

SECURITIES AND EXCHANGE COMMISSION

FORM POS AM

Post-Effective amendments for registration statement

Filing Date: **2001-08-03**
SEC Accession No. **0000950124-01-502563**

([HTML Version](#) on secdatabase.com)

FILER

CMS ENERGY CORP

CIK: **811156** | IRS No.: **382726431** | State of Incorpor.: **MI** | Fiscal Year End: **1231**
Type: **POS AM** | Act: **33** | File No.: **333-51932** | Film No.: **01697691**
SIC: **4931** Electric & other services combined

Mailing Address
*FAIRLANE PLAZA SOUTH,
SUITE 1100
330 TOWN CENTER DRIVE
DEARBORN MI 48126*

Business Address
*FAIRLANE PLZ S STE 1100
330 TOWN CENTER DR
DEARBORN MI 48126
3134369261*

CMS ENERGY TRUST V

CIK: **1129975**
Type: **POS AM** | Act: **33** | File No.: **333-51932-02** | Film No.: **01697692**

Business Address
*330 TOWN CENTER DRIVE
SUITE 1100
DEARBORN MI 48126
3139829354*

CMS ENERGY TRUST IV

CIK: **1129974**
Type: **POS AM** | Act: **33** | File No.: **333-51932-01** | Film No.: **01697693**

Business Address
*330 TOWN CENTER DRIVE
SUITE 1100
DEARBORN MI 48126
3139829354*

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 3, 2001

REGISTRATION NO. 333-51932
333-51932-01
333-51932-02

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

POST EFFECTIVE
AMENDMENT NO. 1
TO

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

<TABLE>

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CMS ENERGY CORPORATION
CMS ENERGY TRUST V

CMS ENERGY TRUST IV

(Exact name of registrant as specified
specified (Exact name of registrant as specified
in its charter)
in its charter)

(Exact name of registrant as
specified (Exact name of registrant as
in its charter)

MICHIGAN

DELAWARE

DELAWARE

(State or other jurisdiction of
(State or other jurisdiction of
incorporation or organization)
incorporation or organization)

(State or other jurisdiction of
incorporation or organization)

38-2726431

TO BE APPLIED FOR

TO BE APPLIED FOR

(I.R.S. Employer Identification No.)

(I.R.S. Employer Identification No.)

(I.R.S. Employer Identification No. 38-6776930)

FAIRLANE PLAZA SOUTH

FAIRLANE PLAZA SOUTH

FAIRLANE PLAZA SOUTH

330 TOWN CENTER DRIVE, SUITE 1100	330 TOWN CENTER DRIVE, SUITE 1100
330 TOWN CENTER DRIVE, SUITE 1100	
DEARBORN, MICHIGAN 48126	DEARBORN, MICHIGAN 48126
DEARBORN, MICHIGAN 48126	
(313) 436-9200	(313) 436-9200
(313) 436-9200	
(Address, including zip code, and	(Address, including zip code, and
(Address, including zip code, and	(Address, including zip code, and
telephone number, including area code,	telephone number, including area code,
telephone number, including area code,	telephone number, including area code,
of registrant's principal offices)	of registrant's principal offices)
of registrant's principal offices)	of registrant's principal offices)
ALAN M. WRIGHT	ALAN M. WRIGHT
ALAN M. WRIGHT	
EXECUTIVE VICE PRESIDENT,	EXECUTIVE VICE PRESIDENT,
EXECUTIVE VICE PRESIDENT,	
CHIEF FINANCIAL OFFICER AND	CHIEF FINANCIAL OFFICER AND
CHIEF FINANCIAL OFFICER AND	
CHIEF ADMINISTRATIVE OFFICER	CHIEF ADMINISTRATIVE OFFICER
CHIEF ADMINISTRATIVE OFFICER	
CMS ENERGY CORPORATION	CMS ENERGY CORPORATION
CMS ENERGY CORPORATION	
FAIRLANE PLAZA SOUTH	FAIRLANE PLAZA SOUTH
FAIRLANE PLAZA SOUTH	
330 TOWN CENTER DRIVE, SUITE 1100	330 TOWN CENTER DRIVE, SUITE 1100
330 TOWN CENTER DRIVE, SUITE 1100	
DEARBORN, MICHIGAN 48126	DEARBORN, MICHIGAN 48126
DEARBORN, MICHIGAN 48126	
(313) 436-9200	(313) 436-9200
(313) 436-9200	
(Name, address, including zip code,	(Name, address, including zip code,
(Name, address, including zip code,	(Name, address, including zip code,
and telephone number, including area	and telephone number, including area
and telephone number, including area	and telephone number, including area
code, of agent for service)	code, of agent for service)
code, of agent for service)	code, of agent for service)

</TABLE>

It is respectfully requested that the Commission send copies of all notices, orders and communications to:

MICHAEL D. VAN HEMERT, ESQ.
ASSISTANT GENERAL COUNSEL
CMS ENERGY CORPORATION
FAIRLANE PLAZA SOUTH
330 TOWN CENTER DRIVE, SUITE 1100
DEARBORN, MICHIGAN 48126

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

THIS POST-EFFECTIVE AMENDMENT TO THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(c) OF THE SECURITIES ACT OF 1933 OR ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(c), MAY DETERMINE.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED AUGUST ____, 2001

CMS ENERGY CORPORATION

CMS ENERGY COMMON STOCK
SENIOR DEBENTURES
SUBORDINATED DEBENTURES
STOCK PURCHASE CONTRACTS
STOCK PURCHASE UNITS
GUARANTEES
AND
CMS ENERGY TRUST IV
CMS ENERGY TRUST V
TRUST PREFERRED SECURITIES
GUARANTEED TO THE EXTENT SET FORTH HEREIN BY
CMS ENERGY CORPORATION

OFFERING PRICE: \$2,000,000,000

We may offer, from time to time:

- shares of CMS Energy Common Stock,
- unsecured senior or subordinated debt securities consisting of debentures, convertible debentures, notes and other unsecured evidence of indebtedness,
- stock purchase contracts to purchase CMS Energy Common Stock,
- stock purchase units, each representing ownership of a stock purchase contract and unsecured senior or subordinated debt securities or trust preferred securities or debt obligations of third parties, including U.S. Treasury Securities, securing the holder's obligation to purchase the CMS Energy Common Stock under the stock purchase contract, or any combination of the above, and
- Guarantees of CMS Energy with respect to Trust Preferred Securities of CMS Energy Trusts IV and V.

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

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

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

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

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

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

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

The date of this prospectus is August ____, 2001

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

WHERE TO FIND MORE INFORMATION

We file annual, quarterly and current reports, as well as other information, with the Securities and Exchange Commission. You may read and copy any reports or other information that we file at the SEC's public reference room at Judiciary Plaza, 450 Fifth Street N.W., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public from commercial document retrieval services and on the internet at the SEC's web site at <http://www.sec.gov>.

We have securities listed on the New York Stock Exchange. You can inspect and copy reports and other information about us at the NYSE's offices at 20 Broad Street, New York, New York 10005.

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

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

<TABLE>
<CAPTION>

SEC FILINGS
(FILE NO. 1-9513)

PERIOD/DATE

	PERIOD/DATE
<S>	<C>
- Registration Statement on Form 8-B/A	November 21, 1996.
- Annual Report on Form 10-K	Year ended December
31, 2000.	
- Quarterly Reports on Form 10-Q	Quarter ended March
31, 2001.	
- Current Reports on Form 8-K	February 23, 2001, May

17, 2001.

June 22, 2001, July

12, 2001,

August 1, 2001

</TABLE>

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

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

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

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

CMS Energy Corporation
Attn: Office of the Secretary
Fairlane Plaza South, Suite 1100
330 Town Center Drive
Dearborn, Michigan 48126
Telephone: (313) 436-9200

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

CMS ENERGY CORPORATION

We are a leading diversified energy company operating in the United States and around the world. Our two principal subsidiaries are Consumers Energy and CMS Enterprises. Consumers is a public utility that provides natural gas or electricity to almost 6 million of the approximately 9.5 million residents in Michigan's lower peninsula. Enterprises, through subsidiaries, is engaged in several domestic and international diversified energy businesses including:

- Natural gas transmission, storage and processing;
- Independent power production;
- Oil and gas exploration and production;
- International energy distribution; and
- Energy marketing, services and trading.

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CMS ENERGY TRUSTS

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

- issuing the Trust Preferred Securities and Common Securities representing undivided beneficial interests in the assets of the Trust;
- investing the gross proceeds of the Trust Securities in the Senior Debentures or Subordinated Debentures; and
- engaging in only those other activities necessary or incidental

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

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

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

Each Property Trustee will hold title to the applicable Debt Securities for the benefit of the holders of the Trust Securities and each

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

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

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

The principal place of business of each Trust shall be c/o CMS Energy Corporation, Fairlane Plaza South, 330 Town Center Drive, Suite 1100, Dearborn, Michigan 48126-2712.

USE OF PROCEEDS

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

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The ratio of earnings to fixed charges and the ratio of earnings to fixed charges and preferred stock dividends for each of the years ended December 31, 1996 through 2000 and the three months ended March 31, 2001 are as follows:

<TABLE>

<CAPTION>

			Three Months Ended March 31,			
1998	1997	1996	2001	2000	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges.....	1.59	1.78	1.96	1.77	1.58	-- (a) 1.38
Ratio of earnings to fixed charges and preferred stock dividends.....	1.43	1.59	1.75	1.65	1.54	-- (a) 1.28

(a) For the year ended December 31, 2000, fixed charges exceeded earnings by \$124 million. Earnings as defined include a \$329 million pretax impairment loss on the Loy Yang investment. The ratio of earnings to fixed charges and preferred securities dividends and distributions would have been 1.26 and the ratio of earnings to fixed charges would have been 1.32, excluding this amount.

For the purpose of computing such ratios, earnings represent net income before income taxes, net interest charges and the estimated interest portion of lease rentals.

DESCRIPTION OF SECURITIES

INTRODUCTION

Specific terms of the shares of Common Stock, par value \$.01 per share ("CMS Energy Common Stock"), unsecured senior debt securities (the "Senior Debentures") and unsecured subordinated debt securities (the "Subordinated Debentures") (individually a "Debt Security" and collectively the "Debt Securities") consisting of debentures, convertible debentures, notes and other unsecured evidence of indebtedness, Stock Purchase Contracts (the "Stock Purchase Contracts") to purchase CMS Energy Common Stock, Stock Purchase Units (the "Stock Purchase Units"), each representing ownership of a Stock Purchase Contract and Debt Securities, or Trust Preferred Securities or debt obligations of third parties, including U.S. Treasury Securities, securing the holder's obligation to purchase the CMS Energy Common Stock under the Stock Purchase Contract, or any combination of the foregoing, irrevocable guarantees (individually a "Guarantee" and collectively "Guarantees") of CMS Energy, on a senior or subordinated basis as applicable, and to the extent set forth therein, with respect to each of the Trust Securities, the payment of distributions, the redemption price, including all accrued or deferred and unpaid distributions, and payment on liquidation, but only to the extent of fund on hand, and trust

(the "Trust Preferred Securities") representing preferred undivided beneficial interests in the assets of the Trust, in respect of which this prospectus is being delivered (collectively, the "Offered Securities"), will be set forth in an accompanying prospectus supplement or supplements, together with the terms of the offering of the Offered Securities, the initial price thereof and the net proceeds from the sale thereof. The prospectus supplement will set forth with regard to the particular Offered Securities, without limitation, the following: (i) in the case of Debt Securities, the designation, aggregate principal amount, denomination, maturity, premium, if any, any exchange, conversion, redemption or sinking fund provisions, interest rate (which may be fixed or variable), the time or method of calculating interest payments, the right of CMS Energy, if any, to defer payment or interest on the Debt Securities and the maximum length of such deferral, put options, if any, public offering price, ranking, any listing on a securities exchange and other specific terms of the offering; (ii) in the case of CMS Energy Common Stock, the designation, number of shares, public offering price and other specific terms of the Offering, from the sale thereof; (iii) in the case of Trust Preferred Securities, the designation, number of shares, liquidation preference per security, initial public offering price, any listing on a securities exchange, dividend rate (or method of calculation thereof), dates on which dividends shall be payable and dates from which dividends shall accrue, any voting rights, any redemption, exchange, conversion or sinking fund provisions and any other rights, preferences, privileges, limitations or restrictions relating to a specific series of the Trust Preferred Securities including a description of the Guarantee (as defined herein), as the case may be; and (iv) in the case of Stock Purchase Units, the specific terms of the Stock Purchase Contracts and any Debt Securities, Trust Preferred Securities, or debt obligations of third parties securing the holders obligation to purchase CMS Energy Common Stock under the Stock Purchase Contracts, and the terms of the offering and sale thereof.

CAPITAL STOCK

The following summary of certain rights of the holders of CMS Energy capital stock does not purport to be complete and is qualified in its entirety by express reference to the Restated Articles of Incorporation of CMS Energy (the "Articles of Incorporation") and the By-Laws of CMS Energy, copies of which are filed as exhibits to the Registration Statement of which this prospectus is a part, and by express reference to the Registration Statement on Form 8-B/A, which is incorporated into this prospectus by reference. See "Where to Find More Information" herein.

The authorized capital stock of CMS Energy consists of 250 million shares of CMS Energy Common Stock, 60 million shares of Class G Common Stock, no par value ("Class G Common Stock") and 10 million shares of CMS Energy Preferred Stock, \$.01 par value ("Preferred Stock"). The CMS Energy Common Stock and the Class G

Common Stock are sometimes together referred to herein as the "Common Stock." Currently there is no Class G Common Stock issued and outstanding.

COMMON STOCK

When issued and outstanding, the Class G Common Stock is intended to reflect the separate performance of the gas distribution, storage and transportation businesses conducted by Consumers and Michigan Gas Storage, a subsidiary of Consumers (such businesses, collectively, have been attributed to the "Consumers Gas Group"). The CMS Energy Common Stock is intended to reflect the performance of all businesses of CMS Energy and its subsidiaries, including the businesses of the Consumers Gas Group, except for the interest in the Consumers Gas Group attributable to any outstanding shares of Class G Common Stock.

DIVIDEND RIGHTS AND POLICY; RESTRICTIONS ON DIVIDENDS

Dividends on the CMS Energy Common Stock are paid at the discretion of the Board of Directors based primarily upon the earnings and financial condition of CMS Energy, including the Consumers Gas Group, except for the interest in the Consumers Gas Group attributable to any outstanding shares of the Class G Common Stock, and other factors. Dividends are payable out of the assets of CMS Energy legally available therefore, including the Available Class G Dividend Amount (as defined in the Articles of Incorporation).

When issued and outstanding, dividends on the Class G Common Stock are paid at the discretion of the Board of Directors based primarily upon the earnings and financial condition of the Consumers Gas Group, and, to a lesser extent, CMS Energy as a whole. Dividends are payable out of the lesser of (i) the assets of CMS Energy legally available therefore and (ii) the Available Class G Dividend Amount. Although the Available Class G Dividend Amount is intended to reflect the amount available for dividends to holders of any outstanding Class G Common Stock, it is also legally available for dividends to holders of CMS Energy Common Stock.

CMS Energy, in the sole discretion of its Board of Directors could pay dividends exclusively to the holders of CMS Energy

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Common Stock, exclusively to the holders of any outstanding Class G Common Stock, or to the holders of both of such classes in equal or unequal amounts.

CMS Energy is a holding company and its assets consist primarily of investments in its subsidiaries. As a holding company with no significant operations of its own, the principal sources of its funds are dependent primarily upon the earnings of its subsidiaries (in particular, Consumers), borrowings and sales of equity. CMS Energy's ability to pay dividends, including dividends on CMS Energy Common Stock and any outstanding Class G Common Stock,

is dependent primarily upon the earnings and cash flows of its subsidiaries and the distribution or other payment of such earnings to CMS Energy in the form of dividends, loans or advances and repayment of loans and advances from CMS Energy. Accordingly, the ability of CMS Energy to pay dividends on its capital stock will depend on the earnings, financial requirements, contractual restrictions of the subsidiaries of CMS Energy, in particular, Consumers, and other factors. CMS Energy's subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts on the capital stock of CMS Energy or to make any funds available therefor, whether by dividends, loans or other payments.

Dividends on capital stock of CMS Energy are limited by Michigan law to legally available assets of CMS Energy. Distributions on Common Stock may be subject to the rights of the holders, if any, of the CMS Energy Preferred Stock including the currently issued and outstanding Series A Mandatorily Convertible Preferred Stock. As long as the Series A Mandatorily Convertible Preferred Stock is outstanding, CMS Energy may not pay dividends on its Common Stock unless certain conditions are met including, but not limited to, dividends on the Series A Preferred Stock being paid. See "Preferred Stock -- Dividends".

There are restrictions on CMS Energy's ability to pay dividends contained in certain revolving credit agreements as and the indenture dated as of September 15, 1992, as amended and supplemented, between CMS Energy and NBD Bank, as Trustee, and the indenture dated as of January 15, 1994, as amended and supplemented, between CMS Energy and The Chase Manhattan Bank, as Trustee. A discussion of specific restrictions on CMS Energy's ability to pay dividends will be set forth in an accompanying prospectus supplement pursuant to which convertible Senior Debentures, Subordinated Debentures, convertible Trust Preferred Securities, Stock Purchase Contracts, Stock Purchase Units, or CMS Energy Common Stock are offered.

VOTING RIGHTS

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

Under Michigan law, the approval of the holders of a majority of the outstanding shares of a class of Common Stock, voting as a separate class, would be necessary for authorizing, effecting or validating the merger or consolidation of CMS Energy into or with any other corporation if such merger or consolidation would adversely affect the powers or special rights of such class of stock, and to authorize any amendment to the Articles of Incorporation that would increase or decrease the aggregate number of authorized shares of such class (except pursuant to Section 303 of the Michigan Business Corporation Act, which, under certain circumstances, would enable the Board of Directors to increase the number of authorized shares to satisfy the exchange features of the Common Stock described below) or alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely. The Articles of Incorporation also provide that unless the vote or consent of a greater number of shares shall then be required by law, the vote or consent of the holders of a majority of all the shares of either class of Common Stock then outstanding, voting as a separate class, will be necessary for authorizing, effecting or validating the merger or consolidation of CMS Energy into or with any other entity if such merger or consolidation would adversely affect the powers or special rights of such class of Common Stock, either directly by amendment to the Articles of Incorporation or indirectly by requiring the holders of such class to accept or retain, in such merger or consolidation, anything other than (i) shares of such class or (ii) shares of the surviving or resulting corporation, having, in either case, powers and special rights identical to those of such class prior to such merger or consolidation. The effect of these provisions may be to permit the holders of a majority of the outstanding shares of either class of Common Stock to block any such merger or amendment that would adversely affect the powers or special rights of holders of such class of Common Stock.

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PREEMPTIVE RIGHTS

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

LIQUIDATION RIGHTS

In the event of the dissolution, liquidation or winding up of CMS Energy,

whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of CMS Energy and after there shall have been paid or set apart for the holders of Preferred Stock the full preferential amounts (including any accumulated and unpaid dividends) to which they are entitled, the holders of CMS Energy Common Stock and any future holders of issued and outstanding shares of Class G Common Stock shall be entitled to receive, on a per share basis, the same portion of all of the assets of CMS Energy remaining for distribution to the holders of Common Stock, regardless of whether or not any of such assets were attributed to the Consumers Gas Group. Neither the merger or consolidation of CMS Energy into or with any other corporation, nor the merger or consolidation of any other corporation into or with CMS Energy nor any sale, transfer or lease of all or any part of the assets of CMS Energy, shall be deemed to be a dissolution, liquidation or winding up for the purposes of this provision.

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

SUBDIVISION OR COMBINATION

If CMS Energy subdivides (by stock split, stock dividend or otherwise) or combines (by reverse stock split or otherwise), the voting and liquidation rights of shares of CMS Energy Common Stock relative to outstanding shares of Class G Common Stock will be appropriately adjusted so as to avoid any dilution in aggregate voting or liquidation rights of either class of Common Stock. For example, in case CMS Energy were to effect a two-for-one split of Class G Common Stock, the per share liquidation rights of CMS Energy Common Stock would be multiplied by two in order to avoid dilution in the aggregate liquidation rights of holders of CMS Energy Common Stock and each post-split share of Class G Common Stock would have one-half of a vote on matters voted upon by the Shareholders.

EXCHANGES

The Articles of Incorporation do not provide for either the mandatory or optional exchange or redemption of CMS Energy Common Stock but do provide that Class G Common Stock may be exchanged for CMS Energy Common Stock as described in the Registration Statement on Form 8-B/A incorporated by reference herein. If Class G Shares are issued and outstanding in the future, CMS Energy cannot predict the impact of the potential for such exchanges on the market prices of CMS Energy Common Stock.

CMS Energy may exchange future issued and outstanding shares of Class G Common Stock for a proportionate number of shares of a subsidiary that holds all the assets and liabilities attributed to the Consumers Gas Group, and no other

assets and liabilities. If CMS Energy transfers all or substantially all of the properties and assets attributed to the Consumers Gas Group, CMS Energy is required, subject to certain exceptions and conditions, to exchange each outstanding share of Class G Common Stock for a number of shares of CMS Energy Common Stock having a Fair Market Value (defined in the Articles of Incorporation) equal to 110% of the Fair Market Value of one share of Class G Common Stock.

In the event any shares of Class G Common Stock are issued and outstanding,, CMS Energy may, in the sole discretion of the Board of Directors, at any time, exchange each outstanding share of Class G Common Stock for a number of shares of CMS Energy Common Stock having a Fair Market Value equal to 115% of the Fair Market Value of one share of Class G Common Stock.

CMS Energy cannot predict the impact of the potential for such exchanges on the market prices of the CMS Energy Common Stock.

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TRANSFER AGENT AND REGISTRAR

CMS Energy Common Stock is transferable at Consumers Energy Company, 212 W. Michigan Avenue, Jackson, MI 49201. CMS Energy is the registrar and transfer agent for CMS Energy Common Stock.

PREFERRED STOCK

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

SERIES A MANDATORILY CONVERTIBLE PREFERRED STOCK

The Articles of Incorporation establish one series of preferred stock designated as "Series A Mandatorily Convertible Preferred Stock" consisting of 125,000 shares with a liquidation preference of \$1,000 per share. The Series A

Preferred Stock ranks prior to any series of our Common Stock as to the payment of dividends and distribution of assets upon dissolution, liquidation or winding up of CMS Energy, and is convertible into shares of Common Stock. The holders of the Series A Preferred Stock have no preemptive rights.

DIVIDENDS

Holders of Series A Preferred Stock are not entitled to receive dividends prior to the rate reset date. The rate reset date is the earlier of the date when remarketing of the Series A Preferred Stock begins or the date that there is a failure to remarket the Series A Preferred Stock because it is legally impossible. After such date, dividends on the Series A Preferred Stock are payable quarterly in cash at the reset dividend rate. The reset dividend rate per annum for each dividend period beginning on the rate reset date will generally be equal to \$1,000 times the sum of (1) 7.0% plus (2) the annual dividend yield of a share of our Common Stock.

Dividends on the Series A Preferred Stock are cumulative and accrue to the holders of Series A Preferred Stock whether or not they are declared and, whether or not our earnings or financial condition are sufficient to pay such dividends in whole or in part.

As long as any Series A Preferred Stock is outstanding, we may not pay dividends or distributions on, or purchase, redeem or otherwise acquire, subject to certain exceptions, shares of our Common Stock unless (1) full dividends on the Series A Preferred Stock have been paid or set aside for payment, (2) all required amounts for purchase or retirement of, or sinking funds for, outstanding shares of Series A Preferred Stock have been paid or set aside and (3) we are not in default of any of our obligations to redeem the Series A Preferred Stock.

LIQUIDATION PREFERENCE

In the event of any voluntary or involuntary liquidation, dissolution or winding up our affairs, holders of Series A Preferred Stock will be entitled to be paid in full in cash the amount of \$1,000 per share as well as all accrued dividends to the date of the distribution or payment, whether or not earned or declared. However, this payment right is subject to the rights of any senior stock or parity stock that is outstanding at that time. If, upon any liquidation, dissolution or winding up of our affairs, Series A Preferred Stock holders and parity stock holders are not paid in full then they shall share the amount paid out in proportion to the full amounts they would have been entitled to.

VOTING RIGHTS

The holders of the Series A Preferred Stock are not entitled to vote, except as set forth below or as expressly required by applicable law.

So long as any shares of Series A Preferred Stock are outstanding, the affirmative vote or consent of the holders of at least a majority of the

outstanding shares of Series A Preferred Stock will be required for any amendment of our Articles of Incorporation which will adversely affect the powers, preferences, privileges or rights of the Series A Preferred Stock. In addition, the affirmative

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vote or consent of the holders of a least a majority of the outstanding shares of Series A Preferred Stock will be required to authorize, issue or increase the authorized amount of any stock of any class or series or any security convertible into stock of any class or series ranking prior to the Series A Preferred Stock, or to authorize our merger or consolidation with or into another corporation or a statutory share exchange with another corporation, subject to certain exceptions.

REDEMPTION

At any time following a redemption event and prior to a rate reset date, we will have the right to redeem all outstanding shares of Series A Preferred Stock at a price of \$1,000 per share, plus accrued and unpaid dividends. A redemption event means the occurrence of any of the following:

- our consolidation or merger with or into another entity, or a statutory exchange of securities with another entity, unless in connection with such transaction, our outstanding shares of Common Stock immediately preceding the transaction are converted into, exchanged for or otherwise represent at least a majority of the outstanding common stock of the surviving or resulting entity; or
- the sale or conveyance of all or substantially all of our assets to another entity, other than our subsidiary.

MANDATORY CONVERSION

Unless previously converted at the option of the holder as described in the next paragraph, on the third anniversary of the rate reset date, each outstanding share of Series A Preferred Stock will automatically convert into a number of shares of our common stock at the "CMS mandatory conversion rate" plus accrued and unpaid dividends. The CMS mandatory conversion rate equals the following number of shares of our Common Stock per share of Series A Preferred Stock, subject to adjustment:

- if the average trading price of a share of our Common Stock for the 20-trading day period immediately prior to the conversion date equals or exceeds the product of the reset price and 1.10 (the "CMS threshold appreciation price"), the quotient of \$1,000 divided by the CMS threshold appreciation price;

- if the average trading price of a share of our Common Stock for the 20-trading day period immediately prior to the conversion date is less than the CMS threshold appreciation price but is greater than the reset price, the quotient of \$1,000 divided by the average trading price of a share of our Common Stock for the 20-trading day period immediately prior to the conversion date; and
- if the average trading price of a share of our Common Stock for the 20-trading day period immediately prior to the conversion date is less than or equal to the reset price, the quotient of \$1,000 divided by the reset price.

CONVERSION AT THE OPTION OF THE HOLDER

At any time before the third anniversary of the rate reset date, each outstanding share of Series A Preferred Stock is convertible at the option of the holder into 24.779 shares of our Common Stock, subject to certain anti-dilution adjustments and adjustment on the rate reset date.

PRIMARY SOURCE OF FUNDS OF CMS ENERGY; RESTRICTIONS ON SOURCES OF DIVIDENDS

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

Consumers' ability to pay dividends is restricted by its First Mortgage Bond Indenture (the "Mortgage Indenture") and its Articles of Incorporation ("Articles"). The Mortgage Indenture provides that Consumers can only pay dividends on its common stock out of retained earnings accumulated subsequent to September 30, 1945, provided that upon such payment, there shall remain of such retained earnings an amount equivalent to any deficiency in maintenance and replacement expenditures as compared with maintenance and replacement requirements since December 31, 1945. Because of restrictions in its Articles and Mortgage Indenture, Consumers was prohibited from paying dividends on its common stock from June 1991 to December 31, 1992. However, as of December 31,

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1992, Consumers effected a quasi-reorganization in which Consumers' accumulated deficit of \$574 million was eliminated against other paid-in capital. With the accumulated deficit eliminated, Consumers satisfied the requirements under its Mortgage Indenture and resumed paying dividends on its common stock in May 1993.

Consumers' Articles also provide two restrictions on its payment of

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

In addition, Consumers' Indenture dated January 1, 1996, between Consumers and Bank of New York as Trustee ("Indenture"), and certain Preferred Securities Guarantees by Consumers dated January 23, 1996, September 11, 1997 and October 25, 1999 (collectively the "Consumers Preferred Securities Guarantees"), in connection with which the 8.36% Trust Preferred Securities of Consumers Power Company Financing I, the 8.20% Trust Securities of Consumers Energy Financing II, the 9.25% Trust Originated Preferred Securities of Consumers Energy Financing III and the 9% Trust Preferred Securities of Consumers Energy Company Financing IV (collectively the "Consumers Trust Preferred Securities") were issued, provide that Consumers shall not declare or pay any dividend on, make any distributions with respect to, or redeem, purchase or make a liquidation payment with respect to, any of its capital stock if: (i) there shall have occurred any event that would constitute an event of default under the Indenture or the trust agreements pursuant to which the Consumers Trust Preferred Securities were issued, (ii) a default with respect to its payment of any obligations under the Consumers Preferred Securities Guarantees or certain Consumers common stock guarantees, or (iii) it gives notice of its election to extend the interest payment period on the subordinated notes issued under the Indenture, at any time for up to 20 consecutive quarters provided, however, Consumers may declare and pay stock dividends where the dividend stock is the same stock as that on which the dividend is being paid.

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

In addition, Michigan law prohibits payment of a dividend if, after giving it effect, Consumers would not be able to pay its debts as they become due in the usual course of business, or its total assets would be less than the sum of its total liabilities plus, unless the articles permit otherwise, the amount

that would be needed, if Consumers were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution. Currently, it is Consumers' policy to pay annual dividends equal to 80% of its annual consolidated net income. Consumers' Board of Directors reserves the right to change this policy at any time.

DEBT SECURITIES

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

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

Unless otherwise provided in the applicable prospectus supplement, the trustee under the senior debt indenture will be Bank One Trust Company, National Associations and the trustee under the subordinated debt indenture will be The Bank of New York.

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GENERAL

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

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

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

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

- the title of the Debt Securities;
- whether the Debt Securities will be senior or subordinated debt;
- the total principal amount of the Debt Securities;
- the percentage of the principal amount at which the Debt Securities will be sold and, if applicable, the method of determining the price;
- the maturity date or dates;
- the interest rate or the method of computing the interest rate;
- the date or dates from which any interest will accrue, or how such date or dates will be determined, and the interest payment date or dates and any related record dates;
- the location where payments on the Debt Securities will be made;
- the terms and conditions on which the Debt Securities may be redeemed at the option of CMS Energy;
- any obligation of CMS Energy to redeem, purchase or repay the Debt Securities at the option of a holder upon the happening of any event and the terms and conditions of redemption, purchase or repayment;
- any provisions for the discharge of CMS Energy's obligations relating to the Debt Securities by deposit of funds or United States government obligations;
- whether the Debt Securities are to trade in book-entry form and the terms and any conditions for exchanging the global security in whole or in part for paper certificates;
- any material provisions of the applicable indenture described in this prospectus that do not apply to the Debt Securities;
- any additional amounts with respect to the Debt Securities that CMS Energy will pay to a non-United States person because of any tax, assessment or governmental charge withheld or deducted and, if so, any option of CMS Energy to redeem the Debt Securities rather than paying these additional amounts; and
- any other specific terms of the Debt Securities.

CONCERNING THE TRUSTEES

Each of Bank One Trust Company, National Association, the trustee under the

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

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EXCHANGE AND TRANSFER

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

PAYMENT

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

EVENTS OF DEFAULT

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

- failure to pay required interest on any Debt Security of such series for 30 days;
- failure to pay principal other than a scheduled installment payment or premium, if any, on any Debt Security of such series when due;
- failure to make any required scheduled installment payment for 30 days on Debt Securities of such series;
- failure to perform for 90 days after notice any other covenant in the relevant indenture other than a covenant included in the relevant indenture solely for the benefit of a series of Debt Securities other than such series;

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

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

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

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

Before any holder of any series of Debt Securities may institute action for any remedy, except payment on such holder's Debt Security when due, the holders of not less than 25% in principal amount of the Debt Securities of that series outstanding must request the trustee to take action. Holders must also offer and give the satisfactory security and indemnity against liabilities incurred by the trustee for taking such action.

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

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considers withholding notice to be in the interests of the holders of the Debt Securities of such series.

CONSOLIDATION, MERGER OR SALE OF ASSETS

Each indenture provides that CMS Energy may consolidate with or merge into, or sell, lease or convey its property as an entirety or substantially as an

entirety to, any other corporation if the new corporation assumes the obligations of CMS Energy under the Debt Securities and the indentures and is organized and existing under the laws of the United States of America, any U.S. state or the District of Columbia.

MODIFICATION OF THE INDENTURE

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

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

- change the time of payment of the principal;
- reduce the principal amount of such Debt Security;
- reduce the rate or change the time of payment of interest on such Debt Security;
- reduce the amount payable on any securities issued originally at a discount upon acceleration or provable in bankruptcy; or
- impair the right to institute suit for the enforcement of any payment on any Debt Security when due.

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

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

DEFEASANCE, COVENANT DEFEASANCE AND DISCHARGE

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

- CMS Energy will be discharged from all obligations in respect of the Debt Securities of a particular series then outstanding (except for certain obligations to register the transfer of or exchange the Debt Securities of such series, to replace stolen, lost or mutilated Debt Securities of such series, to maintain paying agencies and to maintain the trust described below); or
- CMS Energy need not comply with certain restrictive covenants of the relevant indenture (including those described under "Consolidation, Merger or Sale of Assets").

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

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

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- the exercise of such option would not cause the holders of the Debt Securities of such series to recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance, and such holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred; and
- in the case of a discharge as described above, such opinion is to be accompanied by a private letter ruling to the same effect received from the Internal Revenue Service, a revenue ruling to such effect pertaining to a comparable form of transaction published by the Internal Revenue Service or appropriate evidence that since the date of the applicable indenture there has been a change in the applicable federal income tax law.

In the event:

- CMS Energy exercises its option to effect a covenant defeasance with respect to the Debt Securities of any series as described above,
- the Debt Securities of such series are thereafter declared due and

payable because of the occurrence of any event of default other than an event of default caused by failing to comply with the covenants which are defeased,

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

CMS Energy would remain liable for such amounts.

GOVERNING LAW

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

SENIOR DEBENTURES

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

SUBORDINATED DEBENTURES

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

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

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

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

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- obligations of CMS Energy with respect to letters of credit;
- all indebtedness of others of the type referred to in the two preceding clauses assumed by or guaranteed in any manner by CMS Energy or in effect guaranteed by CMS Energy; or
- renewals, extensions or refundings of any of the indebtedness referred to in the preceding three clauses unless, in the case of any particular indebtedness, renewal, extension or refunding, under the express provisions of the instrument creating or evidencing the same or the assumption or guarantee of the same, or pursuant to which the same is outstanding, such indebtedness or such renewal, extension or refunding thereof is not superior in right of payment to the subordinated debt securities.

The subordinated debt indenture does not limit the total amount of Senior Indebtedness that may be issued. As of March 31, 2001, Senior Indebtedness of CMS Energy totaled approximately \$8.1 billion.

CERTAIN COVENANTS

If Debt Securities are issued to a Trust or a trustee of such Trust in connection with the issuance of Trust Preferred Securities by such Trust, CMS Energy will covenant that it will not, and it will not cause any of its subsidiaries to, (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of CMS Energy's capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay or repurchase or redeem any debt securities (including guarantees of indebtedness for money borrowed) of CMS Energy that rank pari passu (in the case of Subordinated Debentures) with or junior (in the case of Senior and Subordinated Debentures) to that Debt Security (other than (a) any dividend, redemption, liquidation, interest, principal or guarantee payment by CMS Energy where the payment is made by way of securities (including capital stock) that rank pari passu with or junior to the securities on which such dividend, redemption, interest, principal or guarantee payment is being made, (b) payments under the Guarantees, (c) purchases of CMS Energy Common Stock related to the issuance of CMS Energy Common Stock under any of CMS

Energy's benefit plans for its directors, officers or employees, (d) as a result of a reclassification of CMS Energy's capital stock or the exchange or conversion of one series or class of CMS Energy's capital stock for another series or class of CMS Energy's capital stock and (e) the purchase of fractional interests in shares of CMS Energy's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged) if at such time (i) there shall have occurred any event of which CMS Energy has actual knowledge that (a) with the giving of notice or the lapse of time, or both, would constitute an event of default under the indentures and (b) in respect of which CMS Energy shall not have taken reasonable steps to cure, (ii) CMS Energy shall be in default with respect to its payment of any obligations under the Guarantees or (iii) CMS Energy shall have given notice of its selection of an Extension Period as provided in the indentures with respect to the Debt Securities and shall not have rescinded such notice, or such Extension Period, or any extension thereof, shall be continuing. CMS Energy will also covenant (i) for so long as Trust Preferred Securities are outstanding, not to convert the Debt Securities except pursuant to a notice of conversion delivered to the Conversion Agent (as defined in the indentures) by a holder of Trust Preferred Securities, (ii) to maintain directly or indirectly 100% ownership of the Common Securities, provided that certain successor which are permitted pursuant to the indentures may succeed to CMS Energy's ownership of the Common Securities, (iii) not to voluntarily terminate, wind-up or liquidate such Trust, except (a) in connection with a distribution of the Debt Securities to the holders of the Trust Preferred Securities in liquidation of such Trust or (b) in connection with certain mergers, consolidations or amalgamations permitted by the Trust Agreement, (iv) to maintain the reservation for issuance of the number of shares of CMS Energy Common Stock that would be required from time to time upon the conversion of all the Debt Securities then outstanding, (v) to use its reasonable efforts, consistent with the terms and provisions of the Trust Agreement, to cause such Trust to remain classified as a grantor trust and not as an association taxable as a corporation for United States federal income tax purposes and (vi) to deliver shares of CMS Energy Common Stock upon an election by the holders of the Trust Preferred Securities to convert such Trust Preferred Securities into CMS Energy Common Stock.

