indemnity obligations, see Note 3, Contingencies and Commitments—Guarantees.

Consumers' wholly-owned subsidiaries, Consumers 2014 Securitization Funding and Consumers 2023 Securitization Funding, are VIEs designed to collateralize Consumers' securitization bonds. These entities are considered VIEs primarily because their equity capitalization is insufficient to support their operations. Consumers is the primary beneficiary of and consolidates these VIEs, as it has the power to direct the activities that most significantly impact the economic performance of the companies, as well as the obligation to absorb losses or the right to receive benefits from the companies. The VIEs' primary assets and liabilities comprise non-current regulatory assets and long-term debt. The carrying value of the regulatory assets on Consumers' consolidated balance sheets was \$489 million at June 30, 2026 and \$549 million at December 31, 2025. The carrying value of securitization bonds on Consumers' consolidated balance sheets was \$525 million at June 30, 2026 and \$585 million at December 31, 2025.

Non-consolidated VIEs: NorthStar Clean Energy has variable interests in T.E.S. Filer City, Grayling, Genesee, and Craven. While NorthStar Clean Energy owns 50 percent of each partnership, it is not the primary beneficiary of any of these partnerships because decision making is shared among unrelated parties, and no one party has the ability to direct the activities that most significantly impact the entities'

economic performance, such as operations and maintenance, plant dispatch, and fuel strategy. The partners must agree on all major decisions for each of the partnerships.

Presented in the following table is information about these partnerships, which are accounted for using the equity method:

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

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

The creditors of these partnerships do not have recourse to the general credit of CMS Energy, NorthStar Clean Energy, or Consumers. NorthStar Clean Energy's maximum risk exposure to these partnerships is generally limited to its investment in the partnerships, which is included in investments on CMS Energy's consolidated balance sheets in the amount of \$53 million at June 30, 2026 and \$54 million at December 31, 2025.

13: Exit Activities and Asset Sales

J.H. Campbell Retirement: The retirement of J.H. Campbell is subject to temporary extensions under emergency orders issued by the U.S. Secretary of Energy. As a result, Consumers has implemented retention measures to ensure appropriate staffing levels and expects to incur up to \$4 million during each 90-day emergency order period. Consumers will seek recovery of these retention costs from FERC, consistent with rate recovery sought for other costs of complying with the emergency orders. For additional information on the emergency orders associated with J.H. Campbell, see Note 2, Regulatory Matters.

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

	<i>In Millions</i>	
Six Months Ended June 30	2026	2025 ¹
Retention benefit liability at beginning of period	\$ 2	\$ 14
Costs deferred as a regulatory asset	7	3
Costs paid or settled	(7)	—
Retention benefit liability at the end of the period	\$ 2	\$ 17

¹ Includes amounts associated with a retention incentive program established under Consumers' IRP in connection with the planned retirement of J.H. Campbell in May 2025. Final payments under this program were made in November 2025.

Sale of Hydroelectric Facilities: In September 2025, Consumers signed an agreement to sell its 13 river hydroelectric dams, which are located throughout Michigan, to a non-affiliated company. Additionally, Consumers signed an agreement to purchase power generated by the facilities for 30 years, at a price that reflects the counterparty's acceptance of the risks and rewards of ownership of the facilities, including FERC licensing obligations. The agreements are contingent upon MPSC and FERC approval, for which Consumers filed in October 2025.

In July 2026, Consumers filed exceptions to the proposal for decision issued in the related regulatory proceeding. The filing proposed a state-administered fund that would be established using all financial compensation mechanism revenues received under the PPA, estimated to total approximately \$270 million over the term of the agreement. Under the proposal, the fund would be controlled by the State of Michigan and used to support dam safety improvements, emergency response and remediation efforts, and future decommissioning or license surrender obligations associated with the hydroelectric facilities. The proposal is subject to regulatory review and approval.

An order from the MPSC is expected in September 2026. In Consumers' most recent electric rate cases, the MPSC has approved deferred accounting treatment for costs of owning and operating the hydroelectric dams pending and until completion of the transaction. At June 30, 2026, the net book value of the hydroelectric facilities was immaterial.

To ensure necessary staffing at the hydroelectric facilities through the anticipated sale, Consumers has provided current employees at the facilities with a retention incentive program. Subsequently, to ensure continued safe operation of the facilities after the sale, the buyer will offer employment to the current hydroelectric employees for a period of at least a year. The retention incentive benefits are contingent upon MPSC and FERC approval of the sale transaction.

NorthStar Clean Energy Strategic Divestments: In July 2026, the CMS Energy Board of Directors approved a plan to divest certain renewable projects owned by NorthStar Clean Energy and to exit non-utility renewables development. The projects included in the planned divestiture are primarily non-Michigan-based renewable generation projects. CMS Energy has initiated a sales process for these renewable projects and is evaluating market information and potential indications of interest. CMS Energy expects to classify the related assets and liabilities as held for sale in the third quarter of 2026, as the held-for-sale criteria were not met as of June 30, 2026. CMS Energy could record a material impairment charge in the third quarter of 2026 if expected sale proceeds are insufficient to recover the carrying value of the assets. CMS Energy expects to complete the divestment within twelve months, subject to negotiating contractual terms with a third-party, which would then be subject to regulatory approvals and other customary closing conditions.

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

See Management’s Discussion and Analysis of Financial Condition and Results of Operations included in this Form 10-Q beginning on page 16.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to market risk as previously disclosed in Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk, in the 2025 Form 10-K.

Item 4. Controls and Procedures

CMS Energy

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

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

Consumers

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

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

Part II—Other Information

Item 1. Legal Proceedings

CMS Energy, Consumers, and certain of their affiliates are parties to various lawsuits and regulatory matters in the ordinary course of business. For information regarding material legal proceedings, including updates to information reported under Part I—Item 3. Legal Proceedings of the 2025 Form 10-K, see Part I—Item 1. Financial Statements—Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters and Note 3, Contingencies and Commitments.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors as previously disclosed in Part I—Item 1A. Risk Factors in the 2025 Form 10-K, which Risk Factors are incorporated herein by reference.

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

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

Presented in the following table are CMS Energy’s repurchases of common stock for the three months ended June 30, 2026:

Period	Total Number of Shares Purchased ¹	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs
April 1, 2026 to April 30, 2026	—	\$ —	—	—
May 1, 2026 to May 31, 2026	125	73.27	—	—
June 1, 2026 to June 30, 2026	—	—	—	—
Total	125	\$ 73.27	—	—

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

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On July 22, 2026, the CMS Energy Board of Directors approved a plan to divest certain renewable projects owned by NorthStar Clean Energy and to exit non-utility renewables development. The projects included in the planned divestiture are primarily non-Michigan-based renewable generation projects. CMS Energy has initiated a sales process for these renewable projects and is evaluating market information and potential indications of interest. CMS Energy expects to classify the related assets and liabilities as held for sale in the third quarter of 2026, as the held-for-sale criteria were not met as of June 30, 2026.

Upon classification of these assets as held-for-sale, the related disposal group would be required to be measured at the lower of carrying value or fair value less costs to sell. If the estimated fair value less costs to sell of the disposal group is less than its carrying value, impairment charges may be required and CMS Energy could record a material impairment charge in the third quarter of 2026. This impairment determination requires significant judgment and estimates, including assumptions regarding future cash flows, market conditions, power prices, discount rates, operating performance, transaction structure, expected proceeds from the sale process, and costs to sell. These estimates are inherently uncertain and may change.

CMS Energy expects to complete the divestment within 12 months, subject to negotiating contractual terms with a third party, which would then be subject to regulatory approvals and other customary closing conditions. If the divestiture is delayed, modified, or not completed on anticipated terms, or if market conditions for renewable energy assets deteriorate, additional impairment charges, valuation adjustments, or losses on disposition could be required.

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Item 6. Exhibits

CMS Energy's and Consumers' Exhibit Index

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

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

<u>Exhibits</u>	<u>Description</u>
3.1 ¹	— Restated Articles of Incorporation of CMS Energy, effective June 1, 2004, and as amended from time to time
4.1	— 156th Supplemental Indenture dated as of May 5, 2026, between Consumers and The Bank of New York Mellon, as Trustee (Exhibit 4.1 to Form 8-K filed May 5, 2026, and incorporated herein by reference)
31.1	— CMS Energy's certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	— CMS Energy's certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3	— Consumers' certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.4	— Consumers' certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	— CMS Energy's certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	— Consumers' certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	— Inline XBRL Instance Document
101.SCH	— Inline XBRL Taxonomy Extension Schema
101.CAL	— Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	— Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	— Inline XBRL Taxonomy Extension Labels Linkbase
101.PRE	— Inline XBRL Taxonomy Extension Presentation Linkbase
104	— Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

¹ Obligations of CMS Energy or its subsidiaries, but not of Consumers.

Signatures

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

CMS ENERGY CORPORATION

Dated: July 28, 2026

By:

/s/ Srikanth Maddipati

Srikanth Maddipati

Executive Vice President and Chief Financial Officer

CONSUMERS ENERGY COMPANY

Dated: July 28, 2026

By:

/s/ Srikanth Maddipati

Srikanth Maddipati

Executive Vice President and Chief Financial Officer

FILED AND EFFECTIVE JUNE 1, 2004

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES — CORPORATION DIVISION
LANSING, MICHIGAN

RESTATED ARTICLES OF INCORPORATION
(Profit Corporation)
Corporation Identification Number 485-283

These Restated Articles of Incorporation of CMS Energy Corporation (the “Corporation”) are executed pursuant to the provisions of Sections 641 through 651, Act 284, Public Acts of 1972, as amended, (the “Act”). These Restated Articles of Incorporation were authorized by the Board of Directors at its meeting held on May 28, 2004 without a vote of the shareholders pursuant to the provisions of Section 642 of the Act in order to restate and integrate the Articles and do not further amend the Articles as theretofore amended, and there is no material discrepancy between those provisions and the provisions of these Restated Articles.

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

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

RESTATED ARTICLES OF INCORPORATION

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

ARTICLE I

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

ARTICLE II

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

ARTICLE III

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

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

PREEMPTIVE RIGHTS

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

PREFERRED STOCK

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

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

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

Series Established By Articles

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

4.50% Cumulative Convertible Preferred Stock

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

1. Designation and Amount; Ranking.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Dividends.

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

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

(b) If (i) by November 5, 2004, the Shelf Registration Statement has not been filed with the Commission, (ii) by March 5, 2005, the Shelf Registration Statement has not been declared effective by the Commission, (iii) after the Shelf Registration Statement has been declared effective the Corporation fails to file a post-effective amendment, prospectus supplement, amendment or supplement to any document incorporated by reference into such prospectus or document if required by applicable law with the SEC within five business days after a Holder provides the Corporation with certain required information, if such filing is necessary to enable the Holder to deliver the prospectus to purchasers of such Holder's Transfer Restricted Securities, (iv) the Shelf Registration Statement ceases to be effective or fails to be usable without being succeeded within 30 days by a post-effective amendment or an additional registration statement filed and declared effective (other than as permitted in (iii) above) pursuant to the Exchange Act that cures the failure of the registration statement to be effective or usable, and (v) the aggregate duration of any suspension periods in any period exceeds certain limits described in the Registration Rights Agreement (each such event referred to in clauses (i), (ii), (iii), (iv) and (v) a "Registration Default"), additional dividends shall accumulate on the 4.50% Convertible Preferred Stock, from and including the date on which any such Registration Default shall occur to, but excluding, the date on which the Registration Default has been cured, at the rate of 0.25% per year for the first 90 days following such date and at a rate of 0.50% per year thereafter ("Additional Dividends"). With respect to shares of Common Stock issued upon conversion of the 4.50% Convertible Preferred Stock, Additional Dividends will accumulate on the then applicable conversion price from and including the date on which any such Registration Default shall occur to, but excluding, the date on which the Registration Default has been cured, at the rate of 0.25% per year for the first 90 days following such date and at a rate of 0.50% per year thereafter. Except as mentioned above, the Corporation will have no other liabilities for monetary damages with respect to its registration obligations. The receipt of Additional Dividends will be the sole monetary remedy available to a Holder if the Corporation fails to meet these obligations.

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

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

Stock be redeemed, purchased or otherwise acquired for any consideration (or any money paid to or made available for a sinking fund for the redemption of any Parity Stock or Junior Stock) by or on behalf of the Corporation (except by conversion into or exchange for shares of Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock)), unless full Accumulated Dividends shall have been or contemporaneously are declared and paid, or are declared and a sum sufficient for the payment thereof is set apart for such payment, on the 4.50% Convertible Preferred Stock and any Parity Stock for all dividend payment periods terminating on or prior to the date of such declaration, payment, redemption, purchase or acquisition. Notwithstanding the foregoing, if full dividends have not been paid on the 4.50% Convertible Preferred Stock and any Parity Stock, dividends may be declared and paid on the 4.50% Convertible Preferred Stock and such Parity Stock so long as the dividends are declared and paid pro rata so that the amounts of dividends declared per share on the 4.50% Convertible Preferred Stock and such Parity Stock will in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of 4.50% Convertible Preferred Stock and such other Parity Stock bear to each other.

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

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

(g) In any case where any Dividend Payment Date or Conversion Date (including upon the occurrence of a Fundamental Change) of any 4.50% Convertible Preferred Stock shall not be a Business Day, at any place of payment, then payment of dividends (and Additional Dividends, if any) need not be made on such date, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the dividend payment date or Conversion Date (including upon the occurrence of a Fundamental Change); and no interest shall accumulate on

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

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

4. Fundamental Change.

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

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

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

- (i) if certificated, the certificate numbers of the shares of 4.50% Convertible Preferred Stock which the Holder shall deliver to be purchased, or, if not certificated, the
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Fundamental Change Purchase Notice must comply with appropriate Depository procedures;

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

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

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

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

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

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

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

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

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

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

- (i) the applicable Fundamental Change Purchase Price, excluding accumulated and unpaid dividends, Conversion Rate at the time of such notice (and any adjustments to the Conversion Rate) and, to the extent known at the time of such notice, the amount of dividends (including Additional Dividends, if any), if any, that will be payable with respect to the 4.50% Convertible Preferred Stock on the applicable Fundamental Change Purchase Date;
 - (ii) the events causing the Fundamental Change and the date of the Fundamental Change;
 - (iii) the Fundamental Change Purchase Date;
 - (iv) the last date on which a Holder may exercise its purchase right;
 - (v) the name and address of the Paying Agent and the Conversion Agent;
 - (vi) that the 4.50% Convertible Preferred Stock must be surrendered to the Paying Agent to collect payment of the Fundamental Change Purchase Price;
 - (vii) that the 4.50% Convertible Preferred Stock as to which a Fundamental Change Purchase Notice has been given may be converted only if the applicable Fundamental Change Purchase Notice has been withdrawn in accordance with the terms of this Certificate of Designation;
 - (viii) that the Fundamental Change Purchase Price for any of the 4.50% Convertible Preferred Stock as to which a Fundamental Change Purchase Notice has been given and not withdrawn shall be paid by the Paying Agent promptly following the later of the Fundamental Change Purchase Date or the time of book-entry transfer or delivery of such 4.50% Convertible Preferred Stock;
 - (ix) the procedures the Holder must follow under this Section 4;
 - (x) briefly, the conversion rights of the 4.50% Convertible Preferred Stock;
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- (xi) that, unless the Corporation defaults in making payment of such Fundamental Change Purchase Price on the 4.50% Convertible Preferred Stock covered by any Fundamental Change Purchase Notice, dividends (including Additional Dividends, if any) will cease to accumulate on and after the Fundamental Change Purchase Date;
- (xii) the CUSIP or ISIN number of the 4.50% Convertible Preferred Stock; and
- (xiii) the procedures for withdrawing a Fundamental Change Purchase Notice.

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Voting.

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

- (i) If and whenever at any time or times a Voting Rights Triggering Event occurs, then the holders of shares of 4.50% Convertible Preferred Stock, voting as a single class with any other 4.50% Convertible Preferred Stock or preference securities having similar voting rights that are exercisable (the "Voting Rights Class"), will be entitled at the next regular or special meeting of shareholders of the Corporation to elect two additional directors of the Corporation, unless the Board of Directors is comprised of fewer than six directors at such time, in which case the Voting Rights Class shall be entitled to elect one additional director. Upon the election of any such additional directors, the number of directors that comprise the Board of Directors shall be increased by such number of additional directors.
 - (ii) Such voting rights may be exercised at a special meeting of the holders of the shares of the Voting Rights Class, called as hereinafter provided, or at any annual meeting of shareholders held for the purpose of electing directors, and thereafter at each such annual meeting until such time as all dividends in arrears on the shares of 4.50% Convertible Preferred Stock shall have been paid in full, at which time or times such voting rights and the term of the directors elected pursuant to Section 5(a)(i) shall terminate.
 - (iii) At any time when such voting rights shall have vested in holders of shares of the Voting Rights Class, an Officer of the Corporation may call, and, upon written request of the record holders of shares representing at least twenty-five percent (25%) of the voting power of the shares then outstanding of the Voting Rights Class, addressed to the Secretary of the Corporation, shall call a special meeting of the holders of shares of the Voting Rights Class. Such meeting shall be held at the earliest practicable date upon the notice required for annual meetings of shareholders at the place for holding annual meetings of shareholders of the Corporation, or, if none, at a place designated by the Board of Directors. Notwithstanding the provisions of this Section 5(a)(iii), no such special meeting shall be called during a period within
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the 60 days immediately preceding the date fixed for the next annual meeting of shareholders, in which such case the election of directors pursuant to Section 5(a)(i) shall be held at such annual meeting of shareholders.

- (iv) At any meeting held for the purpose of electing directors at which the holders of the Voting Rights Class shall have the right to elect directors as provided herein, the presence in person or by proxy of the holders of shares representing more than fifty percent (50%) in voting power of the then outstanding shares of the Voting Rights Class shall be required and shall be sufficient to constitute a quorum of such class for the election of directors by such class. The affirmative vote of the holders of shares of 4.50% Convertible Preferred Stock constituting a majority of the shares of 4.50% Convertible Preferred Stock present at such meeting, in person or by proxy shall be sufficient to elect any such director.
- (v) Any director elected pursuant to the voting rights created under this Section 5(a) shall hold office until the next annual meeting of shareholders (unless such term has previously terminated pursuant to Section 5(a)(ii)) and any vacancy in respect of any such director shall be filled only by vote of the remaining director so elected by holders of the Voting Rights Class, or, if there be no such remaining director, by the holders of shares of the Voting Rights Class at a special meeting called in accordance with the procedures set forth in this Section 5, or, if no such special meeting is called, at the next annual meeting of shareholders. Upon any termination of such voting rights, the term of office of all directors elected pursuant to this Section 5 shall terminate.
- (vi) So long as any shares of 4.50% Convertible Preferred Stock remain outstanding, unless a greater percentage shall then be required by law, the Corporation shall not, without the affirmative vote or consent of the holders of all of the outstanding 4.50% Convertible Preferred Stock voting or consenting, as the case may be, separately as one class, (i) create, authorize or issue any class or series of Senior Stock (or any security convertible into Senior Stock) or (ii) amend the Articles of Incorporation so as to affect adversely the specified rights, preferences, privileges or voting rights of holders of shares of 4.50% Convertible Preferred Stock.
- (vii) In exercising the voting rights set forth in this Section 5(a), each share of 4.50% Convertible Preferred Stock shall be entitled to one vote.

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

6. Liquidation Rights.

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

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

(b) Neither the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all the assets or business of the Corporation (other than in connection with the liquidation, winding-up or dissolution of its business) nor the merger or consolidation of the Corporation into or with any other Person shall be deemed to be a liquidation, winding-up or dissolution, voluntary or involuntary, for the purposes of this Section 6.

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

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

7. Conversion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) In case the Corporation shall: (a) pay a dividend, or make a distribution, exclusively in shares of its capital stock, on the Common Stock; (b) subdivide its outstanding Common Stock into a greater number of shares; (c) combine its outstanding Common Stock into a smaller number of shares; or (d) reclassify its Common Stock, the Conversion Rate in effect immediately prior to the record date or effective date, as the case may be, for the adjustment pursuant to this Section 7(f) as described below, shall be adjusted so that the Holder of any 4.50% Convertible Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock of the Corporation which such Holder would have owned or have been entitled to receive after the happening of any of the events described above had such 4.50% Convertible Preferred Stock been converted immediately prior to such record date or effective date, as the case may be. An adjustment made pursuant to this Section 7(f) shall become effective immediately after the applicable record date in the case of a dividend or distribution and shall become effective immediately after the applicable effective date in the case of subdivision, combination or reclassification of the Corporation's Common Stock. If any dividend or distribution of the type described in clause (a) above is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.
 - (ii) In case the Corporation shall issue rights or warrants to all holders of the Common Stock entitling them (for a period expiring within 60 days after the date of issuance of such rights or warrants) to subscribe for or purchase Common Stock at a price per share less than the Market Price per share of Common Stock on the record date fixed for determination of shareholders entitled to receive such rights or warrants, the Conversion Rate in effect immediately after such record date shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately after such record date by a fraction of which (a) the numerator shall be the number of shares of Common Stock outstanding on such record date plus the number of additional shares of Common Stock offered for subscription or purchase, and (b) the denominator shall be the number of shares of Common Stock outstanding on such record date plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at the Market Price per share of Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such issuance of rights or warrants. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be
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adjusted to be the Conversion Rate which would then be in effect if such record date for the determination of shareholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Corporation for such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors.

- (iii) In case the Corporation shall, by dividend or otherwise, distribute to all holders of Common Stock any assets, debt securities or rights or warrants to purchase any of its securities (excluding (a) any dividend, distribution or issuance covered by those referred to in Section 7(f)(i) or Section 7(f)(ii) hereof and (b) any dividend or distribution paid exclusively in cash) (any of the foregoing hereinafter in this Section 7(f)(iii) called the "Distributed Assets or Securities") in an aggregate amount per share of Common Stock that, combined together with the aggregate amount of any other such distributions to all holders of its Common Stock made within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this Section 7(f)(iii) has been made, exceeds 15% of the Market Price on the Trading Day immediately preceding the declaration of such distribution, then the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date mentioned below by a fraction of which (A) the numerator shall be the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution, and (B) the denominator shall be (1) the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution less (2) the Fair Market Value on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution (as determined by the Board of Directors, whose determination shall be conclusive, and described in a certificate filed with the Paying Agent) of the Distributed Assets or Securities so distributed applicable to one share of Common Stock. Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution; provided, however, that, if (a) the Fair Market Value of the portion of the Distributed Assets or Securities so distributed applicable to one share of Common Stock is equal to or greater than the Market Price of the Common Stock on the record date for the determination of shareholders entitled to receive such distribution or (b) the Market Price of the Common Stock on the record date for the determination of shareholders entitled to receive such distribution is greater than the Fair Market Value per share of such Distributed Assets or Securities by less than \$1.00, then, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the shares of Common Stock, the kind and amount of assets, debt securities, or rights or warrants comprising the Distributed Assets or Securities the Holder would have received had such Holder converted such 4.50% Convertible Preferred Stock immediately prior to the record date for the
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determination of shareholders entitled to receive such distribution. In the event that such distribution is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such distribution had not been declared.

- (iv) In case the Corporation shall make (a) any distributions, by dividend or otherwise, during any quarterly fiscal periods consisting exclusively of cash to all holders of outstanding shares of Common Stock in an aggregate amount that, together with (b) other all-cash or all-check distributions made to all holders of outstanding shares of Common Stock during such quarterly fiscal period, and (c) any cash and the Fair Market Value, as of the expiration of any tender or exchange offer (other than consideration payable in respect of any odd-lot tender offer) of consideration payable in respect of any tender or exchange offer by the Corporation or any of the Corporation's Subsidiaries for all or any portion of shares of Common Stock concluded during such quarterly fiscal period, exceed the product of \$0 multiplied by the number of shares of Common Stock outstanding on the record date for such distribution, then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive such distribution by a fraction of which (A) the numerator shall be the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution and (B) the denominator shall be (1) the Market Price per share of Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution plus (2) \$0 less (3) an amount equal to the quotient of (x) the combined amount distributed or payable in the transactions described in clauses (a), (b) and (c) above during such quarterly fiscal period and (y) the number of shares of Common Stock outstanding on such record date, such adjustment to become effective immediately after the record date for the determination of shareholders entitled to receive such distribution.
 - (v) With respect to Section 7(f)(iii) hereof, in the event that the Corporation makes any distribution to all holders of Common Stock consisting of Equity Interests in a Subsidiary or other business unit of the Corporation, the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive such distribution by a fraction of which (i) the numerator shall be (x) the Spin-off Market Price per share of the Common Stock on such record date plus (y) the Spin-off Market Price per Equity Interest of the Subsidiary or other business unit of the Corporation on such record date and (ii) the denominator shall be the Spin-off Market Price per share of the Common Stock on such record date, such adjustment to become effective 10 Trading Days after the effective date of such distribution of Equity Interests in a Subsidiary or other business unit of the Corporation.
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- (vi) Upon conversion of the 4.50% Convertible Preferred Stock, the Holders shall receive, in addition to the Common Stock issuable upon such conversion, the rights issued under any future shareholder rights plan the Corporation implements (notwithstanding the occurrence of an event causing such rights to separate from the Common Stock at or prior to the time of conversion) unless, prior to conversion, the rights have expired, terminated or been redeemed or exchanged in accordance with such rights plan. If, and only if, the Holders of 4.50% Convertible Preferred Stock receive rights under such shareholder rights plans as described in the preceding sentence upon conversion of their 4.50% Convertible Preferred Stock, then no other adjustment pursuant to this Section 7(f) shall be made in connection with such shareholder rights plans.
- (vii) For purposes of this Section 7(f), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Corporation shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.
- (viii) Notwithstanding the foregoing, in no event shall the Conversion Rate exceed the maximum conversion rate specified under this Section 7(f)(viii) (the "Maximum Conversion Rate") as a result of an adjustment pursuant to Section 7(f)(iii) or Section 7(f)(iv) hereof. The Maximum Conversion Rate shall initially be 6.5703 and shall be appropriately adjusted from time to time for any stock dividends on or subdivisions or combinations of the Common Stock. The Maximum Conversion Rate shall not apply to any adjustments made pursuant to any of the events in Section 7(f)(i) or Section 7(f)(ii) hereof.

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

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

- (i) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Common Stock under any plan;
 - (ii) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Corporation or any of its Subsidiaries;
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- (iii) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security not described in clause (ii) above and outstanding as of the date of this Certificate of Designation;
- (iv) for a change in the par value or no par value of the Common Stock;
- (v) for accumulated and unpaid dividends (including Additional Dividends, if any); or
- (vi) if Holders are to participate in a merger or consolidation on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction; provided that the basis on which the Holders are to participate in the transaction shall not be deemed to be fair if it would require the conversion of securities at any time prior to the expiration of the conversion period specified for such securities.

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

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

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

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

- (i) the Corporation shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 7(f) hereof;
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- (ii) the Corporation shall authorize the granting to all or substantially all the holders of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants;
- (iii) of any reclassification or reorganization of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Corporation is a party and for which approval of any shareholders of the Corporation is required, or of the sale or transfer of all or substantially all of the assets of the Corporation; or
- (iv) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

the Corporation shall cause to be filed with the Conversion Agent and to be mailed to each Holder at its address appearing on the Security Register, as promptly as possible but in any event at least 15 days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, or rights or warrants are to be determined or (y) the date on which such reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

(l) Effect of Reclassification, Consolidation, Merger, Binding Share Exchange or Sale. If any of the following events occur, namely: (i) any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); (ii) any consolidation, merger, combination or binding share exchange of the Corporation with another Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock; or (iii) any sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Corporation or the successor or purchasing Person, as the case may be, shall cause an amendment to this Certificate of Designation to be executed and filed in accordance with Michigan law, providing that each share of 4.50% Convertible Preferred Stock shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, binding share exchange, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such 4.50% Convertible Preferred Stock immediately prior to such reclassification,

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

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

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

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

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

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

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

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

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

8. Mandatory Conversion.

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

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

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

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

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

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

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

9. Consolidation, Merger and Sale of Assets.

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

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

10. SEC Reports.

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

11. Certificates.

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

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

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

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

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

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

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

The Transfer Agent shall authenticate and deliver certificates for up to 5,000,000 shares of 4.50% Convertible Preferred Stock for original issue upon a written order of the Corporation signed by two Officers or by an Officer and an Assistant Treasurer of the Corporation. Such order shall specify the number of shares of 4.50% Convertible Preferred Stock to be authenticated and the date on which the original issue of 4.50% Convertible Preferred Stock is to be authenticated.

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

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

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

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

- (1) Notwithstanding any other provisions of this Certificate of Designation (other than the provisions set forth in Section 11(c)(ii)), Global 4.50% Convertible Preferred Stock may not be transferred as a whole except by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor depository or a nominee of such successor depository.
- (2) In the event that the Global 4.50% Convertible Preferred Stock is exchanged for 4.50% Convertible Preferred Stock in definitive registered form pursuant to Section 11(c)(ii) prior to the effectiveness of a Shelf Registration Statement with respect to such securities, such 4.50% Convertible Preferred Stock may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 11(c) (including the certification requirements set forth in the Exhibits to this Certificate of Designation intended to ensure that such transfers comply with Rule 144A or such other applicable exemption from registration under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Corporation.
- (3) The 4.50% Convertible Preferred Stock, and any shares of Common Stock distributed pursuant to the conversion of the 4.50% Convertible Preferred Stock, may not be sold or otherwise transferred until the expiration of two years following the date of payment for and delivery of the 4.50% Convertible Preferred Stock, except (a) pursuant to registration under the Securities Act, (b) in accordance with Rule 144 (if available) or Rule 144A under the Securities Act (if available) or (c) in offshore transactions in reliance on Regulation S, and will bear a legend to this effect.

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

- (1) DTC notifies the Corporation that DTC is unwilling or unable to continue as depository for the Global 4.50% Convertible Preferred Stock and a successor depository for the Global 4.50% Convertible Preferred Stock is not appointed by the Corporation within 90 days after delivery of such notice;
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- (2) DTC ceases to be a clearing agency registered under the Exchange Act and a successor depository for the Global 4.50% Convertible Preferred Stock is not appointed by the Corporation within 90 days; or
- (3) the Corporation, in its sole discretion, notifies the Transfer Agent in writing that it elects to cause the issuance of Certificated 4.50% Convertible Preferred Stock under this Certificate of Designation,

then the Corporation will execute, and the Transfer Agent, upon receipt of a written order of the Corporation signed by two Officers or by an Officer and an Assistant Treasurer of the Corporation requesting the authentication and delivery of Certificated 4.50% Convertible Preferred Stock to the Persons designated by the Corporation, will authenticate and deliver Certificated 4.50% Convertible Preferred Stock equal to the number of shares of 4.50% Convertible Preferred Stock represented by the Global 4.50% Convertible Preferred Stock, in exchange for such Global 4.50% Convertible Preferred Stock.

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

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

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

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

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

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

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

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

(v) No Obligation of the Transfer Agent.

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

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

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

13. Other Provisions.

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

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

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

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

FORM OF FUNDAMENTAL CHANGE PURCHASE NOTICE

To: CMS Energy Corporation

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

Dated:

Signature(s)

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

Signature Guarantee

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

(Name)

(Street Address)

(City, state and zip code)

Please print name and address

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

Certificate Number (if shares of 4.50% Convertible Preferred Stock are Certificated):

Social Security or other taxpayer number:

FORM OF CONVERSION NOTICE

To: CMS Energy Corporation

The undersigned registered holder of these shares of 4.50% Convertible Preferred Stock hereby exercises the option to convert these shares of 4.50% Convertible Preferred Stock, or portion hereof (which is \$50.00 liquidation preference or an integral multiple thereof) designated below, for shares of Common Stock of CMS Energy Corporation in accordance with the terms of the Certificate of Designation referred to in the 4.50% Convertible Preferred Stock, and directs that the shares, if any, issuable and deliverable upon such conversion, together with any check for cash deliverable upon such conversion, and any shares of 4.50% Convertible Preferred Stock representing any unconverted shares hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of the 4.50% Convertible Preferred Stock not converted are to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

This notice shall be deemed to be an irrevocable exercise of the option to convert these shares of 4.50% Convertible Preferred Stock.

Dated:

Signature(s)

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

Signature Guarantee

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

(Name)

(Street Address)

(City, state and zip code)
Please print name and address

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

Certificate Number (if shares of 4.50% Convertible Preferred Stock are Certificated):

Social Security or other taxpayer number:

**FORM OF PREFERRED STOCK
FACE OF SECURITY**

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), AND THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (V) TO CMS ENERGY CORPORATION OR (VI) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (VI) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN CLAUSE (A) ABOVE.

THE HOLDER OF THIS SECURITY AGREES THAT SUCH HOLDER WILL NOT ENGAGE IN HEDGING TRANSACTIONS INVOLVING THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

THIS SECURITY AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

THE HOLDER OF THIS SECURITY IS SUBJECT TO, AND ENTITLED TO THE BENEFITS OF, A REGISTRATION RIGHTS AGREEMENT, DATED AS OF DECEMBER 5, 2003 ENTERED INTO BY THE COMPANY FOR THE BENEFIT OF CERTAIN HOLDERS OF SECURITIES FROM TIME TO TIME.

Certificate Number

[]

Number of Shares

[]

CUSIP NO.: _____

4.50% Cumulative Convertible Preferred Stock (par value \$0.01) (liquidation
preference \$50 per share)

of

CMS Energy Corporation

CMS Energy Corporation, a Michigan corporation (the "Corporation"), hereby certifies that [] (the "Holder") is the registered owner of [] fully paid and non-assessable preferred securities of the Corporation designated the 4.50% Cumulative Convertible Preferred Stock (par value \$0.01) (liquidation preference \$50 per share) (the "4.50% Convertible Preferred Stock"). The shares of 4.50% Convertible Preferred Stock are transferable on the books and records of the Transfer Agent, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the 4.50% Convertible Preferred Stock represented hereby are issued and shall in all respects be subject to the provisions of the Certificate of Designation dated December 4, 2003, as the same may be amended from time to time (the "Certificate of Designation"). Capitalized terms used herein but not defined shall have the meaning given them in the Certificate of Designation. The Corporation will provide a copy of the Certificate of Designation to a Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to select provisions of the 4.50% Convertible Preferred Stock set forth on the reverse hereof, and to the Certificate of Designation, which select provisions and the Certificate of Designation shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Certificate of Designation and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, these shares of 4.50% Convertible Preferred Stock shall not be entitled to any benefit under the Certificate of Designation or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has executed this certificate this day of , 2003.

CMS ENERGY CORPORATION

By:

Name:

Title:

By:

Name:

Title:

TRANSFER AGENT'S AND SECURITY REGISTRAR'S CERTIFICATE OF AUTHENTICATION

These are shares of the 4.50% Convertible Preferred Stock referred to in the within-mentioned Certificate of Designation.

Dated: , 2003

CMS Energy Corporation, as Transfer Agent and Security Registrar

By:

Authorized Signatory

REVERSE OF SECURITY

Cash dividends on each share of 4.50% Convertible Preferred Stock shall be payable at a rate per annum set forth on the face hereof or as provided in the Certificate of Designation.

The shares of 4.50% Convertible Preferred Stock shall be convertible into the Corporation's Common Stock in the manner and according to the terms set forth in the Certificate of Designation.

The Corporation will furnish without charge to each holder who so requests the powers, designations, preferences and relative, participating, optional or other rights of each class of stock and the qualifications, limitations or restrictions of such preferences and/or rights.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of 4.50% Convertible Preferred Stock evidenced hereby to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints agent to transfer the shares of 4.50% Convertible Preferred Stock evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

Date:

Signature:

(Sign exactly as your name appears on the other side of this 4.50% Convertible Preferred Stock certificate)

Signature Guarantee:

(1)

1 (Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

**CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR
REGISTRATION OF TRANSFER OF PREFERRED STOCK**

Re: 4.50% Cumulative Convertible Preferred Stock (the “4.50% Convertible Preferred Stock”) of CMS Energy Corporation (the “Corporation”)

This Certificate relates to shares of 4.50% Convertible Preferred Stock held in ☐ */ book- entry or ☐ */ definitive form by (the “Transferor”).

The Transferor*:

☐ has requested the Transfer Agent by written order to deliver in exchange for its beneficial interest in the 4.50% Convertible Preferred Stock held by the Depository shares of 4.50% Convertible Preferred Stock in definitive, registered form equal to its beneficial interest in such 4.50% Convertible Preferred Stock (or the portion thereof indicated above); or

☐ has requested the Transfer Agent by written order to exchange or register the transfer of 4.50% Convertible Preferred Stock.

In connection with such request and in respect of such 4.50% Convertible Preferred Stock, the Transferor does hereby certify that the Transferor is familiar with the Certificate of Designation relating to the above-captioned 4.50% Convertible Preferred Stock and that the transfer of this 4.50% Convertible Preferred Stock does not require registration under the Securities Act of 1933, as amended (the “Securities Act”) because */:

☐ Such 4.50% Convertible Preferred Stock is being acquired for the Transferor’s own account without transfer.

☐ Such 4.50% Convertible Preferred Stock is being transferred to the Corporation.

☐ Such 4.50% Convertible Preferred Stock is being transferred to a qualified institutional buyer (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A.

☐ Such 4.50% Convertible Preferred Stock is being transferred in reliance on and in compliance with another exemption from the registration requirements of the Securities Act (and based on an Opinion of Counsel if the Corporation so requests).

*/ Please check applicable box.

[NAME OF TRANSFEROR]

By:

Its:

Date:

COMMON STOCK

The shares of Common Stock may be issued from time to time as the Board of Directors shall determine for such consideration as shall be fixed by the Board of Directors. Each share of Common Stock of the Corporation shall be equal to every other share of said stock in every respect. The voting, distribution, dividend, liquidation and other rights and limitations of the Common Stock are as follows:

(1) *Dividend Rights.* Subject to the express terms of any outstanding series of Preferred Stock, dividends or distributions may be declared and paid in cash or otherwise upon the Common Stock out of the assets of the Corporation legally available therefore.

(2) *Voting Rights.*

(a) Except as provided in Section 2(b) and except as otherwise provided by law, the holders of Common Stock are entitled to one vote on all matters as to which holders of Common Stock are entitled to vote. Subject to Article XI, a majority of the votes cast by the holders of Common Stock entitled to vote thereon is sufficient for the adoption of any question presented except as otherwise required by law or these Articles of Incorporation.