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

CONVERSION RIGHTS

If the prospectus supplement provides, the Holders of Debt Securities may convert such Debt Securities into CMS Energy Common Stock, as defined herein (see "Description of Securities -- Common Stock"), at the option of the Holders at the principal amount thereof, or of such portion thereof, at any time during the period specified in the prospectus supplement, at the conversion price or conversion rate specified in the prospectus supplement; except that, with respect to any Debt Securities (or portion thereof)

called for redemption, such conversion right shall terminate at the close of business on the fifteenth day prior to the date fixed for redemption of such Debt Security, unless CMS Energy shall default in payment of the amount due upon redemption thereof.

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

- pays a dividend or makes a distribution in shares of CMS Energy Common Stock;
- subdivides its outstanding shares of CMS Energy Common Stock into a greater number of shares;
- combines its outstanding shares of CMS Energy Common Stock into a smaller number of shares;
- pays a dividend or makes a distribution on its CMS Energy Common Stock other than in shares of its CMS Energy Common Stock;
- issues by reclassification of its shares of CMS Energy Common Stock any shares of its capital stock;
- issues any rights or warrants to all holders of shares of its CMS Energy Common Stock entitling them (for a period expiring within 45 days, or such other period as may be specified in the prospectus supplement) to purchase shares of CMS Energy Common Stock (or Convertible Securities as defined in the indentures) at a price per share less than the Average Market Price (as defined in the indentures) per share for such CMS Energy Common Stock; or
- distributes to all holders of shares of its CMS Energy Common Stock any assets or Debt Securities or any rights or warrants to purchase securities, provided that no adjustment shall be made under the last two bullet points above if the adjusted conversion price would be higher than, or the adjusted conversion rate would be less than, the conversion price or conversion rate, as the case may be, in effect prior to such adjustment.

CMS Energy may reduce the conversion price or increase the conversion rate, temporarily or otherwise, by any amount but in no event shall such adjusted conversion price or conversion rate result in shares of CMS Energy Common Stock being issuable upon conversion of the Debt Securities if converted at the time of such adjustment at an effective conversion price per share less than the par value of the CMS Energy Common Stock at the time such adjustment is made. No adjustments in the conversion price or conversion rate need be made unless the

adjustment would require an increase or decrease of at least one percent (1%) in the initial conversion price or conversion rate. Any adjustment which is not made shall be carried forward and taken into account in any subsequent adjustment. The foregoing conversion provisions may be modified to the extent set forth in the prospectus supplement.

TRUST PREFERRED SECURITIES

GENERAL

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

- the distinctive designation and the number of Trust Preferred Securities to be offered which will represent undivided beneficial interests in the assets of the Trust;
- the annual distribution rate and the dates or date upon which such distributions will be paid, provided, however distributions on the Trust Preferred Securities will be paid quarterly in arrears to holders of Trust Preferred Securities as of a record date on which the Trust Preferred Securities are outstanding;
- whether holders' can convert the Trust Preferred Securities into shares of CMS Energy Common Stock;
- whether distributions on Trust Preferred Securities would be deferred during any deferral of interest payments on the Debt Securities, provided, however that no such deferral, including extensions, if any, may exceed 20 consecutive quarters nor extend beyond the stated maturity date of the Debt Securities, and at the end of any such deferrals, CMS Energy shall make

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all interest payments then accrued or deferred and unpaid (including any compounded interest);

- the amount of any liquidation preference;

- the obligation, if any, of the Trust to redeem Trust Preferred Securities through the exercise of CMS Energy of an option on the corresponding Debt Securities and the price or prices at which, the period or periods within which and the terms and conditions upon which Trust Preferred Securities shall be purchased or redeemed, in whole or in part, pursuant to such obligation;
- the period or periods within which and the terms and conditions, if any, including the price or prices or the rate or rates of conversion or exchange and the terms and conditions of any adjustments thereof, upon which the Trust Preferred Securities shall be convertible or exchangeable at the option of the holder of the Trust Preferred Securities or other property or cash;
- the voting rights, if any, of the Trust Preferred Securities in addition to those required by law and in the Trust Agreement, or set forth under a Guarantee (as defined below);
- the additional payments, if any, which the Trust will pay as a distribution as necessary so that the net amounts reserved by the Trust and distributable to the holders of the Trust Preferred Securities, after all taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) have been paid will not be less than the amount that would have been reserved and distributed by the Trust, and the amount the holders of the Trust Preferred Securities would have reserved, had no such taxes, duties, assessments or governmental charges been imposed;
- the terms and conditions, if any, upon which the Debt Securities may be distributed to holders of Trust Preferred Securities; and
- any other relative rights, powers, preferences, privileges, limitations or restrictions of the Trust Preferred Securities not inconsistent with the Trust Agreement or applicable law. All Trust Preferred Securities offered hereby will be irrevocably guaranteed by CMS Energy, on a senior or subordinated basis, as applicable, and to the extent set forth below under "The Guarantees." Any applicable federal income tax considerations applicable to any offering of the Trust Preferred Securities will be described in the prospectus supplement relating thereto. The aggregate number of Trust Preferred Securities which the Trust shall have authority to issue will be pursuant to the terms of the Trust Agreement.

EFFECT OF OBLIGATIONS UNDER THE DEBT SECURITIES AND THE GUARANTEES

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

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

- the aggregate principal amount of Debt Securities will be equal to the sums of the aggregate stated liquidation amount of the Trust Securities;
- the interest rate and the interest and other payment dates on the Debt Securities will match the distribution rate and distribution and other payment dates for the Trust Securities;
- CMS Energy shall pay all, and the Trust shall not be obligated to pay, directly or indirectly, all costs, expenses, debt and obligations of the Trust (other than with respect to the Trust Securities); and
- the Trust Agreement further provides that CMS Energy Trustees shall not take or cause or permit the Trust to, among other things, engage in any activity that is not consistent with the purposes of the Trust.

Payments of distributions (to the extent funds therefore are available) and other payments due on the Trust Preferred Securities (to

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

If CMS Energy fails to make interest or other payments on the Debt Securities when due (taking account of any extension period), the Trust Agreement provides a mechanism whereby the holders of the Trust Preferred Securities may direct a Property Trustee to enforce its rights under the Debt Securities. If a Property Trustee fails to enforce its rights under the Debt Securities, a holder of Trust Preferred Securities may institute a legal proceeding against CMS Energy to enforce a Property Trustee's rights under the

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

THE GUARANTEES

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

GENERAL

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

holders.

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

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

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irrevocable and unconditional guarantee of the Trust's obligations under the Trust Preferred Securities.

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

CERTAIN COVENANTS OF CMS ENERGY

CMS Energy will covenant in each Guarantee that if and so long as (i) the Trust is the holder of all the Debt Securities, (ii) a Tax Event (as defined in the Guarantee) in respect of the Trust has occurred and is continuing and (iii) CMS Energy has elected, and has not revoked such election, to pay Additional Sums (as defined in the Guarantee) in respect of the Trust Preferred Securities and Common Securities, CMS Energy will pay to the Trust such Additional Sums. CMS Energy will also covenant that it will not, and it will not cause any of its subsidiaries to (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of CMS

Energy's capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay or repurchase or redeem any debt securities (including guarantees of indebtedness for money borrowed) of CMS Energy that rank pari passu (in the case of Subordinated Debentures with or junior in the case of the Senior and Subordinated Debentures) to the Debt Securities (other than (a) any dividend, redemption, liquidation, interest, principal or guarantee payment by CMS Energy where the payment is made by way of securities (including capital stock) that rank pari passu with or junior to the securities on which such dividend, redemption, interest, principal or guarantee payment is being made, (b) payments under the Guarantees, (c) purchases of CMS Energy Common Stock related to the issuance of CMS Energy Common Stock under any of CMS Energy's benefit plans for its directors, officers or employees, (d) as a result of a reclassification of CMS Energy's capital stock or the exchange or conversion of one series or class of CMS Energy's capital stock for another series or class of CMS Energy's capital stock and (e) the purchase of fractional interests in shares of CMS Energy's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged) if at such time (i) there shall have occurred any event of which CMS Energy has actual knowledge that (a) with the giving of notice or the lapse of time, or both, would constitute an event of default and (b) in respect of which CMS Energy shall not have taken reasonable steps to cure, (ii) CMS Energy shall be in default with respect to its payment of any obligations under the Guarantee or (iii) CMS Energy shall have given notice of its selection of an Extension Period as provided in the indentures with respect to the Debt Securities and shall not have rescinded such notice, or such Extension Period, or any extension thereof, shall be continuing. CMS Energy also will covenant to (i) for so long as Trust Preferred Securities are outstanding, not convert Debt Securities except pursuant to a notice of conversion delivered to the Conversion Agent by a holder of Trust Preferred Securities, (ii) maintain directly or indirectly 100% ownership of the Common Securities, provided that certain successors which are permitted pursuant to the indentures may succeed to CMS Energy's ownership of the Common Securities, (iii) not voluntarily terminate, wind-up or liquidate the Trust, except (a) in connection with a distribution of the Debt Securities to the holders of the Trust Preferred Securities in liquidation of the Trust or (b) in connection with certain mergers, consolidations or amalgamations permitted by the Trust Agreement, (iv) maintain the reservation for issuance of the number of shares of CMS Energy Common Stock that would be required from time to time upon the conversion of all the Debt Securities then outstanding, (v) use its reasonable efforts, consistent with the terms and provisions of the Trust Agreement, to cause the Trust to remain classified as a grantor trust and not as an association taxable as a corporation for United States federal income tax purposes and (vi) deliver shares of CMS Energy Common Stock upon an election by the holders of the Trust Preferred Securities to convert such Trust Preferred Securities into CMS Energy Common Stock.

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

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

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TERMINATION OF THE GUARANTEES

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

EVENTS OF DEFAULT

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

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

against the Trust, the Guarantee Trustee or any other person or entity. CMS Energy has waived any right or remedy to require that any action be brought just against the Trust, or any other person or entity before proceeding directly against CMS Energy.

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

STATUS OF THE GUARANTEES

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

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

DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

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

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

arrangements and depositary arrangements, relating to such Stock Purchase Contracts or Stock Purchase Units.

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LEGAL OPINIONS

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

EXPERTS

The consolidated financial statements and schedules of CMS Energy as of December 31, 2000 and 1999, and for each of the three years in the period ended December 31, 2000 incorporated by reference in this prospectus, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

With respect to the unaudited interim consolidated financial information for the period ended March 31, Arthur Andersen LLP has applied limited procedures in accordance with professional standards for a review of such information. However, their separate report thereon states that they did not audit and they did not express an opinion on that interim consolidated financial information. Accordingly, the degree of reliance on their report on that information should be restricted in light of the limited nature of the review procedures applied. In addition, the accountants are not subject to the liability provisions of Section 11 of the Securities Act, for their reports on the unaudited interim consolidated financial information. This limitation of Section 11 responsibility is because those reports are not a "report" or "part"

of the registration statement prepared or certified by the accountants within the meaning of Section 7 and 11 of the Securities Act.

Future consolidated financial statements of CMS Energy and the reports thereon of Arthur Andersen LLP also will be incorporated by reference in this prospectus in reliance upon the authority of that firm as experts in giving those reports to the extent that said firm has audited said consolidated financial statements and consented to the use of their reports thereon.

PLAN OF DISTRIBUTION

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

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

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

CMS Energy and/or the Trusts may sell Offered Securities directly or through agents designated by CMS Energy and/or the Trusts from time to time. Any of CMS Energy's and/or the Trusts' at the market offerings of equity securities will be made through RCG Equity Finance, a division of Ramius Securities, LLC as the sales agents. Any agent involved in the offer or sale of the Offered Securities in respect to which this prospectus is delivered, other than at the market offerings of equity securities, will be named in a prospectus supplement relating thereto. Any commissions payable by CMS Energy and/or the Trusts to any agent will be set forth in the prospectus supplement relating thereto. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

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

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

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

The Offered Securities may also be offered and sold, if so indicated in the applicable prospectus supplement, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms,

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

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

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the expenses to be incurred by CMS Energy in connection with the issuance of and distribution of the securities being registered.

<TABLE>
<CAPTION>

AMOUNT

<S>

<C>

		Filing fee-- Securities and Exchange
Commission.....	\$ 528,000	
		*Listing on New York Stock
Exchange.....		75,000

		*Trustees	
expenses.....			25,000
	200,000	*Printing and Engraving.....	
	50,000	*Services of counsel.....	
Arthur		*Services of independent public accountants,	
		Andersen	
LLP.....			25,000
Purchase....	150,000	*Rating Agency Fees, Collateral Agent's and	
Fees.....		Contract Agent's	

		*Blue Sky fees and	
expenses.....			20,000
*Miscellaneous.....			18,000
	=====		
Total.....			\$1,091,000
	=====		

</TABLE>

*Estimated

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The following resolution was adopted by the Board of Directors of CMS Energy on May 6, 1987:

RESOLVED: That effective March 1, 1987 the Corporation shall indemnify to the full extent permitted by law every person (including the estate, heirs and legal representatives of such person in the event of the decease, incompetency, insolvency or bankruptcy of such person) who is or was a director, officer, partner, trustee, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all liability, costs, expenses, including attorneys' fees, judgments, penalties, fines and amounts paid in settlement, incurred by or imposed upon the person in connection with or resulting from any claim or any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative, investigative or of whatever nature, arising from the

person's service or capacity as, or by reason of the fact that the person is or was, a director, officer, partner, trustee, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Such right of indemnification shall not be deemed exclusive of any other rights to which the person may be entitled under statute, bylaw, agreement, vote of shareholders or otherwise.

CMS Energy's Bylaws provide:

The Corporation may purchase and maintain liability insurance, to the full extent permitted by law, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity.

Article VIII of CMS Energy's Articles of Incorporation provides:

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 (I) of the Michigan Business Corporation Act, and (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article VIII, and no modification to its provisions by law, shall apply to, or have any effect upon, the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment, repeal or modification.

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Article IX of CMS Energy's Articles of Incorporation provides:

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 thereafter 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.

Sections 561 through 571 of the Michigan Business Corporation Act provide CMS Energy with the power to indemnify directors, officers, employees and agents against certain expenses and payments, and to purchase and maintain insurance on behalf of directors, officers, employees and agents.

Officers and directors and Administrative Trustees of the Trust are covered within specified monetary limits by insurance against certain losses arising from claims made by reason of their being directors or officers of CMS Energy or of CMS Energy's subsidiaries and CMS Energy's officers and directors are indemnified against such losses by reason of their being or having been directors of officers or another corporation, partnership, joint venture, trust or other enterprise at CMS Energy's request. In addition, CMS Energy has indemnified each of its present directors by contracts that contain affirmative provisions essentially similar to those in sections 561 through 571 of the Michigan Business Corporation Act cited above.

The Trust Agreement of the Trust provides that to the fullest extent permitted by applicable law, the Trust shall indemnify and hold harmless each of the Trustees, any Affiliate of the Trustees, any officer, director, shareholder, employee, representative or agent of any Trustee and any employee or agent of the Trust or its Affiliates (each a "Indemnified Person"), from and against any loss, damage, liability, tax, penalty, expense or claim of any kind or nature whatsoever incurred by such Indemnified Person by reason the creation, operation or termination of the Trust or any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of authority conferred on such Indemnified Person by the Trust Agreement, except that no Indemnified Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Person by reason of negligence or willful misconduct with respect to such acts or omissions.

ITEM 16. EXHIBITS

EXHIBIT NO. -----	DESCRIPTION -----
* (1) (a)	-- Form of Underwriting Agreement with respect to the Offered Securities (other than the Trust Preferred Securities).
* (1) (b)	-- Form of Underwriting Agreement with respect to the Trust Preferred Securities.
(1) (c)	Form of Sales Agreement between RCG Equity Finance, a division of Ramius Securities, LLC and CMS Energy Corporation.
* (3) (a)	-- Restated Articles of Incorporation of CMS Energy.
* (3) (b)	-- By-Laws of CMS Energy. (Designated in CMS Energy's Form S-3 Registration Statement, filed September 11, 2000, File No. 333-45556, as Exhibit 3(b).)
* (4) (a)	-- Indenture dated as of September 15, 1992 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form S-3 Registration Statement filed May 1, 1992, File No. 33-47629, as Exhibit (4) (a).)
*	First Supplemental Indenture dated as of October 1, 1992 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated October 1, 1992, File No. 1-9513, as Exhibit (4).)

- * Second Supplemental Indenture dated as of October 1, 1992 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated October 1, 1992, File No. 1-9513, as Exhibit 4(a).)
- * Third Supplemental Indenture dated as of May 6, 1997 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form 10-Q for the quarter ended March 31, 1997, File No. 1-9513, as Exhibit (4).)
- * Fourth Supplemental Indenture dated as of September 26, 1997 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form S-3 Registration Statement filed October 6, 1997, File No. 333-37241, as Exhibit (4)(a).)
- * Fifth Supplemental Indenture dated as of November 4, 1997 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form 10-Q for the quarter ended September 30, 1997, File No. 1-9513, as Exhibit (4)(b).)
- * Sixth Supplemental Indenture dated as of January 13, 1998 between CMS Energy Corporation and NBD Bank, as Trustee (Designated in CMS Energy's Form 10-K for the year ended December 31, 1997, File No. 1-9513, as Exhibit (4)(a).)
- * Seventh Supplemental Indenture dated January 25, 1999 between CMS Energy Corporation and NBD Bank, as Trustee (Designated in CMS Energy's Form 10-K for the year ended

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4(d)(i).

- * Eighth Supplemental Indenture dated February 3, 1999 between CMS Energy Corporation and NBD, as Trustee (Designated in CMS Energy's Form 10-K for the year ended December 31, 1998, File No.1-9513, Exhibit 4(d)(ii).)
- * Ninth Supplemental Indenture dated as of June 22, 1999 between CMS Energy Corporation and NBD, as Trustee (Designated in CMS Energy's Form 10-Q for the quarter ended June 30, 1999, File No.1-9513, Exhibit 4(a).)
- * Tenth Supplemental Indenture dated as of October 12, 2000 between CMS Energy Corporation and Bank One Trust Company, National Association as Trustee (Designated in CMS Energy's Form S-3MEF, filed October 19, 2000, File No. 333-48276, as Exhibit (4).)
- * Eleventh Supplemental Indenture dated as of March 29, 2001 between CMS Energy Corporation and Bank One Trust Company National Association as Trustee. (Designated in CMS Energy's Form S-8, filed April 11, 2001, File No. 333-58686 as Exhibit (4)(a).)
- Twelfth Supplemental Indenture dated as of July 2, 2001 between CMS Energy Corporation and Bank One Trust Company, N.A. as Trustee.
- * (4)(b) -- Indenture dated as of January 15, 1994 Between CMS Energy and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated March 29, 1994, File No. 1-9513, as Exhibit (4)(a).)
- * First Supplemental Indenture dated as of January 20, 1994 between CMS Energy and the Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated March 29, 1994, File No. 1-9513, as Exhibit (4)(b).)
- * Second Supplemental Indenture dated as of March 19, 1996 between CMS Energy Corporation and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form 10-Q for the quarter ended March 31, 1996, File No.

- * Third Supplemental Indenture dated as of March 17, 1997 between CMS Energy Corporation and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated May 1, 1997, File No. 1-9513, as Exhibit (4).)
- * Fourth Supplemental Indenture dated as of September 17, 1997 between CMS Energy Corporation and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form S-3 Registration Statement filed September 22, 1997, File No. 333-36115, as Exhibit (4) (d).)
- * Fifth Supplemental Indenture dated as of August 26, 1998 between CMS Energy Corporation and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form S-4 Registration Statement filed September 10, 1998, File No. 333-63229, as Exhibit (4) (c).)
- * Sixth Supplemental Indenture dated as of November 9, 2000 between CMS Energy Corporation and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form 10-Q for the quarter ended September 30, 2000, File No. 1-9513, as Exhibit (4).)

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- * (4) (c) -- Not applicable.
- * (4) (d) -- Subordinated Debt Indenture between CMS Energy and The Bank of New York, as Trustee. (Designated in CMS Energy's Form 8-K dated June 1, 1997, File No. 1-9513, as Exhibit (4) (a).)
- * First Supplemental Indenture between CMS Energy and the Bank of New York, as Trustee. (Designated in CMS Energy's Form 8-K dated July 1, 1997, File No. 1-9513, as Exhibit (4) (b).)

- * Fourth Supplemental Indenture between CMS Energy and the Bank of New York, as Trustee. (Designated in CMS Energy's Form S-3 Registration Statement filed September 11, 2000, File No. 333-45556 as Exhibit (4)(e).)

- * (4) (e) -- Form of Supplemental Indenture to be used With the Subordinated Debentures issued in connection with the Trust Preferred Securities. (Designated in CMS Energy's Amendment No. 1 to Form S-3 Registration Statement filed June 13, 1997, File No. 333-27849, as Exhibit (4)(f).)

- * (4) (f) -- Certificate of Trust of CMS Energy Trust IV.

- * (4) (g) -- Form of Amended and Restated Trust Agreement of CMS Energy Trust IV.

- * (4) (h) -- Certificate of Trust of Energy Trust V.

- * (4) (i) -- Form of Amended and Restated Trust Agreement of CMS Energy Trust V.

- * (4) (j) -- Form of Subordinated Debenture (included in (4)(d).)

- * (4) (k) -- Form of Trust Preferred Security (included in (4)(g).)

- * (4) (l) -- Form of Trust Preferred Securities Guarantee Agreement of CMS Energy Trust IV.

- * (4) (m) -- Form of Trust Preferred Securities Guarantee Agreement of CMS Trust V.

- * (4) (n) -- Form of Purchase Contract Agreement between CMS Energy and the Purchase Contract Agent

- * (5) (b) -- Opinion of Skadden, Arps, Slate, Meagher & Flom LLP regarding the legality of the Trust Preferred Securities.

- (12) -- Statement re computation of ratios of earnings to fixed charges and Ratio of Earnings to Fixed Charges and Preferred Securities Dividends and Distributions.

- (15) -- Letter of Arthur Andersen Re: Unaudited Interim Financial Information.

- * (23) (a) -- Consent of Michael D. Van Hemert, Assistant General for CMS Energy (included in Exhibit (5) (a) above).

- * (23) (b) -- Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit (5) (b) above).

- (23) (c) -- Consent of Arthur Andersen LLP.

- * (24) -- Powers of Attorney.

- * (25) (a) -- Statement of Eligibility and Qualification of The Bank of New York (Trustee under the Subordinated Debt Indenture).

- * (25) (b) -- Statement of Eligibility of Property Trustee of CMS Energy Trust IV.

- * (25) (c) -- Statement of Eligibility of the Trust Preferred Security Guarantee Trustee of CMS Energy Trust IV.

- * (25) (d) -- Statement of Eligibility of Property Trustee of CMS Energy Trust V.

- * (25) (e) -- Statement of Eligibility of the Trust Preferred Security Guarantee Trustee of CMS Energy Trust V.

- * (25) (f) -- Statement of Eligibility and Qualification of Bank One Trust Company (Trustee under the Senior Debt Indenture).

*Previously filed

**To be filed

Exhibits listed above which have been filed with the Securities and Exchange Commission are incorporated herein by reference with the same effect as if filed with this Registration Statement.

ITEM 17. UNDERTAKINGS.

The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; (iii) to include any material information

with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that (i) and (ii) do not apply if the registration statement is on Form S-3, Form S-8, or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and be governed by the final adjudication of such issue.

(6) That (1) for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus

filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and (2) for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dearborn, and State of Michigan, on the 3rd day of August, 2001.

CMS ENERGY CORPORATION

By: /s/ Alan M. Wright

Alan M. Wright
Executive Vice President,
Chief Financial Officer and
Chief Administrative Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the 3rd day of August, 2001.

<TABLE>
<CAPTION>

NAME	TITLE
-----	-----
<S> (i) Principal executive officer	<C>

Board, Chief /s/ William T. McCormick, Jr. Chairman of the
Director ----- Executive Officer and
William T. McCormick, Jr.

(ii) Principal financial officer:

President, Chief Financial /s/ Alan M. Wright Executive Vice
----- Officer and Chief
Administrative Officer
Alan M. Wright

(iii) Controller or principal accounting officer

President, Controller and /s/ Preston D. Hopper Senior Vice
----- Chief Accounting
Officer
Preston D. Hopper

* Director

(John M. Deutch)

* Director

(James J. Duderstadt)

* Director

(Kathleen R. Flaherty)

* Director

(Victor J. Fryling)

* Director

(Earl D. Holton)

Director

</TABLE>

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<TABLE>

<S>

<C>

Director

*

(Percy A. Pierre)

*

Director

(Kenneth L. Way)

*

Director

(Kenneth Whipple)

*

Director

(John B. Yasinsky)

*By: /s/ Alan M. Wright

Alan M. Wright
Attorney in-fact

</TABLE>

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, CMS Energy Trust IV certifies that it has reasonable grounds to believe that it meets all the

requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dearborn, State of Michigan, on the 3rd day of August, 2001.

CMS ENERGY TRUST IV

By: /s/ Alan M. Wright

Alan M. Wright, Trustee

By: /s/ Thomas A. Mc Nish

Thomas A. Mc Nish, Trustee

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, CMS Energy Trust V certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dearborn, State of Michigan, on the 3rd day of August, 2001.

CMS ENERGY TRUST V

By: /s/ Alan M. Wright

Alan M. Wright, Trustee

By: /s/ Thomas A. Mc Nish

Thomas A. Mc Nish, Trustee

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EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
* (1) (a)	-- Form of Underwriting Agreement with respect to the Offered Securities (other than the Trust Preferred Securities).
* (1) (b)	-- Form of Underwriting Agreement with respect to the Trust Preferred Securities.
(1) (c)	-- Form of Sales Agreement between RCG Equity Finance, a division of Ramius Securities, LLC and CMS Energy Corporation.
* (3) (a)	-- Restated Articles of Incorporation of CMS Energy.
* (3) (b)	-- By-Laws of CMS Energy. (Designated in CMS Energy's Form S-3 Registration Statement, filed September 11, 2000, File No. 333-45556, as Exhibit 3(b).)
* (4) (a)	-- Indenture dated as of September 15, 1992 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form S-3 Registration Statement filed May 1, 1992, File No. 33-47629, as Exhibit (4) (a).)
*	First Supplemental Indenture dated as of October 1, 1992 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated October 1, 1992, File No. 1-9513, as Exhibit (4).)
*	Second Supplemental Indenture dated as of October 1, 1992 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated October 1, 1992, File No. 1-9513, as Exhibit 4 (a).)

- * Third Supplemental Indenture dated as of May 6, 1997 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form 10-Q for the quarter ended March 31, 1997, File No. 1-9513, as Exhibit (4).)
- * Fourth Supplemental Indenture dated as of September 26, 1997 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form S-3 Registration Statement filed October 6, 1997, File No. 333-37241, as Exhibit (4)(a).)
- * Fifth Supplemental Indenture dated as of November 4, 1997 between CMS Energy Corporation and NBD Bank, as Trustee. (Designated in CMS Energy's Form 10-Q for the quarter ended September 30, 1997, File No. 1-9513, as Exhibit (4)(b).)
- * Sixth Supplemental Indenture dated as of January 13, 1998 between CMS Energy Corporation and NBD Bank, as Trustee (Designated in CMS Energy's Form 10-K for the year ended December 31, 1997, File No. 1-9513, as Exhibit (4)(a).)
- * Seventh Supplemental Indenture dated January 25, 1999 between CMS Energy Corporation and NBD Bank, as Trustee (Designated in CMS Energy's Form 10-K for the year ended

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December 31, 1998, File No. 1-9513, as Exhibit 4(d)(i).)

- * Eighth Supplemental Indenture dated February 3, 1999 between CMS Energy Corporation and NBD, as Trustee (Designated in CMS Energy's Form 10-K for the year ended December 31, 1998, File No. 1-9513, Exhibit 4(d)(ii).)

- * Ninth Supplemental Indenture dated as of June 22, 1999 between CMS Energy Corporation and NBD, as Trustee (Designated in CMS Energy's Form 10-Q for the quarter ended June 30, 1999, File No.1-9513, Exhibit 4(a).)

- * Tenth Supplemental Indenture dated as of October 12, 2000 between CMS Energy Corporation and Bank One Trust Company, National Association as Trustee (Designated in CMS Energy's Form S-3MEF, filed October 19, 2000, File No. 333-48276, as Exhibit (4).)

- * Eleventh Supplemental Indenture dated as of March 29, 2001 between CMS Energy Corporation and Bank One Trust Company National Association as Trustee. (Designated in CMS Energy's Form S-8, filed April 11, 2001, File No. 333-58686 as Exhibit (4)(a).)

- Twelfth Supplemental Indenture dated as of July 2, 2001 between CMS Energy Corporation and Bank One Trust Company, N.A. as Trustee.

- * (4) (b) -- Indenture dated as of January 15, 1994 Between CMS Energy and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated March 29, 1994, File No. 1-9513, as Exhibit (4)(a).)

- * First Supplemental Indenture dated as of January 20, 1994 between CMS Energy and the Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated March 29, 1994, File No. 1-9513, as Exhibit (4)(b).)

- * Second Supplemental Indenture dated as of March 19, 1996 between CMS Energy Corporation and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form 10-Q for the quarter ended March 31, 1996, File No. 1-9513, as Exhibit (4).)

- * Third Supplemental Indenture dated as of March 17, 1997 between CMS Energy Corporation and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form 8-K dated May 1, 1997, File No. 1-9513, as Exhibit (4).)

- * Fourth Supplemental Indenture dated as of September 17, 1997 between CMS Energy Corporation and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form S-3 Registration Statement filed September 22, 1997, File No. 333-36115, as Exhibit (4) (d).)
- * Fifth Supplemental Indenture dated as of August 26, 1998 between CMS Energy Corporation and The Chase Manhattan Bank, as Trustee. (Designated in CMS Energy's Form S-4 Registration Statement filed September 10, 1998, File No. 333-63229, as Exhibit (4) (c).)
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- * (4) (c) -- Not applicable.
- * (4) (d) -- Subordinated Debt Indenture between CMS Energy and The Bank of New York, as Trustee. (Designated in CMS Energy's Form 8-K dated June 1, 1997, File No. 1-9513, as Exhibit (4) (a).)
- * First Supplemental Indenture between CMS Energy and the Bank of New York, as Trustee. (Designated in CMS Energy's Form 8-K dated July 1, 1997, File No. 1-9513, as Exhibit (4) (b).)
- * Fourth Supplemental Indenture between CMS Energy and the Bank of New York, as Trustee. (Designated in CMS Energy's Form S-3 Registration Statement filed September 11,

- * (4) (e) -- Form of Supplemental Indenture to be used With the Subordinated Debentures issued in connection with the Trust Preferred Securities. (Designated in CMS Energy's Amendment No. 1 to Form S-3 Registration Statement filed June 13, 1997, File No. 333-27849, as Exhibit (4)(f).)
- * (4) (f) -- Certificate of Trust of CMS Energy Trust IV.
- * (4) (g) -- Form of Amended and Restated Trust Agreement of CMS Energy Trust IV.
- * (4) (h) -- Certificate of Trust of Energy Trust V.
- * (4) (i) -- Form of Amended and Restated Trust Agreement of CMS Energy Trust V.
- * (4) (j) -- Form of Subordinated Debenture (included in (4)(d).)
- * (4) (k) -- Form of Trust Preferred Security (included in (4)(g).)
- * (4) (l) -- Form of Trust Preferred Securities Guarantee Agreement of CMS Energy Trust IV.
- * (4) (m) -- Form of Trust Preferred Securities Guarantee Agreement of CMS Trust V.
- * (4) (n) -- Form of Purchase Contract Agreement between CMS Energy and the Purchase Contract Agent (including as Exhibit A the form of the Security Certificate) (Designated in CMS Energy's Form S-3A Registration Statement, filed June 13, 1997, File No. 333-27849, as Exhibit 4(o).)

- * (5) (b) -- Opinion of Skadden, Arps, Slate, Meagher & Flom LLP regarding the legality of the Trust Preferred Securities.

- (12) -- Statement re computation of ratios of earnings to fixed charges and Ratio of Earnings to Fixed Charges and Preferred Securities Dividends and Distributions.

- * (23) (a) -- Consent of Michael D. Van Hemert, Assistant General for CMS Energy (included in Exhibit (5) (a) above).

- * (23) (b) -- Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit (5) (b) above).

- (23) (c) -- Consent of Arthur Andersen LLP.

- * (24) -- Powers of Attorney.

- * (25) (a) -- Statement of Eligibility and Qualification of The Bank of New York (Trustee under the Subordinated Debt Indenture).

- * (25) (b) -- Statement of Eligibility of Property Trustee of CMS Energy Trust IV.

- * (25) (c) -- Statement of Eligibility of the Trust Preferred Security Guarantee Trustee of CMS Energy Trust IV.

- * (25) (d) -- Statement of Eligibility of Property Trustee of CMS Energy Trust V.

- * (25) (e) -- Statement of Eligibility of the Trust Preferred Security Guarantee Trustee of CMS Energy Trust V.

* (25) (f) -- Statement of Eligibility and Qualification of
Bank One Trust Company (Trustee under the
Senior Debt Indenture).

*Previously filed

**To be filed

Exhibits listed above which have been filed with the Securities and
Exchange Commission are incorporated herein by reference with the same effect as
if filed with this Registration Statement.

CMS ENERGY CORPORATION
DOCS (R) FINANCING PROGRAM

2,000,000 SHARES
(COMMON STOCK, \$.01 PAR VALUE)

SALES AGREEMENT

[], 2001

DOCS (R) is a registered service mark of Brinson Patrick Securities Corporation

THIS SALES AGREEMENT (the "Agreement") dated as of July [], 2001 between RCG Equity Finance, a division of Ramius Securities, LLC, having its principal office at 666 Third Avenue, New York, New York 10017 (the "Sales Manager") and CMS Energy Corporation, a corporation organized and existing under the laws of the State of Michigan (the "Company").

WHEREAS, the Company desires to issue and sell through the Sales

Manager up to 2,000,000 shares (the "Maximum Amount") of its common stock, par value \$.01 per share (the "Stock"), on the terms set forth in Section 3 hereof.

IN CONSIDERATION of the mutual covenants contained in this Agreement, the Company and the Sales Manager agree as follows:

SECTION 1. Description of Securities. The Company proposes to issue and sell through the Sales Manager, as sales agent, up to 2,000,000 shares (the "Shares") of its Common Stock, par value \$0.01 per share ("Common Stock") but not less than the Minimum Amount (as defined below), on the terms set forth in Section 3 hereof.

SECTION 2. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, the Sales Manager on behalf of itself and its consolidated subsidiaries that:

(a) The Company meets the requirements for use of Form S-3 under the Securities Act of 1933 (the "Act") and the rules and regulations thereunder (the "Rules and Regulations"). A registration statement on Form S-3 (Registration No. 333-51932) with respect to the Shares, including a form of prospectus, has been prepared by the Company in conformity with the requirements of the Act and the Rules and Regulations and filed with the Securities and Exchange Commission (the "Commission") and has become effective. Such registration statement and prospectus may have been amended or supplemented prior to the date of this Agreement. Any such amendment or supplement was so prepared and filed, and any such amendment or supplement filed after the effective date of such registration statement has become effective. No stop order suspending the effectiveness of the registration statement has been issued, and no proceeding for that purpose has been instituted or, to the best knowledge of the Company, threatened by the Commission. Copies of such registration statement and prospectus, any such amendment or supplement that were filed with the Commission on or prior to the date of this Agreement have been delivered to the Sales Manager except that copies delivered to the Sales Manager excluded exhibits to such registration statement. Such registration statement, as it has been amended, and as it may be amended in the future, is referred to herein as the "Registration Statement," and the final form of prospectus included in the Registration Statement, as amended or supplemented from time to time, is referred to herein as the "Prospectus." Any reference herein to the Registration Statement, the Prospectus, or any amendment or supplement thereto shall be deemed to refer to and include the documents incorporated (or deemed to be incorporated) by reference therein, and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein.

(b) Each part of the Registration Statement, when such part became or becomes effective, and the Prospectus and any amendment or supplement thereto, on the date of filing thereof with the Commission and at each Closing Date (as hereinafter defined), conformed or will conform in all material respects with the requirements of the Act and the Rules and Regulations; each part of the Registration Statement, when such part became or becomes effective, did not or will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus and any amendment or supplement thereto, on the date of filing thereof with the Commission and at each Closing Date, did not or will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that the foregoing shall not apply to statements in or omissions from any such document in reliance upon, and in conformity with, written information relating to the Sales Manager furnished to the Company by the Sales Manager, specifically for use in the Registration Statement, the Prospectus or any amendment or supplement thereto.

(c) The documents incorporated by reference in the Registration Statement or the Prospectus, or any amendment or supplement thereto, when they became effective under the Act or were filed with the Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as the case may be, conformed in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(d) The consolidated financial statements of the Company and its subsidiaries as such term is defined in Rule 405 under the Act ("Subsidiaries"), together with the related notes and schedules, set forth or incorporated by reference in the Registration Statement and Prospectus present fairly the consolidated financial condition and the results of operations and cash flows of the Company and its consolidated subsidiaries as of the dates indicated or for the periods therein specified and were prepared in conformity with generally accepted accounting principles consistently applied throughout the periods involved (except as otherwise stated therein).

(e) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Michigan and has all requisite authority to own or lease its properties and conduct its business as described in the Prospectus and to consummate the transactions contemplated hereby, and is duly qualified to transact business and is in good standing

in each jurisdiction in which the conduct of its business as described in the Prospectus or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company.

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(f) Each significant subsidiary of the Company, as such term is defined in Rule 405 under the Act (each a "Significant Subsidiary") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement and Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify would not have a material adverse effect on the business, assets, property, financial condition or results of operations of the Company and its Subsidiaries taken as a whole.