(b) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the vote or consent of the holders of a majority of all of the shares of Common Stock then outstanding, shall be necessary for authorizing, effecting or validating the merger or consolidation of the Corporation into or with any other entity if such merger or consolidation would adversely affect the powers or special rights of Common Stock either directly by amendment of these Articles of Incorporation or indirectly by requiring the holders of Common Stock to accept or retain, in such merger or consolidation, anything other than (i) shares of Common Stock or (ii) shares of the surviving or resulting corporation having, in either case, powers and special rights identical to those of Common Stock prior to such merger or consolidation.

(3) *Liquidation Rights.* Subject to Section 4, in the event of the dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation and after there shall have been paid or set apart for the holders of Preferred Stock the full preferential amounts (including any accumulated and unpaid dividends) to which they are entitled, the holders of Common Stock shall be entitled to receive, on a per share basis, the assets of the Corporation remaining for distribution to the holders of Common Stock. Neither the merger or consolidation of the Corporation into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Corporation nor any sale, transfer or lease of all or any part of the assets of the Corporation, shall be deemed to be a dissolution, liquidation or winding up for purposes of this Section 3.

(4) *Subdivision or Combination.* If the Corporation shall in any manner subdivide (by stock split, stock dividend or otherwise) or combine (by reverse stock split or otherwise) the outstanding shares of Common Stock, the voting and liquidation rights of Common Stock shall be appropriately adjusted so as to avoid any dilution in the aggregate voting or liquidation rights of Common Stock.

ARTICLE IV

The address of the registered office is One Energy Plaza, Jackson, Michigan, 49201. The name of the resident agent at the registered office is Michael D. VanHemert. The mailing address of the registered office is One Energy Plaza Jackson, Michigan 49201.

ARTICLE V

Special meetings of the shareholders may be called only by the Board of Directors or by the Chairman of the Board.

ARTICLE VI

The number of directors of the Corporation shall be as specified in, or determined in the manner provided in, the bylaws of the Corporation.

Any vacancies occurring on the Corporation's Board of Directors (whether by reason of the death, resignation or removal of a director) may be filled by a majority vote of the directors then in office although less than a quorum. An increase in the number of members of the Board of Directors shall be construed as creating a vacancy.

ARTICLE VII

A director may be removed by the affirmative vote of a majority of the members of the Board of Directors then in office. A director also may be removed by shareholders, but only for cause, at an annual meeting of shareholders and by the affirmative vote of a majority of the shares then entitled to vote for the election of directors. For purposes of this section, cause for removal shall be construed to exist only if a director whose removal is proposed has been convicted of a felony by a court of competent jurisdiction and such conviction is no longer subject to appeal or has been adjudged by a court of competent jurisdiction to be liable for willful misconduct in the performance of his or her duty to the Corporation in a matter of substantial importance to the Corporation and such adjudication is no longer subject to appeal.

ARTICLE VIII

A director shall not be personally liable to the Corporation or its shareholders for monetary damages for breach of duty as a director except (i) for a breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) for a violation of Section 551(1) of the Michigan Business Corporation Act, and (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article VIII, and no modification to its provisions by law, shall apply to, or have any effect upon, the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment, repeal or modification.

ARTICLE IX

Each director and each officer of the Corporation shall be indemnified by the Corporation to the fullest extent permitted by law against expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the defense of any proceeding in which he or she was or is a party or is threatened to be made a party by reason of being or having been a director or an officer of the Corporation. Such right of indemnification is not exclusive of any other rights to which such director or officer may be entitled under any now or hereafter existing statute, any other provision of these Articles, bylaw, agreement, vote of shareholders or otherwise. If the Business Corporation Act of the State of Michigan is amended after approval by the shareholders of this Article IX to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Business Corporation Act of the State of Michigan, as so amended. Any repeal or modification of this Article IX by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE X

Each director shall be a shareholder of the Corporation and any director ceasing to be a shareholder shall thereupon immediately cease to be a director.

ARTICLE XI

The Corporation reserves the right to amend, alter, change or repeal any provision in these Articles of Incorporation as permitted by law, and all rights conferred on shareholders herein are granted subject to this reservation. Notwithstanding the foregoing, the provisions of Articles V, VI, VII, VIII, IX and this Article XI may not be amended, altered, changed or repealed unless such amendment, alteration, change or repeal is approved by the affirmative vote of the holders of not less than 75% of the outstanding shares entitled to vote thereon.

Signed on May 28, 2004

CMS ENERGY CORPORATION

By: /s/ Michael D. VanHemert
Michael D. VanHemert
Vice President and Corporate Secretary

STATE OF MICHIGAN)
) ss.
COUNTY OF JACKSON)

On this 28th day of May 2004, before me appeared Michael D. VanHemert, to me personally known, who, being by me duly sworn, did say that he is Vice President and Corporate Secretary of CMS Energy Corporation, which executed the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors and shareholders, and said officer acknowledged said instrument to be the free act and deed of said corporation.

/s/ Joyce H. Norkey
Joyce N. Norkey
Notary Public for Jackson County
State of Michigan
My Commission Expires September 2006

**CERTIFICATE OF DESIGNATION
OF
4.50% CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES B
OF
CMS ENERGY CORPORATION**

Pursuant to Section 302(4) of the Michigan Business Corporation Act, MCLA §450.1302(4):

CMS ENERGY CORPORATION, a Michigan corporation (the “Corporation”), does hereby certify that the following resolution was duly adopted pursuant to the authority of the Board of Directors of the Corporation, with the provisions thereof fixing the number of shares of the series and the dividend rate being set through a Special Financing Committee of the Board of Directors:

RESOLVED: That, pursuant to the authority expressly granted to and vested in the Board of Directors of the Corporation by the provisions of Article III of the Restated Articles of Incorporation of the Corporation, as amended from time to time (the “Articles of Incorporation”), and pursuant to Section 302(4) of the Michigan Business Corporation Act, the Board of Directors hereby establishes a series of the preferred stock of the Corporation and hereby states that the series’ voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof (in addition to the provisions set forth in the Articles of Incorporation which are applicable to the preferred stock of all series), shall be as follows:

1. Designation and Amount; Ranking.

(a) There shall be created from the 10,000,000 shares of preferred stock, par value \$0.01 per share, of the Corporation authorized to be issued pursuant to the Articles of Incorporation, a series of preferred stock, designated as the “4.50% Cumulative Convertible Preferred Stock, Series B,” par value \$0.01 per share (the “Preferred Stock”), and the number of shares of such series shall be 4,910,000. Such number of shares may be decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Preferred Stock to a number less than that of the shares of Preferred Stock then outstanding plus the number of shares issuable upon exercise of options or rights then outstanding. The Preferred Stock was exchanged for 4,910,000 of then outstanding shares of 4.50% Cumulative Convertible Preferred Stock, par value \$0.01 per share (the “Original Preferred Stock”), established pursuant to the Certificate of Designation of 4.50% Cumulative Convertible Preferred Stock of CMS Energy Corporation dated December 4, 2003 pursuant to an exchange offer.

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

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

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

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

“Additional Shares” shall have the meaning given to it in Section 7(f)(vi).

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

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

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

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

“Certificate of Designation” means this certificate of designation designating the Preferred Stock.

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

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

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

“Continuing Director” means a director who either was a member of the Board of Directors on November 9, 2004 or who becomes a member of the Board of Directors subsequent to that date and whose appointment, election or nomination for election by the Corporation’s shareholders is duly approved by a majority of the Continuing Directors on the Board of Directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Corporation on behalf of the Board of Directors in which such individual is named as nominee for director.

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

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

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

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

“Conversion Rate” shall mean the number of shares of Common Stock issuable upon conversion of a share of Preferred Stock per Liquidation Preference, subject to adjustment as herein set forth. The initial Conversion Rate is 5.0541 shares of Common Stock issuable upon conversion of a share of Preferred Stock per Liquidation Preference.

“Conversion Value” shall have the meaning given to it in Section 7(m)(i).

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

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

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

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

“Dividend Adjustment Amount” shall have the meaning given to it in Section 7(f)(iv)(B).

“Dividend Payment Date” shall mean March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2005.

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

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

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

“Effective Date” shall have the meaning given to it in Section 7(a)(iii).

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

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

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

A “Fundamental Change” shall be deemed to have occurred at such time after the original issuance of the Preferred Stock that any of the following occurs: (i) the Common Stock or other capital stock into which the Preferred Stock is convertible is neither listed for trading on a United States national securities exchange nor approved for trading on the NASDAQ National Market or another established automated over-the-counter trading market in the United States; (ii) a “person” or “group” within the meaning of Section 13(d) of the Exchange Act, other than the Corporation, any subsidiary of the Corporation or any employee benefit plan of the Corporation or any such subsidiary, files a Schedule TO (or any other schedule, form or report under the Exchange Act) disclosing that such person or group has become the direct or indirect ultimate “beneficial owner” (as such term is used in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have “beneficial ownership” of all shares that such Person or group has the right to acquire whether such right is exercisable immediately or only after the passage of time) of Common Equity of the Corporation representing more than 50% of the voting power of the Corporation’s Common Equity; (iii) consummation of any share exchange, consolidation or merger of the Corporation pursuant to which the Common Stock will be converted into cash, securities or other property or any sale, lease or other transfer (in one transaction or a series of transactions) of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, to any Person (other than the Corporation or one or more of the Corporation’s subsidiaries); *provided, however*, that a transaction where the holders of the Corporation’s Common Equity immediately prior to such transaction own, directly or indirectly, more than 50% of the aggregate voting power of all classes of Common Equity of the continuing or surviving corporation or transferee immediately after such event shall not be a Fundamental Change; or (iv) Continuing Directors cease to constitute at least a majority of the Board of Directors; *provided, however*, that a Fundamental Change shall not be deemed to have occurred in respect of any of the foregoing if either (1) the Last Reported Sale Price of Common Stock for any five Trading Days within the ten consecutive Trading Days ending immediately before the later of the Fundamental Change or the public announcement thereof equals or exceeds 105% of the applicable Conversion Price of the Preferred Stock in effect immediately before the Fundamental Change or the public announcement thereof or (2) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a national securities exchange or quoted on the NASDAQ National Market (or which shall be so traded or quoted when issued or exchanged in connection with such Fundamental Change) (such securities being referred to as “Publicly Traded Securities”) and as a result of such transaction or transactions the Preferred Stock becomes convertible into such Publicly Traded Securities (excluding cash payments for fractional shares).

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

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

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

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

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

“Issue Date” shall mean December 15, 2004, the original date of issuance of the Preferred Stock.

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

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

“Liquidation Preference” shall mean, with respect to each share of Preferred Stock, \$50.00.

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

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

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

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

“Net Shares” shall have the meaning given to it in Section 7(m)(ii)(B).

“Net Share Amount” shall have the meaning given to it in Section 7(m)(ii)(B).

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

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

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

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

“Original Preferred Stock” shall have the meaning given to it in Section 3(a).

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

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

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

“Pre-Dividend Sale Price” shall have the meaning given to it in Section 7(f)(iv)(A).

“Principal Return” shall have the meaning given to it in Section 7(m)(ii)(A).

“Public Acquirer Change of Control” shall have the meaning given to it in Section 7(f)(vii).

“Public Acquirer Common Stock” shall have the meaning given to it in Section 7(f)(vii).

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

“Registration Rights Agreement” means the Registration Rights Agreement dated as of December 5, 2003, among the Corporation, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and the certain other initial purchasers of the Original Preferred Stock.

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

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

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

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

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

“Share Price” means the price per share of Common Stock paid in connection with a corporate transaction described in Section 7(m)(v) hereof, which shall be equal to (i) if holders of Common Stock receive only cash in such corporate transaction, the cash amount paid per share of Common Stock and (ii) in all other cases, the average of the Last Reported Sale Prices of Common Stock on the five Trading Days up to but not including the Effective Date.

“Shelf Registration Statement” shall mean the shelf registration statement on Form S-3 filed with the SEC on September 24, 2004 to cover resales of Transfer Restricted Securities by holders thereof, as required by the Registration Rights Agreement.

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

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

“Ten Day Average Closing Stock Price” shall have the meaning given to it in Section 7(m)(i)(B).

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

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

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

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

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

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

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

“Voting Stock” shall mean, with respect to any Person, securities of any class or classes of Capital Stock in such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of contingency) generally to vote in the election of members of the Board of Directors or other governing body of such Person. For purposes of this definition, “Capital Stock” shall mean, with

respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of corporate stock or partnership interests and any and all warrants, options and rights with respect thereto (whether or not currently exercisable), including each class of common stock and preferred stock of such Person.

3. Dividends.

(a) The holders of shares of the outstanding Preferred Stock shall be entitled, when, as and if declared by the Board of Directors out of funds of the Corporation legally available therefor, to receive cumulative cash dividends at the rate per annum of 4.50% per share on the Liquidation Preference (equivalent to \$2.25 per annum per share), payable quarterly in arrears (the “Dividend Rate”). The Dividend Rate may be increased in the circumstances described in Section 3(b) below. Dividends payable for each full dividend period will be computed by dividing the Dividend Rate by four and shall be payable in arrears on each Dividend Payment Date (commencing March 1, 2005) for the quarterly period ending immediately prior to such Dividend Payment Date, to the holders of record of Preferred Stock at the close of business on the Dividend Record Date applicable to such Dividend Payment Date. Such dividends shall be cumulative from the most recent date as to which dividends shall have been paid on the Original Preferred Stock or, if no dividends have been paid, from the Issue Date (whether or not in any dividend period or periods the Board of Directors shall have declared such dividends or there shall be funds of the Corporation legally available for the payment of such dividends) and shall accumulate on a day-to-day basis, whether or not earned or declared, from and after the Issue Date. Dividends payable for any partial dividend period shall be computed on the basis of days elapsed over a 360-day year consisting of twelve 30-day months. Accumulated unpaid dividends accrue and cumulate dividends at the annual rate of 4.50% and are payable in the manner provided in this Section 3.

(b) If (i) by March 5, 2005, the Shelf Registration Statement has not been amended to cover resales of the Preferred Stock and declared effective by the Commission, (ii) after the Shelf Registration Statement has been declared effective the Corporation fails to file a post-effective amendment, prospectus supplement, amendment or supplement to any document incorporated by reference into such prospectus or document if required by applicable law with the SEC within five business days after a Holder provides the Corporation with certain required information, if such filing is necessary to enable the Holder to deliver the prospectus to purchasers of such Holder’s Transfer Restricted Securities, (iii) the Shelf Registration Statement ceases to be effective or fails to be usable without being succeeded within 30 days by a post-effective amendment or an additional registration statement filed and declared effective (other than as permitted in (ii) above) pursuant to the Exchange Act that cures the failure of the registration statement to be effective or usable, and (iv) the aggregate duration of any suspension periods in any period exceeds certain limits described in the Registration Rights Agreement (each such event referred to in clauses (i), (ii), (iii) and (iv) a “Registration Default”), additional dividends shall accumulate on the Preferred Stock, from and including the date on which any such Registration Default shall occur to, but excluding, the date on which the Registration Default has been cured, at the rate of 0.25% per year for the first 90 days following such date and at a rate of 0.50% per year thereafter (“Additional Dividends”). With respect to shares of Common Stock issued upon conversion of the Preferred Stock, Additional Dividends will accumulate on the then applicable conversion price from and including the date on which any such Registration Default shall occur to, but excluding, the date on which the Registration Default has been cured, at the rate of 0.25% per year for the first 90 days following such date and at a rate of 0.50% per year thereafter. Except as mentioned above, the Corporation will have no other liabilities for monetary damages with respect to its registration obligations. The receipt of Additional Dividends will be the sole monetary remedy available to a Holder if the Corporation fails to meet these obligations.

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

(d) No dividends or other distributions (other than a dividend or distribution payable solely in shares of Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock) and other than cash paid in lieu of fractional shares) may be declared, made or paid, or set apart for payment upon, any Parity Stock or Junior Stock, nor may any Parity Stock or Junior Stock be redeemed, purchased or otherwise acquired for any consideration (or any money paid to or made available for a sinking fund for the redemption of any Parity Stock or Junior Stock) by or on behalf of the Corporation (except by conversion into or exchange for shares of Parity Stock or Junior Stock (in the case of Parity Stock) or Junior Stock (in the case of Junior Stock)), unless full Accumulated Dividends shall have been or contemporaneously are declared and paid, or are declared and a sum sufficient for the payment thereof is set apart for such payment, on the Preferred Stock and any Parity Stock for all dividend payment periods terminating on or prior to the date of such declaration, payment, redemption, purchase or acquisition. Notwithstanding the foregoing, if full dividends have not been paid on the Preferred Stock and any Parity Stock, dividends may be declared and paid on the Preferred Stock and such Parity Stock so long as the dividends are declared and paid pro rata so that the amounts of dividends declared per share on the Preferred Stock and such Parity Stock will in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of Preferred Stock and such other Parity Stock bear to each other.

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

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

(g) In any case where any Dividend Payment Date or Conversion Date (including upon the occurrence of a Fundamental Change) of any Preferred Stock shall not be a Business Day, at any place of payment, then payment of dividends (and Additional Dividends, if any) need not be made on such date, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the dividend payment date or Conversion Date (including upon the occurrence of a Fundamental Change); and no dividends shall accumulate on the amount so payable for the period from and after such Dividend Payment Date or Conversion Date, as the case may be, to such Business Day.

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

the money or property must look to the Corporation for payment as general creditors unless an applicable abandoned property law designates another Person.

4. Fundamental Change.

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

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

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

- (i) if certificated, the certificate numbers of the shares of Preferred Stock which the Holder shall deliver to be purchased, or, if not certificated, the Fundamental Change Purchase Notice must comply with appropriate Depository procedures;
- (ii) the number of shares of Preferred Stock which the Holder shall deliver to be purchased, which portion must be \$50.00 or an integral multiple thereof; and
- (iii) that such Preferred Stock shall be purchased as of the Fundamental Change Purchase Date pursuant to the terms and conditions specified in the Preferred Stock and in this Certificate of Designation.

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

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

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

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

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

The Corporation shall require each Paying Agent to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders all money held by the Paying Agent for the payment of the Fundamental Change Purchase Price. If the Corporation or an Affiliate of the Corporation acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund.

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

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

- (i) the applicable Fundamental Change Purchase Price, excluding accumulated and unpaid dividends, Conversion Rate at the time of such notice (and any adjustments to the Conversion Rate) and, to the extent known at the time of such notice, the amount of dividends (including Additional Dividends, if any), if any, that will be payable with respect to the Preferred Stock on the applicable Fundamental Change Purchase Date;
 - (ii) the events causing the Fundamental Change and the date of the Fundamental Change;
 - (iii) the Fundamental Change Purchase Date;
 - (iv) the last date on which a Holder may exercise its purchase right;
 - (v) the name and address of the Paying Agent and the Conversion Agent;
 - (vi) that the Preferred Stock must be surrendered to the Paying Agent to collect payment of the Fundamental Change Purchase Price;
 - (vii) that the Preferred Stock as to which a Fundamental Change Purchase Notice has been given may be converted only if the applicable Fundamental Change Purchase Notice has been withdrawn in accordance with the terms of this Certificate of Designation;
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- (viii) that the Fundamental Change Purchase Price for any of the Preferred Stock as to which a Fundamental Change Purchase Notice has been given and not withdrawn shall be paid by the Paying Agent promptly following the later of the Fundamental Change Purchase Date or the time of book-entry transfer or delivery of such Preferred Stock;
- (ix) the procedures the Holder must follow under this Section 4;
- (x) briefly, the conversion rights of the Preferred Stock;
- (xi) that, unless the Corporation defaults in making payment of such Fundamental Change Purchase Price on the Preferred Stock covered by any Fundamental Change Purchase Notice, dividends (including Additional Dividends, if any) will cease to accumulate on and after the Fundamental Change Purchase Date;
- (xii) the CUSIP or ISIN number of the Preferred Stock; and
- (xiii) the procedures for withdrawing a Fundamental Change Purchase Notice.

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

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

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

If the Paying Agent holds, in accordance with the terms of this Certificate of Designation, money sufficient to pay the Fundamental Change Purchase Price of shares of Preferred Stock on the Business Day following the Fundamental Change Purchase Date for such Preferred Stock, then, on and after such date, dividends on such Preferred Stock will cease to accumulate, whether or not such Preferred Stock is delivered to the Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the Fundamental Change Purchase Price upon delivery of the Preferred Stock).

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

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

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

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

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

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

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

5. Voting.

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

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- (i) If and whenever at any time or times a Voting Rights Triggering Event occurs, then the holders of shares of Preferred Stock, voting as a single class with any other preferred stock or preference securities having similar voting rights that are exercisable (the "Voting Rights Class"), will be entitled at the next regular or special meeting of shareholders of the Corporation to elect two additional directors of the Corporation, unless the Board of Directors is comprised of fewer than six directors at such time, in which case the Voting Rights Class shall be entitled to elect one additional director. Upon the election of any such additional directors, the number of directors that comprise the Board of Directors shall be increased by such number of additional directors.
 - (ii) Such voting rights may be exercised at a special meeting of the holders of the shares of the Voting Rights Class, called as hereinafter provided, or at any annual meeting of shareholders held for the purpose of electing directors, and thereafter at each such annual meeting until such time as all dividends in arrears on the shares of Preferred Stock shall have been paid in full, at which time or times such voting rights and the term of the directors elected pursuant to Section 5(a)(i) shall terminate.
 - (iii) At any time when such voting rights shall have vested in holders of shares of the Voting Rights Class, an Officer of the Corporation may call, and, upon written request of the record holders of shares representing at least twenty-five percent (25%) of the voting power of the shares then outstanding of the Voting Rights Class, addressed to the Secretary of the Corporation, shall call a special meeting of the holders of shares of the Voting Rights Class. Such meeting shall be held at the earliest practicable date upon the notice required for annual meetings of shareholders at the place for holding annual meetings of shareholders of the Corporation, or, if none, at a place designated by the Board of Directors. Notwithstanding the provisions of this Section 5(a)(iii), no such special meeting shall be called during a period within the 60 days immediately preceding the date fixed for the next annual meeting of shareholders, in which such case the election of directors pursuant to Section 5(a)(i) shall be held at such annual meeting of shareholders.
 - (iv) At any meeting held for the purpose of electing directors at which the holders of the Voting Rights Class shall have the right to elect directors as provided herein, the presence in person or by proxy of the holders of shares representing more than fifty percent (50%) in voting power of the then outstanding shares of the Voting Rights Class shall be required and shall be sufficient to constitute a quorum of such class for the election of directors by such class. The affirmative vote of the holders of shares of Preferred Stock constituting a majority of the shares of Preferred Stock present at such meeting, in person or by proxy shall be sufficient to elect any such director.
 - (v) Any director elected pursuant to the voting rights created under this Section 5(a) shall hold office until the next annual meeting of shareholders (unless such term has previously terminated pursuant to Section 5(a)(ii)) and any vacancy in respect of any such director shall be filled only by vote of the remaining director so elected by holders of the Voting Rights Class, or, if there be no such remaining director, by the holders of shares of the Voting Rights Class at a special meeting called in accordance with the procedures set forth in this Section 5, or, if no such special meeting is called, at the next annual meeting of shareholders. Upon any termination of such voting rights, the term of office of all directors elected pursuant to this Section 5 shall terminate.
 - (vi) So long as any shares of Preferred Stock remain outstanding, unless a greater percentage shall then be required by law, the Corporation shall not, without the affirmative vote or consent of the holders of all of the outstanding Preferred Stock voting or consenting, as the case may be, separately as one class, (i) create, authorize or issue any class or series of Senior Stock (or any security convertible into Senior Stock) or (ii) amend the Articles of Incorporation so as to affect adversely the specified rights, preferences, privileges or voting rights of holders of shares of Preferred Stock.
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(vii) In exercising the voting rights set forth in this Section 5(a), each share of Preferred Stock shall be entitled to one vote.

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

6. Liquidation Rights.

(a) In the event of any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, each holder of shares of Preferred Stock shall be entitled to receive and to be paid out of the assets of the Corporation available for distribution to its shareholders the Liquidation Preference plus Accumulated Dividends and Additional Dividends thereon in preference to the holders of, and before any payment or distribution is made on, any Junior Stock, including, without limitation, on any Common Stock.

(b) Neither the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all the assets or business of the Corporation (other than in connection with the liquidation, winding-up or dissolution of its business) nor the merger or consolidation of the Corporation into or with any other Person shall be deemed to be a liquidation, winding-up or dissolution, voluntary or involuntary, for the purposes of this Section 6.

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

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

7. Conversion.

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

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

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

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

Holders of Preferred Stock at the close of business on a Dividend Record Date will receive payment of dividends, payable on the corresponding Dividend Payment Date notwithstanding the conversion of such Preferred Stock at any time after the close of business on such Dividend Record Date. Preferred Stock surrendered for conversion by a Holder during the period from the close of business on any Dividend Record Date to the opening of business on the immediately following Dividend Payment Date must be accompanied by payment of an amount equal to the dividend that the Holder is to receive on such Preferred Stock; provided, however, that no such payment need be made if (1) the Corporation has specified a Mandatory Conversion Date that is after a Dividend Record Date and on or prior to the immediately following Dividend Payment Date or (2) any accumulated and unpaid dividends exist at the time of conversion with respect to such shares of Preferred Stock to the extent of such accumulated and unpaid dividends.

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

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

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

On conversion of Preferred Stock, delivery of the Principal Return, the Net Shares and the cash or check payment, if any, in lieu of fractional shares will be deemed to satisfy the Corporation's obligation to pay the Liquidation Preference of the converted Preferred Stock, including Accumulated Dividends, if any. Accumulated Dividends with respect to the converted Preferred Stock will be deemed canceled, extinguished or forfeited, rather than paid in full to the Holder thereof.

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

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

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

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

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

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

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

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

- (i) In case the Corporation shall: (A) pay a dividend, or make a distribution, exclusively in shares of its capital stock, on the Common Stock; (B) subdivide its outstanding Common Stock into a greater number of shares; (C) combine its outstanding Common Stock into a smaller number of shares; or (D) reclassify its Common Stock, the Conversion Rate in effect immediately prior to the record date or effective date, as the case may be, for the adjustment pursuant to this Section 7(f) as described below, shall be adjusted so that the Holder of any Preferred Stock thereafter surrendered for conversion shall be entitled to receive the cash and number of shares of Common Stock of the Corporation which such Holder would have owned or have been entitled to receive after the happening of any of the events described above had such Preferred Stock been converted immediately prior to such record date or effective date, as the case may be. An adjustment made pursuant to this Section 7(f) shall become effective immediately after the applicable record date in the case of a dividend or distribution and shall become effective immediately after the applicable effective date in the case of subdivision, combination or reclassification of the Corporation's Common Stock. If any dividend or distribution of the type described in clause (A) above is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.
 - (ii) In case the Corporation shall issue rights or warrants to all holders of the Common Stock entitling them (for a period expiring within 60 days after the date of issuance of such rights or warrants) to subscribe for or purchase Common Stock at a price per share less than the Market Price per share of Common Stock on the record date fixed for determination of shareholders entitled to receive such rights or warrants, the Conversion Rate in effect immediately after such record date shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately after such record date by a fraction of which (A) the numerator shall be the number of shares of Common Stock outstanding on such record date plus the number of additional shares of Common Stock offered for subscription or purchase, and (B) the denominator shall be the number of shares of Common Stock outstanding on such record date plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at the Market Price per share of Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such issuance of rights or warrants. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the record date for the determination of shareholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such record date for the determination of shareholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the
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Corporation for such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors.

- (iii) In case the Corporation shall, by dividend or otherwise, distribute to all holders of Common Stock any assets, debt securities or rights or warrants to purchase any of its securities (excluding (a) any dividend, distribution or issuance covered by those referred to in Section 7(f)(i) or Section 7(f)(ii) hereof and (b) any dividend or distribution paid exclusively in cash) (any of the foregoing hereinafter in this Section 7(f)(iii) called the “Distributed Assets or Securities”) in an aggregate amount per share of Common Stock that, combined together with the aggregate amount of any other such distributions to all holders of its Common Stock made within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this Section 7(f)(iii) has been made, exceeds 15% of the Market Price on the Trading Day immediately preceding the declaration of such distribution, then the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date mentioned below by a fraction of which (A) the numerator shall be the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution, and (B) the denominator shall be (1) the Market Price per share of the Common Stock on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution less (2) the Fair Market Value on the earlier of such record date or the Trading Day immediately preceding the ex-dividend date for such dividend or distribution (as determined by the Board of Directors, whose determination shall be conclusive, and described in a certificate filed with the Paying Agent) of the Distributed Assets or Securities so distributed applicable to one share of Common Stock. Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution; provided, however, that, if (a) the Fair Market Value of the portion of the Distributed Assets or Securities so distributed applicable to one share of Common Stock is equal to or greater than the Market Price of the Common Stock on the record date for the determination of shareholders entitled to receive such distribution or (b) the Market Price of the Common Stock on the record date for the determination of shareholders entitled to receive such distribution is greater than the Fair Market Value per share of such Distributed Assets or Securities by less than \$1.00, then, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the cash and shares of Common Stock, the kind and amount of assets, debt securities, or rights or warrants comprising the Distributed Assets or Securities the Holder would have received had such Holder converted such Preferred Stock immediately prior to the record date for the determination of shareholders entitled to receive such distribution. In the event that such distribution is not so paid or made, the applicable Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such distribution had not been declared.
- (iv) In case the Corporation shall declare a cash dividend or cash distribution to all or substantially all of the holders of Common Stock, the Conversion Rate shall be increased so that the applicable Conversion Rate shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the record date for such dividend or distribution by a fraction,
- (A) the numerator of which shall be the average of the Last Reported Sale Price of Common Stock for the five consecutive Trading Days ending on the Trading Day immediately preceding the record date for such dividend or distribution (the “Pre-Dividend Sale Price”), and
- (B) the denominator of which shall be the Pre-Dividend Sale Price, minus the full amount of such cash dividend or cash distribution applicable to one share of Common Stock (the “Dividend Adjustment Amount”), with
- such adjustment to become effective immediately after the record date for such dividend or distribution; *provided* that if the denominator of the foregoing fraction is less than \$1.00 (including a negative
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amount), then in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion, in addition to the cash and Common Stock issuable upon such conversion, the amount of cash such Holder would have received had such Holder converted its Preferred Stock solely into Common Stock at the then applicable Conversion Rate immediately prior to the record date for such cash dividend or cash distribution. If such cash dividend or cash distribution is not so paid or made, the applicable Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

- (v) In the case the Corporation shall make (a) any distributions, by dividend or otherwise, during any quarterly fiscal periods consisting exclusively of cash to all holders of outstanding shares of Common Stock in an aggregate amount that, together with (b) other all-cash or all-check distributions made to all holders of outstanding shares of Common Stock during such quarterly fiscal period, and (c) any cash and the Fair Market Value, as of the expiration of any tender or exchange offer (other than consideration payable in respect of any odd-lot tender offer) of consideration payable in respect of any tender or exchange offer by the Corporation or any of the Corporation's Subsidiaries for all or any portion of shares of Common Stock concluded during such quarterly fiscal period, exceed the product of \$0 multiplied by the number of shares of Common Stock outstanding on the record date for such distribution, then, and in each such case, the Conversion Rate shall be increased in accordance with the provisions of clause (iv) above.
- (vi) If a Holder elects to convert Preferred Stock in connection with a corporate transaction that occurs on or prior to December 5, 2008 that constitutes a Fundamental Change (other than as described in clause (iv) of the definition of Fundamental Change) and 10% or more of the Fair Market Value of the consideration for the Common Stock (as determined by the Board of Directors, whose determination shall be conclusive evidence of such Fair Market Value) in the corporate transaction consists of (A) cash, (B) other property or (C) securities that are not traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or the Nasdaq National Market, then the Conversion Rate for the Preferred Stock surrendered for conversion by such Holder shall be adjusted so that such Holder will be entitled to receive cash and shares of Common Stock equal to the sum of (1) the Conversion Value and (2) the number of additional shares of Common Stock (the "Additional Shares") determined in the manner set forth below, subject in each case to the Corporation's payment elections as described in Section 7 hereof. For the avoidance of doubt, the adjustment provided for in this Section 7(f)(vi) shall only be made with respect to the Preferred Stock being converted in connection with such Fundamental Change and shall not be effective as to any Preferred Stock not so converted.

The number of Additional Shares will be determined by reference to the table below, based on the date on which such corporate transaction becomes effective (the "Effective Date") and the Share Price; *provided* that if the Share Price is between two Share Price amounts in the table below or the Effective Date is between two Effective Dates in the table, the number of Additional Shares will be determined by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Share Price amounts and the two dates, as applicable, based on a 365-day year.

The Share Prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the applicable Conversion Rate of the Preferred Stock is adjusted pursuant to this Section 7(f). The adjusted Share Prices will equal the Share Prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Share Price adjustment and the denominator of which is the Conversion Rate as so adjusted.

The following table sets forth the hypothetical Share Price and number of Additional Shares to be received per Liquidation Preference of the Preferred Stock:

Effective Date	Share Price														
	\$7.81	\$8.00	\$9.00	\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00	\$20.00	\$25.00	\$30.00	\$35.00	\$40.00	\$50.00
November 9, 2004	1.52	1.52	1.42	1.20	1.02	0.88	0.79	0.70	0.63	0.39	0.27	0.20	0.15	0.12	0.00
December 5, 2005	1.52	1.52	1.33	1.11	0.93	0.79	0.71	0.61	0.55	0.33	0.23	0.17	0.13	0.10	0.00
December 5, 2006	1.52	1.52	1.23	1.00	0.82	0.89	0.62	0.52	0.47	0.27	0.18	0.13	0.10	0.08	0.00
December 5, 2007	1.52	1.43	1.12	0.89	0.70	0.57	0.50	0.41	0.34	0.19	0.12	0.09	0.07	0.05	0.00
December 5, 2008	1.52	1.36	1.03	0.77	0.57	0.43	0.37	0.27	0.20	0.10	0.06	0.05	0.04	0.03	0.00

The Share Prices and Additional Share amounts set forth above are based upon an initial Conversion Rate per share of 5.0541 per Liquidation Preference of the Preferred Stock.

If the Share Price is equal to or in excess of \$50.00 per share (subject to adjustment), no Additional Shares will be issued upon conversion.

If the Share Price is less than \$7.61 per share (subject to adjustment), no Additional Shares will be issued upon conversion.

Notwithstanding the foregoing, any adjustment to the applicable Conversion Rate relating to the issuance of Additional Shares as described in this Section 7(f)(vi) will not exceed the Maximum Conversion Rate.

- (vii) Notwithstanding the foregoing, in the case of a Public Acquirer Change of Control, the Corporation may, in lieu of increasing the applicable Conversion Rate by Additional Shares as described in Section 7(f)(vii) hereof, elect to adjust the applicable Conversion Rate and the related conversion obligation such that upon conversion the Issuer will deliver cash and a number of shares of Public Acquirer Common Stock such that by multiplying the Conversion Rate in effect immediately before the Public Acquirer Change of Control shall be adjusted by a fraction:

(A) the numerator of which will be the average of the Last Reported Sale Price of the Common Stock for the five consecutive trading days prior to but excluding the effective date of such Public Acquirer Change of Control; and

(B) the denominator of which will be the average of the Last Reported Sale Price of the Public Acquirer Common Stock for the five consecutive trading days commencing on the Trading Day next succeeding the effective date of such Public Acquirer Change of Control.

A “Public Acquirer Change of Control” means any event described in Section 7(f)(vi) hereof that would otherwise obligate the Corporation to increase the Conversion Rate as described in Section 7(f)(vi) hereof and the acquirer (or any entity of which the acquirer is a directly or indirectly wholly-owned Subsidiary and such entity provides a guarantee to the Preferred Stock) has a class of common stock traded on a U.S. national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with such event (the “Public Acquirer Common Stock”).

After the adjustment of the applicable Conversion Rate in connection with a Public Acquirer Change of Control, the applicable Conversion Rate will be subject to further similar adjustments in the event that any of the events described in this Section 7(f) occur thereafter.

The Corporation is required to notify Holders of its election in writing of such transaction, which notice shall be made five Business Days prior to the effective date of such Public Acquirer Change of Control. In addition, the Holder can also, subject to certain conditions, require the Corporation to repurchase all or a portion of its Preferred Stock as described under Section 4.

- (viii) With respect to Section 7(f)(iii) hereof, in the event that the Corporation makes any distribution to all holders of Common Stock consisting of Equity Interests in a Subsidiary or other business unit of the Corporation, the Conversion Rate shall be adjusted so that the same shall equal the Conversion Rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive such distribution by a fraction of which (A) the numerator shall be (x) the Spin-off Market Price per share of the Common Stock on such record date plus (y) the Spin-off Market Price per Equity Interest of the Subsidiary or other business unit of the Corporation on such record date and (B) the denominator shall be the Spin-off Market Price per share of the Common Stock on such record date, such adjustment to become effective 10 Trading Days after the effective date of such distribution of Equity Interests in a Subsidiary or other business unit of the Corporation.
- (ix) Upon conversion of the Preferred Stock, the Holders shall receive, in addition to the cash and Common Stock issuable upon such conversion, the rights issued under any future shareholder rights plan the Corporation implements (notwithstanding the occurrence of an event causing such rights to separate from the Common Stock at or prior to the time of conversion) unless, prior to conversion, the rights have expired, terminated or been redeemed or exchanged in accordance with such rights plan. If, and only if, the Holders of Preferred Stock receive rights under such shareholder rights plans as described in the preceding sentence upon conversion of their Preferred Stock, then no other adjustment pursuant to this Section 7(f) shall be made in connection with such shareholder rights plans.
- (x) For purposes of this Section 7(f), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Corporation shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.
- (xi) Notwithstanding the foregoing, in no event shall the Conversion Rate exceed the maximum conversion rate specified under this Section 7(f)(xi) (the "Maximum Conversion Rate") as a result of an adjustment pursuant to Sections 7(f)(iii), 7(f)(iv) or 7(f)(vi) hereof. The Maximum Conversion Rate shall initially be 6.5703 and shall be appropriately adjusted from time to time for any stock dividends on or subdivisions or combinations of the Common Stock. The Maximum Conversion Rate shall not apply to any adjustments made pursuant to any of the events in Section 7(f)(i) or Section 7(f)(ii) hereof.