(g) Except for the outstanding shares of preferred stock of Consumers Energy Company, the 8.36% Trust Originated Preferred Securities of Consumers Power Company Financing I, the 8.20% Trust Originated Preferred Securities of Consumers Energy Company Financing II, the 9- 1/4% Trust Originated Preferred Securities of Consumers Energy Company Financing III, the 9% Trust Preferred Securities of Consumers Energy Company Financing IV, the 7.75% Convertible Quarterly Income Preferred Securities of CMS Energy Trust I, the 8.750% Adjustable Convertible Trust Securities of CMS Energy Trust II and the 7-1/4% Trust Preferred Securities of CMS Energy Trust III, all of the outstanding capital stock of each of Consumers Energy Company and CMS Enterprises Company is owned directly or indirectly by the Company, free and clear of any security interest, claim, lien or other encumbrance or preemptive rights, and there are no outstanding rights (including, without limitation, preemptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in any of Consumers Energy Company and CMS Enterprises Company or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any such capital stock, any such convertible or exchangeable securities or any such rights, warrants or options.

(h) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of common stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable.

(i) The Shares have been duly authorized and, when the Shares are issued and delivered pursuant to this Agreement, the Shares will be duly and

validly issued and fully paid and non-assessable; the Shares conform in all material respects to the description thereof contained in the Registration Statement and the Shares will conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented with respect to the Shares. The shareholders of the Company have no preemptive rights with respect to the Shares.

(j) There has not been any material change in the business, properties, financial condition or results of operations of the Company or any of its Significant Subsidiaries, from that set forth in the Registration Statement or the Prospectus.

(k) Except as set forth in the Prospectus, there is not pending or, to the knowledge of the Company, threatened any action, suit or proceeding to which the Company or any of its Subsidiaries is a party, before or by any court or governmental agency or body, that, if determined adversely, could reasonably be expected to result in any material adverse change in the business, assets,

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property, financial condition or results of operations of the Company and its Subsidiaries taken as a whole.

(l) There are no contracts or documents of the Company or any of its Subsidiaries that are required to be filed as exhibits to the Registration Statement or to any of the documents incorporated by reference therein by the Act or the Exchange Act or by the rules and regulations of the Commission thereunder that have not been so filed.

(m) All necessary action has been duly and validly taken by the Company to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(n) Neither the execution or delivery by the Company of, nor the performance by the Company of its obligations under, this Agreement did or will conflict with, or result in a breach of any terms or provisions of, or constitute a default or require the consent of any party under the Company's Articles of Incorporation or by-laws, any material agreement or instrument to which it, or any of its Significant Subsidiaries, is a party, any existing applicable law, rule or regulation or any judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Significant Subsidiaries or any of

their properties or assets, or did or will result in the creation or imposition of any lien on the properties or assets of the Company or any of its Significant Subsidiaries; no consent, approval, authorization or order of, or filing with, any court or governmental agency or body is required for the issue and sale of the Shares and the consummation by the Company of the transactions contemplated by this Agreement, except such as have been obtained or may be required by state securities or blue sky laws.

(o) Each of the Company and its Significant Subsidiaries has (i) good and indefeasible title to all of the properties and assets described in the Prospectus as owned by it, free and clear of all liens, charges, encumbrances or restrictions, except such as are described in the Prospectus or are not material to the business, assets, property, financial condition or results of operations of the Company and its consolidated subsidiaries taken as a whole, (ii) peaceful and undisturbed possession under all material leases to which it is party as lessee, (iii) all governmental or regulatory licenses, certificates, permits, authorizations, approvals, franchises or other rights necessary to engage in the business currently conducted by it, except such as are not material to the business, assets, property, financial condition or results of operations of the Company and its consolidated subsidiaries taken as a whole, (iv) no reason to believe that any governmental body or agency is considering limiting, suspending or revoking any such license, certificate, permit, authorization, approval, franchise or right that are material to the business, assets, property, financial condition or results of operations of the Company and its consolidated subsidiaries taken as a whole and (v) not received any notice of and has no reason to believe that any governmental body or agency is considering enacting, amending or repealing any statute, law, ordinance or regulation required to be described in the

Registration Statement and Prospectus that is not so described as required. To the best of the Company's knowledge, all material leases to which the Company or any of its Significant Subsidiaries is a party are valid and binding and no default has occurred and is continuing thereunder, and, to the best knowledge of the Company, no material defaults by the landlord are existing under any such leases.

(p) The Company and its Significant Subsidiaries have not violated and are in compliance in all material respects with all material laws, statutes, ordinances, regulations, rules and orders of any foreign, federal, state or local government and any other governmental department or agency, and any judgment, decision, decree or order of any court or governmental agency, department or authority, including, without limitation, environmental laws. Neither the Company nor any of its Subsidiaries has received any notice to the effect that, or otherwise been advised that, it is not in compliance with any such statutes, regulations, rules, judgments, decrees, orders, ordinances or

other laws, and the Company is not aware of any existing circumstances which are likely to result in material violations of any of the foregoing.

(q) Other than as set forth in the Prospectus as amended or supplemented, the Company possesses such licenses, permits, consents, orders, certificates or authorizations issued by the appropriate federal, state, foreign or local regulatory agencies or bodies necessary to conduct the business now operated by it, except for licenses, permits, consents, orders, certificates or authorizations, the absence of which, individually or in the aggregate, would not have a material adverse effect on the business, assets, property, financial condition or results of operations of the Company and its Subsidiaries taken as a whole, and the Company has not received any notice of proceedings relating to the revocation or modification of any such licenses, permits, consents, orders, certificates or authorizations which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the business, assets, property, financial condition or results of operations of the Company and its Subsidiaries taken as a whole.

(r) The Company (i) carries, or is covered by, insurance in such amounts and covering such risks as is customary for companies engaged in similar businesses in similar industries owning similar properties in the same geographical area in which the Company operates, or (ii) in whole or in part has established reserves of one or more insurance funds, either alone or with other corporations or associations.

(s) To the best knowledge of the Company, except as described in the Prospectus, there has been no storage, disposal, generation, manufacture, spill, discharge, refinement, transportation, handling or treatment of toxic wastes, hazardous wastes or hazardous substances by the Company (or to the knowledge of the Company, any of its predecessors in interest) at, upon or from any of the property now or previously owned or leased or under contract for purchase by the Company in violation of any applicable law, ordinance, rule, regulation, order, judgment, decree or permit or which would require remedial action under any applicable law, ordinance, rule, regulation, order, judgment, decree or permit, except for any violation or remedial action which would not result in, or which would not be reasonably likely to result in, singularly or in the aggregate with all such violations and remedial actions, any material adverse effect on the business, assets, property,

financial condition or results of operations of the Company and its Subsidiaries taken as a whole; and the terms "hazardous wastes," "toxic wastes" and "hazardous substances" shall have the meaning specified in any applicable local, state, federal and foreign laws or regulations with respect to environmental protection;

(t) To the best knowledge of the Company, Arthur Andersen LLP., who have certified financial statements of the Company and its Subsidiaries included in the Prospectus, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder; and

(u) The Company is not and, after giving effect to the transactions contemplated herein will not be an Investment Company as such term is defined in the Investment Company Act of 1940.

SECTION 3. Sale and Delivery of Securities. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell through the Sales Manager, as a sales agent, and the Sales Manager agrees to sell, as sales agent for the Company, on a reasonable efforts basis, up to 2,000,000 Shares (the "Maximum Amount") but in no case less than a number of Shares, the gross sales price of which is at least \$1,500,000 (the "Minimum Amount") on the terms set forth herein.

The Shares, up to the Maximum Amount, are to be sold on a daily basis or otherwise as shall be agreed to by the Company and the Sales Manager. The Company will designate and confirm in writing the maximum amount of Shares to be sold by the Sales Manager during a specified period

as reasonably agreed to by the Sales Manager and in any event not in excess of the amount available for issuance under the currently effective Registration Statement. Subject to the terms and conditions hereof, the Sales Manager shall use its reasonable efforts to sell all such designated Shares up to the Maximum Amount. The Sales Manager shall sell such designated Shares only by means of ordinary brokers' transactions on the New York Stock Exchange (the "NYSE") or on any other national stock exchange on which the Company's shares are traded. The compensation to the Sales Manager for sales of Shares shall be at a fixed commission rate of 2% (the "Commission Rate") of the gross sales price of any Shares sold under this Agreement. The remaining proceeds, after further deduction for any transaction fees imposed by any governmental or self-regulatory organization in respect of such sales, shall constitute the net proceeds to the Company for such Shares (the "Net Proceeds").

Notwithstanding the foregoing, the Company may instruct the Sales Manager by telephone (confirmed promptly by telecopy) not to sell Shares if such sales cannot be effected at or above the price designated by the Company in any such instruction; furthermore, the Company shall not authorize the issuance and sale of, and the Sales Manager shall not be obligated to use its reasonable efforts to sell, any Shares at a price lower than the minimum price therefor designated from time to time by the Company's Board of Directors or special committee thereof and notified to the Sales Manager in writing. In addition, the Company or the Sales Manager may, upon notice to the other party hereto by telephone (confirmed promptly by telecopy), suspend the offering of the Shares specifying a date that such suspension shall be effected; provided, however, that such suspension or termination shall not affect or impair the parties' respective obligations with respect to the Shares

sold hereunder prior to the giving of such notice. The Company may then revoke the suspension by giving a written notice to the Sales Manager as hereinafter specified (an "Activation Notice").

The Sales Manager may, upon notice to the Company by telephone (confirmed promptly by telecopy), suspend the offering of Shares; provided, however, that such suspension or termination shall not affect or impair the parties' respective obligations with respect to Shares sold hereunder prior to the giving of such notice.

The Sales Manager shall provide written confirmation to the Company following the close of trading on the NYSE each day in which Shares are sold under this Agreement setting forth the number of Shares sold on such day, the Net Proceeds to the Company, the compensation payable by the Company to the Sales Manager with respect to such sales, the total number of Shares sold pursuant to this Agreement and the aggregate gross sales price of Shares sold pursuant to this Agreement.

Settlement for sales of Shares will occur on the third business day following the date on which such sales are made (each a "Closing Date"). The amount of proceeds for such sales to be delivered to the Company against the receipt of the Shares sold shall be equal to the aggregate sales prices at which such Shares were sold, net of the Sales Manager's compensation for such sales and after deduction for any transaction fees imposed by any governmental or self-regulatory organization in respect of such sales. Settlement for all Shares shall be effected by free delivery of Shares to the Sales Manager's account at The Depository Trust Corporation in return for payments in same day funds delivered to the account designated by the Company. If the Company shall default on its obligation to deliver Shares on any Closing Date, the Company shall (i) hold the Sales Manager harmless against any loss, claim or damage arising from or as a result of such default by the Company and (ii) pay the Sales Manager any commission to which it would otherwise be entitled absent such default. If the Sales Manager breaches this Agreement by failing to deliver proceeds on any Closing Date for Shares delivered by the Company, the Sales Manager will pay the Company interest based on the effective overnight Federal Funds rate.

On each Closing Date, the Company shall be deemed to have affirmed each representation, warranty, covenant and other agreement contained in this Agreement, and on the first and third Monday of each month, to the extent a sale under this Agreement occurred during the immediately preceding 21 day period (each an "Affirmation Date"), the Company shall affirm in writing each representation, warranty, covenant and other agreement contained in this Agreement, unless no sale under this Agreement was made since the last Affirmation Date. Any obligation of the Sales Manager to use its reasonable efforts to sell the Shares shall be subject to the continuing accuracy of the representations and warranties of the Company herein, to the performance by the

Company of its obligations hereunder and to the continuing satisfaction of the additional conditions specified in Section 5 of this Agreement.

SECTION 4. Covenants of the Company. The Company covenants and agrees with the Sales Manager that:

(a) During the period in which a prospectus relating to the Shares is required to be

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delivered under the Act, the Company will notify the Sales Manager promptly of the time when any subsequent amendment to the Registration Statement has become effective or any subsequent supplement to the Prospectus has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus or for additional information; it will prepare and file with the Commission, promptly upon the Sales Manager's reasonable request, any amendments or supplements to the Registration Statement or Prospectus that, in the Sales Manager's opinion, may be necessary or advisable in connection with the distribution of the Shares by the Sales Manager; the Company will not file any amendment or supplement to the Registration Statement or Prospectus (other than any prospectus supplement relating to the offering of other securities registered under the Registration Statement) unless a copy thereof has been submitted to the Sales Manager a reasonable period of time before the filing and the Sales Manager has not reasonably objected thereto; and it will furnish to the Sales Manager at the time of filing thereof a copy of any document that upon filing is deemed to be incorporated by reference in the Registration Statement or Prospectus; and the Company will cause each amendment or supplement to the Prospectus to be filed with the Commission as required pursuant to the terms of this Agreement or, in the case of any document to be incorporated therein by reference, to be filed with the Commission as required pursuant to the Exchange Act, within the time period prescribed.

(b) The Company will advise the Sales Manager, promptly after it shall receive notice or obtain knowledge thereof, of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose; and it will promptly use its reasonable best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued.

(c) Within the time during which a prospectus relating to the Shares is required to be delivered under the Act, the Company will comply as far as it is able with all requirements imposed upon it by the Act and by the Rules and Regulations, as from time to time in force, so far as necessary to permit the

continuance of sales of or dealings in the Shares as contemplated by the provisions hereof and the Prospectus and will file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required in connection with the offering or sale of such Shares. If during such period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend or supplement the Registration Statement or Prospectus to comply with the Act, the Company will promptly notify the Sales Manager to suspend the offering of Shares during such period (and, if so notified, the Sales Manager will cease such offering as soon as practicable, but in any event, no later than one business day later) and the Company will amend or supplement the Registration Statement or Prospectus (at the expense of the Company, unless the misstatements or omissions in question were made solely in reliance on written information relating to the Sales Manager furnished to the Company by the Sales Manager expressly for use in the Registration Statement or Prospectus in which case such amendment or supplement shall be at the expense of the Sales Manager) so as to correct such statement or omission or effect such compliance.

(d) The Company will use its best efforts to qualify the Shares for sale under the securities laws of such jurisdictions as the Sales Manager designates and to continue such qualifications in effect so long as required for the distribution of the Shares, except that the Company shall not be required in connection therewith to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or to file annual reports or to comply with any other requirements reasonably deemed by the Company to be unduly burdensome.

(e) The Company will furnish to the Sales Manager and its counsel (at the expense of the Company) copies of the Registration Statement, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to the Registration Statement or the Prospectus that are filed with the Commission during the period in which a prospectus relating to the Shares is required to be delivered under the Act (including all documents filed with the Commission during such period that are deemed to be incorporated by reference therein), in each case as soon as available and in such quantities as the Sales Manager may from time to time reasonably request and will also furnish copies of the Prospectus to the NYSE in accordance with Rule 153 of the Rules and Regulations.

(f) The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end

of the Company's current fiscal quarter, an "earnings statement" (which need not be audited) covering a 12-month period that satisfies the provisions of Section 11(a) of the Act and Rule 158 of the Rules and Regulations.

(g) Within six (6) months of the date hereof, the Company will sell through the Sales Manager pursuant to this Agreement at least the Minimum Amount.

(h) The Company, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, will pay all expenses incident to the performance of its obligations hereunder, including, but not limited to, expenses relating to (i) the printing and filing of the Registration Statement as originally filed and of each amendment thereto, (ii) the preparation, issuance and delivery of the Shares, (iii) the reasonable fees and disbursements of the Company's counsel and accountants, (iv) the qualification of the Shares under securities laws in accordance with the provisions of Section 4(d) of this Agreement, including filing fees and any reasonable fees or disbursements of counsel for the Sales Manager in connection therewith, (v) the printing and delivery to the Sales Manager of copies of the Prospectus and any amendments or supplements thereto, and of this Agreement, (vi) the fees and expenses incurred in connection with the listing of the Shares on the NYSE, and (vii) filing fees of the Commission and filing fees incident to any required review by the National Association of Securities Dealers, Inc.; provided, however, that the Sales Manager shall pay the fees and disbursements of the Sales Manager's counsel and further, provided, that if the Company shall not sell through the Sales Manager pursuant to this Agreement within six (6) months from the date hereof at least the Minimum Amount, then in addition to any fees that may be payable to the Sales Manager under this Agreement, the Company shall pay the Sales Manager an amount equal to the product of the Commission Rate and the difference between the Minimum Amount and the actual gross proceeds.

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(i) The Company will apply the net proceeds from the sale of the Shares as set forth in the Prospectus.

(j) The Company will not, directly or indirectly, offer or sell any shares of Common Stock (other than the Shares offered pursuant to the provisions of this Agreement and other than shares of Common Stock sold pursuant to other arrangements substantially similar to this Agreement) or securities convertible into or exchangeable for, or any rights to purchase or acquire, Common Stock during the period from the date of this Agreement through the final Closing Date for the sale of Shares hereunder without suspending activity under this program for such period of time as may reasonably be determined by the Company; provided, however that no such notice and suspension shall be required in connection with the Company's issuance or sale of (i) shares of the Company's

Common Stock under its Stock Purchase Plan, Performance Incentive Stock Plan, Employee Stock Ownership Plan and Employee Saving and Incentive Plan or (ii) Common Stock issuable upon conversion of securities or the exercise of warrants, purchase contracts, options or other rights in effect or outstanding on the date hereof.

(k) The Company will, at any time during the term of this Agreement, as supplemented from time to time, advise the Sales Manager immediately after it shall have received notice or obtained knowledge thereof, of any information or fact that would materially alter or affect any opinion, certificate, letter and other document provided to the Sales Manager pursuant to Section 5 herein or at any Closing Date.

(l) Each time that (i) the Registration Statement or the Prospectus shall be amended or supplemented (other than a supplement filed pursuant to Rule 424(b) under the Act that relates solely to Shares sold pursuant to this Agreement) or (ii) there is filed with the Commission any document incorporated by reference into the Prospectus (other than a Current Report on Form 8-K, unless the Sales Manager shall otherwise reasonably request), the Company shall furnish or cause to be furnished to the Sales Manager forthwith a certificate dated the date of filing with the Commission of such amendment, supplement or other document, the date of effectiveness of amendment, as the case may be, in form satisfactory to the Sales Manager to the effect that the statements contained in the certificate referred to in Section 5(f) hereof which were last furnished to the Sales Manager are true and correct at the time of such amendment, supplement or filing, as the case may be, as though made at and as of such time (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such time) or, in lieu of such certificate, a certificate of the same tenor as the certificate referred to in said Section 5(f), modified as necessary to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such certificate.

(m) Each time that (i) the Registration Statement or the Prospectus is amended or supplemented (other than a supplement filed pursuant to Rule 424(b) under the Act that relates solely to Shares sold pursuant to this Agreement) or (ii) there is filed with the Commission any document incorporated by reference into the Prospectus (other than a Current Report on Form 8-K, unless the Sales Manager shall otherwise reasonably request), the Company shall furnish or cause to be furnished forthwith to the Sales Manager and to counsel to the Sales Manager a written opinion of Michal D. Van Hemert, Assistance General Counsel of the Company ("Company Counsel"), or other

counsel satisfactory to the Sales Manager, dated the date of filing with the Commission of such amendment, supplement or other document and the date of effectiveness of such amendment, as the case may be, in form and substance

satisfactory to the Sales Manager, of the same tenor as the opinion referred to in Section 5(d) hereof, but modified as necessary to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such opinion.

(n) Each time that the Registration Statement or the Prospectus shall be amended or supplemented to include additional amended financial information or there is filed with the Commission any document incorporated by reference into the Prospectus which contains additional amended financial information, the Company shall cause Arthur Andersen LLP., or other independent accountants satisfactory to the Sales Manager, forthwith to furnish the Sales Manager a letter, dated the date of effectiveness of such amendment, or the date of filing of such supplement or other document with the Commission, as the case may be, in form satisfactory to the Sales Manager, of the same tenor as the letter referred to in Section 5(e) hereof but modified to relate to the Registration Statement and the Prospectus, as amended and supplemented to the date of such letter.

(o) The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or (ii) sell, bid for, purchase, or pay anyone any compensation for soliciting purchases of the Shares or pay or agree to pay any person any compensation for soliciting another to purchase any of the Shares (other than the Shares offered pursuant to the provisions of this Agreement and other than shares of Common Stock sold pursuant to other arrangements substantially similar to this Agreement)

SECTION 5. Conditions of Sales Manager's Obligations. The obligations of the Sales Manager to sell the Shares as provided herein shall be subject to the accuracy, as of the date hereof and as of each Closing Date, of the representations and warranties of the Company herein, to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) The Registration Statement shall have become effective and, as of the date hereof and as of each Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been instituted or, to the knowledge of the Company, threatened by the Commission, and any request of the Commission for additional information (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to the Sales Manager's reasonable satisfaction.

(b) The Sales Manager shall not have advised the Company that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in the Sales Manager's opinion is material, or omits to state a fact that in the Sales Manager's reasonable opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) Except as contemplated in the Prospectus, subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, there shall not have been any material change, on a consolidated basis, in the capital stock of the Company and its Subsidiaries, or any material adverse change, or any development that may reasonably be expected to cause a material adverse change, in the business, assets, property, financial condition or results of operations of the Company and its Subsidiaries taken as a whole, or a downgrading in or withdrawal of the rating assigned to any of the Company's securities by any rating organization, and no rating organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's securities.

(d) The Sales Manager shall have received on the date hereof and at every other date specified in Section 4(1) hereof, opinions of Company Counsel, dated as of such dates, respectively, substantially to the effect that:

(i) The Company is a duly organized and validly existing corporation in good standing under the laws of the State of Michigan.

(ii) The Shares have been duly authorized by all necessary corporate action on the part of the Company and, when issued and delivered to and paid for by the purchasers thereof in accordance with the terms of the Agreement, will be validly issued, fully paid and non-assessable.

(iii) The shares of Common Stock of the Company outstanding prior to the issuance of the Shares have been duly authorized and are validly issued, fully paid and non-assessable.

(iv) All legally required corporate proceedings in connection with the authorization, issuance and validity of the Shares and the sale of the Shares by the Company in accordance with the Agreement have been taken; and, except such as have been obtained under the Act, no further approval, authorization, consent or other order of any governmental regulatory body is required with respect to the issuance and sale of the Shares (other than in connection with or in compliance with the provisions of the Shares or Blue Sky laws of any state, as to which I express no opinion).

(v) To the best of such counsel's knowledge, after due inquiries, there are no legal or governmental proceedings required to be described in the Prospectus that are not described as required, nor of any contracts or documents of a character required to be described in the Registration Statement or Prospectus or to be filed as exhibits

to the Registration Statement that are not described or filed as required.

(vi) The statements made in the Prospectus under the caption "Description of Securities-Capital Stock" and in the Prospectus Supplement under the caption "Supplemental Description of Capital Stock" accurately summarize the provisions of the Company's Restated Articles of Incorporation and the Securities conform as to legal matters

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to the description thereof and to the statements in regard thereto contained in the Registration Statement and the Prospectus.

(vii) The Registration Statement has become effective under the Act. We were orally advised by the Commission that no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the Act.

(viii) The Registration Statement, as of its effective date, and the Prospectus, as of the date thereof (except in each case for (i) the operating statistics, financial statements and schedules contained or incorporated by reference therein (including the notes thereto, and auditors' reports thereon), (ii) the other financial or statistical information contained or incorporated by reference therein and (iii) the exhibits thereto, as to all of which I express no opinion), complied as to form in all material respects with the requirements of Form S-3 under the Act and the applicable rules and regulations of the Commission thereunder, and each document incorporated therein as originally filed pursuant to the Exchange Act (except for (i) the operating statistics, financial statements and schedules contained or incorporated by reference therein (including the notes thereto, and the auditors' reports thereon), (ii) the other financial or statistical information contained or incorporated by reference therein and (iii) the exhibits thereto, as to which I express no opinion) complied as to form when so filed in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder.

(ix) Neither the execution or delivery by the Company of, nor the performance by the Company of its obligations under this Agreement did or will conflict with, result in a breach of any terms or provisions of, or constitute a default or require the consent of any party under the Company's Articles of Incorporation or by-laws, any material agreement or instrument to which it, or any of its Significant

Subsidiaries, is a party, any existing applicable law, rule or regulation or any judgment, order or decree of any government, governmental instrumentality or court, domestic of foreign, having jurisdiction over the Company or any of its Significant Subsidiaries or any of their properties or assets, or did or will result in the creation or imposition of any lien on the properties or assets of the Company or any of its Significant Subsidiaries.

(x) The Company timely filed with the Commission the appropriate exemption statement pursuant to Rule 2 under the Public Utility Holding Company Act of 1935, as amended (the 1935 Act), and accordingly, is exempt from the provisions of the 1935 Act except for Section 9(a)(2) thereof, subject to the right of the Commission acting pursuant to Rule 6 under the 1935 Act to revoke the exemption by notification to the Company. To my knowledge, the Company has received no such notification from the Commission.

(xi) The Company is not and, after giving effect to the transactions contemplated herein will not be an Investment Company as such term is defined in the Investment Company Act of 1940.

In addition, such counsel shall state that, after due inquiries and reasonable investigation with Company's officers and representatives of the independent public accountant, such counsel has no reason to believe that either the Registration Statement (including each Post-Effective Amendment thereto), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus and any amendments or supplements thereto, on the date of such opinion and at each Closing Date on or prior to the date of the opinion, included an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no opinion as to the financial statements or other financial data included in any of the documents mentioned in this paragraph.

(e) On the date hereof and at such other dates specified in Section 4(m) hereof, the Sales Manager shall have received a letter from Arthur Andersen LLP, independent public accountants for the Company, or other independent accountants satisfactory to the Sales Manager, dated the date of delivery thereof, substantially in the form attached hereto as Annex I and otherwise in form and substance satisfactory to Sales Manager.

(f) The Sales Manager shall have received from the Company a

certificate, or certificates, signed by the Chairman of the Board, the Chief Financial Officer or the Chief Accounting Officer, dated as of the date hereof and dated as of each Affirmation Date contemplated by this Agreement, to the effect that, to the best of their knowledge based upon reasonable investigation:

(i) the Sales Agreement is in the form presented to and approved by the Special Committee of the Board of Directors of the Company;

(ii) there has been no material adverse change in the business, properties or financial condition of the Company and its Subsidiaries, taken as a whole, from that set forth in the Registration Statement or Prospectus (other than changes referred to in or contemplated by the Registration Statement or Prospectus);

(iii) the representations and warranties of the Company in such Sales Agreement are true and correct in all material respects on and as of the date hereof with the same effect as if made on and as of the date hereof;

(iv) no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose have been or are pending before or threatened by the Commission; and

(v) the Company has performed such of its obligations under such Sales Agreement as are to be performed at or before the date hereof by the terms of such Sales Agreement.

(g) That prior to the date hereof and prior to each Closing Date, the Shares shall have

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been duly listed, subject to notice of issuance, on the New York Stock Exchange.

(h) On the date hereof and on each Affirmation Date, the Company shall have furnished to the Sales Manager such appropriate further information, certificates and documents as the Sales Manager may reasonably request.

All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Sales Manager and its counsel. The Company will furnish the Sales Manager with such conformed copies of such opinions, certificates, letters and other documents as the Sales Manager shall reasonably request.

SECTION 6. Indemnification.

(a) The Company agrees to indemnify and hold harmless the Sales Manager, the directors, officers, employees and agents of the Sales Manager and each person, if any, who controls the Sales Manager within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act or otherwise, and to reimburse the Sales Manager and such controlling person or persons, if any, for any legal or other expenses incurred by them in connection with defending any action, suit or proceeding (including governmental investigations) as provided in Section 6(c) hereof, insofar as such losses, claims, damages, liabilities or actions, suits or proceedings (including governmental investigations) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any preliminary prospectus as of its issue date, the Prospectus, or, if the Prospectus shall be amended or supplemented, in the Prospectus as so amended or supplemented (if such Prospectus or such Prospectus as amended or supplemented is used after the period of time referred to in Section 4(a) hereof, it shall contain or be used with such amendments or supplements as the Company deems necessary to comply with Section 10(a) of the Act), or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission which was made in such preliminary prospectus, Registration Statement or Prospectus, or in the Prospectus as so amended or supplemented, in reliance upon and in conformity with information furnished in writing to the Company by, or through the Sales Manager expressly for use therein.

The Company's indemnity agreement contained in this Section 6(a), and the covenants, representations and warranties of the Company contained in this Agreement, shall remain in full force and effect regardless of any investigation made by or on behalf of any person, and shall survive the delivery of and payment for the Shares hereunder, and the indemnity agreement contained in this Section 6 shall survive any termination of this Agreement. The liabilities of the Company in this Section 6(a) are in addition to any other liabilities of the Company under this Agreement or otherwise.

(b) The Sales Manager agrees, to the extent permitted by law, to indemnify, hold harmless and reimburse the Company, its directors and such of its officers as shall have signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, to the same extent and upon the same terms as the indemnity agreement of the Company set forth in Section 6(a) hereof, but only with respect to alleged untrue statements or omissions made in the

Registration Statement or in the Prospectus, as amended or supplemented (if applicable), in reliance upon and in conformity with information furnished in writing to the Company by the Sales Manager expressly for use therein.

The indemnity agreement on the part of the Sales Manager contained in this Section 6(b) shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any other person, and shall survive the delivery of and payment for the Shares hereunder, and the indemnity agreement contained in this Section 6(b) shall survive any termination of this Agreement. The liabilities of the Sales Manager in Section 6(b) are in addition to any other liabilities of the Sales Manager under this Agreement or otherwise.

(c) If a claim is made or an action, suit or proceeding (including governmental investigations) is commenced or threatened against any person as to which indemnity may be sought under Section 6(a) or 6(b), such person (the "Indemnified Person") shall notify the person against whom such indemnity may be sought (the "Indemnifying Person") promptly after any assertion of such claim threatening to institute an action, suit or proceeding or if such an action, suit or proceeding is commenced against such Indemnified Person, promptly after such Indemnified Person shall have been served with a summons or other first legal process, giving information as to the nature and basis of the claim. Failure to so notify the Indemnifying Person shall not, however, relieve the Indemnifying Person from any liability which it may have on account of the indemnity under Section 6(a) or 6(b) if the Indemnifying Person has not been prejudiced in any material respect by such failure. Subject to the immediately succeeding sentence, the Indemnifying Person shall assume the defense of any such litigation or proceeding, including the employment of counsel, reasonably acceptable to the Indemnified Person, and the payment of all expenses, with such counsel being designated, subject to the immediately succeeding sentence, in writing by the Sales Manager in the case of parties indemnified pursuant to Section 6(b) and by the Company in the case of parties indemnified pursuant to Section 6(a). Any Indemnified Person shall have the right to participate in such litigation or proceeding and to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include (x) the Indemnifying Person and (y) the Indemnified Person and, in the written opinion of counsel to such Indemnified Person, representation of both parties by the same counsel would be inappropriate due to actual or likely conflicts of interest between them, in either of which cases the reasonable fees and expenses of counsel (including disbursements) for such Indemnified Person shall be reimbursed by the Indemnifying Person to the Indemnified Person. If there is a conflict as described in clause (ii) above, and the Indemnified Persons have participated in the litigation or proceeding utilizing separate counsel whose fees and expenses have been reimbursed by the Indemnifying Person and the Indemnified

Persons, or any of them, are found to be solely liable, such Indemnified Persons shall repay to the Indemnifying Person such fees and expenses of such separate counsel as the Indemnifying Person shall have reimbursed. It is understood that the Indemnifying Person shall not, in connection with any litigation or proceeding or related litigation or proceedings in the same jurisdiction as to which the Indemnified Persons are entitled to such separate representation, be liable under this Agreement for the reasonable fees and out-of-pocket expenses of more than one separate firm (together with not more than one appropriate local counsel) for all such Indemnified Persons. Subject to the next paragraph, all such fees and expenses shall be reimbursed by payment to the Indemnified Persons of such reasonable fees and expenses of counsel promptly after payment thereof by the Indemnified Persons.

In furtherance of the requirement above that fees and expenses of any separate counsel for the Indemnified Persons shall be reasonable, the Sales Manager and the Company agree that the Indemnifying Person's obligations to pay such fees and expenses shall be conditioned upon the following:

(1) in case separate counsel is proposed to be retained by the Indemnified Persons pursuant to clause (ii) of the preceding paragraph, the Indemnified Persons shall in good faith fully consult with the Indemnifying Person in advance as to the selection of such counsel;

(2) reimbursable fees and expenses of such separate counsel shall be detailed and supported in a manner reasonably acceptable to the Indemnifying Person (but nothing herein shall be deemed to require the furnishing to the Indemnifying Person of any information, including without limitation, computer print-outs of lawyers' daily time entries, to the extent that, in the judgment of such counsel, furnishing such information might reasonably be expected to result in a waiver of any attorney-client privilege); and

(3) the Company and the Sales Manager shall cooperate in monitoring and controlling the fees and expenses of separate counsel for Indemnified Persons for which the Indemnifying Person is liable hereunder, and the Indemnified Person shall use every reasonable effort to cause such separate counsel to minimize the duplication of activities as between themselves and counsel to the Indemnifying Person.

The Indemnifying Person shall not be liable for any settlement of any litigation or proceeding effected without the written consent of the Indemnifying Person, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees, subject to the

provisions of this Section 6, to indemnify the Indemnified Person from and against any loss, damage, liability or expenses by reason of such settlement or judgment. The Indemnifying Person shall not, without the prior written consent of the Indemnified Persons, effect any settlement of any pending or threatened litigation, proceeding or claim in respect of which indemnity has been properly sought by the Indemnified Persons hereunder, unless such settlement includes an unconditional release by the claimant of all Indemnified Persons from all

liability with respect to claims which are the subject matter of such litigation, proceeding or claim.

SECTION 7. Contribution: If the indemnification provided for in Section 6 above is unavailable to or insufficient to hold harmless an Indemnified Person under such Section in respect of any losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental investigations) in respect thereof) referred to therein, then each Indemnifying Person under Section 6 shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Person on the one hand and the Indemnified Person on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each Indemnifying Person shall contribute to such amount paid or payable by such Indemnified Person in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of each Indemnifying Person, if any, on the one hand and the Indemnified Person on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental investigations) in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Sales Manager on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the total underwriting discounts and commission received by the Sales Manager, bear to the aggregate public offering price of the Shares. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Sales Manager agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the

equitable considerations referred to above in this Section 7. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental proceedings) in respect thereof) referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action, suits or proceedings (including governmental proceedings) or claim, provided that the provisions of Section 6 have been complied with (in all material respects) in respect of any separate counsel for such Indemnified Person. Notwithstanding the provisions of this Section 7, the Sales Manager shall not be required to contribute any amount greater than the excess of (i) the total price at which the Shares sold by it and distributed to the public were offered to the public over (ii) the amount of any damages which the Sales Manager has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

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The agreement with respect to contribution contained in Section 7 hereof shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any Underwriter, and shall survive delivery of and payment for the Shares hereunder and any termination of this Agreement.

SECTION 8. Representations and Agreements to Survive Delivery. All representations, warranties and agreements of the Company herein or in certificates delivered pursuant hereto, and the agreements of the Sales Manager contained in Section 6 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Sales Manager or any controlling persons, or the Company (or any of their officers, directors or controlling persons), and shall survive delivery of and payment for the Shares.

SECTION 9. Termination.

(a) Each party shall have the right, by giving notice as hereinafter specified, to terminate this Agreement in its sole discretion at any time. Any such termination shall be without liability of any party to any other party except that the provisions of Section 4(h), Section 6, Section 7 and Section 8 hereof shall remain in full force and effect notwithstanding such termination.

(b) This Agreement shall remain in full force and effect unless terminated pursuant to Sections 9(a) above or otherwise by mutual agreement of the parties; provided that any such termination by mutual agreement shall in all

cases be deemed to provide that Section 4(h), Section 6, Section 7 and Section 8 shall remain in full force and effect.

(c) Any termination of this Agreement shall be effective on the date specified in such notice of termination; provided that such termination shall not be effective until the close of business on the date of receipt of such notice by the Sales Manager or the Company, as the case may be.

If such termination shall occur prior to the Closing Date for any sale of Shares, such Shares shall settle in accordance with the provisions of the second to last paragraph of Section 3 hereof.

SECTION 10. Notices. All notices or communications hereunder, other than notices pursuant to Section 3 of this Agreement, shall be in writing and if sent to the Sales Manager shall be mailed, delivered, telexed or telecopied and confirmed, in writing, to the Sales Manager at RCG Equity Finance, 666 Third Avenue, 26th Floor, New York, NY 10017, Attn: Corporate Finance, fax number 212-453-5555, or if sent to the Company, shall be mailed, delivered, telexed or telecopied and confirmed, in writing, to the Company at 330 Town Center Drive, Fairlane Plaza South, Suite 1100, Dearborn, Michigan 49201, telecopy no. (313) 436-9200, attention: Ms. Laura Mountcastle. Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose.

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SECTION 11. Parties. This Agreement shall inure to the benefit of and be binding upon the Company and the Sales Manager and their respective successors and the controlling persons, officers and directors referred to in Section 6 hereof, and no other person will have any right or obligation hereunder.

SECTION 12. Adjustments for Stock Splits. The parties acknowledge and agree that all share related numbers contained in this Agreement (including, without limitation, the Maximum Amount) shall be adjusted to take into account any stock split effected with respect to the Shares.

SECTION 13. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof.

SECTION 14. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS.

SECTION 15. Waiver of Jury Trial. The Company and the Sales Manager each hereby irrevocably waive any right they may have to a trial by jury in respect of any claim based upon or arising out of this agreement or any transaction contemplated hereby.

SECTION 16. Counterparts. This Agreement may be executed in two or more counter parts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing correctly sets forth the understanding between the Company and the Sales Manager, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and the Sales Manager. Alternatively, the execution of this Agreement by the Company and its acceptance by or on behalf of the Sales Manager may be evidenced by an exchange of telegraphic or other written communications.

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CMS ENERGY CORPORATION.

By:

Name:

Title:

RCG Equity Finance, a division of Ramius Securities LLC

By:

Name:

Title:

[Form of Letter from Accountants]

TWELFTH SUPPLEMENTAL INDENTURE
DATED AS OF JULY 2, 2001

This Twelfth Supplemental Indenture, dated as of the 2nd day of July, 2001 between CMS Energy Corporation, a corporation duly organized and existing under the laws of the State of Michigan (hereinafter called the "Issuer") and having its principal office at Fairlane Plaza South, Suite 1100, 330 Town Center Drive, Dearborn, Michigan 48126, and Bank One Trust Company, N.A., a national banking association (hereinafter called the "Trustee") and having its Corporate Trust Office at 1 BankOne Plaza, Mail Code ILI-0823, Chicago, IL. 60670.

WITNESSETH:

WHEREAS, the Issuer and the Trustee (formerly known as NBD Bank, N.A.) entered into an Indenture, dated as of September 15, 1992 (the "Original Indenture"), pursuant to which one or more series of debt securities of the Issuer (the "Securities") may be issued from time to time; and

WHEREAS, Section 2.3 of the Original Indenture permits the terms of any series of Securities to be established in an indenture supplemental to the Original Indenture; and

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WHEREAS, Section 8.1(e) of the Original Indenture provides that a supplemental indenture may be entered into by the Issuer and the Trustee without the consent of any Holders of the Securities to establish the form and terms of the Securities of any series; and

WHEREAS, the Issuer has requested the Trustee to join with it in the execution and delivery of this Twelfth Supplemental Indenture in order to supplement and amend the Original Indenture by, among other things, establishing the form and terms of a series of Securities to be known as the Issuer's " 8.9% Senior Notes Due 2008" (the "2008 Notes"), providing for the issuance of the 2008 Notes and amending and adding certain provisions thereof for the benefit of

the Holders of the 2008 Notes; and

WHEREAS, the Issuer and the Trustee desire to enter into this Twelfth Supplemental Indenture for the purposes set forth in Sections 2.3 and 8.1(e) of the Original Indenture as referred to above; and

WHEREAS, the Issuer has furnished the Trustee with a copy of the resolutions of its Board of Directors certified by its Secretary or Assistant Secretary authorizing the execution of this Twelfth Supplemental Indenture; and

WHEREAS, all things necessary to make this Twelfth Supplemental Indenture a valid agreement of the Issuer and the Trustee and a valid supplement to the Original Indenture have been done,

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NOW, THEREFORE, for and in consideration of the premises and the purchase of the 2008 Notes to be issued hereunder by holders thereof, the Issuer and the Trustee mutually covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the 2008 Notes, as follows:

ARTICLE I
STANDARD PROVISIONS; DEFINITIONS

SECTION 1.01. Standard Provisions. The Original Indenture together with this Twelfth Supplemental Indenture and all previous indentures supplemental thereto entered into pursuant to the applicable terms thereof are hereinafter sometimes collectively referred to as the "Indenture." All capitalized terms which are used herein and not otherwise defined herein are defined in the Indenture and are used herein with the same meanings as in the Indenture.

SECTION 1.02. Definitions. Section 1.1 of the Original Indenture is amended to insert the new definitions applicable to the 2008 Notes, in the appropriate alphabetical sequence, as follows:

"Amortization Expense" means, for any period, amounts recognized during such period as amortization of capital leases, depletion, nuclear fuel, goodwill and assets classified as intangible assets in accordance with generally accepted accounting principles.

"Applicable Premium" means, with respect to a 2008 Note (or portion thereof) being redeemed at any time, the excess of (A) the present value at such time of the principal amount of such 2008 Note (or portion thereof) being redeemed plus all interest payments due on such 2008 Note (or portion thereof), which present value shall be computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (B) the principal amount of such 2008 Note (or portion thereof) being redeemed at such time. For purposes of this definition, the present values of interest and principal payments will be determined in accordance with generally accepted principles of financial analysis.

"Average Life" means, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing (i) the sum of the products of (x) the number of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (y) the amount of such principal payment by (ii) the sum of all such principal payments.

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

"Capital Stock" means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock, including any Preferred Stock or Letter Stock; provided that Hybrid Preferred Securities shall not be considered Capital Stock for purposes of this definition.

"Change in Control" means an event or series of events by which (i) the Issuer ceases to own beneficially, directly or indirectly, at least 80% of the total voting power of all classes of Capital Stock then

outstanding of Consumers (whether arising from issuance of securities of the Issuer or Consumers, any direct or indirect transfer of securities by the Issuer or Consumers, any merger, consolidation, liquidation or dissolution of the Issuer or Consumers or otherwise); (ii) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "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), directly or indirectly, of more than 35% of the Voting Stock of the Issuer; or (iii) the Issuer consolidates with or merges into another corporation or directly or indirectly conveys, transfers or leases all or substantially all of its assets to any Person, or any corporation consolidates with or merges into the Issuer, in either event pursuant to a transaction in which the outstanding Voting Stock of the Issuer is changed into or exchanged for cash, securities, or other property, other than any such transaction in which (A) the outstanding Voting Stock of the Issuer is changed into or exchanged for Voting Stock of the surviving corporation and (B) the holders of the Voting Stock of the Issuer immediately prior

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to such transaction retain, directly or indirectly, substantially proportionate ownership of the Voting Stock of the surviving corporation immediately after such transaction.

"CMS Electric and Gas" means CMS Electric and Gas Company, a Michigan corporation and wholly-owned subsidiary of Enterprises.

"CMS Gas Transmission" means CMS Gas Transmission Company (formerly known as CMS Gas Transmission and Storage Company), a Michigan corporation and wholly-owned subsidiary of Enterprises.

"CMS Generation" means CMS Generation Co., a Michigan corporation and wholly-owned subsidiary of Enterprises.

"CMS MST" means CMS Marketing, Services and Trading Company, a Michigan corporation and wholly-owned subsidiary of Enterprises.

"CMS Oil & Gas" means CMS Oil & Gas Co. (formerly known as CMS NOMEKO Oil & Gas Co.), a Michigan corporation and wholly-owned subsidiary of Enterprises.

"Consolidated Assets" means, at any date of determination, the aggregate assets of the Issuer and its Consolidated Subsidiaries determined on a

consolidated basis in accordance with generally accepted accounting principles.

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"Consolidated Coverage Ratio" with respect to any period means the ratio of (i) the aggregate amount of Operating Cash Flow for such period to (ii) the aggregate amount of Consolidated Interest Expense for such period.

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

"Consolidated Indebtedness" means, at any date of determination, the aggregate Indebtedness of the Issuer and its Consolidated Subsidiaries determined on a consolidated basis in accordance with generally accepted accounting principles; provided that Consolidated Indebtedness shall not include any subordinated debt owned by any Hybrid Preferred Securities Subsidiary.

"Consolidated Interest Expense" means, for any period, the total interest expense in respect of Consolidated Indebtedness of the Issuer and its Consolidated Subsidiaries, including, without duplication, (i) interest expense attributable to capital leases, (ii) amortization of debt discount, (iii) capitalized interest, (iv) cash and noncash interest payments, (v) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, (vi) net costs under Interest Rate Protection Agreements

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(including amortization of discount) and (vii) interest expense in respect of obligations of other Persons deemed to be Indebtedness of the Issuer or any Consolidated Subsidiaries under clause (v) or (vi) of the definition of Indebtedness, provided, however, that Consolidated Interest Expense shall exclude (a) any costs otherwise included in interest expense recognized on early retirement of debt and (b) any interest expense in respect of any Indebtedness

of any Subsidiary of Consumers, CMS Generation, CMS Oil & Gas, CMS Electric and Gas, CMS Gas Transmission, CMS MST or any other Designated Enterprises Subsidiary, provided that such Indebtedness is without recourse to any assets of the Issuer, Consumers, Enterprises, CMS Generation, CMS Oil & Gas, CMS Electric and Gas, CMS Gas Transmission, CMS MST or any other Designated Enterprises Subsidiary.

"Consolidated Net Income" means, for any period, the net income of the Issuer and its Consolidated Subsidiaries determined on a consolidated basis in accordance with generally accepted accounting principles; provided, however, that there shall not be included in such Consolidated Net Income:

(i) any net income of any Person if such Person is not a Subsidiary, except that (A) the Issuer's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Issuer or a Consolidated Subsidiary as a dividend or other distribution and (B) the Issuer's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income;

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(ii) any net income of any Person acquired by the Issuer or a Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition;

(iii) any gain or loss realized upon the sale or other disposition of any property, plant or equipment of the Issuer or its Consolidated Subsidiaries which is not sold or otherwise disposed of in the ordinary course of business and any gain or loss realized upon the sale or other disposition of any Capital Stock of any Person; and

(iv) any net income of any Subsidiary of Consumers, CMS Generation, CMS Oil & Gas, CMS Electric and Gas, CMS Gas Transmission, CMS MST or any other Designated Enterprises Subsidiary whose interest expense is excluded from Consolidated Interest Expense, provided, however, that for purposes of this subsection (iv), any cash, dividends or distributions of any such Subsidiary to the Issuer shall be included in calculating Consolidated Net Income.

"Consolidated Net Tangible Assets" means, for any period, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) as set forth on the most recently available quarterly

or annual consolidated balance sheet of the Issuer and its Consolidated Subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting principles, and after giving effect to purchase accounting and after deducting therefrom, to the extent otherwise included, the amounts of: (i) Consolidated Current Liabilities; (ii) minority interests in Consolidated Subsidiaries held by Persons other than the Issuer or

a Restricted Subsidiary; (iii) excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors as evidenced by Board resolutions; (iv) any revaluation or other write-up in value of assets subsequent to December 31, 1996, as a result of a change in the method of valuation in accordance with generally accepted accounting principles; (v) unamortized debt discount and expenses and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses organization or developmental expenses and other intangible items; (vi) treasury stock; and (vii) any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities.

"Consolidated Net Worth" of any Person means the total of the amounts shown on the consolidated balance sheet of such Person and its consolidated subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting principles, as of any date selected by such Person not more than 90 days prior to the taking of any action for the purpose of which the determination is being made (and adjusted for any material events since such date), as (i) the par or stated value of all outstanding Capital Stock plus (ii) paid-in capital or capital surplus relating to such Capital Stock plus (iii) any retained earnings or earned surplus less (A) any accumulated deficit, (B) any amounts attributable to Redeemable Stock and (C) any amounts attributable to Exchangeable Stock.

"Consolidated Subsidiary" means, any Subsidiary whose accounts are or are required to be consolidated with the accounts of the Issuer in accordance with generally accepted accounting principles.

"Consumers" means Consumers Energy Company, a Michigan corporation, all of whose common stock is on the date hereof owned by the Issuer.

"Designated Enterprises Subsidiary" means any wholly-owned subsidiary of Enterprises formed after the date of this Twelfth Supplemental Indenture which is designated a Designated Enterprises Subsidiary by the Board of Directors.

"Enterprises" means CMS Enterprises Company, a Michigan corporation and wholly-owned subsidiary of the Issuer.

"Event of Default" with respect to the 2008 Notes has the meaning specified in Article V of this Twelfth Supplemental Indenture.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchangeable Stock" means any Capital Stock of a corporation that is exchangeable or convertible into another security (other than Capital Stock of such corporation that is neither Exchangeable Stock or Redeemable Stock).

"Hybrid Preferred Securities" means any preferred securities issued by a Hybrid Preferred Securities Subsidiary, where such preferred securities have the following characteristics:

- (i) such Hybrid Preferred Securities Subsidiary lends substantially all of the proceeds from the issuance of such preferred securities to the Company or Consumers in exchange for subordinated debt issued by the Company or Consumers respectively;
- (ii) such preferred securities contain terms providing for the deferral of distributions corresponding to provisions providing for the deferral of interest payments on such

subordinated debt; and

- (iii) the Company or Consumers (as the case may be) makes periodic interest payments on such subordinated debt, which interest payments are in turn used by the Hybrid Preferred Securities Subsidiary to make corresponding payments to the holders of the Hybrid Preferred Securities.

"Hybrid Preferred Securities Subsidiary" means any business trust (or similar entity) (i) all of the common equity interest of which is owned (either directly or indirectly through one or more wholly-owned Subsidiaries of the Company or Consumers) at all times by the Company or Consumers, (ii) that has been formed for the purpose of issuing Hybrid Preferred Securities and (iii) substantially all of the assets of which consist at all times solely of

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subordinated debt issued by the Company or Consumers (as the case may be) and payments made from time to time on such subordinated debt.

"Indebtedness" of any Person means, without duplication,

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

- (ii) all Capital Lease Obligations of such Person;

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

- (iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (i) through (iii) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third Business Day following

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receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(v) all obligations of the type referred to in clauses (i) through (iv) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable as obligor, guarantor or otherwise; and

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

"Interest Payment Date" means January 15, 2002 and each January 15 and July 15 in each year thereafter.

"Interest Rate Protection Agreement" means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement designed to protect the Issuer or any Subsidiary against fluctuations in interest rates.

"Letter Stock", as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is intended to reflect the separate

performance of certain of the businesses or operations conducted by such corporation or any of its subsidiaries.

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

"Net Cash Proceeds" means, (a) with respect to any Asset Sale, the aggregate proceeds of such Asset Sale including the fair market value (as

determined by the Board of Directors and net of any associated debt and of any consideration other than Capital Stock received in return) of property other than cash, received by the Issuer, net of (i) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Issuer and its Restricted Subsidiaries, taken as a whole, (iii) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Lien on the property or assets sold or (B) is required to be paid as a result of such sale and (iv) appropriate amounts to be provided by the Issuer or any Restricted Subsidiary of the Issuer as a reserve against any liabilities associated with such Asset Sale including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with generally accepted accounting principles and (b) with respect to any issuance or sale or contribution in respect of Capital Stock, the aggregate proceeds of such issuance, sale or contribution, including the fair

market value (as determined by the Board of Directors and net of any associated debt and of any consideration other than Capital Stock received in return) of property other than cash, received by the Issuer, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof, provided, however, that if such fair market value as determined by the Board of Directors of property other than cash is greater than \$25 million, the value thereof shall be based upon an opinion from an independent nationally recognized firm experienced in the appraisal or similar review of similar types of transactions.

"Non-Convertible Capital Stock" means, with respect to any corporation, any non-convertible Capital Stock of such corporation and any Capital Stock of such corporation convertible solely into non-convertible Capital Stock other than Preferred Stock of such corporation; provided, however, that Non-Convertible Capital Stock shall not include any Redeemable Stock or Exchangeable Stock.

"Operating Cash Flow" means, for any period, with respect to the Issuer and its Consolidated Subsidiaries, the aggregate amount of Consolidated Net Income after adding thereto Consolidated Interest Expense (adjusted to include costs recognized on early retirement of debt), income taxes, depreciation expense, Amortization Expense and any noncash amortization of debt issuance costs, any nonrecurring, noncash charges to earnings and any negative accretion recognition.

"Other Rating Agency" shall mean any one of Fitch Inc. or Moody's Investors Service, Inc., and any successor to any of these organizations which is a nationally recognized statistical rating organization.

"Paying Agent" means any person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any of the 2008 Notes on behalf of the Issuer. Initially, the Paying Agent shall be the Trustee.

"Predecessor 2008 Note" of any particular 2008 Note means every previous 2008 Note evidencing all or a portion of the same debt as that evidenced by such particular 2008 Note; and, for the purposes of the definition, any 2008 Note authenticated and delivered under Section 2.9 of the Indenture in exchange for or in lieu of a mutilated, destroyed, lost or stolen 2008 Note shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen 2008 Note.

"Preferred Stock", as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation; provided that Hybrid Preferred Securities shall not be considered Preferred Stock for purposes of this definition.

"Redeemable Stock" means any Capital Stock that by its terms or otherwise is required to be redeemed prior to the first anniversary of the Stated Maturity of the outstanding

2008 Notes or is redeemable at the option of the holder thereof at any time prior to the first anniversary of the Stated Maturity of the outstanding 2008 Notes.

"Restricted Subsidiary" means any Subsidiary (other than Consumers and its subsidiaries) of the Issuer which, as of the date of the Issuer's most recent quarterly consolidated balance sheet, constituted at least 10% of the total Consolidated Assets of the Issuer and its Consolidated Subsidiaries and any other Subsidiary which from time to time is designated a Restricted Subsidiary by the Board of Directors; provided that no Subsidiary may be designated a Restricted Subsidiary if, immediately after giving effect thereto, an Event of Default or event that, with the lapse of time or giving of

notice or both, would constitute an Event of Default would exist or the Issuer and its Restricted Subsidiaries could not incur at least one dollar of additional Indebtedness under Section 4.04, and (i) any such Subsidiary so designated as a Restricted Subsidiary must be organized under the laws of the United States or any State thereof, (ii) more than 80% of the Voting Stock of such Subsidiary must be owned of record and beneficially by the Issuer or a Restricted Subsidiary and (iii) such Restricted Subsidiary must be a Consolidated Subsidiary.

"Standard & Poor's" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto which is a nationally recognized statistical rating organization, or if such entity shall cease to rate the 2008 Notes or shall cease to exist and there shall be no such successor thereto, any other nationally recognized statistical rating organization selected by the Issuer which is acceptable to the Trustee.

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"Subordinated Indebtedness" means any Indebtedness of the Issuer (whether outstanding on the date of this Twelfth Supplemental Indenture or thereafter incurred) which is contractually subordinated or junior in right of payment to the 2008 Notes.

"Support Obligations" means, for any person, without duplication, any financial obligation, contingent or otherwise, of such person guaranteeing or otherwise supporting any debt or other obligation of any other person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such debt of the payment of such debt, (iii) to maintain working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such debt, (iv) to provide equity capital under or in respect of equity subscription arrangements (to the extent that such obligation to provide equity capital does not otherwise constitute debt), or (v) to perform, or arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations of the primary obligor.

"Tax-Sharing Agreement" means the Amended and Restated Agreement for the Allocation of Income Tax Liabilities and Benefits, dated January 1, 1994, as amended or supplemented from time to time, by and among Issuer, each of the members of the Consolidated Group (as defined therein), and each of the corporations that become members of the Consolidated Group.

"Treasury Rate" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two Business Days prior to the redemption date or, in the case of defeasance, prior to the date of deposit (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the then remaining average life to stated maturity of the 2008 Notes; provided, however, that if the average life to stated maturity of the 2008 Notes is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given.

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

Certain terms, used principally in Articles Three, Four and Seven of this Twelfth Supplemental Indenture, are defined in those Articles.

ARTICLE II

DESIGNATION AND TERMS OF THE 2008 NOTES; FORMS

SECTION 2.01. Establishment of Series. (a) There is hereby created a series of Securities to be known and designated as the "8.9% Senior Notes Due 2008" and limited in aggregate principal amount (except as contemplated in Section 2.3(f)(2) of the Indenture) to \$269,000,000. The Stated Maturity of the 2008 Notes is July 15, 2008.

(b) The 2008 Notes will bear interest from the Original Issue Date, or from the most recent date to which interest has been paid or duly provided for, at the rate of 8.9% per annum stated therein until the principal thereof is paid or made available for payment. Interest will be payable

semiannually on each Interest Payment Date and at Maturity, as provided in the form of the 2008 Note in Section 2.03 hereof.

(c) The Record Date referred to in Section 2.3(f)(4) of the Indenture for the payment of the interest on any 2008 Note payable on any Interest Payment Date (other than at Maturity) which shall be the 1st day of the calendar month in which such Interest Payment Date occurs (whether or not a Business Day) except that the Record Date for interest payable at Maturity shall be the date of Maturity.

(d) The payment of the principal of, premium (if any) and interest on the 2008 Notes shall not be secured by a security interest in any property.

(e) The 2008 Notes shall be redeemable at the option of the Issuer, in whole or in part, at any time and from time to time, or not less than 30 days' notice at a redemption price

equal to 100% of the principal amount of such 2008 Notes being redeemed plus the Applicable Premium, if any, thereon at the time of redemption, together with accrued interest, if any, thereon to the redemption date. In no event will the redemption price ever be less than 100% of the principal amount of the 2008 Notes plus accrued interest to the redemption date. The 2008 Notes shall be purchased by the Issuer at the option of the Holders thereof as provided in Sections 3.01 and 4.06 hereof.

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(f) The 2008 Notes shall not be convertible.

(g) The 2008 Notes will not be subordinated to the payment of Senior Debt.

(h) The Issuer will not pay any additional amounts on the 2008 Notes held by a Person who is not a U.S. Person in respect of any tax, assessment or government charge withheld or deducted.

(i) The events specified in Events of Default with respect to the 2008 Notes shall include the events specified in Article Five of this Twelfth Supplemental Indenture. In addition to the covenants set forth in Article Three of the Original Indenture, the Holders of the 2008 Notes shall have the benefit of the covenants of the Issuer set forth in Article Four hereto.

SECTION 2.02. Forms Generally. The 2008 Notes and Trustee's certificates of authentication shall be in substantially the form set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such 2008 Notes, as evidenced by their execution thereof.

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The definitive 2008 Notes shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such 2008 Notes, as evidenced by their execution thereof.

SECTION 2.03. Form of Face of 2008 Note.

CMS ENERGY CORPORATION
 _____ % SENIOR NOTES DUE 2 _____

No. _____

\$269,000,000

CMS Energy Corporation, a corporation duly organized and

existing under the laws of the State of Michigan (herein called the "Issuer", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on July 15, 2008 ("Maturity") and to pay interest thereon from July 2, 2001 (the "Original Issue Date") or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on January 15 and July 15 in each year, commencing on January 15, 2002 and at Maturity at the rate of 8.9% per annum, until the principal hereof is paid or made available for payment. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. The interest so payable, and punctually paid or duly provided for, on any Interest

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Payment Date will, as provided in such Indenture, be paid to the Person in whose name this 2008 Note (or one or more Predecessor 2008 Notes) is registered at the close of business on the Record Date for such interest, which shall be the 1st day of the calendar month in which such Interest Payment Date occurs (whether or not a Business Day) except that the Record Date for interest payable at Maturity shall be the date of Maturity. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Record Date and may either be paid to the Person in whose name this 2008 Note (or one or more Predecessor 2008 Notes) is registered at the close of business on a subsequent Record Date (which shall be not less than five Business Days prior to the date of payment of such defaulted interest) for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to Holders of 2008 Notes not less than 15 days preceding such subsequent Record Date.

Payment of the principal of (and premium, if any) and interest, if any, on this 2008 Note will be made at the office or agency of the Issuer maintained for that purpose in New York, New York (the "Place of Payment"), in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Issuer payment of interest (other than interest payable at Maturity) may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer to an account designated by such Person not later than ten days prior to the date of such payment.

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Reference is hereby made to the further provisions of this

2008 Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this 2008 Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed under its corporate seal. Dated:

CMS ENERGY CORPORATION

By _____
Its:

By _____
Its:

Attest:

SECTION 2.04. Form of Reverse of 2008 Note.

This 8.9% Senior Note Due 2008 is one of a duly authorized issue of securities of the Issuer (herein called the "2008 Notes"), issued and to be issued under an Indenture, dated as of September 15, 1992, as supplemented by certain supplemental indentures, including the

Twelfth Supplemental Indenture, dated as of July 2, 2001 (herein collectively referred to as the "Indenture"), between the Issuer and Bank One Trust Company, N.A., a national banking association (formerly known as NBD Bank, N.A), as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Issuer, the Trustee, and the Holders of the 2008 Notes and of the terms upon which the 2008 Notes are, and are to be, authenticated and delivered. This 2008 Note is one of the series designated on the face hereof, limited in aggregate principal amount to \$269,000,000.

The 2008 Notes are subject to redemption at the option of the

Issuer, in whole or in part, upon not more than 60 nor less than 30 days' notice as provided in the Indenture at any time and from time to time, at a redemption price equal to 100% of the principal amount of such 2008 Notes being redeemed plus the Applicable Premium, if any, thereon at the time of redemption, together with accrued interest, if any, thereon to the redemption date, but interest installments whose Stated Maturity is on or prior to such redemption date will be payable to the Holder of record at the close of business on the relevant Record Date referred to on the face hereof, all as provided in the Indenture. In no event will the redemption price ever be less than 100% of the principal amount of the 2008 Notes plus accrued interest to the redemption date.

The following definitions are used to determine the Applicable Premium:

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"Applicable Premium" means, with respect to a 2008 Note (or portion thereof) being redeemed at any time, the excess of (A) the present value at such time of the principal amount of such 2008 Note (or portion thereof) being redeemed plus all interest payments due on such 2008 Note (or portion thereof), which present value shall be computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (B) the principal amount of such 2008 Note (or portion thereof) being redeemed at such time. For purposes of this definition, the present values of the interest and principal payments will be determined in accordance with generally accepted principles of financial analysis.

"Treasury Rate" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two business days prior to the redemption date or, in the case of defeasance, prior to the date of deposit (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the then remaining average life to stated maturity of the 2008 Notes; provided, however, that if the average life to stated maturity of the 2008 Notes is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given.

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In the event of redemption of this 2008 Note in part only, a new 2008 Note for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

If a Change in Control occurs, the Issuer shall notify the Holder of this 2008 Note of such occurrence and such Holder shall have the right to require the Issuer to make a Required Repurchase of all or any part of this 2008 Note at a Change in Control Purchase Price equal to 101% of the principal amount of this 2008 Note to be so purchased as more fully provided in the Indenture and subject to the terms and conditions set forth therein. In the event of a Required Repurchase of only a portion of this 2008 Note, a new 2008 Note or Notes for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default with respect to this 2008 Note shall occur and be continuing, the principal of this 2008 Note may be declared due and payable in the manner and with the effect provided in the Indenture.

In any case where any Interest Payment Date, repurchase date, Stated Maturity or Maturity of any 2008 Note shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of the Indenture or this 2008 Note), payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, repurchase date or at the Stated Maturity or Maturity; provided that no interest shall accrue on the amount so payable for the period from and

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after such Interest Payment Date, redemption date, repurchase date, Stated Maturity or Maturity, as the case may be, to such Business Day.

The Indenture contains provisions for defeasance at any time of (i) the entire indebtedness of this 2008 Note or (ii) certain restrictive covenants and Events of Default with respect to this 2008 Note, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of all outstanding 2008 Notes under the Indenture at any time by the Issuer and the Trustee with the consent of the Holders of not less than a majority in principal amount of Securities of all series then outstanding and affected (voting as one class).

The Indenture permits the Holders of not less than a majority in principal amount of Securities of all series at the time outstanding with respect to which a default shall have occurred and be continuing (voting as one class) to waive on behalf of the Holders of all outstanding Securities of such series any past default by the Issuer, provided that no such waiver may be made with respect to a default in the payment of the principal of or the interest on any Security of such series or the default by the Issuer in respect of certain covenants or provisions of the Indenture, the modification or amendment of which must be consented to by the Holder of each outstanding Security of each series affected.

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As set forth in, and subject to, the provisions of the Indenture, no Holder of any 2008 Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default, the Holders of not less than 25% in principal amount of the outstanding Securities of each affected series (voting as one class) shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, and the Trustee shall not have received from the Holders of a majority in principal amount of the outstanding Securities of each affected series (voting as one class) a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days; provided, however, that such limitations do not apply to a suit instituted by the Holder hereof for the enforcement of payment of the principal of (and premium, if any) or any interest on this 2008 Note on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this 2008 Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on this 2008 Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this 2008 Note is registerable in the Security Register, upon surrender of this 2008 Note for registration of transfer at the office or agency of the Issuer in any place where the principal of and any premium and interest on this 2008 Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the

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Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new 2008 Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The 2008 Notes are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, 2008 Notes are exchangeable for a like aggregate principal amount of 2008 Notes and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer shall not be required to (a) issue, exchange or register the transfer of this 2008 Note for a period of 15 days next preceding the mailing of the notice of redemption of 2008 Notes or (b) exchange or register the transfer of any 2008 Note or any portion thereof selected, called or being called for redemption, except in the case of any 2008 Note to be redeemed in part, the portion thereof not so to be redeemed.

Prior to due presentment of this 2008 Note for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this

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2008 Note is registered as the owner hereof for all purposes, whether or not this 2008 Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this 2008 Note without definition which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

SECTION 2.05. Form of Trustee's Certificate of Authentication. The Trustee's certificates of authentication shall be in substantially the following form:

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

By _____

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Authorized Officer

ARTICLE III

CHANGE OF CONTROL

SECTION 3.01. Change of Control. Upon the occurrence of a Change in Control (the effective date of such Change in Control being the "Change in Control Date"), each Holder of a 2008 Note shall have the right to require that the Issuer repurchase (a "Required Repurchase") all or any part of such Holder's 2008 Note at a repurchase price payable in cash equal to 101% of the principal amount of such 2008 Note plus accrued interest to the Purchase Date (the "Change in Control Purchase Price").

(a) Within 30 days following the Change in Control Date, the Issuer shall mail a notice (the "Required Repurchase Notice") to each Holder with a copy to the Trustee stating:

(i) that a Change in Control has occurred and that such Holder has the right to require the Issuer to repurchase all or any part of such Holder's 2008 Notes at the Change of Control Purchase Price;

(ii) the Change of Control Purchase Price;

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(iii) the date on which any Required Repurchase shall be made (which shall be no earlier than 60 days nor later than 90 days from the date such notice is mailed) (the "Purchase Date");

(iv) the name and address of the Paying Agent; and

(v) the procedures that Holders must follow to cause the 2008 Notes to be repurchased, which shall be consistent with this Section and the Indenture.

(b) Holders electing to have a 2008 Note repurchased must deliver a written notice (the "Change in Control Purchase Notice") to the Paying Agent (initially the Trustee) at its corporate trust office in Chicago, Illinois, or any other office of the Paying Agent maintained for such purposes, not later than 30 days prior to the Purchase Date. The Change in Control Purchase Notice shall state: (i) the portion of the principal amount of any 2008 Notes to be repurchased, which portion must be \$1,000 or an integral multiple thereof; (ii) that such 2008 Notes are to be repurchased by the Issuer pursuant to the change in control provisions of the Indenture; and (iii) unless the 2008 Notes are represented by one or more Global Notes, the certificate numbers of the 2008 Notes to be delivered by the Holder thereof for repurchase by the Issuer. Any Change in Control Purchase Notice may be withdrawn by the Holder by a written notice of withdrawal delivered to the Paying Agent not later than three Business Days prior to the Purchase Date. The notice of withdrawal shall state the principal amount and, if applicable, the certificate numbers of the 2008 Notes as to which the withdrawal notice relates and the

principal amount of such 2008 Notes, if any, which remains subject to a Change in Control Purchase Notice.

If a 2008 Note is represented by a Global Note (as described in Article VI below), the Depository or its nominee will be the Holder of such 2008 Note and therefore will be the only entity that can elect a Required Repurchase of such 2008 Note. To obtain repayment pursuant to this Section 3.01 with respect to such 2008 Note, the beneficial owner of such 2008 Note must provide to the broker or other entity through which it holds the beneficial interest in such 2008 Note (i) the Change in Control Purchase Notice signed by such beneficial owner, and such signature must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States, and (ii) instructions to such broker or other entity to notify the Depository of such beneficial owner's desire to obtain repayment pursuant to this Section 3.01. Such broker or other entity will provide to the Paying Agent (i) the Change of Control Purchase Notice received from such beneficial owner and (ii) a certificate satisfactory to the Paying Agent from such broker or other entity stating that it represents such beneficial owner. Such broker or other entity will be responsible for disbursing

any payments it receives pursuant to this Section 3.01 to such beneficial owner.

(c) Payment of the Change of Control Purchase Price for a 2008 Note for which a Change in Control Purchase Notice has been delivered and not withdrawn is

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conditioned (except in the case of a 2008 Note represented by one or more Global Notes) upon delivery of such 2008 Note (together with necessary endorsements) to the Paying Agent at its office in Chicago, Illinois, or any other office of the Paying Agent maintained for such purpose, at any time (whether prior to, on or after the Purchase Date) after the delivery of such Change in Control Purchase Notice. Payment of the Change of Control Purchase Price for such 2008 Note will be made promptly following the later of the Purchase Date or the time of delivery of such 2008 Note. If the Paying Agent holds, in accordance with the terms of the Indenture, money sufficient to pay the Change in Control Purchase Price of such 2008 Note on the Business Day following the Purchase Date, then, on and after such date, interest will cease accruing, and all other rights of the Holder shall terminate (other than the right to receive the Change of Control Purchase Price upon delivery of the 2008 Note).

(d) The Issuer shall comply with the provisions of Regulation 14E and any other tender offer rules under the Exchange Act, which may then be applicable in connection with any offer by the Issuer to repurchase 2008 Notes at the option of Holders upon a Change in Control.

(e) No 2008 Note may be repurchased by the Issuer as a result of a Change in Control if there has occurred and is continuing an Event of Default (other than a default in the Payment of the Change in Control Purchase Price with respect to the 2008 Notes).

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ARTICLE IV

ADDITIONAL COVENANTS OF THE ISSUER WITH RESPECT TO THE 2008 NOTES

SECTION 4.01. Existence. So long as any of the 2008 Notes are outstanding, subject to Article 9 of the Original Indenture, the Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

SECTION IV.02. Limitation on Certain Liens. (a) So long as any of the 2008 Notes are outstanding, the Issuer shall not create, incur, assume or suffer to exist any lien, mortgage, pledge, security interest, conditional sale, title retention agreement or other charge or encumbrance of any kind, or any other type of arrangement intended or having the effect of conferring upon a creditor of the Issuer or any Subsidiary a preferential interest (hereinafter in this Section referred to as a "Lien") upon or with respect to any of its property of any character, including without limitation any shares of Capital Stock of Consumers or Enterprises, without making effective provision whereby the 2008 Notes shall (so long as any such other creditor shall be so secured) be equally and ratably secured (along with any other creditor similarly entitled to be secured) by a direct Lien on all property subject to such Lien, provided, however, that the foregoing restrictions shall not apply to:

(i) Liens for taxes, assessments or governmental charges or levies to the extent not past due;

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(ii) pledges or deposits to secure (a) obligations under workmen's compensation laws or similar legislation, (b) statutory obligations of the Issuer or (c) Support Obligations;

(iii) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations which are not overdue or which have been fully bonded and are being contested in good faith;

(iv) purchase money Liens upon or in property acquired and held by the Issuer in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of any such property to be subject to such Liens, or Liens existing on any such property at the time of acquisition, or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, provided that no such Lien shall extend to or cover any property other than the property being acquired and no such extension, renewal or replacement shall extend to or cover property not theretofore subject to the Lien being extended, renewed or replaced, and provided, further, that the aggregate principal amount of the Indebtedness at any one time outstanding secured by Liens permitted by this clause (iv) shall not exceed \$10,000,000; and

(v) Liens not otherwise permitted by clauses (i) through (iv) of this Section securing Indebtedness of the Issuer; provided that on the date such

Liens are created, and after giving effect to such Indebtedness, the aggregate principal amount at maturity of all of the secured

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Indebtedness of the Issuer at such date shall not exceed 5% of Consolidated Net Tangible Assets at such date.

SECTION 4.03. Limitation on Consolidation, Merger, Sale or Conveyance. So long as any of the 2008 Notes are outstanding and until the 2008 Notes are rated BBB- or above (or an equivalent rating) by Standard & Poor's and one Other Rating Agency (or, if Standard & Poor's shall change its rating system, an equivalent of such rating then employed by such organization), at which time the Issuer will be permanently released from the provisions of this Section 4.03, and subject also to Article Nine of the Indenture, the Issuer shall not consolidate with or merge into any other Person or sell, lease or convey the property of the Issuer in the entirety or substantially as an entirety, unless (i) immediately after giving effect to such transaction the Consolidated Net Worth of the surviving entity is at least equal to the Consolidated Net Worth of the Issuer immediately prior to the transaction, and (ii) after giving effect to such transaction, the surviving entity would be entitled to incur at least one dollar of additional Indebtedness (other than revolving Indebtedness to banks) without violation of the limitations in Section 4.04 hereof.

SECTION 4.04. Limitation on Consolidated Indebtedness. (a) So long as any of the 2008 Notes are outstanding and until the 2008 Notes are rated BBB- or above (or an equivalent rating) by Standard & Poor's and one Other Rating Agency (or, if Standard & Poor's shall change its rating system, an equivalent of such rating then employed by such organization), at which time the Issuer will be permanently released from the provisions of this Section 4.04, the Issuer shall not, and shall not permit any Consolidated Subsidiary of the Issuer to, issue,

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create, assume, guarantee, incur or otherwise become liable for (collectively, "issue"), directly or indirectly, any Indebtedness unless the Consolidated Coverage Ratio of the Issuer and its Consolidated Subsidiaries for the four consecutive fiscal quarters immediately preceding the issuance of such

Indebtedness (as shown by a pro forma consolidated income statement of the Issuer and its Consolidated Subsidiaries for the four most recent fiscal quarters ending at least 30 days prior to the issuance of such Indebtedness after giving effect to (i) the issuance of such Indebtedness and (if applicable) the application of the net proceeds thereof to refinance other Indebtedness as if such Indebtedness was issued at the beginning of the period, (ii) the issuance and retirement of any other Indebtedness since the first day of the period as if such Indebtedness was issued or retired at the beginning of the period and (iii) the acquisition of any company or business acquired by the Issuer or any Subsidiary since the first day of the period (including giving effect to the pro forma historical earnings of such company or business), including any acquisition which will be consummated contemporaneously with the issuance of such Indebtedness, as if in each case such acquisition occurred at the beginning of the period) exceeds a ratio of 1.7 to 1.0.