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

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

- (i) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Common Stock under any plan;
 - (ii) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Corporation or any of its Subsidiaries;
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- (iii) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security not described in clause (ii) above and outstanding as of the date of this Certificate of Designation;
- (iv) for a change in the par value or no par value of the Common Stock;
- (v) for accumulated and unpaid dividends (including Additional Dividends, if any); or
- (vi) if Holders are to participate in a merger or consolidation on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction; provided that the basis on which the Holders are to participate in the transaction shall not be deemed to be fair if it would require the conversion of securities at any time prior to the expiration of the conversion period specified for such securities.

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

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

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

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

- (i) the Corporation shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 7(f) hereof;
 - (ii) the Corporation shall authorize the granting to all or substantially all the holders of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants;
 - (iii) of any reclassification or reorganization of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Corporation is a party and for which approval of any shareholders of the Corporation is required, or of the sale or transfer of all or substantially all of the assets of the Corporation; or
 - (iv) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation, the Corporation shall cause to be filed with the Conversion Agent and to be mailed to each Holder at its address appearing on the Security Register, as promptly as possible but in any event at least 15 days
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prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, or rights or warrants are to be determined or (y) the date on which such reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

(l) Effect of Reclassification, Consolidation, Merger, Binding Share Exchange or Sale. If any of the following events occur, namely: (i) any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination); (ii) any consolidation, merger, combination or binding share exchange of the Corporation with another Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock; or (iii) any sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Corporation or the successor or purchasing Person, as the case may be, shall cause an amendment to this Certificate of Designation to be executed and filed in accordance with Michigan law, providing that each share of Preferred Stock shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, binding share exchange, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Preferred Stock immediately prior to such reclassification, change, consolidation, merger, combination, binding share exchange, sale or conveyance. Such amended Certificate of Designation shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7(l).

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

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

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

(m) Conversion Value of Preferred Stock Tendered.

- (i) Subject to certain exceptions described in Sections 7(a)(ii), 7(a)(iii) and 7(a)(iv), Holders tendering the Preferred Stock for conversion shall be entitled to receive, upon conversion of such Preferred Stock, per the Liquidation Preference, cash and shares of Common Stock, the value of which (the "Conversion Value") shall be equal to the product of:

(A) the then applicable Conversion Rate; and

(B) the average of the Common Stock prices for the ten consecutive Trading Days (appropriately adjusted to take into account the occurrence during such period of stock splits, stock dividends and similar events) beginning on the second Trading Day immediately following the day the Preferred Stock is tendered for conversion (the "Ten Day Average Closing Stock Price").

(ii) Subject to certain exceptions described below and under Sections 7(a)(ii), 7(a)(iii) and 7(a)(iv), the Corporation shall deliver the Conversion Value to converting Holders as follows;

(A) an amount in cash (the “Principal Return”) equal to the lesser of (1) the Conversion Value of the Preferred Stock to be converted and (2) the aggregate Liquidation Preference per share of Preferred Stock to be converted;

(B) if the aggregate Conversion Value of the Preferred Stock to be converted is greater than the Principal Return, an amount in whole shares (the “Net Shares”), determined as set forth below, equal to such aggregate Conversion Value less the Principal Return (the “Net Share Amount”); and

(C) an amount paid in cash, determined as set forth below, in lieu of any fractional shares of Common Stock.

The number of Net Shares to be paid shall be determined by dividing the Net Share Amount by the Ten Day Average Closing Stock Price. Holders of Preferred Stock will not receive fractional shares upon conversion of Preferred Stock. In lieu of fractional shares, Holders will receive cash for the value of the fractional shares, which cash payment shall be based on the Ten Day Average Closing Stock Price.

The Conversion Value, Principal Return, number of Net Shares and Net Share Amount shall be determined by the Corporation at the end of the ten consecutive Trading Day period beginning on the second Trading Day immediately following the day the Preferred Stock are tendered for conversion (the “Determination Date”).

The Corporation shall pay the Principal Return and cash for fractional shares and deliver the Net Shares, if any, as promptly as practicable after the Determination Date, but in no event later than five Business Days thereafter. Except as provided in Section 7, delivery of the Principal Return, Net Shares and cash in lieu of fractional shares shall be deemed to satisfy the Corporation’s obligation to pay the Liquidation Preference, including Additional Dividends, if any. Any accumulated and unpaid dividends, including Additional Dividends, shall be deemed canceled, extinguished or forfeited rather than paid in full.

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

(o) Simultaneous Adjustments. In the event that Section 7(f) hereof requires adjustments to the Conversion Rate under more than one of Section 7(f)(i), Section 7(f)(ii), Section 7(f)(iii) or Section 7(f)(iv) hereof, and the Dividend Record Dates for the distributions giving rise to such adjustments shall occur on the same date, then

such adjustments shall be made by applying, first, the provisions of Section 7(f)(iii) hereof, second, the provisions of Section 7(f)(i) hereof and third, the provisions of Section 7(f)(ii) hereof; provided, however, that nothing in this Section 7(o) shall be done to evade the principle set forth in Section 7(f)(x) hereof that the Maximum Conversion Rate shall not apply to any adjustments made with respect to any of the events in Section 7(f)(i) or Section 7(f)(ii) hereof.

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

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

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

8. Mandatory Conversion.

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

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

(c) In addition to any information required by applicable law or regulation, the press release and notice of a mandatory conversion described in Section 8(b) shall state, as appropriate: (i) the Mandatory Conversion Date; (ii) the Conversion Value, including the Principal Return, the Net Shares and the cash in lieu of fractional shares to be delivered upon conversion of the Preferred Stock; (iii) the number of shares of Preferred Stock to be converted; and (iv) that dividends on the Preferred Stock to be converted will cease to accumulate on the Mandatory Conversion Date.

(d) On and after the Mandatory Conversion Date, dividends will cease to accumulate on the Preferred Stock called for a mandatory conversion pursuant to Section 8(a) and all rights of holders of such Preferred Stock will terminate except for the right to receive the cash and whole shares of Common Stock issuable upon conversion thereof and cash, in lieu of any fractional shares of Common Stock in accordance with Section 7(c). The dividend payment with respect to the Preferred Stock called for a mandatory conversion pursuant to Section 8(a) on a date during the period between the close of business on any Dividend Record Date to the close of business on the corresponding Dividend Payment Date will be payable on such Dividend Payment Date to the record holder of such share on such Dividend Record Date if such share has been converted after such Dividend Record Date and

prior to such Dividend Payment Date. Except as provided in the immediately preceding sentence with respect to a mandatory conversion pursuant to Section 8(a), no payment or adjustment will be made upon conversion of Preferred Stock for Accumulated Dividends or for dividends with respect to the Common Stock issued upon such conversion.

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

(f) In addition to the mandatory conversion right described in Section 8(a), if there are less than 250,000 shares of Preferred Stock outstanding, the Corporation shall have the right, at any time on or after December 5, 2008, at its option, to cause the Preferred Stock to be automatically converted into cash and shares of Common Stock equal to the Conversion Value and in accordance with the provisions of Section 7 hereof.

9. Consolidation, Merger and Sale of Assets.

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

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

10. SEC Reports.

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

11. Certificates.

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

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

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

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

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

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

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

The Transfer Agent shall authenticate and deliver certificates for 4,910,000 shares of Preferred Stock for original issue upon a written order of the Corporation signed by two Officers or by an Officer and an Assistant Treasurer of the Corporation. Such order shall specify the number of shares of Preferred Stock to be authenticated and the date on which the original issue of Preferred Stock is to be authenticated.

The Transfer Agent may appoint an authenticating agent reasonably acceptable to the Corporation to authenticate the certificates for Preferred Stock. Unless limited by the terms of such appointment, an authenticating agent may authenticate certificates for Preferred Stock whenever the Transfer Agent may do so. Each reference in this Certificate of Designation to authentication by the Transfer Agent includes authentication

by such agent. An authenticating agent has the same rights as the Transfer Agent or agent for service of notices and demands.

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

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

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

(B) In the event that the Global Preferred Stock is exchanged for Preferred Stock in definitive registered form pursuant to Section 11(c)(ii) prior to the effectiveness of a Shelf Registration Statement with respect to such securities, such Preferred Stock may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 11(c) (including the certification requirements set forth in the Exhibits to this Certificate of Designation intended to ensure that such transfers comply with Rule 144A or such other applicable exemption from registration under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Corporation.

(C) The Preferred Stock, and any shares of Common Stock distributed pursuant to the conversion of the Preferred Stock, may not be sold until December 5, 2005, except (a) pursuant to registration under the Securities Act, (b) in accordance with Rule 144 (if available) or Rule 144A under the Securities Act (if available) or (c) in offshore transactions in reliance on Regulation S, and will bear a legend to this effect.

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

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

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

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

then the Corporation will execute, and the Transfer Agent, upon receipt of a written order of the Corporation signed by two Officers or by an Officer and an Assistant Treasurer of the Corporation requesting the authentication and delivery of Certificated Preferred Stock to the Persons designated by the Corporation, will authenticate and deliver Certificated Preferred Stock equal to the number of shares of Preferred Stock represented by the Global Preferred Stock, in exchange for such Global Preferred Stock.

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

made on the books and records of the Transfer Agent with respect to such Global Preferred Stock, by the Transfer Agent or DTC, to reflect such reduction.

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

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

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

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

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

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

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

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

(v) No Obligation of the Transfer Agent.

(A) The Transfer Agent shall have no responsibility or obligation to any beneficial owner of Global Preferred Stock, a member of, or a participant in, DTC or any other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Preferred Stock or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice or the payment of any amount, under or with respect to such Global Preferred Stock. All notices and communications to be given to the Holders and all payments to be made to Holders under the Preferred Stock shall be given or made only

to the Holders (which shall be DTC or its nominee in the case of the Global Preferred Stock). The rights of beneficial owners in any Global Preferred Stock shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Transfer Agent may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

(B) The Transfer Agent shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Certificate of Designation or under applicable law with respect to any transfer of any interest in any Preferred Stock (including any transfers between or among DTC participants, members or beneficial owners in any Global Preferred Stock) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Certificate of Designation, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

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

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

13. Other Provisions.

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

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

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

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

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed and attested this 15th day of December, 2004.

CMS ENERGY CORPORATION

By:

/s/ Michael D. VanHemert

Name: Michael D. VanHemert

Title: Vice President and Secretary

Attest:

/s/ Joyce H. Norkey

Joyce H. Norkey

FORM OF FUNDAMENTAL CHANGE PURCHASE NOTICE

To: CMS Energy Corporation

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

Dated:

Signature(s)

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

Signature Guarantee

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

(Name)

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

(Street Address)

Certificate Number (if shares of Preferred Stock are Certificated):

(City, state and zip code)

Please print name and address

Social Security or other taxpayer number:

FORM OF CONVERSION NOTICE

To: CMS Energy Corporation

The undersigned registered holder of these shares of Preferred Stock hereby exercises the option to convert these shares of Preferred Stock, or portion hereof (which is \$50.00 liquidation preference or an integral multiple thereof) designated below, for cash and shares of Common Stock of CMS Energy Corporation in accordance with the terms of the Certificate of Designation referred to in the Preferred Stock, and directs that the shares, if any, issuable and deliverable upon such conversion, together with any check for cash deliverable upon such conversion, and any shares of Preferred Stock representing any unconverted shares hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of the Preferred Stock not converted are to be issued in the name of a Person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto.

This notice shall be deemed to be an irrevocable exercise of the option to convert these shares of Preferred Stock.

Dated:

Signature(s)

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

Signature Guarantee

Fill in for registration of shares if to be delivered, and shares of Preferred Stock if to be issued other than to and in the name of registered holder:

(Name)

Number of shares of Preferred Stock to be converted (if less than all):

(Street Address)

Certificate Number (if shares of Preferred Stock are Certificated):

(City, state and zip code)

Please print name and address

Social Security or other taxpayer number:

**FORM OF PREFERRED
STOCK FACE OF SECURITY**

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (V) TO CMS ENERGY CORPORATION OR (VI) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (VI) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN CLAUSE (A) ABOVE.

THE HOLDER OF THIS SECURITY AGREES THAT SUCH HOLDER WILL NOT ENGAGE IN HEDGING TRANSACTIONS INVOLVING THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON CONVERSION HEREOF UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

THIS SECURITY AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

THE HOLDER OF THIS SECURITY IS SUBJECT TO, AND ENTITLED TO THE BENEFITS OF, A REGISTRATION RIGHTS AGREEMENT, DATED AS OF DECEMBER 5, 2003 ENTERED INTO BY THE COMPANY FOR THE BENEFIT OF CERTAIN HOLDERS OF SECURITIES FROM TIME TO TIME.

Certificate Number

[]

Number of Shares

[]

CUSIP NO.: _____

4.50% Cumulative Convertible Preferred Stock, Series B (par value \$0.01) (liquidation preference \$50 per share)
of

CMS Energy Corporation

CMS Energy Corporation, a Michigan corporation (the "Corporation"), hereby certifies that [] (the "Holder") is the registered owner of [] fully paid and non-assessable preferred securities of the Corporation designated the 4.50% Cumulative Convertible Preferred Stock, Series B (par value \$0.01) (liquidation preference \$50 per share) (the "Preferred Stock"). The shares of Preferred Stock are transferable on the books and records of the Transfer Agent, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Stock represented hereby are issued and shall in all respects be subject to the provisions of the Certificate of Designation dated December 15, 2004, as the same may be amended from time to time (the "Certificate of Designation"). Capitalized terms used herein but not defined shall have the meaning given them in the Certificate of Designation. The Corporation will provide a copy of the Certificate of Designation to a Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to select provisions of the Preferred Stock set forth on the reverse hereof, and to the Certificate of Designation, which select provisions and the Certificate of Designation shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Certificate of Designation and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, these shares of Preferred Stock shall not be entitled to any benefit under the Certificate of Designation or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has executed this certificate this ___ day of , 2004.

CMS ENERGY CORPORATION

By:

Name:

Title:

By:

Name:

Title:

TRANSFER AGENT'S AND SECURITY REGISTRAR'S CERTIFICATE OF AUTHENTICATION

These are shares of the Preferred Stock referred to in the within-mentioned Certificate of Designation.

Dated: , 2004

CMS Energy Corporation, as Transfer Agent and Security Registrar

By:

Authorized Signatory

REVERSE OF SECURITY

Cash dividends on each share of Preferred Stock shall be payable at a rate per annum set forth on the face hereof or as provided in the Certificate of Designation.

The shares of Preferred Stock shall be convertible into cash and the shares of the Corporation's Common Stock in the manner and according to the terms set forth in the Certificate of Designation.

The Corporation will furnish without charge to each holder who so requests the powers, designations, preferences and relative, participating, optional or other rights of each class of stock and the qualifications, limitations or restrictions of such preferences and/or rights.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of Preferred Stock evidenced hereby to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints agent to transfer the shares of Preferred Stock evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

Date:

Signature:

(Sign exactly as your name appears on the other side of this Preferred Stock certificate)

Signature Guarantee: (1)

¹ (Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for. STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR REGISTRATION OF TRANSFER OF PREFERRED STOCK

Re: 4.50% Cumulative Convertible Preferred Stock, Series B (the “Preferred Stock”) of CMS Energy Corporation (the “Corporation”)

This Certificate relates to ____ shares of Preferred Stock held in ☐ */ book-entry or ☐ */ definitive form by (the “Transferor”).

The Transferor*:

☐ has requested the Transfer Agent by written order to deliver in exchange for its beneficial interest in the Preferred Stock held by the Depository cash and shares of Preferred Stock in definitive, registered form equal to its beneficial interest in such Preferred Stock (or the portion thereof indicated above); or

☐ has requested the Transfer Agent by written order to exchange or register the transfer of Preferred Stock.

In connection with such request and in respect of such Preferred Stock, the Transferor does hereby certify that the Transferor is familiar with the Certificate of Designation relating to the above-captioned Preferred Stock and that the transfer of this Preferred Stock does not require registration under the Securities Act of 1933, as amended (the “Securities Act”) because */:

☐ Such Preferred Stock is being acquired for the Transferor’s own account without transfer.

☐ Such Preferred Stock is being transferred to the Corporation.

☐ Such Preferred Stock is being transferred to a qualified institutional buyer (as defined in Rule 144A under the Securities Act), in reliance on Rule 144A.

☐ Such Preferred Stock is being transferred in reliance on and in compliance with another exemption from the registration requirements of the Securities Act (and based on an Opinion of Counsel if the Corporation so requests).

*/ Please check applicable box.

[NAME OF TRANSFEROR]

By:

Its:

Date: _____

Michigan Department of Labor & Economic Growth

Filing Endorsement

This is to Certify that the CERTIFICATE OF CORRECTION

for

CMS ENERGY CORPORATION

ID NUMBER: 485283

received by facsimile transmission on February 27, 2006 is hereby endorsed

Filed on February 27, 2006 by the Administrator.

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Effective Date: December 20, 2004

In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 27TH day of February, 2006.



, Director

Bureau of Commercial Services

Sent by Facsimile Transmission 06058

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES
(FOR BUREAU USE ONLY)**

Date Received

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name

Joyce H Norkey, Assistant Secretary, CMS Energy Corporation

Address

One Energy Plaza, EP1-420

City **State** **Zip Code**

Jackson, MI 49201-2276

EFFECTIVE DATE:

Document will be returned to the name and address you enter above.

If left blank document will be mailed to the registered office.

**CERTIFICATE OF CORRECTION
For use by Corporations and Limited Liability Companies
(Please read information and instruction on last page)**

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts of 1993 (limited liability companies), the undersigned corporation or limited liability company executes the following Certificate:

1. The name of the corporation or limited liability company is:
CMS Energy Corporation
2. The identification number assigned by the Bureau is: 485-283
3. The corporation or limited liability company is formed under the laws of the State of Michigan
4. That a Certificate of Designation of 4.50% Cumulative Convertible Preferred Stock, Series B
(Title of Document Being Corrected)
was filed by the Bureau on December 20, 2004 and that said document requires correction.
5. Describe the inaccuracy or defect contained in the above named document:
The amount of shares issued of the 4.50% Cumulative Convertible Preferred Stock, Series B, should have been 5,000,000 shares instead of 4,910,000 shares in exchange for 5,000,000 shares, instead of 4,910,000 shares, of 4.50% Cumulative Convertible Preferred Stock. In addition, a correction needs to be made to the definition of "Fundamental Change".
6. The document is corrected as follows:
See Attachment.
7. This document is hereby executed in the same manner as the Act requires the document being corrected to be executed.