(b) Notwithstanding the foregoing paragraph, the Issuer or any Restricted Subsidiary may issue, directly or indirectly, the following Indebtedness:

(1) Indebtedness of the Issuer to banks not to exceed \$1,000,000,000 in aggregate outstanding principal amount at any time;

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(2) Indebtedness (other than Indebtedness described in clause (1) of this Subsection) outstanding on the date of this Seventh Supplemental Indenture, as set forth on Schedule 4.04(b)(2) attached hereto and made a part hereof, and Indebtedness issued in exchange for, or the proceeds of which are used to refund or refinance, any Indebtedness permitted by this clause (2); provided, however, that (i) the principal amount (or accreted value in the case of Indebtedness issued at a discount) of the Indebtedness so issued shall not exceed the principal amount (or accreted value in the case of Indebtedness issued at a discount) of, premium, if any, and accrued but unpaid interest on, the Indebtedness so exchanged, refunded or refinanced and (ii) the Indebtedness so issued (A) shall not mature prior to the stated maturity of the Indebtedness so exchanged, refunded or refinanced, (B) shall have an Average Life equal to or greater than the remaining Average Life of the Indebtedness so exchanged, refunded or refinanced and (C) if the Indebtedness to be exchanged, refunded or refinanced is subordinated to the 2008 Notes, the Indebtedness is subordinated to the 2008 Notes in right of payment;

(3) Indebtedness of the Issuer owed to and held by a Subsidiary and Indebtedness of a Subsidiary owed to and held by the Issuer; provided,

however, that, in the case of Indebtedness of the Issuer owed to and held by a Subsidiary, (i) any subsequent issuance or transfer of any Capital Stock that results in any such Subsidiary ceasing to be a Subsidiary or (ii) any transfer of such Indebtedness (except to the Issuer or a Subsidiary) shall be deemed for the purposes of this Subsection to constitute the issuance of such Indebtedness by the Issuer;

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(4) Indebtedness of the Issuer issued in exchange for, or the proceeds of which are used to refund or refinance, Indebtedness of the Issuer issued in accordance with Subsection (a) of this Section, provided that (i) the principal amount (or accreted value in the case of Indebtedness issued at a discount) of the Indebtedness so issued shall not exceed the principal amount (or accreted value in the case of Indebtedness issued at a discount) of, premium, if any, and accrued but unpaid interest on, the Indebtedness so exchanged, refunded or refinanced and (ii) the Indebtedness so issued (A) shall not mature prior to the stated maturity of the Indebtedness so exchanged, refunded or refinanced, (B) shall have an Average Life equal to or greater than the remaining Average Life of the Indebtedness so exchanged, refunded or refinanced and (C) if the Indebtedness to be exchanged, refunded or refinanced is subordinated to the 2008 Notes, the Indebtedness so issued is subordinated to the 2008 Notes in right of payment;

(5) Indebtedness of a Restricted Subsidiary issued in exchange for, or the proceeds of which are used to refund or refinance, Indebtedness of a Restricted Subsidiary issued in accordance with Subsection (a) of this Section, provided that (i) the principal amount (or accreted value in the case of Indebtedness issued at a discount) of the Indebtedness so issued shall not exceed the principal amount (or accreted value in the case of Indebtedness issued at a discount) of, premium, if any, and accrued but unpaid interest on, the Indebtedness so exchanged, refunded or refinanced and (ii) the Indebtedness so issued (A) shall not mature prior to the stated maturity of the Indebtedness so exchanged, refunded or refinanced and (B) shall have an Average Life

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equal to or greater than the remaining Average Life of the Indebtedness so

exchanged, refunded or refinanced.

(6) Indebtedness of a Consolidated Subsidiary issued to acquire, develop, improve, construct or to provide working capital for a gas, oil or electric generation, exploration, production, distribution, storage or transmission facility and related assets, provided that such Indebtedness is without recourse to any assets of the Issuer, Consumers, Enterprises, CMS Generation, CMS Oil & Gas, CMS Electric and Gas, CMS Gas Transmission, CMS MST or any other Designated Enterprises Subsidiary;

(7) Indebtedness of a Person existing at the time at which such person became a Subsidiary and not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary. Such Indebtedness shall be deemed to be incurred on the date the acquired Person becomes a Consolidated Subsidiary;

(8) Indebtedness issued by the Issuer not to exceed \$150,000,000 in aggregate principal amount at any time; and

(9) Indebtedness of a Consolidated Subsidiary in respect of rate reduction bonds issued to recover electric restructuring transition costs of Consumers provided that such Indebtedness is without recourse to the assets of Consumers.

SECTION 4.05. Limitation on Restricted Payments. (a) So long as the 2008 Notes are outstanding and until the 2008 Notes are rated BBB- or above (or an equivalent rating) by Standard & Poor's and one Other Rating Agency (or, if Standard & Poor's shall change its rating system, an equivalent of such rating then employed by such organization), at which time the Issuer will be permanently released from the provisions of this Section 4.05, the Issuer shall not, and shall not permit any Restricted Subsidiary of the Issuer, directly or indirectly, to (i) declare or pay any dividend or make any distribution on the Capital Stock of the Issuer to the direct or indirect holders of its Capital Stock (except dividends or distributions payable solely in its Non-Convertible Capital Stock or in options, warrants or other rights to purchase such Non-Convertible Capital Stock and except dividends or distributions payable to the Issuer or a Subsidiary), (ii) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Issuer, or (iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity or scheduled repayment thereof, any Subordinated Indebtedness (any such dividend, distribution, purchase, redemption, repurchase, defeasing, other acquisition or retirement being hereinafter referred to as a "Restricted

Payment") if at the time the Issuer or such Subsidiary makes such Restricted Payment:

(1) an Event of Default, or an event that with the lapse of time or the giving of notice or both would constitute an Event of Default, shall have occurred and be continuing (or would result therefrom); or

(2) the aggregate amount of such Restricted Payment and all other Restricted Payments made since May 6, 1997 would exceed the sum of:

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(A) \$100,000,000;

(B) 100% of Consolidated Net Income, accrued during the period (treated as one accounting period) from May 6, 1997 to the end of the most recent fiscal quarter ending at least 45 days prior to the date of such Restricted Payment (or, in case such sum shall be a deficit, minus 100% of the deficit); and

(C) the aggregate Net Cash Proceeds received by the Issuer from the issue or sale of or contribution with respect to its Capital Stock subsequent to May 6, 1997.

For the purpose of determining the amount of any Restricted Payment not in the form of cash, the amount shall be the fair value of such Restricted Payment as determined in good faith by the Board of Directors, provided that if the value of the non-cash portion of such Restricted Payment as determined by the Board of Directors is in excess of \$25 million, such value shall be based on the opinion from a nationally recognized firm experienced in the appraisal of similar types of transactions.

(b) The provisions of Section 4.05(a) shall not prohibit:

(i) any purchase or redemption of Capital Stock of the Issuer made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer (other than Redeemable Stock or Exchangeable

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Stock); provided, however, that such purchase or redemption shall be excluded from the calculation of the amount of Restricted Payments;

(ii) dividends or other distributions paid in respect of any class of the Issuer's Capital Stock issued in respect of the acquisition of any business or assets by the Issuer or a Restricted Subsidiary if the dividends or other distributions with respect to such Capital Stock are payable solely from the net earnings of such business or assets;

(iii) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this Section; provided, however, that at the time of payment of such dividend, no Event of Default shall have occurred and be continuing (or result therefrom), and provided further, however, that such dividends shall be included (without duplication) in the calculation of the amount of Restricted Payments; or

(iv) payments pursuant to the Tax-Sharing Agreement.

SECTION 4.06. Limitation on Asset Sales. So long as any of the 2008 Notes are outstanding, the Issuer may not sell, transfer or otherwise dispose of any property or assets of the Issuer, including Capital Stock of any Consolidated Subsidiary, in one transaction or a series of transactions in an amount which exceeds \$50,000,000 (an "Asset Sale") unless the Issuer shall (i) apply an amount equal to such excess Net Cash Proceeds to permanently repay

Indebtedness of a Consolidated Subsidiary or Indebtedness of the Issuer which is pari passu with the 2008 Notes or (ii) invest an equal amount not so used in clause (i) in property or assets of related business within 24 months after the date of the Asset Sale (the "Application Period") or (iii) apply such excess Net Cash Proceeds not so used in (i) or (ii) (the "Excess Proceeds") to make an offer, within 30 days after the end of the Application Period, to purchase from the Holders on a pro rata basis an aggregate principal amount of 2008 Notes on the relevant purchase date equal to the Excess Proceeds on such date, at a purchase price equal to 100% of the principal amount of the 2008 Notes on the relevant purchase date and unpaid interest, if any, to the purchase date. The Issuer shall only be required to make an offer to purchase 2008 Notes from Holders pursuant to subsection (iii) if the Excess Proceeds equal or exceed \$25,000,000 at any given time.

The procedures to be followed by the Issuer in making an offer to purchase 2008 Notes from the Holders with Excess Proceeds, and for the acceptance of such offer by the Holders, shall be the same as those set forth in Section 3.01 herein with respect to a Change in Control.

ARTICLE V

ADDITIONAL EVENTS OF DEFAULT
WITH RESPECT TO THE 2008 NOTES

SECTION 5.01. Definition. All of the events specified in clauses (a) through (h) of Section 5.1 of the Original Indenture shall be "Events of Default" with respect to the 2008 Notes.

SECTION 5.02. Amendments to Section 5.1 of the Original Indenture. Solely for the purpose of determining Events of Default with respect to the 2008 Notes, paragraphs (e), (f) and (h) of Section 5.1 of the Original Indenture shall be amended such that each and every reference therein to the Issuer shall be deemed to mean either the Issuer or Consumers.

ARTICLE VI

GLOBAL NOTES

The 2008 Notes will be issued initially in the form of Global Notes. "Global Note" means a registered 2008 Note evidencing one or more 2008 Notes issued to a depositary (the "Depositary") or its nominee, in accordance with this Article and bearing the legend prescribed in this Article. One or more Global Notes will represent all 2008 Notes. The Issuer shall execute and the Trustee shall, in accordance with this Article and the Issuer Order with respect to the 2008 Notes, authenticate and deliver one or more Global Notes in temporary or permanent form that (i) shall represent and shall be denominated in an aggregate amount equal to the aggregate principal amount of the 2008 Notes to be represented by such Global Note or Notes, (ii) shall be registered in the name of the Depositary for such Global Note or Notes or the nominee of such Depositary, (iii) shall be delivered by the Trustee to such Depositary or

pursuant to such Depositary's instructions and (iv) shall bear a legend substantially to the following effect: "Unless the Global 2008 Note is presented by an authorized representative of the Depositary to the Issuer or its agent for registration of transfer, exchange or payment, and any 2008 Note issued is registered in the name of a nominee of the Depositary, or in such other name as is requested by an authorized representative of the Depositary (and any payment

is made to the nominee of the Depository, or to such other entity as is requested by an authorized representative of the Depository), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof has an interest herein."

Notwithstanding Section 2.8 of the Indenture, unless and until it is exchanged in whole or in part for 2008 Notes in definitive form, a Global Note representing one or more 2008 Notes may not be transferred except as a whole by the Depository, to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor Depository for 2008 Notes or a nominee of such successor Depository.

If at any time the Depository for the 2008 Notes is unwilling or unable to continue as Depository for the 2008 Notes, the Issuer shall appoint a successor Depository with respect to the 2008 Notes. If a successor Depository for the 2008 Notes is not appointed by the Issuer by the earlier of (i) 90 days from the date the Issuer receives notice to the effect that the Depository is unwilling or unable to act, or the Issuer determines that the Depository is unable to act or (ii) the effectiveness of the Depository's resignation or failure to fulfill its duties as Depository, the Issuer will execute, and the Trustee, upon receipt of a Issuer Order for the authentication and

delivery of definitive 2008 Notes, will authenticate and deliver 2008 Notes in definitive form in an aggregate principal amount equal to the principal amount of the Global Note or Notes representing such 2008 Notes in exchange for such Global Note or Notes.

The Issuer may at any time and in its sole discretion determine that the 2008 Notes issued in the form of one or more Global Notes shall no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Trustee, upon receipt of a Issuer Order for the authentication and delivery of definitive 2008 Notes, will authenticate and deliver 2008 Notes in definitive form in an aggregate principal amount equal to the principal amount of the Global Note or Notes representing such 2008 Notes in exchange for such Global Note or Notes.

The Depository for such 2008 Notes may surrender a Global Note or Notes for such 2008 Notes in exchange in whole or in part for 2008 Notes in definitive form on such terms as are acceptable to the Issuer and such Depository. Thereupon, the Issuer shall execute, and the Trustee shall authenticate and deliver, without service charge:

- (i) to each Person specified by such Depository a new 2008 Note or

Notes, of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Global Note; and

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(ii) to such Depositary a new Global Note in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Note and the aggregate principal amount of 2008 Notes in definitive form delivered to Holders thereof.

In any exchange provided for in this Article, the Issuer will execute and the Trustee will authenticate and deliver 2008 Notes in definitive registered form in authorized denominations.

Upon the exchange of a Global Note for 2008 Notes in definitive form, such Global Note shall be cancelled by the Trustee. 2008 Notes in definitive form issued in exchange for a Global Note pursuant to this Article shall be registered in such names and in such authorized denominations as the Depositary for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee or Security Registrar. The Trustee shall deliver such 2008 Notes to the persons in whose names such 2008 Notes are so registered.

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ARTICLE VII

DEFEASANCE

All of the provisions of Article Ten of the Original Indenture shall be applicable to the 2008 Notes. Upon satisfaction by the Issuer of the requirements of Section 10.1(c) of the Indenture, in connection with any covenant defeasance (as provided in Section 10.1(c) of the Indenture), the Issuer shall be released from its obligations under Article Nine of the Original Indenture and under Articles III and IV of this Twelfth Supplemental Indenture with respect to the 2008 Notes.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

This Twelfth Supplemental Indenture is a supplement to the Original Indenture. As supplemented by this Twelfth Supplemental Indenture, the Original

Indenture is in all respects ratified, approved and confirmed, and the Original Indenture and this Twelfth Supplemental Indenture shall together constitute one and the same instrument.

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TESTIMONIUM

This Twelfth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Twelfth Supplemental Indenture to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first written above.

CMS ENERGY CORPORATION

/s/ Alan M. Wright

Alan M. Wright
Executive Vice President,
Chief Financial Officer and Chief
Administrative Officer

Attest: /s/ Adam Norlander

BANK ONE TRUST COMPANY, N.A.,
as Trustee

/s/ Ernest J. Peck

Ernest J. Peck

Attest: /s/ J. Michael Banas

, 2001

[Name and Address of Purchaser]

Dear Sirs:

This letter sets forth the agreement of (the "Purchaser") and (the "Company") regarding the purchase by the Purchaser from the Company of the Company's common stock, par value \$ per share (the "Common Stock") on the date hereof. The parties agree as follows:

1. This Agreement relates to the purchase by the Purchaser of shares of the Company's Common Stock (the "Shares") for an aggregate purchase price of \$, which purchase is being settled by the parties on the date hereof.
2. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of . The Company has the requisite corporate power and authority to enter into and perform this Agreement and to issue and sell the Shares in accordance with the terms hereof. The execution, delivery and performance of this Agreement by the Company and the consummation by it of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action. A copy of the duly executed resolutions of the Board of Directors of the Company is attached hereto as Exhibit "B". This Agreement has been duly executed and delivered on behalf of the Company by a duly authorized officer. This Agreement constitutes, or shall constitute when executed and delivered by both parties, a valid and binding obligation of the Company enforceable against the Company in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of creditors' rights and remedies or by other equitable principles of general application.
3. The Shares to be issued under this Agreement have been duly authorized by all necessary corporate action and, when paid for and issued in accordance with the terms hereof, the Shares shall be validly issued and outstanding, fully paid and nonassessable, and the Purchaser shall be entitled to all rights accorded to a holder of the Common Stock.
4. The Company represents and warrants that (a) the Shares issued by the Company to the Purchaser have been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a registration statement on Form S-3, Commission File Number 333- (the "Registration Statement"); and (b) the Company has filed a prospectus supplement to the Registration Statement (the

"Prospectus Supplement") in connection with the transaction contemplated by this agreement. A copy of the Prospectus Supplement to be filed with the Securities and Exchange Commission, is annexed hereto as Exhibit "C".

5. The Company shall promptly take all action necessary on its part to list the Shares for trading on the .

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6. The Company will continue to take all action necessary to continue the listing or trading of its Common Stock on the or any relevant market or system, if applicable, and will comply in all material respects with the Company's reporting, listing (including, without limitation, the listing of the Shares purchased by the Purchaser) or other obligations under the rules of the or any relevant market or system. The Company shall comply with all applicable laws, rules, regulations and orders.

7. The Company has made available to the Purchaser true and complete copies of the filings filed with the Securities and Exchange Commission (the "Commission") since , 2001 (collectively, the "Commission Filings"). The Company has not provided to the Purchaser any information which, according to applicable law, rule or regulation, should have been disclosed publicly by the Company but which has not been so disclosed, other than with respect to the transactions contemplated by this Agreement. As of their respective dates, each of the Commission Filings complied in all material respects with the requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the Commission promulgated thereunder, and, as of their respective dates, none of the Commission Filings referred to above contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the Commission Filings comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission or other applicable rules and regulations with respect thereto. No event or circumstance has occurred or exists with respect to the Company or its subsidiaries or their respective businesses, properties, prospects, operations or financial condition, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed.

8. The Company will promptly notify the Purchaser of (a) its receipt of notice of the issuance by the Commission of any stop order or other suspension of the effectiveness of the Registration Statement and (b) its becoming aware of the happening of any event as a result of which the prospectus included in the Registration Statement includes an untrue statement of a material fact or omits to state a material fact required to be stated therein, or which makes it

necessary to change the Registration Statement in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

9. The Company may not issue a press release or otherwise make a public statement or announcement with respect to the completion of the transaction contemplated hereby without the prior consent of the Purchaser. Notwithstanding the foregoing, in the event the Company is required by law or regulation to issue such a press release or to make such a public statement or announcement, the Company shall consult the Purchaser on the form and substance of such press release, public statement or announcement.

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10. The parties hereto will indemnify each other as provided in Exhibit "A" attached hereto against liability with respect to the Registration Statement (including, without limitation, the Prospectus Supplement) relating to the Shares which were sold by the Company to the Purchaser. For purposes of said Exhibit A, capitalized terms used therein without definition shall have the same meanings therein as are ascribed to said terms in this Agreement.

11. This Agreement and the legal relations between the parties hereto with respect to any purchase of Common Stock by the Purchaser hereunder shall be governed and construed in accordance with the substantive laws of the State of New York without giving effect to the conflicts of law principles thereunder.

12. The Purchaser is a _____ duly organized, validly existing and in good standing under the laws of the _____. The Purchaser has the requisite corporate power and authority to enter into and perform this Agreement and to purchase the Shares in accordance with the terms hereof. The execution, delivery and performance of this Agreement by the Purchaser and the consummation by it of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action. This Agreement has been duly executed and delivered on behalf of the Purchaser by a duly authorized officer. This Agreement constitutes, or shall constitute when executed and delivered on behalf of the Purchaser by a duly authorized officer. This Agreement constitutes, or shall constitute when executed and delivered by both parties, a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies or by other principles or general application.

13. The Purchaser represents and warrants that all information contained in the written materials furnished by the Purchaser to the Company for use in the Registration Statement and the prospectus included in the Registration

Statement, as supplemented by a Prospectus Supplement, is true and correct in all material respects. The Purchaser shall comply with all applicable laws, rules, regulations and orders.

Delivery of an executed copy of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed copy of this Agreement and shall be effective and enforceable as the original.

Please execute a copy of this letter which, when executed by the Purchaser, will constitute an Agreement between the Company and the Purchaser.

Very truly yours,

[COMPANY]

By:

Name:

Title:

AGREED TO:

PURCHASER:

[NAME OF PURCHASER]

By:

Name:

Title:

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EXHIBIT 'A'

TERMS OF INDEMNIFICATION AND CONTRIBUTION

1. General Indemnity.

(a) Indemnification by the Company. The Company agrees, to the extent permitted by law, to indemnify and hold harmless the Purchaser and each person, if any, who controls any such Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or otherwise, and to reimburse the Purchaser and such controlling person or persons, if any, for any legal or other expenses incurred by them in connection with defending any action, suit or proceeding (including governmental investigations) as provided in Section 1(c) hereof, insofar as such losses, claims, damages, liabilities or actions, suits or proceedings (including governmental investigations) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any preliminary prospectus as of its issue date (if used prior to the date of the Prospectus), the Prospectus, or, if the Prospectus shall be amended or supplemented, in the Prospectus as so amended or supplemented, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission which was made in such preliminary Prospectus, Registration Statement or Prospectus, or in the Prospectus as so amended or supplemented, in reliance upon and in conformity with information furnished in writing to the Company by, or through the Purchaser expressly for use therein, and except that this indemnity shall not inure to the benefit of the Purchaser (or any person controlling such Purchaser) on account of any losses, claims, damages, liabilities or actions, suits or proceedings arising from the sale of the Common Stock to any person if a copy of the Prospectus, as the same may then be supplemented or amended (excluding, however, any document then incorporated or deemed incorporated therein by reference), was not sent or given by or on behalf of the Purchaser to such person (i) with or prior to the written confirmation of sale involved or (ii) as soon as available after such written confirmation, relating to an event occurring prior to the payment for and delivery to such person of the Common Stock involved in such sale, and the omission or alleged omission or untrue statement or alleged untrue statement was corrected in the Prospectus as supplemented or amended at such time.

The Company's indemnity agreement contained in this Section 1(a), and the covenants, representations and warranties of the Company contained in this Agreement, shall remain in full force and effect regardless of any investigation made by or on behalf of any person, and shall survive the delivery of and payment for the Common Stock hereunder, and the indemnity agreement contained in this Section 1 shall survive any termination of this Agreement. The liabilities of the Company in this Section 1(a) are in addition to any other liabilities of the Company under this Agreement or otherwise.

(b) Indemnification by the Purchaser. The Purchaser agrees, to the extent permitted by law, to indemnify, hold harmless and reimburse the Company, its directors and such of its officers as shall have signed the Registration Statement, and each person, if any, who controls the Company within the meaning

of Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent and upon the same terms as the indemnity agreement of the Company set forth in Section 1(a) hereof, but only with respect to alleged untrue statements or omissions made in the Registration Statement or in the

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Prospectus, as amended or supplemented, (if applicable) in reliance upon and in conformity with information furnished in writing to the Company by the Purchaser expressly for use therein.

The indemnity agreement on the part of the Purchaser contained in this Section 1(b) and the representations and warranties of the Purchaser contained in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any other person, and shall survive the delivery of and payment for the Common Stock hereunder, and the indemnity agreement contained in this Section 1(b) shall survive any termination of this Agreement. The liabilities of the Purchaser in Section 1(b) are in addition to any other liabilities of the Purchaser under this Agreement or otherwise.

(c) Indemnification Procedures. If a claim is made or an action, suit or proceeding (including governmental investigations) is commenced or threatened against any person as to which indemnity may be sought under Section 1(a) or 1(b), such person (the "Indemnified Person") shall notify the person against whom such indemnity may be sought (the "Indemnifying Person") promptly after any assertion of such claim threatening to institute an action, suit or proceeding or if such an action, suit or proceeding is commenced against such Indemnified Person, promptly after such Indemnified Person shall have been served with a summons or other first legal process, giving information as to the nature and basis of the claim. Failure to so notify the Indemnifying Person shall not, however, relieve the Indemnifying Person from any liability which it may have on account of the indemnity under Section 1(a) or 1(b) if the Indemnifying Person has not been prejudiced in any material respect by such failure. Subject to the immediately succeeding sentence, the Indemnifying Person shall assume the defense of any such litigation or proceeding, including the employment of counsel and the payment of all expenses, with such counsel being designated, subject to the immediately succeeding sentence, in writing by the Purchaser in the case of parties indemnified pursuant to Section 1(b) and by the Company in the case of parties indemnified pursuant to Section 1(a). Any Indemnified Person shall have the right to participate in such litigation or proceeding and to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include (x) the Indemnifying Person and (y) the Indemnified

Person and, in the written opinion of counsel to such Indemnified Person, representation of both parties by the same counsel would be inappropriate due to actual or likely conflicts of interest between them, in either of which cases the reasonable fees and expenses of counsel (including disbursements) for such Indemnified Person shall be reimbursed by the Indemnifying Person to the Indemnified Person. If there is a conflict as described in clause (ii) above, and the Indemnified Persons have participated in the litigation or proceeding utilizing separate counsel whose fees and expenses have been reimbursed by the Indemnifying Person and the Indemnified Persons, or any of them, are found to be solely liable, such Indemnified Persons shall repay to the Indemnifying Person such fees and expenses of such separate counsel as the Indemnifying Person shall have reimbursed. It is understood that the Indemnifying Person shall not, in connection with any litigation or proceeding or related litigation or proceedings in the same jurisdiction as to which the Indemnified Persons are entitled to such separate representation, be liable under this Agreement for the reasonable fees and out-of-pocket expenses of more than one separate firm (together with not more than one appropriate local counsel) for all such Indemnified Persons. Subject to the next paragraph, all such fees and expenses shall be reimbursed by payment to the Indemnified Persons of such reasonable fees and expenses of counsel promptly after payment thereof by the Indemnified Persons.

In furtherance of the requirement above that fees and expenses of any separate counsel of the Indemnified Persons shall be reasonable, the Purchaser and the Company agree that the Indemnifying Person's obligations to pay such fees and expenses shall be conditioned upon the following:

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(1) in case separate counsel is proposed to be retained by the Indemnified Persons pursuant to clause (ii) of the preceding paragraph, the Indemnified Persons shall in good faith fully consult with the Indemnifying Person in advance as to the selection of such counsel; and

(2) reimbursable fees and expenses of such separate counsel shall be detailed and supported in a manner reasonably acceptable to the Indemnifying Person (but nothing herein shall be deemed to require the furnishing to the Indemnifying Person of any information, including without limitation, computer print-outs of lawyers' daily time entries, to the extent that, in the judgment of such counsel, furnishing such information might reasonably be expected to result in a waiver of any attorney-client privilege); and

(3) the Company and the Purchaser shall cooperate in monitoring and controlling the fees and expenses of separate counsel for Indemnified Persons for which the Indemnifying Person is liable hereunder, and the Indemnified Person shall use every reasonable effort to cause such separate

counsel to minimize the duplication of activities as between themselves and counsel to the Indemnifying Person.

The Indemnifying Person shall not be liable for any settlement of any litigation or proceeding effected without the written consent of the Indemnifying Person, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees, subject to the provisions of this Section 1, to indemnify the Indemnified Person from and against any loss, damage, liability or expenses by reason of such settlement or judgment. The Indemnifying Person shall not, without the prior written consent of the Indemnified Persons, effect any settlement of any pending or threatened litigation, proceeding or claim in respect of which indemnity has been properly sought by the Indemnified Persons hereunder, unless such settlement includes an unconditional release by the claimant of all Indemnified Persons from all liability with respect to claims which are the subject matter of such litigation, proceeding or claim.

2. Contribution. If the indemnification provided for in Section 1 above is unavailable to or insufficient to hold harmless an Indemnified Person under such Section in respect of any losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental investigations) in respect thereof) referred to therein, then each Indemnifying Person under Section 1 shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Person on the one hand and the Indemnified Person on the other from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each Indemnifying Person shall contribute to such amount paid or payable by such Indemnified Person in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of each Indemnifying Person, if any, on the one hand and the Indemnified Person on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or action, suits or proceedings (including governmental investigations) in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Purchaser on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the total discounts received by the Purchaser, in each case as set forth in the table on the cover page of the Prospectus, bear to the aggregate public offering price of the Securities. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Purchaser on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or

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prevent such statement or omission. The Company and the Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 2 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 2. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages or liabilities (or actions, suits or proceedings (including governmental proceedings) in respect thereof) referred to above in this Section 2 shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action, suits or proceedings (including governmental proceedings) or claim, provided that the provisions of Section 1 have been complied with (in all material respects) in respect of any separate counsel for such Indemnified Person. Notwithstanding the provisions of this Section 2, the Purchaser shall not be required to contribute any amount greater than the excess of (i) the total price at which the Common Stock purchased by it and distributed to the public were sold to the public over (ii) the amount of any damages which such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The agreement with respect to contribution contained in Section 2 hereof shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or the Purchaser, and shall survive delivery of and payment for the Common Stock hereunder and any termination of this Agreement.

\$450,000,000

CREDIT AGREEMENT

Dated as of June 18, 2001,

Among

CMS ENERGY CORPORATION
as Borrower

and

THE BANKS NAMED HEREIN
as Banks

and

BARCLAYS BANK PLC
as Administrative Agent and Collateral Agent

and

BANK OF AMERICA, N.A.
and
THE CHASE MANHATTAN BANK
as Co-Syndication Agents

and

CITIBANK, N.A.
and
UNION BANK OF CALIFORNIA
as Documentation Agents

BARCLAYS CAPITAL
as Advisor, Arranger and Book Manager

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CREDIT AGREEMENT

Dated as of June 18, 2001

THIS CREDIT AGREEMENT is made by and among:

- (i) CMS Energy Corporation, a Michigan corporation (the "BORROWER"),
- (ii) the banks (the "BANKS") listed on the signature pages hereof and the other Lenders (as hereinafter defined) from time to time party hereto,
- (iii) Barclays Bank PLC ("BARCLAYS"), as administrative agent (the "ADMINISTRATIVE AGENT") and collateral agent (the "COLLATERAL AGENT") for the Lenders hereunder, and
- (iv) Bank of America, N.A. and The Chase Manhattan Bank, as co-syndication agents (the "CO-SYNDICATION AGENTS"), and Citibank, N.A. and Union Bank of California, as documentation agents (the "DOCUMENTATION AGENTS").

PRELIMINARY STATEMENTS

The Borrower has requested the Banks to provide the credit facility hereinafter described in the amount and on the terms and conditions set forth herein. The Banks have so agreed on the terms and conditions set forth herein, and the Agents have agreed to act as agents for the Lenders on such terms and conditions.

The parties hereto acknowledge and agree that neither Consumers (as hereinafter defined) nor any of its Subsidiaries (as hereinafter defined) will be a party to, or will in any way be bound by any provision of, this Agreement or any other Loan Document (as hereinafter defined), and that no Loan Document will be enforceable against Consumers or any of its Subsidiaries or their respective assets.

Accordingly, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"ABR LOAN" means a Loan that bears interest as provided in Section 3.05(b) (i).

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"ADJUSTED LIBO RATE" means, for each Interest Period for each Eurodollar Rate Loan made as part of the same Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"AFFILIATE" means, with respect to any Person, any other Person directly or indirectly controlling (including but not limited to all directors and officers of such Person), controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control another entity if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities, by contract, or otherwise.

"AGENT" means, as the context may require, the Administrative Agent, the Collateral Agent, any Co-Syndication Agent or any Documentation Agent, and "AGENTS" means any or all of the foregoing.

"ALTERNATE BASE RATE" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"APPLICABLE LENDING OFFICE" means, with respect to each Lender, (i) such Lender's Domestic Lending Office, in the case of an ABR Loan, and (ii) such Lender's Eurodollar Lending Office, in the case of a Eurodollar Rate Loan.

"APPLICABLE MARGIN" means, on any date of determination with respect to any Loans, the per annum rate specified in the table below for such Loans, taking into account the Rating Level in effect on such date of determination:

<TABLE>
<CAPTION>

	Rating Level I	Rating Level II	Rating Level III	Rating Level IV	Rating Level V
<S>	<C>	<C>	<C>	<C>	<C>
ABR Loans	0.375%	0.625%	0.75%	0.875%	1.00%
Eurodollar Rate Loans	1.375%	1.625%	1.75%	1.875%	2.00%

</TABLE>

The Applicable Margins shall be increased or decreased in accordance with this definition upon any change in the applicable ratings of the

Index Debt, and such increased or decreased Applicable Margins shall be effective from the date of announcement of any such new ratings. The Borrower agrees to notify the Administrative Agent promptly after each change in any rating of the Index Debt.

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"APPLICABLE RATE" means:

(i) in the case of each ABR Loan, a rate per annum equal at all times to the sum of the Alternate Base Rate in effect from time to time plus the Applicable Margin; and

(ii) in the case of each Eurodollar Rate Loan comprising part of the same Borrowing, a rate per annum during each Interest Period equal at all times to the sum of the Adjusted LIBO Rate for such Interest Period plus the Applicable Margin.

"ARRANGER" means Barclays Capital.

"ASSESSMENT RATE" means, for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in Dollars at the offices of such member in the United States; provided that if, as a result of any change in law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Administrative Agent to be representative of the cost of such insurance to the Lenders.

"AVAILABLE COMMITMENT" means, for each Lender on any day, the unused portion of such Lender's Commitment, computed after giving effect to all Extensions of Credit or prepayments to be made on such day and the application of proceeds therefrom. "AVAILABLE COMMITMENTS" means the aggregate of the Lenders' Available Commitments.

"BASE CD RATE" means the sum of (i) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate plus (ii) the Assessment Rate.

"BOARD" means the Board of Governors of the Federal Reserve System of the United States of America.

"BORROWER INTEREST EXPENSE" means at any date, the total interest expense in respect of Debt of the Borrower for the four calendar quarters immediately preceding such date, including, without duplication, (i) interest expense attributable to capital leases, (ii) amortization of debt discount, (iii) capitalized interest, (iv) cash and noncash payments, (v) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, (vi) net costs under interest rate swap, "cap", "collar" or other hedging agreements (including amortization of discount) and (vii) interest expense in respect of obligations of Persons deemed to be Debt of the Borrower under clause (viii) of the definition of Debt, provided, however that Borrower Interest Expense shall exclude any costs otherwise included in interest expense recognized on early retirement of debt.

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"BORROWING" means a borrowing consisting of Loans of the same Type, having the same Interest Period and made or Converted on the same day by the Lenders, ratably in accordance with their respective Percentages. Any Borrowing consisting of Loans of a particular Type may be referred to as being a Borrowing of such "TYPE". All Loans of the

same Type, having the same Interest Period and made or Converted on the same day shall be deemed a single Borrowing hereunder until repaid or next Converted.

"BUSINESS DAY" means a day of the year on which banks are not required or authorized to close in New York City and Detroit, Michigan, and, if the applicable Business Day relates to any Eurodollar Rate Loan, on which dealings are carried on in the London interbank market.

"CASH COLLATERAL AGREEMENT" means the Cash Collateral Agreement, dated as of the date hereof, between the Borrower and the Collateral Agent, for the benefit of the Lenders, substantially in the form of Exhibit C.

"CASH DIVIDEND INCOME" means, for any period, the amount of all cash dividends received by the Borrower from its Subsidiaries during such period that are paid out of the net income (without giving effect to: any extraordinary gains in excess of \$25,000,000, the amount of any write-off or write-down of assets, and up to \$200,000,000 of other non-cash write-offs) of such Subsidiaries during such period.

"CHANGE OF CONTROL" means (a) any "person" or "group" within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the then outstanding voting capital stock of the Borrower, or (b) the majority of the board of directors of the Borrower shall fail to consist of Continuing Directors, or (c) a consolidation or merger of the Borrower shall occur after which the holders of the outstanding voting capital stock of the Borrower immediately prior thereto hold less than 50% of the outstanding voting capital stock of the surviving entity, or (d) more than 50% of the outstanding voting capital stock of the Borrower shall be transferred to any entity of which the Borrower owns less than 50% of the outstanding voting capital stock.

"CLOSING DATE" means the date of the initial Borrowing hereunder. All transactions contemplated by the Closing Date shall take place on or before June 27, 2001, or such other time as the parties hereto may mutually agree.

"COLLATERAL" means the "Collateral" under the Cash Collateral Agreement.

"COMMITMENT" means, for each Lender, the obligation of such Lender to make Loans to the Borrower and to participate in Extensions of Credit resulting from the issuance (or extension, modification or amendment) of any Letter of Credit in an aggregate amount no greater than the amount set forth opposite such Lender's name on the signature pages hereof under the heading "Commitment" or, if such Lender has entered into one or more Lender Assignments, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 11.07(c), in each such case as such amount may be reduced from time to time pursuant to Section 2.03.

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"COMMITMENTS" means the total of the Lenders' Commitments hereunder. The Commitments shall in no event exceed \$450,000,000.

"COMMITMENT FEE MARGIN" means, on any date of determination of the commitment fee set forth in Section 2.02(a), the per annum rate specified in the table below, taking into account the Rating Level in effect on such date of determination:

<TABLE>
<CAPTION>

Rating Level I	Rating Level II	Rating Level III	Rating Level IV	Rating Level V
0.25%	0.30%	0.375%	0.425%	0.55%

<S>

The Commitment Fee Margin shall be increased or decreased in accordance with this definition upon any change in the applicable ratings of the Index Debt, and such increased or decreased Commitment Fee Margin shall be effective from the date of announcement of any such new ratings.

"CONFIDENTIAL INFORMATION" has the meaning assigned to that term in Section 11.08.

"CONSOLIDATED DEBT" means, without duplication, at any date of determination, the sum of the aggregate Debt of the Borrower plus the aggregate debt (as such term is construed in accordance with GAAP) of the Consolidated Subsidiaries; provided, however, that:

(a) Consolidated Debt shall not include any Support Obligation described in clause (iv) or (v) of the definition thereof if such Support Obligation or the primary obligation so supported is not fixed or conclusively determined or is not otherwise reasonably quantifiable as of the date of determination;

(b) Consolidated Debt shall not include (i) any Junior Subordinated Debt owned by any Hybrid Preferred Securities Subsidiary or (ii) any guaranty by the Borrower of payments with respect to any Hybrid Preferred Securities, provided that such guaranty is subordinated to the rights of the Lenders hereunder and under the other Loan Documents pursuant to terms of subordination substantially similar to those set forth in Exhibit I, or pursuant to other terms and conditions satisfactory to the Required Lenders;

(c) for purposes of this definition only, the percentage of the Net Proceeds from any issuance of hybrid debt/equity securities (other than Junior Subordinated Debt and Hybrid Preferred Securities) by the Borrower or any Consolidated Subsidiary that shall be considered Consolidated Debt shall be agreed by the Administrative Agent and the Borrower (and consented to by the Required Lenders) and shall be based on, among other things, the treatment (if any) given to such hybrid securities by the rating agencies;

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(d) with respect to any Support Obligations provided by the Borrower in connection with a purchase or sale by MS&T, its Subsidiaries or PremStar Energy Canada Ltd. ("PREMSTAR") of natural gas, natural gas liquids, gas condensates, electricity, oil, propane, coal, any other commodity, weather derivatives or any derivative instrument with respect to any commodity with any other Person (a "COUNTERPARTY"), Consolidated Debt shall include only the excess, if any, of (A) the aggregate amount of any Support Obligations provided by the Borrower in respect of MS&T's, any of its Subsidiary's or PremStar's obligations under any such purchase or sale transaction (a "COVERING TRANSACTION") entered into by MS&T, any of its Subsidiaries or PremStar in connection with such purchase or sale over (B) the aggregate amount of (i) any Support Obligations provided by the direct or indirect parent company of such Counterparty (the "COUNTERPARTY GUARANTOR") and (ii) any irrevocable letter of credit provided by any financial institution for the account of such Counterparty or Counterparty Guarantor, in each case for the benefit of MS&T, any of its Subsidiaries or PremStar in support of such Counterparty's payment obligations to MS&T, such Subsidiary or PremStar arising from such purchase or sale, provided that (x) the senior, unsecured, non-credit enhanced indebtedness of such Counterparty Guarantor or such financial institution (as the case may be) is rated BBB- (or its equivalent) or higher by any two of S&P, Fitch and Moody's, provided that in the event that such Counterparty Guarantor has no such rated indebtedness, Dun & Bradstreet Inc. has rated such

Counterparty Guarantor at least investment grade, (y) no default by such Counterparty Guarantor in respect of any such Support Obligations provided by such Counterparty Guarantor has occurred and is continuing and (z) such Counterparty Guarantor is not the Borrower or any Affiliate of the Borrower or any of its Subsidiaries;

(e) Consolidated Debt shall not include any Project Finance Debt of the Borrower or any Consolidated Subsidiary; and

(f) Consolidated Debt shall not include the principal amount of any Securitized Bonds.

"CONSOLIDATED EBITDA" means, with reference to any period, the pretax operating income of the Borrower and its Subsidiaries ("PRETAX OPERATING INCOME") for such period plus, to the extent deducted in determining Pretax Operating Income (without duplication), (i) depreciation, depletion and amortization, and (ii) any non-cash write-offs and write-downs contained in the Borrower's Pretax Operating Income, all calculated for the Borrower and its Subsidiaries on a consolidated basis for such period; provided, however that Consolidated EBITDA shall not include any operating income attributable to that portion of the revenues of Consumers dedicated to the repayment of the Securitized Bonds.

"CONSOLIDATED SUBSIDIARY" means any Subsidiary whose accounts are or are required to be consolidated with the accounts of the Borrower in accordance with GAAP.

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"CONSUMERS" means Consumers Energy Company, a Michigan corporation, all of whose common stock is on the date hereof owned by the Borrower.

"CONSUMERS DIVIDEND RESTRICTION" means any restriction enacted or imposed after October 1, 1992 upon the ability of Consumers to pay cash dividends to the Borrower in respect of Consumers' capital stock, whether such restriction is imposed by statute, regulation, decisions or rulings by the Michigan Public Service Commission or the Federal Energy Regulatory Commission (or any successor agency or agencies), final judgments of any court of competent jurisdiction, indentures, agreements, contracts or restrictions to which Consumers is a party or by which it is bound or otherwise; provided, that no restriction on such dividends existing on October 1, 1992 shall be a Consumers Dividend Restriction at any time.

"CONTINUING DIRECTOR" means, as of any date of determination, any member of the board of directors of the Borrower who (a) was a member of such board of directors on the Closing Date, or (b) was nominated for election or elected to such board of directors with the approval of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

"CONVERSION", "CONVERT" or "CONVERTED" refers to a conversion of Loans of one Type into Loans of another Type, or to the selection of a new, or the renewal of the same, Interest Period for Loans, as the case may be, pursuant to Section 3.02 or 3.03.

"DEBT" means, for any Person, without duplication, any and all indebtedness, liabilities and other monetary obligations of such Person (whether for principal, interest, fees, costs, expenses or otherwise, and whether contingent or otherwise) (i) for borrowed money or evidenced by bonds, debentures, notes or other similar instruments, (ii) to pay the deferred purchase price of property or services (except trade accounts payable arising in the ordinary course of business which are not overdue), (iii) as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases, (iv) under reimbursement or similar agreements with respect to letters of credit issued thereunder, (v) under any interest rate swap, "cap", "collar" or other hedging agreements; provided, however, for purposes

of the calculation of Debt for this clause (v) only, the actual amount of Debt of such Person shall be determined on a net basis to the extent such agreements permit such amounts to be calculated on a net basis, (vi) to pay rent or other amounts under leases entered into in connection with sale and leaseback transactions involving assets of such Person being sold in connection therewith, (vii) arising from any accumulated funding deficiency (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) for a Plan, (viii) arising in connection with any withdrawal liability under ERISA to any Multiemployer Plan and (ix) arising from (A) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to warrant or hold harmless, pursuant to a legally binding agreement, a creditor against loss in respect of, Debt of others referred to in clauses (i) through (viii) above and (B) other guaranty or similar financial obligations in respect of the performance of others, including Support Obligations. Notwithstanding the foregoing, solely for purposes of the calculation required under Section 8.01(j)(ii), Debt

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shall not include any Junior Subordinated Debt issued by the Borrower and owned by any Hybrid Preferred Securities Subsidiary.

"DEFAULT" means an event that, with the giving of notice or lapse of time or both, would constitute an Event of Default.

"DEFAULT RATE" means a rate per annum equal at all times to (i) in the case of any amount of principal of any Loan that is not paid when due, 2% per annum above the Applicable Rate required to be paid on such Loan immediately prior to the date on which such amount became due, and (ii) in the case of any amount of interest, fees or other amounts payable hereunder that is not paid when due, 2% per annum above the Applicable Rate for an ABR Loan in effect from time to time.

"DIVIDEND COVERAGE RATIO" means, at any date, the ratio of (i) Pro Forma Dividend Amounts to (ii) Borrower Interest Expense.

"DOLLARS" and the sign "\$" each means lawful money of the United States.

"DOMESTIC LENDING OFFICE" means, with respect to any Lender, the office or affiliate of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Lender Assignment pursuant to which it became a Lender, or such other office or affiliate of such Lender as such Lender may from time to time specify in writing to the Borrower and the Administrative Agent.

"ELIGIBLE ASSIGNEE" means (a) a commercial bank or trust company organized under the laws of the United States, or any State thereof; (b) a commercial bank organized under the laws of any other country that is a member of the OECD, or a political subdivision of any such country, provided that such bank is acting through a branch or agency located in the United States; (c) the central bank of any country that is a member of the OECD; and (d) any other commercial bank or other financial institution engaged generally in the business of extending credit or purchasing debt instruments; provided, however, that (A) any such Person shall also (i) have outstanding unsecured indebtedness that is rated A- or better by S&P or A3 or better by Moody's (or an equivalent rating by another nationally-recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating unsecured indebtedness of entities engaged in such businesses) or (ii) have combined capital and surplus (as established in its most recent report of condition to its primary regulator) of not less than \$250,000,000 (or its equivalent in foreign currency), (B) any Person described in clause (b), (c), or (d) above, shall, on the date on which it is to become a Lender hereunder, (1) be entitled to receive payments hereunder without deduction or withholding of any United States Federal income taxes (as contemplated by Section 5.06) and (2) not be incurring any losses, costs or expenses of the type for which such Person could demand payment under Section 5.04(a) or (c) (except to the extent that, in the

absence of the making of an assignment to such Person, the assigning Lender would have incurred an equal or greater amount of such losses, costs or expenses and such losses, costs or expenses would have been payable by the Borrower to such assigning Lender hereunder), (C) any Person described in clauses (a), (b), (c) and (d) above, which is not a

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Lender shall, in addition, be acceptable to any Issuing Bank based upon its then-existing credit criteria and (D) any Person described in clause (d) above shall, in addition, be acceptable to the Administrative Agent (which acceptance shall not be unreasonably withheld or delayed).

"ENTERPRISES" means CMS Enterprises Company, a Michigan corporation, all of whose common stock is on the date hereof owned by the Borrower.

"ENTERPRISES SIGNIFICANT SUBSIDIARY" means CMS Oil & Gas Co., CMS Generation Co., CMS Gas Transmission and Storage Company, Panhandle Eastern Pipe Line Company ("PANHANDLE"), any direct or indirect subsidiary of Panhandle and any other direct subsidiary of Enterprises having a net worth in excess of \$50 million.

"ENVIRONMENTAL LAWS" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any governmental agency or authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Substance or to health and safety matters.

"ENVIRONMENTAL LIABILITY" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Substances, (c) exposure to any Hazardous Substances, (d) the release or threatened release of any Hazardous Substances into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"EQUITY DISTRIBUTIONS" shall mean, for any period, the aggregate amount of cash received by the Borrower from its Subsidiaries during such period that are paid out of proceeds from the sale of common equity of Subsidiaries of the Borrower.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA AFFILIATE" means, with respect to any Person, any trade or business (whether or not incorporated) that is a "commonly controlled entity" within the meaning of the regulations under Section 414 of the Internal Revenue Code of 1986, as amended.

"EURODOLLAR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"EURODOLLAR LENDING OFFICE" means, with respect to any Lender, the office or affiliate of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Lender Assignment pursuant to which it became a Lender (or,

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if no such office or affiliate is specified, its Domestic Lending Office), or such other office or affiliate of such Lender as such Lender may from time to time specify in writing to the Borrower and the Administrative Agent.

"EURODOLLAR RATE LOAN" means a Loan that bears interest as provided in Section 3.05(b)(ii).

"EVENT OF DEFAULT" has the meaning specified in Section 9.01.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXISTING BANKS" means the Banks party to the Existing Credit Agreement.

"EXISTING CREDIT AGREEMENT" means the Credit Agreement, dated as of June 27, 2000, among the Borrower, the lenders party thereto, The Chase Manhattan Bank, as Administrative Agent and Collateral Agent, and the other co-agents party thereto, as the same may have been amended, restated, supplemented or otherwise modified from time to time.

"EXTENSION OF CREDIT" means (i) the making of a Borrowing (including any Conversion), (ii) the issuance of a Letter of Credit, or (iii) the amendment of any Letter of Credit having the effect of extending the stated termination date thereof, increasing the LC Outstandings thereunder, or otherwise altering any of the material terms or conditions thereof.

"FEDERAL FUNDS EFFECTIVE RATE" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"FEE LETTER" has the meaning assigned to that term in Section 2.02(c).

"FITCH" means Fitch, Inc. or any successor thereto.

"FOREIGN LENDER" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" has the meaning assigned to that term in Section 1.03.

"GOVERNMENTAL APPROVAL" means any authorization, consent, approval, license, permit, certificate, exemption of, or filing or registration with, any governmental authority or other legal or regulatory body, required in connection with either (i) the

execution, delivery, or performance of any Loan Document by the Borrower, (ii) the grant and perfection of any Lien contemplated by the Cash Collateral Agreement or (iii) the exercise by any Agent (on behalf of the Lenders) of any right or remedy provided for under the Cash Collateral Agreement.

"HAZARDOUS SUBSTANCE" means any waste, substance, or material identified as hazardous, dangerous or toxic by any office, agency, department, commission, board, bureau, or instrumentality of the United States or of the State or locality in which the same is located having

or exercising jurisdiction over such waste, substance or material.

"HYBRID PREFERRED SECURITIES" means any preferred securities issued by a Hybrid Preferred Securities Subsidiary, where such preferred securities have the following characteristics:

(i) such Hybrid Preferred Securities Subsidiary lends substantially all of the proceeds from the issuance of such preferred securities to the Borrower or a wholly-owned direct or indirect Subsidiary of the Borrower in exchange for Junior Subordinated Debt issued by the Borrower or such wholly-owned direct or indirect Subsidiary, respectively;

(ii) such preferred securities contain terms providing for the deferral of interest payments corresponding to provisions providing for the deferral of interest payments on the Junior Subordinated Debt; and

(iii) the Borrower or a wholly-owned direct or indirect Subsidiary of the Borrower (as the case may be) makes periodic interest payments on the Junior Subordinated Debt, which interest payments are in turn used by the Hybrid Preferred Securities Subsidiary to make corresponding payments to the holders of the preferred securities.

"HYBRID PREFERRED SECURITIES SUBSIDIARY" means any Delaware business trust (or similar entity) (i) all of the common equity interest of which is owned (either directly or indirectly through one or more wholly-owned Subsidiaries of the Borrower or Consumers) at all times by the Borrower or a wholly-owned direct or indirect Subsidiary of the Borrower, (ii) that has been formed for the purpose of issuing Hybrid Preferred Securities and (iii) substantially all of the assets of which consist at all times solely of Junior Subordinated Debt issued by the Borrower or a wholly-owned direct or indirect Subsidiary of the Borrower (as the case may be) and payments made from time to time on such Junior Subordinated Debt.

"INDEMNIFIED PERSON" has the meaning assigned to that term in Section 11.04(b).

"INDENTURE" means that certain Indenture, dated as of September 15, 1992, between the Borrower and the Trustee, as supplemented by the First Supplemental Indenture, dated as of October 1, 1992, the Second Supplemental Indenture, dated as of October 1, 1992, the Third Supplemental Indenture, dated as of May 6, 1997, the Fourth Supplemental Indenture, dated as of September 26, 1997, the Fifth Supplemental Indenture, dated as of November 4, 1997, the Sixth Supplemental Indenture, dated as of

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January 13, 1998, the Seventh Supplemental Indenture, dated as of January 25, 1999, the Eighth Supplemental Indenture, dated as of February 3, 1999, the Ninth Supplemental Indenture, dated as of June 22, 1999, the Tenth Supplemental Indenture, dated as of October 12, 2000, and the Eleventh Supplemental Indenture, dated as of March 29, 2001, as said Indenture may be further amended or otherwise modified from time to time in accordance with its terms.

"INDEX DEBT" means senior, unsecured indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

"INTEREST PERIOD" has the meaning assigned to that term in Section 3.03.

"ISSUING BANK" means any Lender designated by the Borrower in accordance with Section 4.01(a) as the issuer of a Letter of Credit pursuant to an Issuing Bank Agreement. As of the date hereof, the Borrower has designated Barclays as an Issuing Bank, and the Administrative Agent has accepted such designee pursuant to Section

"ISSUING BANK AGREEMENT" means an agreement between an Issuing Bank and the Borrower, in form and substance satisfactory to the Administrative Agent, providing for the issuance of one or more Letters of Credit, in form and substance satisfactory to the Administrative Agent, in support of a general corporate activity of the Borrower.

"JUNIOR SUBORDINATED DEBT" means any unsecured Debt of the Borrower or a Subsidiary of the Borrower (i) issued in exchange for the proceeds of Hybrid Preferred Securities and (ii) subordinated to the rights of the Lenders hereunder and under the other Loan Documents pursuant to terms of subordination substantially similar to those set forth in Exhibit H, or pursuant to other terms and conditions satisfactory to the Required Lenders.

"LC PAYMENT NOTICE" has the meaning assigned to that term in Section 4.04(b).

"LC OUTSTANDINGS" means, for any Letter of Credit on any date of determination, the maximum amount available to be drawn under such Letter of Credit (assuming the satisfaction of all conditions for drawing enumerated therein) plus any amount which has been drawn on such Letter of Credit which has neither been reimbursed by the Borrower nor converted into an ABR Loan pursuant to the terms of Section 4.04.

"LENDER ASSIGNMENT" means an assignment and agreement entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit G.

"LENDERS" means the Banks listed on the signature pages hereof, each Eligible Assignee that shall become a party hereto pursuant to Section 11.07 and, if and to the extent so provided in Section 4.04(c), each Issuing Bank.

"LETTER OF CREDIT" means a letter of credit issued by an Issuing Bank pursuant to Section 4.02, as such letter of credit may from time to time be amended, modified or

extended in accordance with the terms of this Agreement and the Issuing Bank Agreement to which it relates.

"LIBO RATE" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO RATE" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"LIEN" has the meaning assigned to that term in Section 8.02(a).

"LOAN" means a loan by a Lender to the Borrower, and refers to an ABR Loan or a Eurodollar Rate Loan (each of which shall be a "TYPE" of Loan). All Loans by a Lender of the same Type having the same Interest Period and made or Converted on the same day shall be deemed to be a single Loan by such Lender until repaid or next Converted.

"LOAN DOCUMENTS" means this Agreement, any Promissory Notes, the Cash Collateral Agreement, the Fee Letter, the Issuing Bank Agreement(s) and all other agreements, instruments and documents now or hereafter executed and/or delivered pursuant hereto or thereto.

"MATERIAL ADVERSE CHANGE" means any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on (a) the business, assets, property, financial condition or results of operations of the Borrower and its Subsidiaries, considered as a whole, (b) the Borrower's ability to perform its obligations under this Agreement or any other Loan Document to which it is or will be a party or (c) the validity or enforceability of any Loan Document or the rights and remedies of any Agent or the Lenders thereunder.

"MEASUREMENT QUARTER" has the meaning assigned to that term in Section 8.01(i).

"MOODY'S" means Moody's Investors Service, Inc. or any successor thereto.

"MS&T" means CMS Marketing, Services and Trading Company, a Michigan corporation, all of whose capital stock is on the date hereof owned by Enterprises.

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"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NET PROCEEDS" means, with respect to any sale or issuance of securities or incurrence of Debt by any Person, the excess of (i) the gross cash proceeds received by or on behalf of such Person in respect of such sale, issuance or incurrence (as the case may be) over (ii) customary underwriting commissions, auditing and legal fees, printing costs, rating agency fees and other customary and reasonable fees and expenses incurred by such Person in connection therewith.

"NET WORTH" means, with respect to any Person, the excess of such Person's total assets over its total liabilities, total assets and total liabilities each to be determined in accordance with GAAP consistently applied, excluding, however, from the determination of total assets (i) goodwill, organizational expenses, research and development expenses, trademarks, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, and other similar intangibles, (ii) cash held in a sinking or other analogous fund established for the purpose of redemption, retirement or prepayment of capital stock or Debt, and (iii) any items not included in clauses (i) or (ii) above, that are treated as intangibles in conformity with GAAP.

"NOTEHOLDERS" means, collectively, the owners of record from time to time of the Senior Notes.

"NOTICE OF BORROWING" has the meaning assigned to that term in Section 3.01(a).

"NOTICE OF CONVERSION" has the meaning assigned to that term in Section 3.02.

"OECD" means the Organization for Economic Cooperation and Development.

"OWNERSHIP INTEREST" of the Borrower in any Consolidated Subsidiary means, at any date of determination, the percentage determined by dividing (i) the aggregate amount of Project Finance Equity in such Consolidated Subsidiary owned or controlled, directly or indirectly, by the Borrower and any other Consolidated Subsidiary on such date, by (ii) the aggregate amount of Project Finance Equity in such Consolidated Subsidiary owned or controlled, directly or indirectly, by all Persons (including the Borrower and the Consolidated Subsidiaries) on such date. Notwithstanding anything to the contrary

set forth above, if the "Ownership Interest," calculated as set forth above, is 50% or less, such percentage shall be deemed to equal 0%.

"PARTICIPANT" has the meaning assigned to that term in Section 11.07(e).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor entity) established under ERISA.

"PERCENTAGE" means, for any Lender on any date of determination, the percentage obtained by dividing such Lender's Commitment on such day by the total of the Lenders' Commitments on such date, and multiplying the quotient so obtained by 100%. In the event that the Commitments have been terminated, each Lender's Percentage shall be

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calculated on the basis of the Commitments in effect immediately prior to such termination.

"PERMITTED INVESTMENTS" means each of the following so long as no such Permitted Investment shall have a final maturity later than six months from the date of investment therein:

(i) direct obligations of the United States, or of any agency thereof, or obligations guaranteed as to principal and interest by the United States or any agency thereof;

(ii) certificates of deposit or bankers' acceptances issued, or time deposits held, or investment contracts guaranteed, by any Lender, any nationally-recognized securities dealer or any other commercial bank, trust company, savings and loan association or savings bank organized under the laws of the United States, or any State thereof, or of any other country which is a member of the OECD, or a political subdivision of any such country, and in each case having outstanding unsecured indebtedness that (on the date of acquisition thereof) is rated AA- or better by S&P or Aa3 or better by Moody's (or an equivalent rating by another nationally-recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating unsecured bank indebtedness);

(iii) obligations with any Lender, any other bank or trust company described in clause (ii), above, or any nationally-recognized securities dealer, in respect of the repurchase of obligations of the type described in clause (i), above, provided that such repurchase obligations shall be fully secured by obligations of the type described in said clause (i) and the possession of such obligations shall be transferred to, and segregated from other obligations owned by, such Lender, such other bank or trust company or such securities dealer;

(iv) commercial paper rated (on the date of acquisition thereof) A-1 or P-1 or better by S&P or Moody's, respectively (or an equivalent rating by another nationally-recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating commercial paper); and

(v) any eurodollar certificate of deposit issued by any Lender or any other commercial bank, trust company, savings and loan association or savings bank organized under the laws of the United States, or any State thereof, or of any country which is a member of the OECD, or a political subdivision of any such country, and in each case having outstanding unsecured indebtedness that (on the date of acquisition thereof) is rated AA- or better by S&P or Aa3 or better by Moody's (or an equivalent rating by another

nationally-recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating unsecured bank indebtedness).

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"PERSON" means an individual, partnership, corporation (including a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"PLAN" means, with respect to any Person, an employee benefit plan (other than a Multiemployer Plan) maintained for employees of such Person or any ERISA Affiliate of such Person and covered by Title IV of ERISA.

"PLAN TERMINATION EVENT" means, with respect to any Person, (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under such regulations), or (ii) the withdrawal of such Person or any of its ERISA Affiliates from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC, or (v) any other event or condition which is reasonably likely to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"PRIME RATE" means the rate of interest per annum publicly announced from time to time by Barclays as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"PRO FORMA DIVIDEND AMOUNT" means, from and after any date of any Consumers Dividend Restriction, the sum of (a) the aggregate amount which Consumers could have paid to the Borrower during the four calendar quarters immediately preceding such date had such Consumers Dividend Restriction been in effect during such quarters plus (b) cash dividends received by the Borrower from any other Subsidiary during such quarters.

"PROJECT FINANCE DEBT" means Debt of any Person that is non-recourse to such Person (unless such Person is a special-purpose entity) and any Affiliate of such Person, other than with respect to the interest of the holder of such Debt in the collateral, if any, securing such Debt.

"PROJECT FINANCE EQUITY" means, at any date of determination, consolidated equity of the common, preference and preferred stockholders of the Borrower and the Consolidated Subsidiaries relating to any obligor with respect to Project Finance Debt.

"PROMISSORY NOTE" means any promissory note of the Borrower payable to the order of a Lender (and, if requested, its registered assigns) issued pursuant to Section 3.01(d); and "PROMISSORY NOTES" means any or all of the foregoing.

"RATING LEVEL" means, on any date of determination with respect to the Applicable Margin or the Commitment Fee Margin on such date of determination, any of

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Rating Level I, Rating Level II, Rating Level III, Rating Level IV or Rating Level V, as described below:

RATING LEVEL I shall be deemed to exist at all times during which the Index Debt shall be rated BBB- (or its equivalent) or higher by any two of S&P, Fitch and Moody's.

RATING LEVEL II shall be deemed to exist at all times during which (i) the Index Debt shall be rated BB+ (or its equivalent) or higher by any two of S&P, Fitch and Moody's and (ii) Rating Level I is not in effect.

RATING LEVEL III shall be deemed to exist at all times during which (i) the Index Debt shall be rated BB (or its equivalent) or higher by any two of S&P, Fitch and Moody's and (ii) neither Rating Level I nor Rating Level II is in effect.

RATING LEVEL IV shall be deemed to exist at all times during which (i) the Index Debt shall be rated BB- (or its equivalent) or higher by any two of S&P, Fitch and Moody's and (ii) none of Rating Level I, Rating Level II or Rating Level III is in effect.

RATING LEVEL V shall be deemed to exist at all times during which none of Rating Level I, Rating Level II, Rating Level III or Rating Level IV is in effect.

The Rating Level in effect shall be modified in accordance with this definition upon any change in the applicable ratings of the Index Debt, and such modification to the Rating Level shall be effective from the date of announcement of any such new ratings. The Borrower agrees to notify the Administrative Agent promptly after each change in any rating of the Index Debt.

"RECIPIENT" has the meaning assigned to that term in Section 11.08.

"REGISTER" has the meaning specified in Section 11.07(c).

"RELATED PARTIES" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"REQUEST FOR ISSUANCE" has the meaning assigned to that term in Section 4.02(a).

"REQUIRED LENDERS" means, on any date of determination, Lenders that, collectively, on such date (i) hold at least 51% of the then aggregate unpaid principal amount of the Loans owing to Lenders and (ii) if no Loans are then outstanding, have Percentages in the aggregate of at least 51%. Any determination of those Lenders constituting the Required Lenders shall be made by the Administrative Agent and shall be conclusive and binding on all parties absent manifest error.

"RESTRICTED SUBSIDIARY" means (i) Enterprises and (ii) any other Subsidiary of the Borrower (other than Consumers and its Subsidiaries) that, on a consolidated basis with

any of its Subsidiaries as of any date of determination, accounts for more than 10% of the consolidated assets of the Borrower and its Consolidated Subsidiaries.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc., or any successor thereto.

"SECURITIZED BONDS" shall mean any nonrecourse bonds or similar asset-backed securities issued by a special-purpose subsidiary of Consumers which are payable solely from specialized charges authorized by the utility commission of the relevant state in

connection with the recovery of regulatory assets or other stranded costs.

"SENIOR NOTE DEBT" means, collectively, all principal indebtedness of the Borrower to the Noteholders now or hereafter existing under the Senior Notes, together with interest and premiums, if any, thereon and other amounts payable in respect thereof or in connection therewith in accordance with the terms of the Senior Notes or the Indenture.

"SENIOR NOTES" means the 8-1/8% Senior Unsecured Notes Due 2002, issued by the Borrower pursuant to the Indenture.

"STATUTORY RESERVE RATE" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in Dollars of over \$100,000 with maturities approximately equal to three months and (b) with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Rate Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"SUBSIDIARY" means, with respect to any Person, any corporation or unincorporated entity of which more than 50% of the outstanding capital stock (or comparable interest) having ordinary voting power (irrespective of whether at the time capital stock (or comparable interest) of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by said Person (whether directly or through one or more other Subsidiaries). In the case of an unincorporated entity, a Person shall be deemed to have more than 50% of interests having ordinary voting power only if such Person's vote in respect of such interests comprises more than 50% of the total voting power of all such interests in the unincorporated entity.

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"SUPPORT OBLIGATIONS" means, for any Person, without duplication, any financial obligation, contingent or otherwise, of such Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (iii) to maintain working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (iv) to provide equity capital under or in respect of equity subscription arrangements (to the extent that such obligation to provide equity capital does not otherwise constitute Debt), or (v) to perform, or arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations of the primary obligor.

"TAX SHARING AGREEMENT" means the Amended and Restated Agreement for the Allocation of Income Tax Liabilities and Benefits, dated as of January 1, 1994, by and among the Borrower, each of the members of the Consolidated Group (as defined therein), and each of the

corporations that become members of the Consolidated Group.

"TERMINATION DATE" means the earlier to occur of (i) June 17, 2002, as such date may be extended pursuant to Section 2.05 and (ii) the date of termination or reduction in whole of the Commitments pursuant to Section 2.03 or 9.02.

"THREE-MONTH SECONDARY CD RATE" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in the Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m. on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Administrative Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"THREE YEAR FACILITY" means that certain \$300,000,000 Credit Agreement dated as of the date hereof by and among the Borrower, the Banks and the Agents, as the same may amended, restated, supplemented or otherwise modified from time to time.

"TRUSTEE" has the meaning assigned to that term in the Indenture.

"TYPE" has the meaning assigned to such term (i) in the definition of "Loan" when used in such context and (ii) in the definition of "Borrowing" when used in such context.

SECTION 1.02. COMPUTATION OF TIME PERIODS; CONSTRUCTION.

(a) Unless otherwise indicated, each reference in this Agreement to a specific time of day is a reference to New York City time. In the computation of periods of time under this Agreement, any period of a specified number of days or months shall be computed by including the first day or month occurring during such period and excluding the last such day or month. In the case of a period of time "from" a specified date "to" or "until" a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

(b) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes", and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (v) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03. ACCOUNTING TERMS. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 7.01(e) ("GAAP").

ARTICLE II
COMMITMENTS

SECTION 2.01. THE COMMITMENTS. Each Lender severally agrees, on the terms and conditions hereinafter set forth to make Loans to the Borrower and to participate in the issuance of Letters of Credit (and the LC Outstandings thereunder) during the period from the Closing Date until the Termination Date in an aggregate outstanding amount not to exceed on any day such Lender's Available Commitment (after giving effect to all Extensions of Credit to be made on such day and the application of the proceeds thereof). Within the limits hereinafter set forth, the Borrower may request Extensions of Credit hereunder, prepay Loans or reduce or cancel Letters of Credit, and use the resulting increase in the Available Commitments for further Extensions of Credit in accordance with the terms hereof.

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SECTION 2.02. FEES.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee equal to the product of (i) the average daily amount of such Lender's Available Commitment from the date hereof, in the case of each Bank, and from the effective date specified in the Lender Assignment pursuant to which it became a Lender, in the case of each other Lender, until the Termination Date multiplied by (ii) the Commitment Fee Margin in effect as of the date upon which such fee is payable. Such fees shall be payable quarterly in arrears on the last day of each January, April, July and October, commencing the first such date to occur following the date hereof, and on the Termination Date.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commission on the average daily aggregate amount of the LC Outstandings from the Closing Date until the Termination Date at a rate per annum equal to the Applicable Margin with respect to Eurodollar Rate Loans, payable quarterly in arrears on the last day of each January, April, July and October, commencing on the first such date to occur following the date hereof, and on the Termination Date;

(c) In addition to the fees provided for in subsections (a) and (b) above, the Borrower shall pay to the Administrative Agent, for the account of Barclays and the other Persons entitled thereto, such other fees as are provided for in that certain letter agreement, dated June 8, 2001 among the Borrower, the Arranger and Barclays (the "FEE LETTER"), in the amounts and at the times specified therein.

SECTION 2.03. REDUCTION OF THE COMMITMENTS.

(a) The Borrower may, upon at least three (3) Business Days' notice to the Administrative Agent (which shall promptly distribute copies thereof to the Lenders), terminate in whole or reduce ratably in part the unused portions of the Commitments; provided that any such partial reduction shall be in the aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(b) Upon the occurrence of a Change of Control the Commitments shall be reduced to zero and the principal amount outstanding hereunder, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 2.04. COMPUTATIONS OF OUTSTANDINGS. Whenever reference is made in this Agreement to the principal amount outstanding on any date under this Agreement, such reference shall refer to the sum of (i) the aggregate principal amount of all Loans outstanding on such date under this Agreement plus (ii) the

aggregate LC Outstandings of all Letters of Credit outstanding on such date, in each case after giving effect to all Extensions of Credit to be made on such date and the application of the proceeds thereof. At no time shall the principal amount outstanding under this Agreement exceed the aggregate amount of the Commitments hereunder. References to the unused portion of the Commitments under this Agreement shall refer to the excess, if any, of the Commitments hereunder over the principal amount outstanding hereunder; and references

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to the unused portion of any Lender's Commitment under this Agreement shall refer to such Lender's Percentage of the unused Commitments hereunder.

SECTION 2.05. COMMITMENT RENEWAL. If the Borrower so requests, the Administrative Agent agrees to seek the renewal of the Commitment of each Lender not more than 60 and not less than 45 days prior to the then scheduled Termination Date, for an additional period of not more than 364 days, with responses to any such renewal request to be due not less than 30 days prior to the then scheduled Termination Date; provided, that the Borrower may not request an extension any earlier than 60 days, and the Lenders may not provide their consent to an extension any earlier than 45 days, prior to the then scheduled Termination Date; provided, further, that if any Lender fails to deliver such a response, it shall be deemed not to have consented to such renewal. The Administrative Agent shall, promptly after becoming aware thereof, give to the Borrower written notice of any notification delivered by any Lender to the effect that such Lender is not agreeing to an extension of the Termination Date. The Termination Date may only be extended with the consent of each Lender; provided, however, that notwithstanding the failure of any Lender to consent to any such requested extension, the Termination Date shall be extended pursuant to this Section 2.05 if (a) the Commitment of each such non-consenting Lender shall have been assigned to an Eligible Assignee in accordance with Section 11.07 and (b) no Default or Event of Default shall have occurred and be continuing.

ARTICLE III LOANS

SECTION 3.01. LOANS.

(a) The Borrower may request a Borrowing (other than a Conversion) by delivering a notice (a "NOTICE OF BORROWING") to the Administrative Agent no later than 12:00 noon on the third Business Day or, in the case of ABR Loans, on the first Business Day, prior to the date of the proposed Borrowing. The Administrative Agent shall give each Lender prompt notice of each Notice of Borrowing. Each Notice of Borrowing shall be in substantially the form of Exhibit A and shall specify the requested (i) date of such Borrowing, (ii) Type of Loans to be made in connection with such Borrowing, (iii) Interest Period, if any, for such Loans and (iv) amount of such Borrowing. Each proposed Borrowing shall conform to the requirements of Sections 3.03 and 3.04.

(b) Each Lender shall, before 12:00 noon on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's offices at 222 Broadway, 11th Floor, New York, New York 10038, in same day funds, such Lender's Percentage of such Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article VI, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address; provided, however, that the proceeds of the initial Extension of Credit shall be applied first directly by the Administrative Agent on the Closing Date to the prepayment in full of all outstanding principal, accrued interest and other amounts then owing under the Existing Credit Agreement and then, to the extent the proceeds of such initial Extension of Credit exceeds the amount necessary to prepay in full all outstanding principal, accrued interest and other amounts then owing under the Existing Credit Agreement,

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to the Borrower at the Administrative Agent's aforesaid address for general corporate purposes. Notwithstanding the foregoing, unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's Percentage of such Borrowing, the Administrative Agent may assume that such Lender has made such Percentage available to the Administrative Agent on the date of such Borrowing in accordance with the first sentence of this subsection (b), and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount.

(c) If and to the extent that any Lender (a "NON-PERFORMING LENDER") shall not have made available to the Administrative Agent, in accordance with subsection (b) above, such Lender's Percentage of any Borrowing, the non-performing Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand corresponding amounts, together with interest thereon for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Loans made in connection with such Borrowing and (ii) in the case of such Lender, the Federal Funds Effective Rate. Within the limits of each Lender's Available Commitment and subject to the other terms and conditions set forth in this Agreement for the making of Loans (including Section 8.01(h)), the Borrower may request (and the Lenders shall honor) one or more additional Borrowings from the performing Lenders to fund such repayment to the Administrative Agent. If a non-performing Lender shall repay to the Administrative Agent such corresponding amount in full (with interest as above provided), (x) the Administrative Agent shall apply such corresponding amount and interest to the repayment to the Administrative Agent (or repayment of Loans made to fund such repayment to the Administrative Agent), and shall make any remainder available to the Borrower and (y) such amount so repaid shall be deemed to constitute such Lender's Loan, made as part of such Borrowing for purposes of this Agreement as if funded concurrently with the other Loans made as part of such Borrowing, and such Lender shall forthwith cease to be deemed a non-performing Lender; if and so long as such non-performing Lender shall not repay such amount, and unless and until an Eligible Assignee shall have assumed and performed the obligations of such non-performing Lender, all computations by the Administrative Agent of Percentages, Commitments and payments hereunder shall be made without regard to the Commitment, or outstanding Loans, of such non-performing Lender, and any amounts paid to the Administrative Agent for the account of such non-performing Lender shall be held by the Administrative Agent in trust for such non-performing Lender in a non-interest-bearing special purpose account. Nothing herein shall in any way limit, waive or otherwise reduce any claims that any party hereto may have against any non-performing Lender. The failure of any Lender to make the Loan to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Borrowing.

(d) Any Lender may request that Loans made by it be evidenced by a Promissory Note. In such event, the Borrower shall prepare, execute and deliver to such Lender a Promissory Note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such Promissory Note and interest thereon shall at all times

(including after assignment pursuant to Section 11.07) be represented by one or more Promissory Notes in such form payable to the order of the payee named therein (or, if such Promissory Note is a registered note, to such payee and its registered assigns).

SECTION 3.02. CONVERSION OF LOANS. The Borrower may from time to time Convert any Loan (or portion thereof) of any Type to one or more Loans of the same or any other Type by delivering a notice of such Conversion (a "NOTICE OF CONVERSION") to the Administrative Agent no later than 12:00 noon on (x) the third Business Day prior to the date of any proposed Conversion into a Eurodollar Rate Loan and (y) the first Business Day prior to the date of any proposed Conversion into an ABR Loan. The Administrative Agent shall give each Lender prompt notice of each Notice of Conversion. Each Notice of Conversion

shall be in substantially the form of Exhibit B and shall specify (i) the requested date of such Conversion, (ii) the Type of, and Interest Period, if any, applicable to, the Loans (or portions thereof) proposed to be Converted, (iii) the requested Type of Loans to which such Loans (or portions thereof) are proposed to be Converted, (iv) the requested initial Interest Period, if any, to be applicable to the Loans resulting from such Conversion and (v) the aggregate amount of Loans (or portions thereof) proposed to be Converted. Each proposed Conversion shall be subject to the provisions of Sections 3.03 and 3.04.

SECTION 3.03. INTEREST PERIODS. The period between the date of each Eurodollar Rate Loan and the date of payment in full of such Loan shall be divided into successive periods of months ("INTEREST PERIODS") for purposes of computing interest applicable thereto. The initial Interest Period for each such Loan shall begin on the day such Loan is made, and each subsequent Interest Period shall begin on the last day of the immediately preceding Interest Period for such Loan. The duration of each Interest Period shall be 1, 2, 3, or 6 months, as the Borrower may, in accordance with Section 3.01 or 3.02, select; provided, however, that:

(i) the Borrower may not select any Interest Period for a Eurodollar Rate Loan that ends after the Termination Date;

(ii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall occur on the next succeeding Business Day, provided that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(iii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period.