Signed this 27th day of February, 2006

By <u>/s/ Michael D. VanHemert</u> (Signature) Michael D. VanHemert (Type or Print Name and Title) Vice President, Corporate Secretary and Chief Governance Officer	By <u>/s/ Joyce H. Norkey</u> (Signature) JOYCE H. NORKEY NOTARY PUBLIC JACKSON CO, MI MY COMMISSION EXPIRES Sep 7, 2006 (Type or Print Name and Title)	By _____ (Signature) (Type or Print Name and Title)
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**ATTACHMENT TO CERTIFICATE OF CORRECTION
OF CMS ENERGY CORPORATION
(CORPORATION IDENTIFICATION NUMBER 485-283)**

6. The Certificate of Designation of 4.50% Cumulative Convertible Preferred Stock, Series B, of CMS Energy Corporation filed on December 20, 2004 is corrected as follows (corrections are in **bold**):

Page 1

1. Designation and Amount; Ranking.

(a) There shall be created from the 10,000,000 shares of preferred stock, par value \$0.01 per share, of the Corporation authorized to be issued pursuant to the Articles of Incorporation, a series of preferred stock, designated as the "4.50% Cumulative Convertible Preferred Stock, Series B," par value \$0.01 per share (the "Preferred Stock"), and the number of shares of such series shall be 5,000,000. Such number of shares may be decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Preferred Stock to a number less than that of the shares of Preferred Stock then outstanding plus the number of shares issuable upon exercise of options or rights then outstanding. The Preferred Stock was exchanged for **5,000,000** of then outstanding shares of 4.50% Cumulative Convertible Preferred Stock, par value \$0.01 per share (the "Original Preferred Stock"), established pursuant to the Certificate of Designation of 4.50% Cumulative Convertible Preferred Stock of CMS Energy Corporation dated December 4, 2003 pursuant to an exchange offer.

* * *

Page 3

A "Fundamental Change" shall be deemed to have occurred at such time after the original issuance of the Preferred Stock...; *provided, however,* that a Fundamental Change shall not be deemed to have occurred in respect of any of the foregoing if either (1) the Last Reported Sale Price of Common Stock for any five Trading Days within the ten consecutive Trading Days ending immediately before the later of the Fundamental Change or the public announcement thereof equals or exceeds 105% of the applicable Conversion Price of the Preferred Stock in effect immediately before the Fundamental Change or the public announcement thereof **(except that this clause (1) shall not apply to the events described in Section 7(f)(vi) hereof)** or (2) at least 90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a national securities exchange or quoted on the NASDAQ National Market (or which shall be so traded or quoted when issued or exchanged in connection with such Fundamental Change) (such securities being referred to as "Publicly Traded Securities") and as a result of such transaction or transactions the Preferred Stock becomes convertible into such Publicly Traded Securities (excluding cash payments for fractional shares).

* * *

Page 27

The Transfer Agent shall authenticate and deliver certificates for **5,000,000** shares of Preferred Stock for original issue upon a written order of the Corporation signed by two Officers or by an Officer and an Assistant Treasurer of the Corporation. Such order shall specify the number of shares of Preferred Stock to be authenticated and the date on which the original issue of Preferred Stock is to be authenticated.

* * *

Michigan Department of Labor & Economic Growth

Filing Endorsement

This is to Certify that the CERT. OF CHANGE OF REG. OFF./RES. AGENT

for

CMS ENERGY CORPORATION

ID NUMBER: 485283

received by facsimile transmission on October 27, 2006 is hereby endorsed

Filed on October 27, 2006 by the Administrator.

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 27TH day of October, 2006.



, Director

Bureau of Commercial Services

Sent by Facsimile Transmission 06300

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES

Date Received

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name

Jane M. Kramer

Address

One Energy Plaza

City

Jackson,

State

MI

Zip Code

49201

EFFECTIVE DATE:

Document will be returned to the name and address you enter above.

If left blank document will be mailed to the registered office.

CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT

For use by Domestic and Foreign Corporations and Limited Liability Companies

(Please read information and Instructions on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts of 1993 (limited liability companies), the undersigned corporation or limited liability company executes the following Certificate:

1. The name of the corporation or limited liability company is:
CMS Energy Corporation
2. The identification number assigned by the Bureau is: 485-283
3. a. The name of the resident agent on file with the Bureau is: Michael D. VanHemert
- b. The location of the registered office on file with the Bureau is:

One Energy Plaza, EP1-420

Jackson, Michigan

49201-2276

(Street Address)

(City)

(Zip Code)

- c. The mailing address of the above registered office on file with the Bureau is:

One Energy Plaza, EP1-420

Jackson, Michigan

49201-2276

(Street Address or P.O. Box)

(City)

(Zip Code)

ENTER IN ITEM 4 THE INFORMATION AS IT SHOULD NOW APPEAR ON THE PUBLIC RECORD

4. a. The name of the resident agent is: Catherine M. Reynolds
- b. The address of the registered office is:

One Energy Plaza, EP1-420

Jackson, Michigan

49201-2276

(Street Address)

(City)

(Zip Code)

- c. The mailing address of the registered office IF DIFFERENT THAN 4B is:

(Street Address or P.O. Box)

(City)

(Zip Code)

5. The above changes were authorized by resolution duly adopted by: 1. ALL CORPORATIONS: its Board of Directors; 2. PROFIT CORPORATIONS ONLY: the resident agent if only the address of the registered office is changed, in which case a copy of this statement has been mailed to the corporation; 3. LIMITED LIABILITY COMPANIES: an operating agreement, affirmative vote of a majority of the members pursuant to section 502(1), managers pursuant to section 405, or the resident agent if only the address of the registered office is changed.

6. The corporation or limited liability company further states that the address of its registered office and the address of its resident agent, as changed, are identical.

Signature

/s/ Jane M. Kramer

Type or Print Name and Title or Capacity

Jane M. Kramer, Assistant Secretary

Date Signed

10-27-06

Michigan Department Of Energy, Labor & Economic Growth

Filing Endorsement

This is to Certify that the CERTIFICATE OF AMENDMENT - CORPORATION

for

CMS ENERGY CORPORATION

ID NUMBER: 485283

received by facsimile transmission on May 22, 2009 is hereby endorsed

Filed on May 22, 2009 by the Administrator.

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 22ND day of May, 2009.

, Director

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES**

Date Received

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name

CMS Energy Corporation c/o Catherine M. Reynolds

Address

One Energy Plaza, EP12-246

City

State

ZIP Code

Jackson

MI

49201

Document will be returned to the name and address you enter above.

EFFECTIVE DATE:

If left blank document will be mailed to the registered office.

**CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION
For use by Domestic Profit and Nonprofit Corporations
(Please read information and instructions on the last page)**

Pursuant to the provisions of Act 284, Public Acts of 1972, (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is: CMS Energy Corporation
2. The identification number assigned by the Bureau is: 485-283
3. Article XII of the Articles of Incorporation is hereby amended to read as follows:

In an uncontested election of directors, each director of the Corporation shall be elected by a majority of the votes cast by the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors (a "majority vote"); however, in a contested election, the directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. For purposes of this provision, a majority of the votes cast means that the number of shares voted "for" a director must exceed 50% of the votes cast with respect to that director. For purposes of this Article XII, (i) an "uncontested election" is an election in which the number of nominees for director is not greater than the number to be elected, and (ii) a "contested election" is an election in which the number of nominees for director is greater than the number to be elected.

Following any uncontested election, any incumbent director who failed to receive a majority vote, shall tender his or her resignation to the Board of Directors. A recommendation on whether or not to accept such resignation offer shall be made by (i) a designated standing committee of the Board of Directors (the "Committee"), or (ii) if each member of the Committee did not receive a majority vote, then the independent directors who did receive a majority vote may appoint a committee from amongst themselves to consider the resignation offer and make a recommendation to the Board of Directors, or (iii) if three or fewer independent directors received a majority vote, then all such directors may participate in the actions regarding the resignation offers and make a recommendation to the Board of Directors. The Board of Directors will act on the recommendation and publicly disclose its decision within 90 days from the date of the certification of the election results. The director who tenders his or her resignation will not participate in the Board of Directors' decision.

COMPLETE ONLY ONE OF THE FOLLOWING:

4. Profit or Nonprofit Corporation: For amendments adopted by unanimous consent of Incorporators before the first meeting of the board of directors or trustees.

The foregoing amendment to the Articles of Incorporation was duly adopted on the day of , , in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the Board of Directors or Trustees.

Signed this _____ day of _____, _____

(Signature)

(Signature)

(Type or Print Name)

(Type or Print Name)

(Signature)

(Signature)

(Type or Print Name)

(Type or Print Name)

5. Profit Corporation Only: Shareholder or Board Approval

The foregoing amendment to the Articles of Incorporation proposed by the board was duly adopted on the 22nd day of May, 2009, by the: (check one of the following)

- ☒ shareholders at a meeting in accordance with Section 611(3) of the Act.
- ☐ written consent of the shareholders having not less than the minimum number of votes required by statute in accordance with Section 407(1) of the Act. Written notice to shareholders who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders is permitted only if such provision appears in the Articles of Incorporation.)
- ☐ written consent of all the shareholders entitled to vote in accordance with Section 407(2) of the Act.
- ☐ board of a profit corporation pursuant to section 611(2) of the Act.

Profit Corporations and Professional Service Corporations

Signed this 22 day of May, 2009

By /s/ Catherine M. Reynolds

(Signature of an authorized officer or agent)

Catherine M. Reynolds, Vice President and Corporate Secretary

(Type or Print Name)

Michigan Department of Licensing and Regulatory Affairs

Filing Endorsement

This is to Certify that the CERT. OF CHANGE OF REG. OFF./RES. AGENT

for

CMS ENERGY CORPORATION

ID NUMBER: 485283

received by facsimile transmission on November 20, 2013 is hereby endorsed

Filed on November 20, 2013 by the Administrator.

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 20TH day of November, 2013.

*Alan J. Schefke, Director
Corporations, Securities & Commercial Licensing Bureau*

**MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU**

Date Received

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

Name

Georgine R. Hyden

Address

One Energy Plaza, EP1-416

City

Jackson,

State

Michigan

Zip Code

49201

EFFECTIVE DATE:

Document will be returned to the name and address you enter above.

If left blank document will be returned to the registered office.

CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT

For use by Domestic and Foreign Corporations and Limited Liability Companies

(Please read information and instructions on the last page)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts 1993 (limited liability companies), the undersigned execute the following Certificate:

1. The present name of the corporation is:
CMS Energy Corporation
 2. The identification number assigned by the Bureau is: 485283
 3.
 - a. The name of the resident agent on file with the Bureau is: Catherine M. Reynolds
 - b. The location of the registered office on file with the Bureau is:

One Energy Plaza, EP1-420,	Jackson, Michigan	49201
(Street Address)	(City)	(Zip Code)
 - c. The mailing address of the above registered office on file with the Bureau is:

One Energy Plaza, EP1-420,	Jackson, Michigan	49201
(Street Address or P.O. Box)	(City)	(Zip Code)
- ENTER IN ITEM F4 THE INFORMATION AS IT SHOULD NOW APPEAR ON THE PUBLIC RECORD
4.
 - a. The name of the resident agent is: Melissa M. Gleespen
 - b. The address of its registered office is:

One Energy Plaza,	Jackson, Michigan	49201
(Street Address)	(City)	(Zip Code)
 - c. The mailing address of the registered office IF DIFFERENT THAN 4B is:

(Street Address or P.O. Box)	(City)	(Zip Code)
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 5. The above changes were authorized by resolution duly adopted by: 1. ALL CORPORATIONS: its Board of Directors; 2. PROFIT CORPORATIONS ONLY: the resident agent if only the address of the registered office is changed, in which case a copy of this statement has been mailed to the corporation.
 6. The corporation or limited liability company further states that the address of its registered office and the address of its resident agent as changed, are identical.

Signature

/s/ Georgine R. Hyden

Type or Print Name and Title or Capacity

Georgine R. Hyden, Assistant Secretary

Date Signed

11-19-13

CERTIFICATE OF DESIGNATION OF
4.200% CUMULATIVE REDEEMABLE PERPETUAL
PREFERRED STOCK, SERIES C
OF
CMS ENERGY CORPORATION

FILED
JUN 29 2021
ADMINISTRATOR
CORPORATIONS DIVISION

CMS Energy Corporation, a corporation organized and existing under the Business Corporation Act of the State of Michigan (the “**Corporation**”), in accordance with the provisions of Section 302(3) thereof, does hereby certify:

The board of directors of the Corporation (the “**Board of Directors**”), in accordance with Article III of the Restated Articles of Incorporation, as amended, of the Corporation, the Amended and Restated Bylaws of the Corporation and applicable law, authorized the issuance and sale by the Corporation of shares of its Preferred Stock pursuant to resolutions adopted by the Board of Directors effective May 1, 2020 (collectively, the “**Resolutions**”) and granted the Special Financing Committee of the Board of Directors (the “**Committee**”) the full authority to act on behalf of the Board of Directors for the purposes stated in the Resolutions with respect to the proposed issuance and sale by the Corporation of shares of its Preferred Stock, and pursuant to the authority conferred upon the Committee in accordance with Section 528(1)(a) of the Business Corporation Act of the State of Michigan and the Resolutions, the Committee adopted the following resolution creating and setting forth the terms of a series of Preferred Stock of the Corporation designated as the “4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C.”

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the Resolutions, the provisions of the Restated Articles of Incorporation, as amended, of the Corporation, the Amended and Restated Bylaws of the Corporation and applicable law, a series of Preferred Stock, par value \$0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions, of the shares of such series (in addition to the provisions of the Restated Articles of Incorporation, as amended, of the Corporation, which are applicable to Preferred Stock regardless of series), are as follows:

SECTION 1. *Designation.* The distinctive serial designation of such series of Preferred Stock is “4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C” (the “**Series C Preferred Stock**”). Each share of Series C Preferred Stock shall be identical in all respects to every other share of Series C Preferred Stock, except as to the respective dates from which dividends thereon shall accumulate, to the extent such dates may differ as permitted pursuant to Section 4(a) below.

SECTION 2. *Number of Shares and Ranking.*

(a) The authorized number of shares of Series C Preferred Stock shall be 9,200. Such number of shares may be decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Series C Preferred Stock to a number that is less than that of the shares of Series C Preferred Stock then outstanding. Any such decrease in the number of shares of Series C Preferred Stock shall have the status of authorized but unissued shares of Preferred Stock undesignated as to series and may with any and all other authorized but unissued shares of Preferred Stock be designated or redesignated and issued or reissued, as the case may be, as part of any series of Preferred Stock.

(b) The Series C Preferred Stock shall rank, with respect to dividend rights and distribution rights upon the liquidation, winding-up or dissolution of the Corporation: (i) senior to the Common Stock and each other class or series of Junior Stock; (ii) on parity with each class or series of Parity Stock; and (iii) junior to each class or series of Senior Stock.

SECTION 3. *Definitions.* As used herein with respect to the Series C Preferred Stock:

“**Articles**” means the Restated Articles of Incorporation of the Corporation, as amended and as the same may be amended, restated or amended and restated from time to time.

“**Board of Directors**” means the Board of Directors of the Corporation.

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

“**Bylaws**” means the Amended and Restated Bylaws of the Corporation, as they may be amended, restated or amended and restated from time to time.

“**Certificate of Designation**” means this Certificate of Designation establishing the terms of the Series C Preferred Stock.

The term “**close of business**” means 5:00 p.m., New York City time.

“**Common Stock**” means the common stock of the Corporation.

“**Corporation**” means CMS Energy Corporation, a Michigan corporation.

“**Dividend Disbursing Agent**” means Equiniti Trust Company d/b/a EQ Shareowner Services, the Corporation’s duly appointed dividend disbursing agent for the Series C Preferred Stock, or any successor appointed under Section 9.

“**Dividend Payment Date**” has the meaning set forth in Section 4(a).

“**Dividend Period**” means the period from, and including, a Dividend Payment Date to, but excluding, the next Dividend Payment Date, except that the initial Dividend Period shall commence on, and include, the Initial Issue Date.

“**DTC**” has the meaning set forth in Section 6.

“**Holder**” means each Person in whose name any share of the Series C Preferred Stock is registered on the stock register of the Corporation, who shall be treated by the Corporation and the Registrar as the absolute owner of such share of the Series C Preferred Stock.

“**Initial Issue Date**” means July 1, 2021, the original issue date of shares of the Series C Preferred Stock.

“**Junior Stock**” means: (a) the Common Stock; and (b) each other class or series of capital stock of the Corporation established after the Initial Issue Date the terms of which do not expressly provide that such class or series shall rank senior to or on parity with the Series C Preferred Stock as to dividend rights and distribution rights upon the Corporation’s liquidation, winding-up or dissolution.

“**Liquidation Dividend Amount**” shall have the meaning set forth in Section 7(a).

“**Liquidation Preference**” means, as to the Series C Preferred Stock, \$25,000 per share thereof, subject to adjustment as provided in Section 16(b).

“**Nonpayment Event**” shall have the meaning set forth in Section 8(b)(i).

“**Officer**” shall have the meaning set forth in Section 14(b).

“**Parity Stock**” means each class or series of capital stock of the Corporation established after the Initial Issue Date the terms of which expressly provide that such class or series shall rank on parity with the Series C Preferred Stock as to dividend rights and distribution rights upon the Corporation’s liquidation, winding-up or dissolution.

“**Person**” means any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

“**Preferred Directors**” shall have the meaning set forth in Section 8(b)(i).

“**Preferred Stock**” means the preferred stock of the Corporation.

“**Prospectus Supplement**” means the prospectus supplement dated June 24, 2021 relating to the initial offering and sale of the depositary shares each representing a 1/1,000th interest in a share of the Series C Preferred Stock.

“**Ratings Event**” means that, and shall be deemed to have occurred when, any nationally recognized statistical rating organization as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended, or in any successor provision thereto, that then publishes a rating for the Corporation (a “**Rating Agency**”), amends, clarifies or changes the criteria it uses to assign equity credit to securities such as the Series C Preferred Stock, which amendment, clarification or change results in:

(a) the shortening of the length of time the Series C Preferred Stock is assigned a particular level of equity credit by that Rating Agency as compared to the length of time the Series C

Preferred Stock would have been assigned that level of equity credit by that Rating Agency or its predecessor on the Initial Issue Date; or

(b) the lowering of the equity credit (including up to a lesser amount) assigned to the Series C Preferred Stock by that Rating Agency as compared to the equity credit assigned by that Rating Agency or its predecessor on the Initial Issue Date.

“Record Date” has the meaning set forth in Section 4(a).

“Redemption Date” means any date fixed for redemption of any shares of Series C Preferred Stock pursuant to the provisions of Section 5.

“Registrar” means Equiniti Trust Company d/b/a EQ Shareowner Services, the Corporation’s duly appointed registrar for the Series C Preferred Stock, or any successor appointed under Section 9.

“Senior Stock” means each class or series of capital stock of the Corporation established after the Initial Issue Date the terms of which expressly provide that such class or series shall rank senior to the Series C Preferred Stock as to dividend rights or distribution rights upon the Corporation’s liquidation, winding-up or dissolution.

“Series C Preferred Stock” has the meaning set forth in Section 1.

“Share Dilution Amount” means the increase in the number of diluted shares outstanding (determined in accordance with accounting principles generally accepted in the United States, and as measured from the date of the Corporation’s consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Initial Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to directors, employees, contractors and agents and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar event.

“Transfer Agent” means Equiniti Trust Company d/b/a EQ Shareowner Services, the Corporation’s duly appointed transfer agent for the Series C Preferred Stock, or any successor appointed under Section 9.

“Voting Preferred Stock” means any series of Preferred Stock, other than the Series C Preferred Stock, ranking equally with the Series C Preferred Stock either as to dividends or to the distribution of assets upon liquidation, dissolution or winding-up of the Corporation and upon which voting rights similar to the voting rights of the Series C Preferred Stock in all material respects have been established for such series of Preferred Stock and which are exercisable at the time of any vote of the Preferred Stock.