SECTION 3.04. OTHER TERMS RELATING TO THE MAKING AND CONVERSION OF LOANS.

(a) Notwithstanding anything in Section 3.01 or 3.02 to the contrary:

(i) each Borrowing (other than a Borrowing deemed made under Section 4.04(d)) shall be in an aggregate amount not less than \$10,000,000, or an integral multiple of \$1,000,000 in excess thereof (or such lesser amount as shall be equal to the

total amount of the Available Commitments on such date, after giving effect to all other Extensions of Credit to be made on such date), and shall consist of Loans of the same Type, having the same Interest Period and made or Converted on the same day by the Lenders ratably according to their respective Percentages; provided, however, that the initial Borrowing shall be in an aggregate amount sufficient to repay in full all outstanding principal, accrued interest and other amounts owing under the Existing Credit Agreement as of the Closing Date;

(ii) the Borrower may request that more than one Borrowing be made on the same day;

(iii) at no time shall the sum of (i) all Borrowings comprising Eurodollar Rate Loans outstanding hereunder and (ii) all "Borrowings" comprising "Eurodollar Rate Loans" under, and as such terms are defined in, the Three Year Facility, be greater than fifteen (15);

(iv) no Eurodollar Rate Loan may be Converted on a date other than the last day of the Interest Period applicable to such Loan unless the corresponding amounts, if any, payable to the Lenders pursuant to Section 5.04(b) are paid contemporaneously with such Conversion;

(v) if the Borrower shall either fail to give a timely Notice of Conversion pursuant to Section 3.02 in respect of any Loans or fail, in any Notice of Conversion that has been timely given, to select the duration of any Interest Period for Loans to be Converted into Eurodollar Rate Loans in accordance with Section 3.03, such Loans shall, on the last day of the then existing Interest Period therefor, automatically Convert into, or remain as, as the case may be, ABR Loans; and

(vi) if, on the date of any proposed Conversion, any Event of Default or Default shall have occurred and be continuing, all Loans then outstanding shall, on such date, automatically Convert into, or remain as, as the case may be, ABR Loans; provided, however, that with respect to any Default that occurs and is continuing as a result of the failure of the Borrower to comply with the ratio set forth in Section 8.01(j), any such Loans may be Converted into Eurodollar Rate Loans with an Interest Period not to exceed three months in duration.

(b) If any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Lender or its Applicable Lending Office to perform its obligations hereunder to make, or to fund or maintain, Eurodollar Rate Loans hereunder, (i) the obligation of such Lender to make, or to Convert Loans into, Eurodollar Rate Loans for such Borrowing or any subsequent Borrowing from such Lender shall be forthwith suspended until the earlier to occur of the date upon which (A) such Lender shall cease to be a party hereto and (B) it is no longer unlawful for such Lender to make, fund or maintain Eurodollar Rate Loans, and (ii) if the maintenance of Eurodollar Rate Loans then outstanding through the last day of the Interest Period therefor would cause such Lender to be in violation of such law, regulation or assertion, the Borrower shall either prepay or Convert all

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Eurodollar Rate Loans from such Lender within five days after such notice. Promptly upon becoming aware that the circumstances that caused such Lender to deliver such notice no longer exist, such Lender shall deliver notice thereof to the Administrative Agent (but the failure to do so shall impose no liability upon such Lender). Promptly upon receipt of such notice from such Lender (or upon such Lender's assigning all of its Commitment, Loans, participation and other rights and obligations hereunder to an Eligible Assignee), the Administrative Agent shall deliver notice thereof to the Borrower and the Lenders and such suspension shall terminate.

(c) If the Required Lenders shall, at least one Business Day before the date of any requested Borrowing, notify the Administrative Agent that the Adjusted LIBO Rate for Eurodollar Rate Loans to be made in connection with such Borrowing will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Loans for such Borrowing, or that they are unable to acquire funding in a reasonable manner so as to make available Eurodollar Rate Loans in the amount and for the Interest Period requested, or if the Administrative Agent shall determine that adequate and reasonable means do not exist to be able to determine the Adjusted LIBO Rate, then the right of the Borrower to select Eurodollar Rate Loans for such Borrowing and any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist, and each Loan to be made or Converted in connection with such Borrowing shall be an ABR Loan.

(d) If any Lender shall have delivered a notice to the Administrative Agent described in Section 3.04(b), or shall become a non-performing Lender under Section 3.01(c) or Section 4.04(c), and if and so long as such Lender shall not have withdrawn such notice or corrected such non-performance in accordance with said Section 3.04(b), Section 3.01(c) or Section 4.04(c), the Borrower or the Administrative Agent may demand that such Lender assign in accordance with Section 11.07, to one or more Eligible Assignees designated by the Borrower or the Administrative Agent, all (but not less than all) of such Lender's Commitment, Loans, participation and other rights and obligations hereunder; provided that any such demand by the Borrower

during the continuance of an Event of Default or Default shall be ineffective without the consent of the Required Lenders. If, within 30 days following any such demand by the Administrative Agent or the Borrower, any such Eligible Assignee so designated shall fail to consummate such assignment on terms reasonably satisfactory to such Lender, or the Borrower and the Administrative Agent shall have failed to designate any such Eligible Assignee, then such demand by the Borrower or the Administrative Agent shall become ineffective, it being understood for purposes of this provision that such assignment shall be conclusively deemed to be on terms reasonably satisfactory to such Lender, and such Lender shall be compelled to consummate such assignment forthwith, if such Eligible Assignee (i) shall agree to such assignment in substantially the form of the Lender Assignment attached hereto as Exhibit G and (ii) shall tender payment to such Lender in an amount equal to the full outstanding dollar amount accrued in favor of such Lender hereunder (as computed in accordance with the records of the Administrative Agent), including, without limitation, all accrued interest and fees and, to the extent not paid by the Borrower, any payments required pursuant to Section 5.04(b).

(e) Each Notice of Borrowing and Notice of Conversion shall be irrevocable and binding on the Borrower. In the case of any Borrowing which the related Notice of Borrowing or Notice of Conversion specifies is to be comprised of Eurodollar Rate Loans, the

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Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill, on or before the date specified in such Notice of Borrowing or Notice of Conversion for such Borrowing, the applicable conditions (if any) set forth in this Article III (other than failure pursuant to the provisions of Section 3.04(b) or (c) hereof) or in Article VI, including any such loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Loan to be made by such Lender when such Loan, as a result of such failure, is not made on such date.

SECTION 3.05. REPAYMENT OF LOANS; INTEREST

(a) Principal. The Borrower shall repay the outstanding principal amount of the Loans on the Termination Date.

(b) Interest. The Borrower shall pay interest on the unpaid principal amount of each Loan owing to each Lender from the date of such Loan until such principal amount shall be paid in full, at the Applicable Rate for such Loan (except as otherwise provided in this subsection (b)), payable as follows:

(i) ABR Loans. If such Loan is an ABR Loan, interest thereon shall be payable quarterly in arrears on the last day of each January, April, July and October, on the date of any Conversion of such ABR Loan and on the date such ABR Loan shall become due and payable or shall otherwise be paid in full; provided that any amount of principal that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the Default Rate.

(ii) Eurodollar Rate Loans. If such Loan is a Eurodollar Rate Loan, interest thereon shall be payable on the last day of such Interest Period and, if the Interest Period for such Loan has a duration of more than three months, on that day of each third month during such Interest Period that corresponds to the first day of such Interest Period (or, if any such month does not have a corresponding day, then on the last day of such month); provided that any amount of principal that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the Default Rate.

ARTICLE IV

SECTION 4.01. ISSUING BANKS. Subject to the terms and conditions hereof, the Borrower may from time to time identify and arrange for one or more Lenders to act as Issuing Banks hereunder. Any such designation by the Borrower shall be notified to the Administrative Agent at least three (3) Business Days prior to the first date upon which the Borrower proposes that such Issuing Bank issue its first Letter of Credit. Nothing contained herein shall be deemed to require any Lender to agree to act as an Issuing Bank, if it does not so desire.

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SECTION 4.02. LETTERS OF CREDIT.

(a) Each Letter of Credit shall be issued (or the stated maturity thereof extended or terms thereof modified or amended) on not less than three (3) Business Days' prior written notice thereof to the Administrative Agent (which shall promptly distribute copies thereof to the Lenders) and the relevant Issuing Bank. Each such notice (a "REQUEST FOR ISSUANCE") shall specify (i) the date (which shall be a Business Day) of issuance of such Letter of Credit (or the date of effectiveness of such extension, modification or amendment) and the stated expiry date thereof (which shall be no later than the date that is five (5) Business Days prior to the Termination Date, subject to the other terms and conditions contained herein (including the satisfaction of the conditions precedent set forth in Section 6.02), (ii) the proposed stated amount of such Letter of Credit (which shall not be less than \$500,000) and (iii) such other information as shall demonstrate compliance of such Letter of Credit with the requirements specified therefor in this Agreement and the relevant Issuing Bank Agreement. Each Request for Issuance shall be irrevocable unless modified or rescinded by the Borrower not less than two (2) days prior to the proposed date of issuance (or effectiveness) specified therein. Not later than 12:00 noon on the proposed date of issuance (or effectiveness) specified in such Request for Issuance, and upon fulfillment of the applicable conditions precedent and the other requirements set forth herein and in the relevant Issuing Bank Agreement, such Issuing Bank shall issue (or extend, amend or modify) such Letter of Credit and provide notice and a copy thereof to the Administrative Agent, which shall promptly furnish copies thereof to the Lenders.

(b) Each Lender severally agrees with such Issuing Bank to participate in the Extension of Credit resulting from the issuance (or extension, modification or amendment) of such Letter of Credit, in the manner and the amount provided in Section 4.04(b), and the issuance of such Letter of Credit shall be deemed to be a confirmation by such Issuing Bank and each Lender of such participation in such amount.

(c) Notwithstanding anything herein to the contrary, the aggregate stated amount of all Letters of Credit outstanding at any one time shall not exceed \$100,000,000.

SECTION 4.03. ISSUING BANK FEES. The Borrower shall pay directly to each Issuing Bank such fees and expenses, if any, specified to be paid to such Issuing Bank pursuant to the Issuing Bank Agreement to which it is a party, at the times, and in the manner, specified in such Issuing Bank Agreement.

SECTION 4.04. REIMBURSEMENT TO ISSUING BANKS.

(a) The Borrower hereby agrees to pay to the Administrative Agent for the account of each Issuing Bank, on demand made by such Issuing Bank to the Borrower and the Administrative Agent, on and after each date on which such Issuing Bank shall pay any amount under the Letter of Credit issued by such Issuing Bank, a sum equal to the amount so paid plus interest on such amount from the date so paid by such Issuing Bank until repayment to such Issuing Bank in full at a fluctuating interest rate per annum equal at all times to the Applicable Rate for ABR Loans.

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(b) If any Issuing Bank shall not have been reimbursed in full for any payment made by such Issuing Bank under the Letter of Credit issued by such Issuing Bank on the date of such payment, such Issuing Bank shall give the Administrative Agent and each Lender prompt notice thereof (an "LC PAYMENT NOTICE") no later than 12:00 noon on the Business Day immediately succeeding the date of such payment by such Issuing Bank. Each Lender severally agrees to purchase from each Issuing Bank a participation in the reimbursement obligation of the Borrower to such Issuing Bank under subsection (a) above, by paying to the Administrative Agent for the account of such Issuing Bank an amount equal to such Lender's Percentage of such unreimbursed amount paid by such Issuing Bank, plus interest on such amount at a rate per annum equal to the Federal Funds Effective Rate from the date of such payment by such Issuing Bank to the date of payment to such Issuing Bank by such Lender. Each such payment by a Lender shall be made not later than 3:00 P.M. on the later to occur of (i) the Business Day immediately following the date of such payment by such Issuing Bank and (ii) the Business Day on which such Lender shall have received an LC Payment Notice from such Issuing Bank. Each Lender's obligation to make each such payment to the Administrative Agent for the account of such Issuing Bank shall be several and shall not be affected by the occurrence or continuance of any Default or Event of Default or the failure of any other Lender to make any payment under this Section 4.04. Each Lender further agrees that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(c) The failure of any Lender to make any payment to the Administrative Agent for the account of an Issuing Bank in accordance with subsection (b) above, shall not relieve any other Lender of its obligation to make payment, but no Lender shall be responsible for the failure of any other Lender. If any Lender (a "NON-PERFORMING LENDER") shall fail to make any payment to the Administrative Agent for the account of an Issuing Bank in accordance with subsection (b) above, within five (5) Business Days after the LC Payment Notice relating thereto, then, for so long as such failure shall continue, such Issuing Bank shall be deemed, for purposes of Section 5.05 and Article IX hereof and the Cash Collateral Agreement, to be a Lender hereunder owed a Loan in an amount equal to the outstanding principal amount due and payable by such Lender to the Administrative Agent for the account of such Issuing Bank pursuant to subsection (b) above.

(d) Each participation purchased by a Lender under subsection (b) above, shall constitute an ABR Loan deemed made by such Lender to the Borrower on the date of such payment by the relevant Issuing Bank under the Letter of Credit issued by such Issuing Bank (irrespective of the Borrower's noncompliance, if any, with the conditions precedent for Loans hereunder); and all such payments by the Lenders in respect of any one such payment by such Issuing Bank shall constitute a single Borrowing hereunder.

SECTION 4.05. OBLIGATIONS ABSOLUTE. The payment obligations of each Lender under Section 4.04(b) and of the Borrower under this Agreement in respect of any payment under any Letter of Credit and any Loan made under Section 4.04(d) shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following circumstances:

(i) any lack of validity or enforceability of any Loan Document or any other agreement or instrument relating thereto or to such Letter of Credit;

(ii) any amendment or waiver of, or any consent to departure from, all or any of the Loan Documents;

(iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against any beneficiary, or any transferee, of such Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), any Issuing Bank, or any other Person, whether in connection with this Agreement, the transactions contemplated herein or by such Letter of Credit, or any unrelated transaction;

(iv) any statement or any other document presented under such

Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment in good faith by any Issuing Bank under the Letter of Credit issued by such Issuing Bank against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

SECTION 4.06. LIABILITY OF ISSUING BANKS AND THE LENDERS. The Borrower assumes all risks of the acts and omissions of any beneficiary or transferee of any Letter of Credit. Neither the Issuing Bank that has issued such Letter of Credit, the Lenders nor any of their respective officers, directors, employees, agents or Affiliates shall be liable or responsible for (a) the use that may be made of such Letter of Credit or any acts or omissions of any beneficiary or transferee thereof in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of such Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under such Letter of Credit, except that the Borrower shall have the right to bring suit against such Issuing Bank, and such Issuing Bank shall be liable to the Borrower and any Lender, to the extent of any direct, as opposed to consequential, damages suffered by the Borrower or such Lender which the Borrower or such Lender proves were caused by such Issuing Bank's willful misconduct or gross negligence, including such Issuing Bank's willful failure to make timely payment under such Letter of Credit following the presentation to it by the beneficiary thereof of a draft and accompanying certificate(s) which strictly comply with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, any Issuing Bank may accept sight drafts and accompanying certificates presented under the Letter of Credit issued by such Issuing Bank that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Notwithstanding the foregoing, no Lender shall be obligated to indemnify the Borrower for damages caused by any Issuing Bank's willful misconduct or gross negligence, and the obligation of the Borrower to reimburse the Lenders hereunder shall be absolute and unconditional, notwithstanding the gross negligence or willful misconduct of any Issuing Bank.

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ARTICLE V
PAYMENTS, COMPUTATIONS AND
YIELD PROTECTION

SECTION 5.01. PAYMENTS AND COMPUTATIONS.

(a) The Borrower shall make each payment hereunder and under the other Loan Documents not later than 2:00 P.M. on the day when due in Dollars to the Administrative Agent at its offices at 222 Broadway, 11th Floor, New York, New York 10038, in same day funds, except payments to be made directly to any Issuing Bank as expressly provided herein; any payment received after 3:00 P.M. shall be deemed to have been received at the start of business on the next succeeding Business Day, unless the Administrative Agent shall have received from, or on behalf of, the Borrower a Federal Reserve reference number with respect to such payment before 4:00 P.M. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest, fees or other amounts payable to the Lenders, to the respective Lenders to which the same are payable, for the account of their respective Applicable Lending Offices, in each case to be applied in accordance with the terms of this Agreement. If and to the extent that any distribution of any payment from the Borrower required to be made to any Lender pursuant to the preceding sentence shall not be made in full by the Administrative Agent on the date such payment was received by the Administrative Agent, the Administrative Agent shall pay to such Lender, upon demand, interest on the unpaid amount of such distribution, at a rate per annum equal to the Federal Funds Effective

Rate, from the date of such payment by the Borrower to the Administrative Agent to the date of payment in full by the Administrative Agent to such Lender of such unpaid amount. Upon the Administrative Agent's acceptance of a Lender Assignment and recording of the information contained therein in the Register pursuant to Section 11.07, from and after the effective date specified in such Lender Assignment, the Administrative Agent shall make all payments hereunder and under any Promissory Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Lender Assignment shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes the Administrative Agent, each Lender and each Issuing Bank, if and to the extent payment owed to the Administrative Agent, such Lender or such Issuing Bank, as the case may be, is not made when due hereunder (or, in the case of a Lender, under any Promissory Note held by such Lender), to charge from time to time against any or all of the Borrower's accounts with the Administrative Agent, such Lender or such Issuing Bank, as the case may be, any amount so due.

(c) All computations of interest based on the Alternate Base Rate (when the Alternate Base Rate is based on the Prime Rate) shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be. All other computations of interest and fees hereunder (including computations of interest based on the Adjusted LIBO Rate, the Base CD Rate and the Federal Funds Effective Rate) shall be made by the Administrative Agent on the basis of a year of 360 days. In each such case, such computation shall be made for the actual number of days (including the first day but excluding the last day) occurring in the period for

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which such interest or fees are payable. Each such determination by the Administrative Agent or a Lender shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under any other Loan Document shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest and fees hereunder; provided, however, that if such extension would cause payment of interest on or principal of Eurodollar Rate Loans to be made in the next following calendar month, such payment shall be made on the next preceding Business Day and such reduction of time shall in such case be included in the computation of payment of interest hereunder.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date, and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, such Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender, together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Effective Rate.

(f) Any amount payable by the Borrower hereunder or under any of the Promissory Notes that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall (to the fullest extent permitted by law) bear interest, from the date when due until paid in full, at a rate per annum equal at all times to the Default Rate, payable on demand.

(g) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due

hereunder, ratably among the parties entitled thereto.

SECTION 5.02. INTEREST RATE DETERMINATION.

(a) The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 3.05(b) (i) or (ii).

SECTION 5.03. PREPAYMENTS. The Borrower shall have no right to prepay any principal amount of any Loans other than as provided in subsections (a) and (b) below.

(a) The Borrower may, upon at least three (3) Business Days' notice to the Administrative Agent stating the proposed date and the aggregate principal amount of the prepayment, and if such notice is given, the Borrower shall, prepay the outstanding principal

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amounts of Loans made as part of the same Borrowing, in whole or ratably in part, together with (i) accrued interest to the date of such prepayment on the principal amount prepaid and (ii) in the case of Eurodollar Rate Loans, any amount payable to the Lenders pursuant to Section 5.04(b); provided, however, that each partial prepayment shall be in an aggregate principal amount of not less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(b) On the date of any termination or optional or mandatory reduction of the Commitments pursuant to Section 2.03, the Borrower shall pay or prepay so much of the principal amount outstanding as shall be necessary in order that the aggregate principal amount outstanding (after giving effect to all Extensions of Credit to be made on such date and the application of the proceeds thereof) will not exceed the Commitments following such termination or reduction, together with (i) accrued interest to the date of such prepayment on the principal amount repaid and (ii) in the case of prepayments of Eurodollar Rate Loans, any amount payable to the Lenders pursuant to Section 5.04(b). Any prepayments required by this subsection (b) shall be applied to outstanding ABR Loans up to the full amount thereof before they are applied, first, to outstanding Eurodollar Rate Loans and second, as cash collateral, pursuant to the Cash Collateral Agreement, to secure LC Outstandings.

SECTION 5.04. YIELD PROTECTION.

(a) Increased Costs. If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the date hereof, or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) issued or made after the date hereof, there shall be reasonably incurred any increase in (A) the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Loans, or of participating in the issuance, maintenance or funding of any Letter of Credit, or (B) the cost to any Issuing Bank of issuing or maintaining any Letter of Credit, then the Borrower shall from time to time, upon demand by such Lender or Issuing Bank, as the case may be (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender or Issuing Bank, as the case may be, additional amounts sufficient to compensate such Lender or Issuing Bank, as the case may be, for such increased cost. A certificate as to the amount of such increased cost and giving a reasonable explanation thereof, submitted to the Borrower and the Administrative Agent by such Lender or such Issuing Bank, as the case may be, shall constitute such demand and shall be conclusive and binding for all purposes, absent manifest error.

(b) Breakage. If, due to any prepayment pursuant to Section 5.03, an acceleration of maturity of the Loans pursuant to Section 9.02, or any other reason, any Lender receives payments of principal of any Eurodollar Rate Loan other than on the last day of the Interest Period relating to such Loan or if the Borrower shall Convert any Eurodollar Rate Loans on any day other than the last day of the Interest Period therefor, or if the Borrower shall fail to prepay a Eurodollar Rate Loan on the date specified in a notice of prepayment, the Borrower shall, promptly after demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for

additional losses, costs, or expenses (including anticipated lost profits) that such Lender may reasonably incur as a result of such payment, Conversion or failure to prepay, including any loss, cost or expense incurred by reason of the liquidation or

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reemployment of deposits or other funds acquired by such Lender to fund or maintain such Loan. For purposes of this subsection (b), a certificate setting forth the amount of such additional losses, costs, or expenses and giving a reasonable explanation thereof, submitted to the Borrower and the Administrative Agent by such Lender, shall constitute such demand and shall be conclusive and binding for all purposes, absent manifest error.

(c) Capital. If any Lender or Issuing Bank determines that (i) compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or Issuing Bank, whether directly, or indirectly as a result of commitments of any corporation controlling such Lender or Issuing Bank (but without duplication), and (ii) the amount of such capital is increased by or based upon (A) the existence of such Lender's or Issuing Bank's commitment to lend or issue or participate in any Letter of Credit hereunder, or (B) the participation in or issuance or maintenance of any Letter of Credit or Loan and (C) other similar such commitments, then, upon demand by such Lender or Issuing Bank, the Borrower shall immediately pay to the Administrative Agent for the account of such Lender or Issuing Bank from time to time as specified by such Lender or Issuing Bank additional amounts sufficient to compensate such Lender or Issuing Bank in the light of such circumstances, to the extent that such Lender or Issuing Bank reasonably determines such increase in capital to be allocable to the transactions contemplated hereby. A certificate as to such amounts and giving a reasonable explanation thereof (to the extent permitted by law), submitted to the Borrower and the Administrative Agent by such Lender or Issuing Bank, shall be conclusive and binding for all purposes, absent manifest error.

(d) Notices. Each Lender hereby agrees to use its best efforts to notify the Borrower of the occurrence of any event referred to in subsection (a), (b) or (c) of this Section 5.04 promptly after becoming aware of the occurrence thereof. The failure of any Lender to provide such notice or to make demand for payment under said subsection shall not constitute a waiver of such Lender's rights hereunder; provided that, notwithstanding any provision to the contrary contained in this Section 5.04, the Borrower shall not be required to reimburse any Lender for any amounts or costs incurred under subsection (a), (b) or (c) above, more than 90 days prior to the date that such Lender notifies the Borrower in writing thereof, in each case unless, and to the extent that, any such amounts or costs so incurred shall relate to the retroactive application of any event notified to the Borrower which entitles such Lender to such compensation. If any Lender shall subsequently determine that any amount demanded and collected under this Section 5.04 was done so in error, such Lender will promptly return such amount to the Borrower.

(e) Survival of Obligations. Subject to subsection (d) above, the Borrower's obligations under this Section 5.04 shall survive the repayment of all other amounts owing to the Lenders, the Agents and the Issuing Banks under the Loan Documents and the termination of the Commitments. If and to the extent that the obligations of the Borrower under this Section 5.04 are unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

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SECTION 5.05. SHARING OF PAYMENTS, ETC. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Loans owing to it (other than pursuant to Section 5.04 or Section 5.06) in excess of its ratable share of payments obtained by all the Lenders on account of the Loans of such Lenders, such Lender

shall forthwith purchase from the other Lenders such participation in the Loans owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 5.05 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. Notwithstanding the foregoing, if any Lender shall obtain any such excess payment involuntarily, such Lender may, in lieu of purchasing participations from the other Lenders in accordance with this Section 5.05, on the date of receipt of such excess payment, return such excess payment to the Administrative Agent for distribution in accordance with Section 5.01(a).

SECTION 5.06. TAXES.

(a) All payments by the Borrower hereunder and under the other Loan Documents shall be made in accordance with Section 5.01, free and clear of and without deduction for all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender, each Issuing Bank and each Agent, taxes imposed on its overall net income, and franchise taxes imposed on it by the jurisdiction under the laws of which such Lender, Issuing Bank or Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "TAXES"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender, Issuing Bank or Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5.06) such Lender, Issuing Bank or Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under any other Loan Document or from the execution, delivery

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or registration of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "OTHER TAXES").

(c) The Borrower will indemnify each Lender, Issuing Bank and Agent for the full amount of Taxes and Other Taxes (including any Taxes and any Other Taxes imposed by any jurisdiction on amounts payable under this Section 5.06) paid by such Lender, Issuing Bank or Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days from the date such Lender, Issuing Bank or Agent (as the case may be) makes written demand therefor; provided, that such Lender, Issuing Bank or Agent (as the case may be) shall not be entitled to demand payment under this Section 5.06 for an amount if such demand is not made within one year following the date upon which such Lender, Issuing Bank or Agent (as the case may be) shall have been required to pay such amount.

(d) Within thirty (30) days after the date of any payment of Taxes, the Borrower will furnish to the Administrative Agent, at its address referred to in Section 11.02, the original or a certified copy of a receipt evidencing payment thereof.

(e) Each Bank represents and warrants that either (i) it is organized under the laws of a jurisdiction within the United States or (ii) it has delivered to the Borrower or the Administrative Agent duly completed copies of such form or forms prescribed by the United States Internal Revenue Service indicating that such Bank is entitled to receive payments without deduction or withholding of any United States federal income taxes, as permitted by the Internal Revenue Code of 1986, as amended. Each other Lender agrees that, on or prior to the date upon which it shall become a party hereto, and upon the reasonable request from time to time of the Borrower or the Administrative Agent, such Lender will deliver to the Borrower and the Administrative Agent (to the extent that it is not prohibited by law from doing so) either (A) a statement that it is organized under the laws of a jurisdiction within the United States or (B) duly completed copies of such form or forms as may from time to time be prescribed by the United States Internal Revenue Service, indicating that such Lender is entitled to receive payments without deduction or withholding of any United States federal income taxes, as permitted by the Internal Revenue Code of 1986, as amended. Each Bank that has delivered, and each other Lender that hereafter delivers, to the Borrower and the Administrative Agent the form or forms referred to in the two preceding sentences further undertakes to deliver to the Borrower and the Administrative Agent, to the extent that it is not prohibited by law from doing so, further copies of such form or forms, or successor applicable form or forms, as the case may be, as and when any previous form filed by it hereunder shall expire or shall become incomplete or inaccurate in any respect. Each Lender represents and warrants that each such form supplied by it to the Administrative Agent and the Borrower pursuant to this subsection (e), and not superseded by another form supplied by it, is or will be, as the case may be, complete and accurate.

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ARTICLE VI
CONDITIONS PRECEDENT

SECTION 6.01. CONDITIONS PRECEDENT TO THE INITIAL EXTENSION OF CREDIT. The obligation of each Lender to make its initial Extension of Credit is subject to the fulfillment of the following conditions precedent:

(a) The Administrative Agent shall have received, on or before the day of the initial Extension of Credit, the following, each dated such day (except where specified otherwise below), in form and substance satisfactory to each Lender (except where otherwise specified below) and (except for any Promissory Notes) in sufficient copies for each Lender:

(i) Certified copies of the resolutions of the Board of Directors, or of the Executive Committee of the Board of Directors, of the Borrower authorizing the Borrower to enter into this Agreement and the other Loan Documents to which it is, or is to be, a party, and of all documents evidencing other necessary corporate action and Governmental Approvals, if any, with respect to this Agreement and such Loan Documents.

(ii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names, true signatures and incumbency of (A) the officers of the Borrower authorized to sign this Agreement and the other Loan Documents to which it is, or is to be, a party, and the other documents to be delivered hereunder and thereunder and (B) the representatives of the Borrower authorized to sign notices to be provided under this Agreement and the other Loan Documents to which it is, or is to be, a party, which representatives shall be acceptable to the Administrative Agent.

(iii) Copies of the Certificate of Incorporation (or comparable charter document) and by-laws of the Borrower, together with all amendments thereto, certified by the Secretary or an Assistant Secretary of the Borrower.

(iv) An irrevocable notice from the Borrower requesting termination of the "Commitments" under the Existing Credit Agreement effective automatically on such date upon the satisfaction (or waiver) of the other conditions precedent set forth in this Section 6.01.

(v) The Promissory Notes (if requested by any Lender pursuant to Section 3.01(d)), duly executed by the Borrower.

(vi) The Cash Collateral Agreement duly executed by the Borrower together with evidence of the completion of all other actions as may be necessary or, in the opinion of the Administrative Agent and counsel for the Administrative Agent, desirable to perfect the security interests and liens created thereby.

(vii) A certified copy of Schedule II hereto, in form and substance reasonably satisfactory to the Administrative Agent setting forth:

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(A) all Project Finance Debt of the Consolidated Subsidiaries, together with the Borrower's Ownership Interest in each such Consolidated Subsidiary; and

(B) debt (as such term is construed in accordance with GAAP) of Enterprises as of the Closing Date.

(viii) Favorable opinions of:

(A) Michael D. VanHemert, Esq., Assistant General Counsel of the Borrower, in substantially the form of Exhibit D and as to such other matters as the Required Lenders, through the Administrative Agent, may reasonably request; and

(B) Sidley Austin Brown & Wood, counsel to the Administrative Agent, in substantially the form of Exhibit E and as to such other matters as the Administrative Agent may reasonably request.

(b) The Existing Credit Agreement has been (or will have been, upon the first Extension of Credit and the application of the proceeds thereof) paid in full, the commitments thereunder terminated and all letters of credit issued thereunder either cash collateralized, canceled or replaced.

(c) The following statements shall be true and the Administrative Agent shall have received a certificate of a duly authorized officer of the Borrower, dated the Closing Date and in sufficient copies for each Lender stating that:

(i) the representations and warranties set forth in Section 7.01 of this Agreement and Section 7 of the Cash Collateral Agreement are true and correct on and as of the Closing Date as though made on and as of such date, and

(ii) no event has occurred and is continuing that constitutes a Default or an Event of Default.

(d) The Borrower shall have paid all fees under or referenced in Section 2.02 and all expenses referenced in Section 11.04(a), in each case to the extent then due and payable.

(e) All Governmental Approvals necessary in connection with the Loan Documents and the transactions contemplated thereby shall have been obtained and be in full force and effect. All third party approvals necessary or, in the judgment of the Administrative Agent, advisable in connection with the Loan Documents and the transactions contemplated thereby shall have been obtained and be in full force and effect.

(f) The Lenders shall have received (i) audited consolidated financial statements of the Borrower for the two most recent fiscal years ended

prior to the Closing Date as to which such financial statements are available and (ii) unaudited financial statements of the Borrower for each fiscal quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements

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are available. The business, assets, property and financial condition of the Borrower and its Subsidiaries as reflected in such financial statements shall be satisfactory to the Lenders.

SECTION 6.02. CONDITIONS PRECEDENT TO EACH EXTENSION OF CREDIT. The obligation of each Lender or Issuing Bank, as the case may be, to make an Extension of Credit (including the initial Extension of Credit) shall be subject to the further conditions precedent that, on the date of such Extension of Credit and after giving effect thereto:

(a) The following statements shall be true (and each of the giving of the applicable notice or request with respect thereto and the making of such Extension of Credit without prior correction by the Borrower shall (to the extent that such correction has been previously consented to by the Lenders and the Issuing Banks) constitute a representation and warranty by the Borrower that, on the date of such Extension of Credit, such statements are true):

(i) the representations and warranties contained in Section 7.01 of this Agreement (other than those contained in subsections (e)(ii) and (f) thereof) and in Section 7 of the Cash Collateral Agreement are correct on and as of the date of such Extension of Credit, before and after giving effect to such Extension of Credit and to the application of the proceeds thereof, as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing, or would result from such Extension of Credit or the application of the proceeds thereof.

(b) The Administrative Agent shall have received such other approvals, opinions and documents as any Lender or Issuing Bank, through the Administrative Agent, may reasonably request as to the legality, validity, binding effect or enforceability of the Loan Documents or the financial condition, results of operations, properties or business of the Borrower and its Consolidated Subsidiaries.

SECTION 6.03. CONDITIONS PRECEDENT TO CERTAIN EXTENSIONS OF CREDIT. The obligation of each Lender or Issuing Bank, as the case may be, to make an Extension of Credit (including the initial Extension of Credit) that would (after giving effect to all Extensions of Credit on such date and the application of proceeds thereof) increase the principal amount outstanding hereunder, or to make an Extension of Credit of the type described in clause (ii) or (iii) of the definition thereof (except any amendment of a Letter of Credit the sole effects of which are to extend the stated termination date thereof and/or to make nonmaterial modifications thereto), shall be subject to the further conditions precedent that, on the date of such Extension of Credit and after giving effect thereto:

(a) the following statements shall be true (and each of the giving of the applicable notice or request with respect thereto and the making of such Extension of Credit without prior correction by the Borrower shall (to the extent that such correction has been previously consented to by the Lenders and the Issuing Banks) constitute a representation and warranty by the Borrower that, on the date of such Extension of Credit, such statements are true):

(i) the representations and warranties contained in subsections (e)(ii) and (f) of Section 7.01 of this Agreement are correct on and as of the date of such Extension of

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Credit, before and after giving effect to such Extension of Credit and to the application of the proceeds thereof, as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing, or would result from such Extension of Credit or the application of the proceeds thereof; and

(b) the Administrative Agent shall have received such other approvals, opinions and documents as any Lender or Issuing Bank, through the Administrative Agent, may reasonably request.

SECTION 6.04. RELIANCE ON CERTIFICATES. The Lenders, the Issuing Banks and each Agent shall be entitled to rely conclusively upon the certificates delivered from time to time by officers of the Borrower as to the names, incumbency, authority and signatures of the respective persons named therein until such time as the Administrative Agent may receive a replacement certificate, in form acceptable to the Administrative Agent, from an officer of such Person identified to the Administrative Agent as having authority to deliver such certificate, setting forth the names and true signatures of the officers and other representatives of such Person thereafter authorized to act on behalf of such Person.

ARTICLE VII REPRESENTATIONS AND WARRANTIES

SECTION 7.01. REPRESENTATIONS AND WARRANTIES OF THE BORROWER. The Borrower represents and warrants as follows:

(a) Each of the Borrower, Consumers and each of the Restricted Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and is duly qualified to do business in, and is in good standing in, all other jurisdictions where the nature of its business or the nature of property owned or used by it makes such qualification necessary.

(b) The execution, delivery and performance by the Borrower of each Loan Document to which it is or will be a party (i) are within the Borrower's corporate powers, (ii) have been duly authorized by all necessary corporate action and (iii) do not and will not (A) require any consent or approval of the stockholders of the Borrower, (B) violate any provision of the charter or by-laws of the Borrower or of law, (C) violate any legal restriction binding on or affecting the Borrower, (D) result in a breach of, or constitute a default under, any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or its properties may be bound or affected, or (E) result in or require the creation of any Lien (other than pursuant to the Loan Documents) upon or with respect to any of its properties.

(c) No Governmental Approval is required.

(d) This Agreement is, and each other Loan Document to which the Borrower will be a party when executed and delivered hereunder will be, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms; subject to the qualification, however, that the enforcement of the rights and remedies

herein and therein is subject to bankruptcy and other similar laws of general application affecting rights and remedies of creditors and the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(e) (i) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at December 31, 2000, and the related consolidated statements of income, retained earnings and cash flows of the Borrower and its Consolidated Subsidiaries for the fiscal year then ended, together with the report thereon of Arthur Andersen LLP included in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, and the unaudited

consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at March 31, 2001, and the related unaudited consolidated statements of income, retained earnings and cash flows for the three-month period then ended, copies of each of which have been furnished to each Lender, fairly present (subject, in the case of such balance sheet and statement of income for the three months ended March 31, 2001, to year-end adjustments) the financial condition of the Borrower and its Consolidated Subsidiaries as at such dates and the results of operations of the Borrower and its Consolidated Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied; (ii) since March 31, 2001, there has been no Material Adverse Change; and (iii) the Borrower has no material liabilities or obligations except as reflected in the foregoing financial statements and in Schedule II, as evidenced by the Loan Documents and as may be incurred, in accordance with the terms of this Agreement, in the ordinary course of business (as presently conducted) following the date of this Agreement.

(f) Except as disclosed in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, the Borrower's Quarterly Report on Form 10-Q for the period ended March 31, 2001, and the Current Report on Form 8-K filed by the Borrower on May 17, 2001, there are no pending or threatened actions, suits or proceedings against or, to the knowledge of the Borrower, affecting the Borrower or any of its Subsidiaries or the properties of the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator, that would, if adversely determined, reasonably be expected to materially adversely affect the financial condition, properties, business or operations of the Borrower and its Subsidiaries, considered as a whole, or affect the legality, validity or enforceability of this Agreement or any other Loan Document.