SECTION 4. *Dividends.*

(a) *Rate.* Subject to the rights of holders of any class or series of capital stock of the Corporation ranking senior to the Series C Preferred Stock with respect to dividends, Holders shall be entitled to receive, when, as and if declared by the Board of Directors (or an authorized committee thereof) out of funds of the Corporation legally available for payment, cash dividends at the rate per annum of 4.200% on the Liquidation Preference per share of the Series C Preferred Stock. Declared dividends on the Series C Preferred Stock will be payable in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on October 15, 2021 (each, a “**Dividend Payment Date**”). Dividends on the Series C Preferred Stock shall accumulate daily from and including the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the Initial Issue Date (or such other date as may be set forth in the certificate evidencing the relevant shares of Series C Preferred Stock) without regard to whether funds are legally available for the declaration or payment of such dividends. Declared dividends shall be payable on the relevant Dividend Payment Date to Holders as they appear on the Corporation’s stock register at the close of business on the immediately preceding January 1, April 1, July 1 or October 1, as applicable (each, a “**Record Date**”). These Record Dates shall apply regardless of whether a particular Record Date is a Business Day. If a Dividend Payment Date is not a Business Day, payment of declared dividends shall be made on the next succeeding Business Day, without any interest, additional dividends, or other payment in lieu of interest or additional dividends accumulating with respect to this delay.

Dividends accumulating or payable on the Series C Preferred Stock for any Dividend Period (or portion thereof) shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Accumulations of dividends on shares of the Series C Preferred Stock shall not bear interest or dividends on such accumulated amount.

No dividend shall be declared or paid on, or any sum of cash set aside for the payment of dividends on, any outstanding shares of Series C Preferred Stock with respect to any Dividend Period unless all dividends for all preceding Dividend Periods have been declared and paid on, or a sufficient sum of cash has been set aside for the payment of such dividends on, all outstanding shares of Series C Preferred Stock.

(b) *Priority of Dividends.* So long as any share of the Series C Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on Common Stock or any other Junior Stock, and no Common Stock or any other Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless, in each case, all accumulated and unpaid dividends for all preceding Dividend Periods have been declared and paid, or a sufficient sum of cash has been set aside for the payment of such dividends, on all outstanding shares of the Series C Preferred Stock. The foregoing limitation shall not apply to: (i) any dividend or distribution payable in shares of Common Stock or other Junior Stock, together with cash in lieu of any fractional share; (ii) repurchases, redemptions or other acquisitions of Common Stock or other Junior Stock in connection with the administration of any benefit or other incentive plan, including any employment contract, including, without limitation, (x) purchases to offset the Share Dilution Amount pursuant to a publicly announced repurchase plan; *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount, (y) the forfeiture of unvested shares of restricted stock or share withholdings or other surrender of shares to which the holder may otherwise be entitled upon exercise, delivery or vesting of equity

awards (whether in payment of applicable taxes, the exercise price or otherwise), and (z) the payment of cash in lieu of fractional shares; (iii) purchases of fractional interests in shares of Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of such shares of other Junior Stock or any securities exchangeable for or convertible into shares of Common Stock or other Junior Stock; (iv) any dividends or distributions of rights or Common Stock or other Junior Stock in connection with a shareholders' rights plan or any redemption or repurchase of rights pursuant to any shareholders' rights plan; (v) repurchases of Common Stock or other Junior Stock pursuant to a contractually binding requirement to buy Common Stock or other Junior Stock existing prior to the preceding Dividend Period, including under a contractually binding stock repurchase plan; (vi) the deemed purchase or acquisition of fractional interests in shares of Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged; (vii) the acquisition by the Corporation or any of its subsidiaries of record ownership in Common Stock or other Junior Stock for the beneficial ownership of any other Persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians, and the payment of cash in lieu of fractional shares; and (viii) the exchange or conversion of Junior Stock for or into other Junior Stock and the payment of cash in lieu of fractional shares.

When dividends on shares of the Series C Preferred Stock with respect to any previously completed Dividend Period (A) have not been declared and paid in full or (B) have been declared but a sum of cash sufficient for payment thereof has not been set aside for the benefit of the Holders thereof on the applicable Record Date, no dividends may be declared or paid on any Parity Stock unless dividends are declared on the shares of Series C Preferred Stock such that the respective amounts of such dividends declared on the shares of Series C Preferred Stock and such Parity Stock shall bear the same ratio to each other as all accumulated dividends and all declared and unpaid dividends per share on the shares of Series C Preferred Stock and such Parity Stock bear to each other; *provided, however*, that any unpaid dividends will continue to accumulate. The foregoing limitation shall not apply to (i) purchases of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such shares of Parity Stock or any securities exchangeable for or convertible into shares of Parity Stock, (ii) the deemed purchase or acquisition of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged, (iii) the acquisition by the Corporation or any of its subsidiaries of record ownership in Parity Stock for the beneficial ownership of any other Persons (other than for the Corporation or any of its subsidiaries), including as trustees or custodians, and the payment of cash in lieu of fractional shares and (iv) the exchange or conversion of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock and the payment of cash in lieu of fractional shares.

Subject only to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors (or an authorized committee thereof) may be declared and paid on any securities, including Common Stock, from time to time out of any funds legally available for such payment, and Holders shall not be entitled to participate in any such dividends declared on securities other than the Series C Preferred Stock.

SECTION 5. *Optional Redemption.*

The Corporation may, at its option, redeem the Series C Preferred Stock:

(a) in whole or in part, from time to time, on or after July 15, 2026 at a redemption price in cash equal to \$25,000 per share of Series C Preferred Stock, subject to equitable adjustment as provided below; or

(b) in whole but not in part, at any time within 120 days after the conclusion of any review or appeal process instituted by the Corporation following the occurrence of a Ratings Event, or, if no review or appeal process is available or sought with respect to such Ratings Event, at any time within 120 days after the occurrence of such Ratings Event, at a redemption price in cash equal to \$25,500 per share of Series C Preferred Stock, subject to equitable adjustment as provided below,

plus, in each case, all accumulated and unpaid dividends (whether or not declared) to, but excluding, such Redemption Date; *provided* that, notwithstanding the foregoing, if a Redemption Date for any shares of Series C Preferred Stock occurs subsequent to a Record Date and on or prior to the next succeeding Dividend Payment Date, then the full amount of accumulated and unpaid dividends (whether or not declared) on such shares of Series C Preferred Stock to, but excluding, such Dividend Payment Date shall be paid on such Dividend Payment Date to the Persons who were the Holders of such shares at the close of business on such Record Date and such accumulated and unpaid dividends shall not be paid or required to be paid on the Redemption Date and shall not constitute a part of the redemption price of such shares.

The redemption price shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event involving the Series C Preferred Stock. Any such adjustments shall be determined in good faith by the Board of Directors (or an authorized committee thereof) and submitted by the Board of Directors (or such authorized committee thereof) to the Transfer Agent.

SECTION 6. *Redemption Procedures.*

If the Series C Preferred Stock is to be redeemed, the notice of redemption shall be given by first class mail, postage prepaid, or by overnight air courier guaranteeing next day delivery, to the Holders of the Series C Preferred Stock to be redeemed, mailed not less than 30 days, nor more than 60 days, prior to the Redemption Date (*provided* that, if the Series C Preferred Stock is held in book-entry form evidenced by a global certificate held by The Depository Trust Company (“DTC,” which term includes any successor thereto) or its nominee, the Corporation may give such notice in any manner permitted or required by DTC. Each notice of redemption shall include a statement setting forth:

(a) the Redemption Date;

(b) the number of shares of Series C Preferred Stock to be redeemed and, if less than all the shares of Series C Preferred Stock held by such Holder are to be redeemed, the number of such shares of Series C Preferred Stock to be redeemed from such Holder;

(c) the redemption price;

(d) the place or places where Holders may surrender certificates evidencing the Series C Preferred Stock for payment of the redemption price; and

(e) that dividends on the shares of Series C Preferred Stock to be redeemed shall cease to accumulate from and after such Redemption Date.

If notice of redemption of any shares of Series C Preferred Stock has been given, and if the funds necessary for such redemption have been set aside by the Corporation for the benefit of the Holders of the shares of Series C Preferred Stock so called for redemption, then, from and after the Redemption Date, dividends shall cease to accumulate on such shares of Series C Preferred Stock, and such shares of Series C Preferred Stock shall no longer be deemed outstanding and all rights of the Holders of such shares of Series C Preferred Stock shall terminate, except for (i) the right of the Holders thereof to receive the amount payable with respect to such redemption, without interest and (ii) if the Redemption Date occurs subsequent to a Record Date and on or prior to the next succeeding Dividend Payment Date, the right of the Persons who were the Holders of such shares at the close of business on such Record Date to receive, on such Dividend Payment Date, the full amount of accumulated and unpaid dividends (whether or not declared) on such shares to, but excluding, such Dividend Payment Date. Any funds unclaimed at the end of one year from the Redemption Date shall, to the extent permitted by law, be released by the Corporation, after which time the Holders of such Series C Preferred Stock so called for redemption shall look only to the Corporation for payment of the redemption price of such Series C Preferred Stock. If a Redemption Date is not a Business Day, payment shall be made on the next succeeding Business Day, without any interest, additional dividends, or other payment in lieu of interest or additional dividends accumulating with respect to this delay.

In case of any redemption of only part of the Series C Preferred Stock at the time outstanding, the Series C Preferred Stock to be redeemed shall be selected either pro rata or by lot. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the Holder thereof.

SECTION 7. *Liquidation, Winding-up or Dissolution.*

(a) In the event of any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, each Holder shall be entitled to receive the Liquidation Preference per share of the Series C Preferred Stock, plus an amount (the “**Liquidation Dividend Amount**”) equal to accumulated and unpaid dividends (whether or not declared) on such shares to (but excluding) the date fixed for liquidation, winding-up or dissolution, to be paid out of the assets of the Corporation legally available for distribution to its shareholders, after payment or provision for the Corporation’s debts, obligations and liabilities, including debt and other liabilities owed to the Corporation’s creditors, as required by applicable law, and to holders of shares of any class or series of capital stock of the Corporation ranking senior to the Series C Preferred Stock with respect to distribution rights upon the Corporation’s liquidation, winding-up or dissolution and before any payment or distribution is made to holders of any Junior Stock (including, without limitation, Common Stock).

(b) If, upon the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation, the amounts payable with respect to (i) the Liquidation Preference plus the Liquidation Dividend Amount on the shares of Series C Preferred Stock and (ii) the liquidation preference of, and the amount of accumulated and unpaid dividends (to, but excluding, the date fixed for such liquidation, winding-up or dissolution) on, all other Parity Stock are not paid in full, the Holders and all holders of any such other Parity Stock shall share equally and ratably in any distribution of the

Corporation's assets in proportion to their respective liquidation preferences and amounts equal to the accumulated and unpaid dividends to which they are entitled.

(c) After the payment to any Holder of the full amount of the Liquidation Preference and the Liquidation Dividend Amount for each of such Holder's shares of Series C Preferred Stock, such Holder as such shall have no right or claim to any of the remaining assets of the Corporation.

(d) Neither the sale, lease or exchange of all or substantially all of the Corporation's assets, nor the Corporation's merger or consolidation into or with any other Person, shall be deemed to be the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation.

SECTION 8. *Voting Rights.*

(a) *General.* Holders shall not have any voting rights except as set forth in this Section 8 and except as otherwise from time to time specifically required by Michigan law. Without limitation to the foregoing, but subject to any limits and restrictions stated in the Articles, no vote or consent of the Holders shall be required for the issuance of any additional shares of Series C Preferred Stock not exceeding the aggregate number of shares authorized in this Certificate of Designation.

(b) *Voting Rights.*

(i) Whenever dividends on any shares of the Series C Preferred Stock or any other class or series of Preferred Stock that ranks on parity with the Series C Preferred Stock as to payment of dividends, and upon which similar voting rights have been conferred and are exercisable, shall have not been declared and paid for the equivalent of six quarterly dividend payments, whether or not for consecutive Dividend Periods (a "**Nonpayment Event**"), the Holders of the Series C Preferred Stock (voting as a single class together with holders of any and all other classes of authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) shall be entitled to vote as a single class for the election of a total of two additional members of the Board of Directors (the "**Preferred Directors**"), provided that the Board of Directors shall at no time include more than two Preferred Directors. In that event, the number of directors on the Board of Directors shall automatically increase by two and, at the request of any Holder of Series C Preferred Stock or other Preferred Stock with equivalent voting rights, a special meeting of the Holders of Series C Preferred Stock and the holders of any other class or series of Preferred Stock that ranks on parity with Series C Preferred Stock as to payment of dividends and for which dividends have not been paid shall be called for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders, in which event such election shall be held at such next annual or special meeting of shareholders), followed by such election at each subsequent annual meeting. These voting rights will continue until full dividends have been paid regularly on the shares of the Series C Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series C Preferred Stock as to payment of dividends for at least four consecutive quarterly Dividend Periods or their equivalent following the Nonpayment Event.

If and when full dividends have been paid regularly on the Series C Preferred Stock and any other class or series of Preferred Stock that ranks on parity with the Series C Preferred Stock

as to payment of dividends for at least four consecutive quarterly Dividend Periods or their equivalent following a Nonpayment Event, the Holders of the Series C Preferred Stock shall be divested of the foregoing voting rights (subject to revesting in the event of each subsequent Nonpayment Event) and the term of office of each Preferred Director so elected shall terminate and the number of directors on the Board of Directors shall automatically decrease by two. Any Preferred Director may be removed at any time without cause by the Holders of a majority of the outstanding shares of the Series C Preferred Stock (together with holders of any and all other classes of authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described above. So long as a Nonpayment Event continues, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office or, if none remains in office, by a vote of the Holders of the outstanding shares of Series C Preferred Stock (together with holders of any and all other class of authorized Preferred Stock having equivalent voting rights, whether or not the holders of such Preferred Stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of shareholders. The Preferred Directors shall each be entitled to one vote per director on any matter.

(ii) So long as any shares of the Series C Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by the Articles, the affirmative vote or consent of the holders of not less than two-thirds of the total stated liquidation preference (excluding accumulated and unpaid dividends thereon, and premiums or other similar amounts, if any) of all outstanding shares of Series C Preferred Stock and all outstanding shares of any other series of Voting Preferred Stock (subject to Section 8(b)(iii)) at the time outstanding and entitled to vote thereon, voting together as a single class, given in person or by proxy, either in writing without a meeting or by vote at an annual or special meeting of such shareholders, shall be necessary for the Corporation to effect:

(A) any amendment of the Articles, including this Certificate of Designation, so as to authorize, or increase the authorized amount of, any class or series of Senior Stock;

(B) any amendment of any provision of the Articles, other than this Certificate of Designation, so as to adversely affect the special rights, preferences, privileges, restrictions, or voting powers of the Series C Preferred Stock; or

(C) any consummation of a binding share exchange or reclassification involving the shares of the Series C Preferred Stock, or of a merger or consolidation of the Corporation with or into another entity, unless in each case (x) the shares of the Series C Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity (or the Series C Preferred Stock is otherwise exchanged or reclassified), are converted or reclassified into or exchanged for preferred stock of the surviving or resulting entity or its ultimate parent, and (y) the shares of the Series C Preferred Stock that remain outstanding or such shares of preferred stock, as the case may be, have rights, preferences, privileges and voting powers that, taken as a whole, are not materially less favorable to the holders thereof than the

rights, preferences, privileges and voting powers, taken as a whole, of the Series C Preferred Stock immediately prior to the consummation of such transaction;

provided, however, that, for the avoidance of doubt, (1) any increase in the amount of the Corporation's authorized but unissued shares of Preferred Stock, (2) any increase in the amount of the Corporation's authorized Series C Preferred Stock or the issuance of any additional shares of the Series C Preferred Stock or (3) the authorization or creation of any class or series of Parity Stock or Junior Stock, any increase in the amount of authorized but unissued shares of such class or series of Parity Stock or Junior Stock or the issuance of any shares of such class or series of Parity Stock or Junior Stock shall be deemed not to adversely affect (or to otherwise cause to be materially less favorable) the rights, preferences, privileges, restrictions or voting powers of the Series C Preferred Stock, and shall not require the affirmative vote or consent of the Holders, except as required pursuant to Michigan law.

(iii) If any amendment, share exchange, reclassification, merger or consolidation specified in this Section 8(b) would adversely affect (or cause to be materially less favorable, as applicable) the rights, preferences, privileges, restrictions or voting powers of one or more but not all series of Voting Preferred Stock, then only the series of Voting Preferred Stock adversely affected (or the terms of which would be materially less favorable, as applicable) and entitled to vote shall vote as a class in lieu of all other series of Voting Preferred Stock.

(iv) Without the consent of the Holders, to the fullest extent permitted by applicable law and so long as such action does not adversely affect the special rights, preferences, privileges, restrictions or voting powers of the Series C Preferred Stock, the Corporation may amend, alter, supplement, or repeal any terms of the Series C Preferred Stock, including by way of amendment to this Certificate of Designation, for the following purposes:

(A) to cure any ambiguity or mistake, or to correct or supplement any provision contained in this Certificate of Designation that may be defective or inconsistent with any other provision contained in this Certificate of Designation;

(B) to make any provision with respect to matters or questions relating to the Series C Preferred Stock that is not inconsistent with the provisions of the Articles, including this Certificate of Designation; or

(C) to waive any of the Corporation's rights with respect thereto.

(v) Without the consent of the Holders, to the fullest extent permitted by applicable law, the Corporation may amend, alter, supplement or repeal any terms of the Series C Preferred Stock, including by way of amendment to this Certificate of Designation, in order to conform the terms thereof to the description of the terms of the Series C Preferred Stock set forth under "Certain Terms of the Series C Preferred Stock" in the Prospectus Supplement.

(c) *Procedures for Voting and Consents.* The rules and procedures for calling and conducting any meeting of the Holders (including, without limitation, the fixing of a Record Date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other procedural aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which

rules and procedures shall conform to the requirements of the Articles, the Bylaws, applicable law and the rules of any national securities exchange or other trading facility on which the Series C Preferred Stock is listed or traded at the time.

SECTION 9. *Transfer Agent, Registrar, and Dividend Disbursing Agent.* The duly appointed Transfer Agent, Registrar and Dividend Disbursing Agent for the Series C Preferred Stock shall be Equiniti Trust Company d/b/a EQ Shareowner Services. The Corporation may, in its sole discretion, remove any Person serving as the Transfer Agent, Registrar or Dividend Disbursing Agent; *provided, however*, that prior to the effectiveness of any such removal the Corporation shall appoint a successor Transfer Agent, Registrar or Dividend Disbursing Agent, as the case may be, who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof to the Holders.

SECTION 10. *Record Holders.* To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent may deem and treat the Holder of any shares of the Series C Preferred Stock as the true and lawful owner thereof for all purposes.

SECTION 11. *Notices.* The Corporation shall send all notices or communications to Holders of the Series C Preferred Stock pursuant to this Certificate of Designation in writing by first class mail, postage prepaid, or by overnight air courier guaranteeing next day delivery, to the Holders' respective addresses shown on the register for the Series C Preferred Stock (*provided that*, if the Series C Preferred Stock is held in book-entry form evidenced by a global certificate held by DTC or its nominee, the Corporation shall be permitted to send notices or communications to Holders pursuant to the procedures of DTC, and notices and communications that the Corporation sends in this manner will be deemed to have been properly sent to such Holders in writing).

SECTION 12. *No Preemptive Rights.* The Holders shall have no preemptive or preferential rights to purchase or subscribe for any stock, obligations, warrants or other securities of the Corporation of any class or series.

SECTION 13. *Other Rights.* The shares of the Series C Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Articles or as provided by applicable law.

SECTION 14. *Stock Certificates.*

(a) Shares of the Series C Preferred Stock shall initially be represented by stock certificates substantially in the form set forth as Exhibit A hereto.

(b) Stock certificates representing shares of the Series C Preferred Stock shall be signed by the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary (each, an “**Officer**”), in accordance with the Bylaws and applicable Michigan law, by manual or facsimile signature.

(c) A stock certificate representing shares of the Series C Preferred Stock shall not be valid until manually countersigned by an authorized signatory of the Transfer Agent and Registrar. Each

stock certificate representing shares of the Series C Preferred Stock shall be dated the date of its countersignature.

(d) If any Officer of the Corporation who has signed a stock certificate no longer holds that office at the time the Transfer Agent and Registrar countersigns the stock certificate, the stock certificate shall be valid nonetheless.

SECTION 15. *Replacement Certificates.* If physical certificates are issued, and any of the Series C Preferred Stock certificates shall be mutilated, lost, stolen or destroyed, the Corporation shall, at the expense of the Holder, issue, in exchange and in substitution for and upon cancellation of the mutilated Series C Preferred Stock certificate, or in lieu of and substitution for the Series C Preferred Stock certificate lost, stolen or destroyed, a new Series C Preferred Stock certificate of like tenor and representing an equivalent Liquidation Preference of shares of the Series C Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Series C Preferred Stock certificate and indemnity, if requested, reasonably satisfactory to the Corporation and the Transfer Agent.

SECTION 16. *Miscellaneous.*

(a) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any initial issuance or delivery of shares of the Series C Preferred Stock or certificates representing such shares.

(b) The Liquidation Preference shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event involving the Series C Preferred Stock. Such adjustments shall be determined in good faith by the Board of Directors (or an authorized committee thereof) and submitted by the Board of Directors (or such authorized committee thereof) to the Transfer Agent.

(c) Shares of Series C Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of Series C Preferred Stock which may be reissued from time to time by the Corporation, unless the Board of Directors determines by resolution that the shares shall have the status of authorized but unissued shares of Preferred Stock undesignated as to series and may with any and all other authorized but unissued shares of Preferred Stock be designated or redesignated and issued or reissued, as the case may be, as part of any series of Preferred Stock.

SECTION 17. *Withholding Taxes.* Notwithstanding anything to the contrary, if the Corporation or other applicable withholding agent pays withholding taxes or backup withholding on behalf of the Holder or beneficial owner, the Corporation or other applicable withholding agent may, at its option, set off such payments against payments of cash on the Series C Preferred Stock.

[FORM OF FACE OF
4.200% CUMULATIVE REDEEMABLE PERPETUAL PREFERRED
STOCK, SERIES C CERTIFICATE]

THE SHARES OF 4.200% CUMULATIVE REDEEMABLE PERPETUAL PREFERRED STOCK, SERIES C ARE SUBJECT TO REDEMPTION AT THE OPTION OF THE CORPORATION (AS DEFINED BELOW) AT THE TIMES AND REDEMPTION PRICES, AND ON TERMS AND CONDITIONS, SET FORTH IN THE CERTIFICATE OF DESIGNATION (AS DEFINED BELOW).

Certificate Number []
Cumulative

[Number] Shares of 4.200%
Redeemable Perpetual Preferred Stock, Series C
CUSIP: 125896 829
ISIN: US1258968296

CMS ENERGY CORPORATION
(Formed under the laws of the State of Michigan)

4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C
(Liquidation Preference as specified below)

CMS Energy Corporation, a Michigan corporation (the “**Corporation**”), hereby certifies that [] (the “**Holder**”) is the registered owner of [] shares of fully paid and non-assessable shares of the Corporation’s designated 4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C, with a Liquidation Preference of \$25,000.00 per share (the “**Series C Preferred Stock**”). The shares of the Series C Preferred Stock are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The rights, privileges, restrictions and other terms and provisions of the Series C Preferred Stock represented hereby are and shall in all respects be subject to the provisions of the Certificate of Designation of 4.200% Cumulative Redeemable Perpetual Preferred Stock, Series C of CMS Energy Corporation dated June 28, 2021, as the same may be amended from time to time (the “**Certificate of Designation**”). Capitalized terms used herein but not defined shall have the meanings given them in the Certificate of Designation. The Corporation will provide a copy of the Certificate of Designation to the Holder without charge upon written request to the Corporation at its principal place of business.

Reference is hereby made to the provisions of the Series C Preferred Stock set forth on the reverse hereof and in the Certificate of Designation, which provisions shall for all purposes have the same effect as if set forth at this place. If the terms of this certificate conflict with the terms of the Certificate of Designation, then the terms of the Certificate of Designation will control to the extent of such conflict.

Upon receipt of this executed certificate, the Holder is bound by the Certificate of Designation and is entitled to the benefits thereunder.

Unless the Transfer Agent and Registrar have properly countersigned this certificate, these shares of the Series C Preferred Stock shall not be entitled to any benefit under the Certificate of Designation or be valid or obligatory for any purpose.

[Remainder of Page Intentionally Left Blank]

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

CMS ENERGY CORPORATION

By: _____

Name:

Title: [President or Vice President]

[Impression or Facsimile of Corporation Seal]

CMS ENERGY CORPORATION

By: _____

Name

Title: [Treasurer, Assistant Treasurer, Secretary or Assistant Secretary]

COUNTERSIGNATURE

These are shares of the Series C Preferred Stock referred to in the within-mentioned Certificate of Designation.

Dated: [], []

Equiniti Trust Company d/b/a EQ Shareowner Services,
as Transfer Agent and Registrar

By: _____

Name:

Title:

[FORM OF REVERSE OF
CERTIFICATE FOR SERIES C PREFERRED STOCK]

Cumulative cash dividends on each share of the Series C Preferred Stock shall be payable at the rate provided in the Certificate of Designation.

The Corporation shall furnish without charge to each Holder who so requests a full statement of the designation, relative rights, preferences and limitations of each class and series of stock of the Corporation authorized to be issued, including the Series C Preferred Stock, in so far as the same shall have been prescribed and the authority of the Board of Directors of the Corporation to designate and prescribe the relative rights, preferences and limitations of other series. Such statement may be obtained from the Corporation at the Corporation's principal executive offices, which, on the Initial Issue Date of shares of the Series C Preferred Stock, were located at One Energy Plaza, Jackson, Michigan 49201.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of the Series C Preferred Stock evidenced hereby to:

(Insert assignee's social security or taxpayer identification number, if any)

(Insert address and zip code of assignee)

and irrevocably
appoints:

as agent to transfer the shares of the Series C Preferred Stock evidenced hereby on the books of the Transfer Agent and Registrar. The agent may substitute another to act for him or her.

Date:

Signature:

(Sign exactly as your name appears on the other side of this Certificate)

Signature

Guarantee:

(Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

IN WITNESS WHEREOF, CMS ENERGY CORPORATION has caused this Certificate of Designation to be signed by its Assistant Secretary on this 28th day of June, 2021.

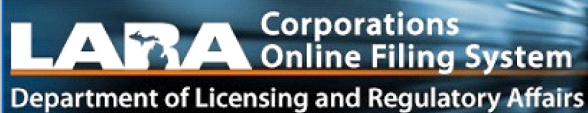
CMS ENERGY CORPORATION

By: /s/ TERRY L. CHRISTIAN

Name: Terry L. Christian

Title: Assistant Secretary and authorized agent

[Signature Page to Series C Certificate of Designation]



Form Revision Date 07/2016

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by DOMESTIC PROFIT CORPORATION

Pursuant to the provisions of Act 284, Public Acts of 1972, the undersigned corporation executes the following Certificate:

The identification number assigned by the Bureau is:

800497353

The name of the corporation is:

CMS ENERGY CORPORATION

The Articles of Incorporation is hereby amended to read as follows:

Article IV

The street address of the registered office of the corporation and the name of the resident agent at the registered office (P.O. Boxes are not acceptable):

1. Agent Name: MELISSA M GLEESPEN

2. Street Address: ONE ENERGY PLAZA

Apt/Suite/Other:

City: JACKSON

State: MI Zip Code: 49201

3. Registered Office Mailing Address:

P.O. Box or Street Address: ONE ENERGY PLAZA, EP1-416

Apt/Suite/Other:

City: JACKSON

State: MI Zip Code: 49201

Use the space below for additional Articles or for continuation of previous Articles. Please identify any Article being continued or added.

ARTICLE XI OF THE ARTICLES OF INCORPORATION IS HEREBY AMENDED TO READ AS FOLLOWS:

ARTICLE XI

THE CORPORATION RESERVES THE RIGHT TO AMEND, ALTER, CHANGE OR REPEAL ANY PROVISION IN THESE ARTICLES OF INCORPORATION AS PERMITTED BY LAW, AND ALL RIGHTS CONFERRED ON SHAREHOLDERS HEREIN ARE GRANTED SUBJECT TO THIS RESERVATION.

NOTWITHSTANDING THE FOREGOING, THE PROVISIONS OF ARTICLES V, VI, VII, VIII, IX AND THIS ARTICLE XI MAY NOT BE AMENDED, ALTERED, CHANGED OR REPEALED UNLESS SUCH AMENDMENT, ALTERATION, CHANGE OR REPEAL IS APPROVED BY THE AFFIRMATIVE VOTE OF A MAJORITY OF THE OUTSTANDING SHARES ENTITLED TO VOTE THEREON.

2. The foregoing amendment to the Articles of Incorporation proposed by the board was duly adopted on: 05/03/2024

by the

shareholders at a meeting in accordance with Section 611(3) of the Act.

This document must be signed by an authorized officer or agent:

Signed this 7th Day of May, 2024 by:

Signature	Title	Title if "Other" was selected
Terry L. Christian	Authorized Agent	

By selecting ACCEPT, I hereby acknowledge that this electronic document is being signed in accordance with the Act. I further certify that to the best of my knowledge the information provided is true, accurate, and in compliance with the Act.

☐ Decline ☒ Accept

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

FILING ENDORSEMENT

This is to Certify that the CERTIFICATE OF AMENDMENT TO THE ARTICLES OF
INCORPORATION
for

CMS ENERGY CORPORATION

ID Number: 800497353

received by electronic transmission on May 07, 2024 ***, is hereby endorsed.***

Filed on May 08, 2024 ***, by the Administrator.***

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 8th day of May, 2024.

Linda Clegg

***Linda Clegg, Director
Corporations, Securities & Commercial Licensing Bureau***

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU	
Date Received	AC1 (FOR BUREAU USE ONLY)
	\$34610 MC 26050884557928
This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.	

Corporations Division Administrator

FILEDDoc #: 28534994
Filed Date: 5/8/2026

Name Rhonda Morris		
Address One Energy Plaza		
City Jackson MI	State 49201	ZIP Code

 Document will be returned to the name and address you enter above.
If left blank, document will be returned to the registered office. 

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION**For use by Domestic Profit and Nonprofit Corporations**

(Please read information and instructions on the last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is:

CMS Energy Corporation

2. The identification number assigned by the Bureau is:

800487353

3. Article III of the Articles of Incorporation is hereby amended to read as follows:

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 710,000,000, of which 10,000,000 shares, par value \$.01 per share, are of a class designated Preferred Stock ("Preferred Stock"), and 700,000,000 shares, par value \$.01 per share, are of a class designated Common Stock ("Common Stock").

C0772-4496 05/08/2026 Received by Michigan Corporations Division

COMPLETE ONLY ONE OF THE FOLLOWING:**4. Profit or Nonprofit Corporations: For amendments adopted by unanimous consent of incorporators before the first meeting of the board of directors or trustees.**

The foregoing amendment to the Articles of Incorporation was duly adopted on the _____ day of _____,

in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the Board of Directors or Trustees.

Signed this _____ day of _____,

(Signature)

(Signature)

(Type or Print Name)

(Type or Print Name)

(Signature)

(Signature)

(Type or Print Name)

(Type or Print Name)

5. Profit Corporation Only: Shareholder or Board Approval

The foregoing amendment to the Articles of Incorporation proposed by the board was duly adopted on the

8th day of May, 2026, by the: (check one of the following)

- ☒ shareholders at a meeting in accordance with Section 611(3) of the Act.
- ☐ written consent of the shareholders that have at least the minimum number of votes required by statute in accordance with Section 407(1) of the Act. Written notice to shareholders that have not consented in writing has been given. (Note: Written consent by less than all of the shareholders is permitted only if such provision appears in the Articles of Incorporation.)
- ☐ written consent of all the shareholders entitled to vote in accordance with Section 407(2) of the Act.
- ☐ board of a profit corporation pursuant to Section 611(2) of the Act.

Profit Corporations and Professional Service Corporations

Signed this 8th day of May, 2026

By

(Signature of an authorized officer or agent)

Georgine R. Hyden

(Type or Print Name)



28534725



STATE OF MICHIGAN
CSCL/CD- 515 - CERTIFICATE OF AMENDMENT TO
THE ARTICLES OF INCORPORATION

Corporations Division Administrator

FILED

Doc #: 28534725
Filed Date: 5/8/2026

C0772-4020 05/08/2026 Received by Michigan Corporations Division

Certificate of Amendment to the Articles of Incorporation for use by Domestic Profit and Nonprofit Corporations Pursuant to the provisions of Act 284, Public Acts of 1972, (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned executes the following Certificate:			
Corporation Information			
The present name of the corporation is:		CMS ENERGY CORPORATION	
The identification number assigned by the Bureau is:		800497353	
Corporation Type:		Domestic Profit Corporation	
Optional Article(s)			
ARTICLE V - Special meetings of the shareholders may be called by the Board of Directors, the Chairman of the Board, or shareholders entitled to cast at least 10% of the outstanding shares entitled to vote thereon. The procedure to be followed by shareholders in calling a special meeting and the methodology for determining the percentage of votes entitled to be cast by the shareholders seeking to call a special meeting (including without limitation any minimum holding periods or other limitations or conditions) shall be as set forth in the bylaws of the Corporation.			
Filing Effective Date			
The filing will be effective:		when filed by the Corporations Division Administrator.	
Shareholder or Board Approval			
The foregoing amendment to the Articles of Incorporation proposed by the board was duly adopted on:		05/08/2026	
The amendment was adopted by:		shareholders at a meeting in accordance with Section 611(3) of the Act	
Attestations			
☒ I understand that the information I enter into the online system is public information and will appear online and on copy requests exactly as I enter it into the system.			
☒ I have been authorized by the business entity to file this document online.			
☒ I, HEREBY SWEAR AND/OR AFFIRM, under penalty of law, including criminal prosecution, that the facts contained in this document are true. I certify that I am signing this document as the person(s) whose signature is required, or as an agent of the person(s) whose signature is required, who has authorized me to place his/her signature on this document.			
Signature(s)			
Authorized Agent	Georgine R Hyden	Lindsey White	05/08/2026
Signer's Capacity	On behalf of	Sign Here	Date



28538021



STATE OF MICHIGAN
CSCL/CD- 515 - CERTIFICATE OF AMENDMENT TO
THE ARTICLES OF INCORPORATION

Corporations Division Administrator

FILED

Doc #: 28538021

Filed Date: 5/11/2026

C0774-1705 05/11/2026 Received by Michigan Corporations Division

Certificate of Amendment to the Articles of Incorporation for use by Domestic Profit and Nonprofit Corporations Pursuant to the provisions of Act 284, Public Acts of 1972, (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned executes the following Certificate:	
Corporation Information The present name of the corporation is: CMS ENERGY CORPORATION The identification number assigned by the Bureau is: 800497353 Corporation Type: Domestic Profit Corporation	
Article III	
Common Shares Preferred Shares Total Shares If there is more than one class or series of shares, state the relative rights, preferences and limitations of the shares of each class in the box below.	700000000 10000000 710000000 The total number of shares of all classes of stock which the Corporation shall have authority to issue is 710,000,000, of which 10,000,000 shares, par value \$.01 per share, are of a class designated Preferred Stock (Preferred Stock), and 700,000,000 shares, par value \$.01 per share, are of a class designated Common Stock (Common Stock). The statement of the designations and the voting and other powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of the Common Stock and of the Preferred Stock is as follows: Series Established By Articles - There is hereby established one series of Preferred Stock designated as 4.200% Cumulative Redeemable Perpetual Preferred Stock. The number of shares that shall constitute such series shall be 9,200 shares. COMMON STOCK - The shares of Common Stock may be issued from time to time as the Board of Directors shall determine for such consideration as shall be fixed by the Board of Directors.
Optional Article(s) This space is intentionally left blank.	
Filing Effective Date The filing will be effective: when filed by the Corporations Division Administrator.	
Shareholder or Board Approval The foregoing amendment to the Articles of Incorporation proposed by the board was duly adopted on: 05/08/2026 The amendment was adopted by: board of a profit corporation pursuant to Section 611(2) of the Act	
Attestations ☒ I understand that the information I enter into the online system is public information and will appear online and on copy requests exactly as I enter it into the system. ☒ I have been authorized by the business entity to file this document online.	

C0774-1706 05/11/2026 Received by Michigan Corporations Division

☒ I, HEREBY SWEAR AND/OR AFFIRM, under penalty of law, including criminal prosecution, that the facts contained in this document are true. I certify that I am signing this document as the person(s) whose signature is required, or as an agent of the person(s) whose signature is required, who has authorized me to place his/her signature on this document.

Signature(s)

Authorized Agent

Georgine R Hyden

Lindsey White

05/11/2026

Signer's Capacity

On behalf of

Sign Here

Date

Certification of Garrick J. Rochow

I, Garrick J. Rochow, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CMS Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 28, 2026

By:

/s/ Garrick J. Rochow

Garrick J. Rochow

President and Chief Executive Officer

Certification of Srikanth Maddipati

I, Srikanth Maddipati, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CMS Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 28, 2026

By:

/s/ Srikanth Maddipati

Srikanth Maddipati

Executive Vice President and Chief Financial Officer

Certification of Garrick J. Rochow

I, Garrick J. Rochow, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumers Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 28, 2026

By:

/s/ Garrick J. Rochow

Garrick J. Rochow
President and Chief Executive Officer

Certification of Srikanth Maddipati

I, Srikanth Maddipati, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumers Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 28, 2026

By:

/s/ Srikanth Maddipati

Srikanth Maddipati

Executive Vice President and Chief Financial Officer

Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of CMS Energy Corporation (the “Company”) for the quarterly period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Garrick J. Rochow, as President and Chief Executive Officer of the Company, and Srikanth Maddipati, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Garrick J. Rochow

Name: Garrick J. Rochow
Title: President and Chief Executive Officer
Date: July 28, 2026

/s/ Srikanth Maddipati

Name: Srikanth Maddipati
Title: Executive Vice President and Chief Financial Officer
Date: July 28, 2026

Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Consumers Energy Company (the “Company”) for the quarterly period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Garrick J. Rochow, as President and Chief Executive Officer of the Company, and Srikanth Maddipati, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Garrick J. Rochow

Name: Garrick J. Rochow
Title: President and Chief Executive Officer
Date: July 28, 2026

/s/ Srikanth Maddipati

Name: Srikanth Maddipati
Title: Executive Vice President and Chief Financial Officer
Date: July 28, 2026