(g) All insurance required by Section 8.01(b) is in full force and effect.

(h) No Plan Termination Event has occurred nor is reasonably expected to occur with respect to any Plan of the Borrower or any of its ERISA Affiliates which would result in a material liability to the Borrower, except as disclosed and consented to by the Required Lenders in writing from time to time. Since the date of the most recent Schedule B (Actuarial Information) to the annual report of the Borrower (Form 5500 Series), if any, there has been no material adverse change in the funding status of the Plans referred therein and no "prohibited transaction" has occurred with respect thereto which is reasonably expected to result in a material liability to the Borrower. Neither the Borrower nor any of its ERISA Affiliates has incurred nor reasonably expects to incur any material withdrawal liability under ERISA to any Multiemployer Plan, except as disclosed and consented to by the Required Lenders in writing from time to time.

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(i) No fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (except for any such circumstance, if any, which is covered by insurance which coverage has been confirmed and not disputed by the relevant insurer) affecting the properties, business or operations of the Borrower, Consumers or any Restricted Subsidiary has occurred that could reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of (A) the Borrower and its Subsidiaries, considered as a whole, or (B) Consumers and its Subsidiaries, considered as a whole.

(j) The Borrower and its Subsidiaries have filed all tax returns (Federal, state and local) required to be filed and paid all taxes shown thereon to be due, including interest and penalties, or, to the extent the Borrower or any of its Subsidiaries is contesting in good faith an assertion of liability based on such returns, has provided adequate reserves for payment thereof in accordance with GAAP.

(k) No extraordinary judicial, regulatory or other legal constraints exist which limit or restrict Consumers' ability to declare or pay cash dividends with respect to its capital stock.

(l) The Borrower owns not less than 80% of the outstanding

shares of common stock of Enterprises.

(m) The Borrower owns not less than 80% of the outstanding shares of common stock of Consumers.

(n) The Consolidated 2001-2005 Projections of Consumers, Enterprises and the Borrower (the "PROJECTIONS"), copies of which have been distributed to the Banks in the Confidential Information Memorandum dated May 2001, are based upon assumptions that the Borrower believed were reasonable at the time the Projections were delivered, and all other financial information previously delivered by the Borrower to the Administrative Agent and the Banks is true and correct in all material respects as at the dates and for the periods indicated therein.

(o) The executed and delivered Cash Collateral Agreement creates a valid, perfected, first priority Lien in the Collateral (other than the "Account", as such term is defined therein) described therein, subject only to Liens permitted by Section 8.02(a), and all filings and other actions necessary to perfect and protect such security interests have been taken.

(p) The Borrower is not engaged in the business of extending credit for the purpose of buying or carrying margin stock (within the meaning of Regulation U issued by the Board), and no proceeds of any Loan or any drawing under any Letter of Credit will be used to buy or carry any margin stock or to extend credit to others for the purpose of buying or carrying any margin stock.

(q) The Borrower is not an investment company (within the meaning of the Investment Company Act of 1940, as amended).

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(r) No proceeds of any Extension of Credit or any drawing under any Letter of Credit will be used to acquire any security in any transaction without the approval of the board of directors of the Person issuing such security if (i) the acquisition of such security would cause the Borrower to own 5.0% or more of any outstanding class of securities issued by such Person, or (ii) such security is being acquired in connection with a tender offer.

(s) Following application of the proceeds of each Extension of Credit, not more than 25 percent of the value of the assets of the Borrower and its Subsidiaries on a consolidated basis will be margin stock (within the meaning of Regulation U issued by the Board).

(t) Borrower and Consumers are exempt from the registration requirements of the Public Utility Holding Company Act of 1935, as amended, 15 USC 79 et seq.

ARTICLE VIII COVENANTS OF THE BORROWER

SECTION 8.01. AFFIRMATIVE COVENANTS. So long as any Loan or any other amount payable hereunder or under any Promissory Note shall remain unpaid, any Letter of Credit shall remain outstanding or any Lender shall have any Commitment:

(a) Payment of Taxes, Etc. The Borrower shall pay and discharge, and each of its Subsidiaries shall pay and discharge, before the same shall become delinquent, all taxes, assessments and governmental charges, royalties or levies imposed upon it or upon its property except, in the case of taxes, to the extent the Borrower or any Subsidiary, as the case may be, is contesting the same in good faith and by appropriate proceedings and has set aside adequate reserves for the payment thereof in accordance with GAAP.

(b) Maintenance of Insurance. The Borrower shall maintain, and each of its Restricted Subsidiaries and Consumers shall maintain, insurance covering the Borrower, each of its Restricted Subsidiaries, Consumers and their respective properties in effect at all times in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general geographical area in which the Borrower, its Restricted Subsidiaries and Consumers operates, either with

reputable insurance companies or, in whole or in part, by establishing reserves of one or more insurance funds, either alone or with other corporations or associations.

(c) Preservation of Existence, Etc. The Borrower shall preserve and maintain, and each of its Restricted Subsidiaries and Consumers shall preserve and maintain, its corporate existence, material rights (statutory and otherwise) and franchises, and take such other action as may be necessary or advisable to preserve and maintain its right to conduct its business in the states where it shall be conducting its business.

(d) Compliance with Laws, Etc. The Borrower shall comply, and each of its Restricted Subsidiaries and Consumers shall comply, in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, including any such laws, rules, regulations and orders relating to zoning, environmental

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protection, use and disposal of Hazardous Substances, land use, construction and building restrictions, and employee safety and health matters relating to business operations.

(e) Inspection Rights. Subject to the requirements of laws or regulations applicable to the Borrower or its Subsidiaries, as the case may be, and in effect at the time, at any time and from time to time upon reasonable notice, the Borrower shall permit (i) each Agent and its agents and representatives to examine and make copies of and abstracts from the records and books of account of, and the properties of, the Borrower or any of its Subsidiaries and (ii) each Agent, each Issuing Bank, each of the Lenders, and their respective agents and representatives to discuss the affairs, finances and accounts of the Borrower and its Subsidiaries with the Borrower and its Subsidiaries and their respective officers, directors and accountants, in each case, to the extent that any out-of-pocket expenses are incurred in connection therewith at such time as no Event of Default or Default shall have occurred and be continuing, at the expense of such Agent, such Issuing Bank, such Lender, or their respective agents and representatives, as the case may be.

(f) Keeping of Books. The Borrower shall keep, and each of its Subsidiaries shall keep, proper records and books of account, in which full and correct entries shall be made of all financial transactions of the Borrower and its Subsidiaries and the assets and business of the Borrower and its Subsidiaries, in accordance with GAAP.

(g) Maintenance of Properties, Etc. The Borrower shall maintain, and each of its Restricted Subsidiaries shall maintain, in substantial conformity with all laws and material contractual obligations, good and marketable title to all of its properties which are used or useful in the conduct of its business; provided, however, that the foregoing shall not restrict the sale of any asset of the Borrower or any Restricted Subsidiary to the extent not prohibited by Section 8.02(i). In addition, the Borrower shall preserve, maintain, develop, and operate, and each of its Subsidiaries shall preserve, maintain, develop and operate, in substantial conformity with all laws and material contractual obligations, all of its material properties which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) Use of Proceeds. The Borrower shall apply the proceeds of the initial Extensions of Credit, to the extent necessary, to the repayment in full and termination of all outstanding obligations under the Existing Credit Agreement, whether for principal, interest, fees, or otherwise (and, in furtherance thereof, the Borrower hereby expressly and irrevocably authorizes the Administrative Agent to so apply such proceeds to such repayment), and use all subsequent Extensions of Credit for general corporate purposes (subject to the terms and conditions of this Agreement).

(i) Consolidated Leverage Ratio. The Borrower shall maintain, as of the last day of each fiscal quarter (in each case, the "MEASUREMENT QUARTER"), a maximum ratio of (i) Consolidated Debt for the immediately preceding four-fiscal-quarter period ending on the last day of such Measurement Quarter, to (ii) Consolidated EBITDA for such period, of not more than the

amount set forth below during each corresponding period set forth below:

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<TABLE>
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PERIOD	RATIO
Closing Date through June 17, 2002	4.90 to 1
June 18, 2002 through June 17, 2003	4.75 to 1
June 18, 2003 and thereafter	4.50 to 1

</TABLE>

(j) Cash Dividend Coverage Ratio. The Borrower shall maintain, as of the last day of each Measurement Quarter, a minimum ratio of (i) the sum of (A) Cash Dividend Income for the immediately preceding four-fiscal-quarter period ending on the last day of the fiscal quarter immediately preceding such Measurement Quarter, plus (B) 25% of the amount of Equity Distributions received by the Borrower during such period but in no event in excess of \$10,000,000, plus (C) all amounts received by the Borrower from its Subsidiaries and Affiliates during such period constituting reimbursement of interest expense (including commitment, guaranty and letter of credit fees) paid by the Borrower on behalf of any such Subsidiary or Affiliate to (ii) interest expense (including commitment, guaranty and letter of credit fees) accrued by the Borrower in respect of all Debt during such period of not less than : (a) for each Measurement Quarter ending on or prior to June 17, 2002, 1.50 to 1, (b) for each Measurement Quarter ending after June 18, 2002 and on or prior to June 17, 2003, 1.75 to 1, and (c) for each Measurement Quarter ending after June 18, 2003, 1.90 to 1; provided, that the Borrower shall be deemed not to be in breach of the foregoing covenant if, during the Measurement Quarter, it has permanently reduced the Commitments and the principal amount outstanding under this Agreement and the Promissory Notes such that the amount determined pursuant to clause (ii) above, when recalculated on a pro forma basis assuming that the amount of such reduced Commitments and principal amount outstanding under this Agreement and the Promissory Notes were in effect at all times during such four-fiscal-quarter period, would result in the Borrower being in compliance with such ratio; and provided further, that until the Borrower so reduces such Commitments and principal amount outstanding under this Agreement and the Promissory Notes and/or increases Cash Dividend Income during such Measurement Quarter, the Borrower may not request any additional Extensions of Credit (other than Conversions).

(k) Refinancing of Senior Note Debt. In connection with any refinancings of the Senior Note Debt, the Borrower shall cause the maturity thereof to be no sooner than the then-scheduled maturity date of the Senior Notes being refinanced.

(l) Further Assurances. The Borrower shall promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or that any Lender through the Administrative Agent may reasonably request in order to give effect to the transactions contemplated by this Agreement and the other Loan Documents. In addition, the Borrower will use all reasonable efforts to duly obtain or make Governmental Approvals required from time to time on or prior to such date as the same may become legally required.

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SECTION 8.02. NEGATIVE COVENANTS. So long as any Loan or any other amount payable hereunder or under any Promissory Note shall remain unpaid, any Letter of Credit shall remain outstanding or any Lender shall have any Commitment, the Borrower shall not, without the written consent of the Required Lenders:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist, any lien, security interest, or other charge or encumbrance (including the lien or retained security title of a conditional vendor) of any kind, or any other type of arrangement intended or having the effect of conferring upon a creditor a preferential interest upon or with respect to any of its properties of any character (including capital stock of Consumers, Enterprises, CMS Oil & Gas Co. and any of the Borrower's other directly-owned Subsidiaries, and accounts) (any of the foregoing being referred to herein as a "LIEN"), whether now owned or hereafter acquired, or sign or file, or permit any of its Restricted Subsidiaries to sign or file, under the Uniform Commercial Code of any jurisdiction a financing statement which names the Borrower or any Restricted Subsidiary as debtor, sign, or permit any of its Restricted Subsidiaries to sign, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Restricted Subsidiaries to assign, accounts, excluding, however, from the operation of the foregoing restrictions the Liens created under the Loan Documents and the following:

(i) Liens for taxes, assessments or governmental charges or levies to the extent not past due;

(ii) cash pledges or deposits to secure (A) obligations under workmen's compensation laws or similar legislation, (B) public or statutory obligations of the Borrower or any of its Restricted Subsidiaries, or (C) Support Obligations of the Borrower; provided that the aggregate amount of pledges or deposits securing such Support Obligations shall not exceed \$30 million at any one time outstanding;

(iii) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's liens and other similar Liens arising in the ordinary course of business securing obligations which are not overdue or which have been fully bonded and are being contested in good faith; and

(iv) purchase money Liens or purchase money security interests upon or in property acquired or held by the Borrower or any of its Restricted Subsidiaries in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of any such property to be subject to such Liens or security interests, or Liens or security interests existing on any such property at the time of acquisition, or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, provided that no such Lien or security interest shall extend to or cover any property other than the property being acquired and no such extension, renewal or replacement shall extend to or cover property not theretofore subject to the Lien or security interest being extended, renewed or replaced, and provided, further, that the aggregate principal amount of the Debt at any one time outstanding secured by Liens permitted by this clause (iv) shall not exceed \$10,000,000.

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(b) Enterprises Debt. Permit Enterprises to create, incur, assume or suffer to exist any debt (as such term is construed in accordance with GAAP) other than:

(i) debt arising by reason of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Enterprises' business;

(ii) in the form of indemnities in respect of unfiled mechanics' liens and Liens affecting Enterprises' properties permitted under Section 8.02(a) (iii);

(iii) other debt of Enterprises outstanding on the Closing Date set forth on Schedule II; and

(iv) unsecured, subordinated debt owed to the Borrower or CMS

(c) Lease Obligations. Create, incur, assume or suffer to exist, or permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist, any obligations as lessee for the rental or hire of real or personal property of any kind under leases or agreements to lease (other than leases which constitute Debt) having an original term of one year or more which would cause the aggregate direct or contingent liabilities of the Borrower and its Restricted Subsidiaries in respect of all such obligations payable in any period of 12 consecutive calendar months to exceed \$50,000,000.

(d) Investments in Other Persons. Upon the occurrence and during the continuance of an Event of Default or a Default (other than a Default that occurs and is continuing prior to the last day of any Measurement Quarter resulting from the failure of the Borrower to comply with the ratio set forth in Section 8.01(j)), make, or permit any of its Restricted Subsidiaries to make, any loan or advance to any Person or purchase or otherwise acquire any capital stock, obligations or other securities of, make any capital contribution to, or otherwise invest in, any Person, other than Permitted Investments.

(e) Restricted Payments. Declare or pay, or permit any of its Restricted Subsidiaries to declare or pay, directly or indirectly, any dividend, payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any share of any class of capital stock of the Borrower or any of its Restricted Subsidiaries (other than (1) stock splits and dividends payable solely in nonconvertible equity securities of the Borrower and (2) distributions made to the Borrower or a Restricted Subsidiary), or purchase, redeem, retire, or otherwise acquire for value, or permit any of its Restricted Subsidiaries to purchase, redeem, retire, or otherwise acquire for value, any shares of any class of capital stock of the Borrower or any of its Restricted Subsidiaries or any warrants, rights, or options to acquire any such shares, now or hereafter outstanding, or make, or permit any of its Restricted Subsidiaries to make, any distribution of assets to any of its shareholders (other than distributions to the Borrower or a Restricted Subsidiary) (any such dividend, payment, distribution, purchase, redemption, retirement or acquisition being hereinafter referred to as a "RESTRICTED PAYMENT"), unless (i) no Default or Event of Default has occurred and is continuing or would occur as a result of such Restricted Payment, and (ii) after giving effect thereto, the aggregate amount of all such

Restricted Payments made since September 30, 1993 shall not have exceeded the sum of (A) \$120,000,000, (B) 100% of Consolidated Net Income (as defined in the Indenture in effect on the date hereof) accrued during the period (treated as one accounting period) from September 30, 1993 to the end of the most recent fiscal quarter of the Borrower ending at least 45 days prior to the date of such Restricted Payment (or, in case such amount shall be a deficit, minus 100% of such deficit), and (C) the aggregate Net Proceeds (as defined in the Indenture in effect on the date hereof) received by the Borrower from any issuance or sale of, or contribution with respect to, its capital stock subsequent to September 30, 1993; provided, however, that the foregoing shall not prohibit (1) any purchase or redemption of capital stock of the Borrower made by exchange for, or out of the proceeds of the substantially concurrent sale of, capital stock of the Borrower (other than Redeemable Stock or Exchangeable Stock (as such terms are defined in the Indenture in effect on the date hereof)), provided that such purchase or redemption shall be excluded from the calculation of the amount of Restricted Payments permitted by this subsection (e); (2) dividends or other distributions paid in respect of any class of the Borrower's capital stock issued in respect of the acquisition of any business or assets by the Borrower or a Restricted Subsidiary where the dividends or other distributions with respect to such capital stock are payable solely from the net earnings of such business or assets; (3) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this subsection (e), provided that at the time of payment of such dividend, no Default or Event of Default shall have occurred and be continuing (or result therefrom), and provided further that such dividends shall be included (without duplication) in the calculation of the amount of Restricted Payments permitted by this subsection (e); or (4) payments made by the Borrower or any Restricted Subsidiary pursuant to the Tax Sharing Agreement. For purposes

of this subsection (e), the amount of any Restricted Payment not in the form of cash shall be the fair market value of such Restricted Payment as determined in good faith by the Board of Directors of the Borrower, provided that if the value of the non-cash portion of such Restricted Payment as determined by the Borrower's Board of Directors is in excess of \$25 million, such value shall be based on an opinion from a nationally-recognized firm acceptable to the Administrative Agent experienced in the appraisal of similar types of property or transactions.

(f) Compliance with ERISA. (i) Permit to exist any "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended), (ii) terminate, or permit any ERISA Affiliate to terminate, any Plan or withdraw from, or permit any ERISA Affiliate to withdraw from, any Multiemployer Plan, so as to result in any material (in the opinion of the Required Lenders) liability of the Borrower, any Restricted Subsidiary or Consumers to the PBGC, or (iii) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, which presents a material (in the opinion of the Required Lenders) risk of such a termination by the PBGC of any Plan or withdrawal from any Multiemployer Plan and such a material liability to the Borrower, any Restricted Subsidiary or Consumers.

(g) Transactions with Affiliates. Enter into, or permit any of its Subsidiaries to enter into, any transaction with any of its Affiliates unless such transaction is on terms no less favorable to the Borrower or such Subsidiary than if the transaction had been negotiated in good faith on an arm's-length basis with a non-Affiliate.

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(h) Mergers, Etc. Merge with or into or consolidate with or into, or permit any of its Restricted Subsidiaries, Consumers or CMS Oil & Gas Co. to merge with or into or consolidate with or into, any other Person, except that (1) any Restricted Subsidiary (other than Enterprises) may merge into any other Restricted Subsidiary; (2) CMS Oil & Gas Co. may merge with or into Enterprises or the Borrower; (3) CMS Oil & Gas Co. may merge with or into any other Person, provided that, in connection with such merger, Enterprises shall have received fair consideration (as determined by the Board of Directors of Enterprises or the Borrower); (4) any Restricted Subsidiary may merge with or into the Borrower, and the Borrower may merge with any other Person, provided that, immediately after giving effect to any such merger, (A) no event shall occur and be continuing which constitutes a Default or an Event of Default, (B) the Borrower is the surviving corporation, and (C) the Borrower shall not be liable with respect to any Debt or allow its property to be subject to any Lien which it could not become liable with respect to or allow its property to become subject to under this Agreement or any other Loan Document on the date of such transaction; (5) Consumers may merge with any other Person, provided that, immediately after giving effect thereto, (w) no event shall occur and be continuing which constitutes a Default or an Event of Default, (x) Consumers is the surviving corporation, (y) the Borrower shall continue to own not less than 80% of the outstanding shares of common stock of Consumers and (z) Consumers' Net Worth shall be equal to or greater than its Net Worth immediately prior to such merger; and (6) any Person (other than the Borrower and its Affiliates) may merge with or into Enterprises, provided that, immediately after giving effect thereto, (A) no event shall occur and be continuing which constitutes a Default or an Event of Default, (B) Enterprises is the surviving corporation, (C) Enterprises' Net Worth shall be equal to or greater than its Net Worth immediately prior to such merger and (D) Enterprises shall not be liable with respect to any Debt or allow its property to be subject to any Lien which it could not become liable with respect to or allow its property to become subject to under this Agreement or any other Loan Document on the date of such transaction; provided, that after giving effect to any merger described in clause (2), (3), or (5) above, the Borrower shall be in compliance with Section 8.01(i).

(i) Sales, Etc., of Assets. Sell, lease, transfer, assign, or otherwise dispose of all or any substantial part of its assets, or permit any of its Restricted Subsidiaries to sell, lease, transfer, or otherwise dispose of all or any substantial part of its assets, except to give effect to a transaction permitted by subsection (h) above or subsection (j) below.

(j) Maintenance of Ownership of Subsidiaries. Sell, transfer, assign or otherwise dispose of any shares of capital stock of any of its Restricted Subsidiaries or Consumers (other than preferred or preference stock of Consumers) or any warrants, rights or options to acquire such capital stock, or permit any Restricted Subsidiary or Consumers to issue, sell, transfer, assign or otherwise dispose of any shares of its capital stock (other than preferred or preference stock of Consumers) or the capital stock of any other Restricted Subsidiary or any warrants, rights or options to acquire such capital stock, except to give effect to a transaction permitted by subsection (h) above; provided, however, that (i) the Borrower may sell, transfer, assign or otherwise dispose of not more than 20% of the common stock of Consumers, provided that after giving effect to each such transaction the Borrower shall be in compliance with Section 8.01(i), (ii) the Borrower may sell, transfer, assign or otherwise dispose of not more than 20% of the common stock of Enterprises; provided, that any proceeds in the form of cash from such sale, transfer, assignment or other disposal shall be applied to prepay (A) the principal amount

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outstanding hereunder (it being understood that any prepayment required by this clause (ii) shall be applied to outstanding ABR Loans up to the full amount thereof before they are applied to outstanding Eurodollar Rate Loans) together with (1) accrued interest to the date of such prepayment on the principal amount repaid and (2) in the case of prepayments of Eurodollar Rate Loans, any amount payable to the Lenders pursuant to Section 5.04(b) or (B) the principal amount outstanding under the Three Year Facility, in accordance with Section 8.02(j) (ii) of the Three Year Facility and provided, further, that after giving effect to each such transaction the Borrower shall be in compliance with Section 8.01(i), (iii) Enterprises may, and the Borrower may permit Enterprises to, sell, transfer, assign or otherwise dispose of not more than 49% of the common stock of any Enterprises Significant Subsidiary other than CMS Oil & Gas Co., provided that after giving effect to each such transaction the Borrower shall be in compliance with Section 8.01(i) , and (iv) Enterprises may, and the Borrower may permit Enterprises to, sell, transfer, assign or otherwise dispose of not more than 60% of the common stock of CMS Oil & Gas Co., provided that after giving effect to such transaction the Borrower shall be in compliance with Section 8.01(i).

(k) Amendment of Tax Sharing Agreement. Directly or indirectly, amend, modify, supplement, waive compliance with, seek a waiver under, or assent to noncompliance with, any term, provision or condition of the Tax Sharing Agreement if the effect of such amendment, modification, supplement, waiver or assent is to (i) reduce materially any amounts otherwise payable to, or increase materially any amounts otherwise owing or payable by, the Borrower thereunder, or (ii) change materially the timing of any payments made by or to the Borrower thereunder.

SECTION 8.03. REPORTING OBLIGATIONS. So long as any Loan or any other amount payable hereunder or under any Promissory Note shall remain unpaid, any Letter of Credit shall remain outstanding or any Lender shall have any Commitment, the Borrower will, unless the Required Lenders shall otherwise consent in writing, furnish to the Administrative Agent (with sufficient copies for each Lender), the following:

(a) as soon as possible and in any event within five days after the Borrower knows or should have reason to know of the occurrence of each Default or Event of Default continuing on the date of such statement, a statement of the chief financial officer or chief accounting officer of the Borrower setting forth details of such Default or Event of Default and the action that the Borrower proposes to take with respect thereto;

(b) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a consolidated balance sheet and consolidated statements of income and retained earnings and of cash flows of the Borrower and its Subsidiaries as at the end of such quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such quarter (which requirement shall be deemed satisfied by the delivery of the Borrower's quarterly report on Form 10-Q for such quarter), all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer or chief accounting officer of the Borrower as having been prepared in accordance with GAAP, together with (A)

a schedule (substantially in the form of Exhibit F appropriately completed) of (1) the computations used by the Borrower in determining compliance with the covenants contained in Sections 8.01(i) and 8.01(j) and, after the enactment of any Consumers

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Dividend Restriction, the ratio set forth in Section 9.01(k), (2) all Project Finance Debt of the Consolidated Subsidiaries, together with the Borrower's Ownership Interest in each such Consolidated Subsidiary and (3) all Support Obligations of the Borrower of the types described in clauses (iv) and (v) of the definition of Support Obligations (whether or not each such Support Obligation or the primary obligation so supported is fixed, conclusively determined or reasonably quantifiable) to the extent such Support Obligations have not been previously disclosed as "Consolidated Debt" pursuant to clause (1) above, and (B) a certificate of said officer stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower proposes to take with respect thereto;

(c) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower and its Subsidiaries, a copy of the Annual Report on Form 10-K (or any successor form) for the Borrower and its Subsidiaries for such year, including therein a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and consolidated statements of income and retained earnings and of cash flows of the Borrower and its Subsidiaries for such fiscal year, accompanied by a report thereon of Arthur Andersen LLP or another nationally-recognized independent public accounting firm, together with (1) a schedule in form satisfactory to the Required Lenders of (A) the computations used by such accounting firm in determining, as of the end of such fiscal year, compliance with the covenants contained in Sections 8.01(i) and 8.01(j) and, after the enactment of any Consumers Dividend Restriction, the ratio set forth in Section 9.01(k), (B) all Project Finance Debt of the Consolidated Subsidiaries, together with the Borrower's Ownership Interest in each such Consolidated Subsidiary and (C) all Support Obligations of the Borrower of the types described in clauses (iv) and (v) of the definition of Support Obligations (whether or not each such Support Obligation or the primary obligation so supported is fixed, conclusively determined or reasonably quantifiable) to the extent such Support Obligations have not been previously disclosed as "Consolidated Debt" pursuant to clause (A) above, and (2) a certificate of the chief financial officer or chief accounting officer of the Borrower stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower proposes to take with respect thereto;

(d) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a balance sheet and statements of income and retained earnings and of cash flows of the Borrower as at the end of such quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer or chief accounting officer of the Borrower as having been prepared in accordance with GAAP;

(e) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, a balance sheet of the Borrower as at the end of such fiscal year and statements of income and retained earnings and of cash flows of the Borrower for such fiscal year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer or chief accounting officer of the Borrower as having been prepared in accordance with GAAP;

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(f) as soon as possible and in any event (A) within 30 days after the Borrower knows or has reason to know that any Plan Termination Event described in clause (i) of the definition of Plan Termination Event with respect

to any Plan of the Borrower or any ERISA Affiliate of the Borrower has occurred and could reasonably be expected to result in a material liability to the Borrower and (B) within 10 days after the Borrower knows or has reason to know that any other Plan Termination Event with respect to any Plan of the Borrower or any ERISA Affiliate of the Borrower has occurred and could reasonably be expected to result in a material liability to the Borrower, a statement of the chief financial officer or chief accounting officer of the Borrower describing such Plan Termination Event and the action, if any, which the Borrower proposes to take with respect thereto;

(g) promptly after receipt thereof by the Borrower or any of its ERISA Affiliates from the PBGC copies of each notice received by the Borrower or any such ERISA Affiliate of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(h) promptly and in any event within 30 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Plan (if any) to which the Borrower is a contributing employer;

(i) promptly after receipt thereof by the Borrower or any of its ERISA Affiliates from a Multiemployer Plan sponsor, a copy of each notice received by the Borrower or any of its ERISA Affiliates concerning the imposition or amount of withdrawal liability in an aggregate principal amount of at least \$250,000 pursuant to Section 4202 of ERISA in respect of which the Borrower is reasonably expected to be liable;

(j) promptly after the Borrower becomes aware of the occurrence thereof, notice of all actions, suits, proceedings or other events of the type described in Section 7.01(f);

(k) promptly after the sending or filing thereof, notice to the Administrative Agent and each Lender of any sending or filing of all proxy statements, financial statements and reports which the Borrower sends to its public security holders (if any), all regular, periodic and special reports which the Borrower files with the Securities and Exchange Commission or any governmental authority which may be substituted therefor, or with any national securities exchange, pursuant to the Exchange Act, and all final prospectuses with respect to any securities issued or to be issued by the Borrower or any of its Subsidiaries;

(l) as soon as possible and in any event within five days after the occurrence of any material default under any material agreement to which the Borrower or any of its Subsidiaries is a party, which default would materially adversely affect the financial condition, business, results of operations or property of the Borrower and its Subsidiaries, considered as a whole, any of which is continuing on the date of such certificate, a certificate of the chief financial officer of the Borrower setting forth the details of such material default and the action which the Borrower or any such Subsidiary proposes to take with respect thereto; and

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(m) promptly after requested, such other information respecting the business, properties, condition or operations, financial or otherwise, of the Borrower and its Subsidiaries as any Agent or the Required Lenders may from time to time reasonably request in writing.

The Borrower shall be deemed to have fulfilled its obligations pursuant to clauses (b), (c), (d), (e) and (k) above to the extent the Administrative Agent (and the Lenders, if applicable) receives an electronic copy of the requisite document or documents in a format acceptable to the Administrative Agent, provided that (1) an executed, tangible copy of any report required pursuant to clause (e) above is delivered to the Administrative Agent at the time of any such electronic delivery, and (2) a tangible copy of each requisite document delivered electronically is made available by the Borrower promptly upon request by any Agent or Lender.

ARTICLE IX
DEFAULTS

SECTION 9.01. EVENTS OF DEFAULT. If any of the following events (each an "EVENT OF DEFAULT") shall occur and be continuing, the Administrative Agent and the Lenders shall be entitled to exercise the remedies set forth in Section 9.02:

(a) The Borrower shall fail to pay (i) any principal of any Loan when due or (ii) any interest thereon, fees or other amounts (other than any principal of any Loan) payable hereunder within two Business Days after such interest, fees or other amounts shall have become due; or

(b) Any representation or warranty made by or on behalf of the Borrower in any Loan Document or certificate or other writing delivered pursuant thereto shall prove to have been incorrect in any material respect when made or deemed made; or

(c) The Borrower or any of its Subsidiaries shall fail to perform or observe any term or covenant on its part to be performed or observed contained in Section 8.01(c), (h), (i), (j) or (l) or in Section 8.02 hereof (and the Borrower, each Lender and each Agent hereby agrees that an Event of Default under this subsection (c) shall be given effect as if the defaulting Subsidiary were a party to this Agreement); or

(d) The Borrower or any of its Subsidiaries shall fail to perform or observe any other term or covenant on its part to be performed or observed contained in any Loan Document and any such failure shall remain unremedied, after written notice thereof shall have been given to the Borrower by the Administrative Agent, for a period of 10 Business Days (and the Borrower, each Lender and each Agent hereby agrees that an Event of Default under this subsection (d) shall be given effect as if the defaulting Subsidiary were a party to this Agreement); or

(e) The Borrower, any Restricted Subsidiary or Consumers shall fail to pay any of its Debt (including any interest or premium thereon but excluding Debt incurred under this Agreement) (i) aggregating, in the case of the Borrower and each Restricted Subsidiary, \$6,000,000 or more or, in the case of Consumers, \$25,000,000 or more, or (ii) arising under the Indenture or any Senior Note, when due (whether by scheduled maturity, required prepayment,

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acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to such Debt; or any other default under any agreement or instrument relating to any such Debt, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof; unless in each such case the obligee under or holder of such Debt shall have waived in writing such circumstance so that such circumstance is no longer continuing; or

(f) (i) The Borrower, any Restricted Subsidiary or Consumers shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make an assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against the Borrower, any Restricted Subsidiary or Consumers seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its debts under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of a proceeding instituted against the Borrower, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including the entry of an order for relief against the Borrower, a Restricted Subsidiary or Consumers or the appointment of a receiver, trustee, custodian or

other similar official for the Borrower, such Restricted Subsidiary or Consumers or any of its property) shall occur; or (iii) the Borrower, any Restricted Subsidiary or Consumers shall take any corporate or other action to authorize any of the actions set forth above in this subsection (f); or

(g) Any judgment or order for the payment of money in excess of \$6,000,000 shall be rendered against the Borrower or its properties and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) Any material provision of any Loan Document, after execution hereof or delivery thereof under Article VI, shall for any reason other than the express terms hereof or thereof cease to be valid and binding on any party thereto; or the Borrower shall so assert in writing; or

(i) The Cash Collateral Agreement after execution and delivery thereof under Article VI shall for any reason, except to the extent permitted by the terms thereof or due to any failure by any Agent to take any action on its part to be performed under applicable law in order to maintain such perfection, cease to create a valid and perfected first priority Lien in any of the Collateral described therein; or

(j) At any time any Issuing Bank shall have been served with or otherwise subjected to a court order, injunction, or other process or decree issued or granted at the instance of the Borrower restraining or seeking to restrain such Issuing Bank from paying any amount

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under any Letter of Credit issued by it and either (i) there has been a drawing under such Letter of Credit which such Issuing Bank would otherwise be obligated to pay or (ii) the stated expiration date or any reduction of the stated amount of such Letter of Credit has occurred but the right of the beneficiary to draw thereunder has been extended in connection with the pendency of the related court action or proceeding; or

(k) There shall be imposed or enacted any Consumers Dividend Restriction, the result of which is that the Dividend Coverage Ratio shall be less than 1.15 to 1.0 at any time after the imposition of such Consumers Dividend Restriction.

SECTION 9.02. REMEDIES. If any Event of Default has occurred and is continuing, then the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, upon notice to the Borrower (i) declare the Commitments and the obligation of each Lender to make or Convert Loans (other than Loans under Section 4.04) and of any Issuing Bank to issue a Letter of Credit to be terminated, whereupon the same shall forthwith terminate, (ii) declare the principal amount outstanding hereunder, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the principal amount outstanding hereunder, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, (iii) provide from the proceeds of any Collateral (as defined in the Cash Collateral Agreement) for cash collateralization of LC Outstandings, and (iv) exercise in respect of any and all collateral, in addition to the other rights and remedies provided for herein and in the Cash Collateral Agreement or otherwise available to the Administrative Agent or the Lenders, all the rights and remedies of a secured party on default under the Uniform Commercial Code in effect in the State of New York and in effect in any other jurisdiction in which collateral is located at that time; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the Commitments and the obligation of each Lender to make Loans and of any Issuing Bank to issue any Letter of Credit shall automatically be terminated and (B) the principal amount outstanding hereunder, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower. Notwithstanding anything to the contrary contained herein, no notice given or declaration made by the Administrative

Agent pursuant to this Section 9.02 shall affect (i) the obligation of any Issuing Bank to make any payment under any Letter of Credit issued by such Issuing Bank in accordance with the terms of such Letter of Credit or (ii) the participatory interest of each Lender in each such payment.

ARTICLE X
THE AGENTS

SECTION 10.01. AUTHORIZATION AND ACTION.

(a) Each of the Lenders and the Issuing Banks hereby irrevocably appoints each Agent (other than the Co-Syndication Agents and Documentation Agents) as its agent and authorizes each such Agent to take such actions on its behalf and to exercise such powers as are

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delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

(b) Any Lender serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such Lender and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any of its Subsidiaries or other Affiliate thereof as if it were not an Agent hereunder.

(c) No Agent shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (i) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (ii) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that such Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 11.01), and (iii) except as expressly set forth in the Loan Documents, no Agent shall have any duty to disclose, or shall be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries or Affiliates that is communicated to or obtained by the Lender serving as such Agent or any of its Affiliates in any capacity. No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 11.01 or any other provision of this Agreement) or in the absence of its own gross negligence or willful misconduct. Each Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice thereof is given to such Agent by the Borrower or a Lender (in which case such Agent shall promptly give a copy of such written notice to the Lenders and the other Agents). No Agent shall be responsible for or have any duty to ascertain or inquire into (A) any statement, warranty or representation made in or in connection with any Loan Document, (B) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (C) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (D) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (E) the satisfaction of any condition set forth in Article VI or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent. Neither any Co-Syndication Agent nor any Documentation Agent shall have any duties or obligations in such capacity under any of the Loan Documents.

(d) Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall

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(e) Each Agent may perform any and all its duties and exercise its rights and powers by or through one or more sub-agents appointed by such Agent. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding subsections of this Section 10.01 shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as an Agent.

(f) Subject to the appointment and acceptance of a successor Agent as provided in this subsection (f), any Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Agent which shall be a Lender with an office in New York, New York, or an Affiliate of any such Lender. Upon the acceptance of its appointment as an Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After an Agent's resignation hereunder, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as an Agent.

(g) Each Lender acknowledges that it has independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 10.02. INDEMNIFICATION. The Lenders agree to indemnify each Agent (to the extent not reimbursed by the Borrower), ratably according to the respective Percentages of the Lenders, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Agent in any way relating to or arising out of this Agreement or any action taken or omitted by such Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agents and the Arranger promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agents in connection with the preparation, syndication, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in

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respect of rights or responsibilities under, this Agreement to the extent that the Agents are entitled to reimbursement for such expenses pursuant to Section 11.04 but are not reimbursed for such expenses by the Borrower.

ARTICLE XI
MISCELLANEOUS

SECTION 11.01. AMENDMENTS, ETC. No amendment or waiver of any provision of any Loan Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (i) waive, modify or eliminate any of the conditions specified in Article VI, (ii) increase the Commitments of the Lenders that may be maintained hereunder or subject the Lenders to any additional obligations, (iii) reduce the principal of, or interest on, any Loan, any Applicable Margin, any Commitment Fee Margin or any fees or other amounts payable hereunder (other than fees payable to the Administrative Agent pursuant to Section 2.02(c)), (iv) postpone any date fixed for any payment of principal of, or interest on, any Loan or any fees or other amounts payable hereunder (other than fees payable to the Administrative Agent pursuant to Section 2.02(c)), (v) change the definition of "Required Lenders" contained in Section 1.01 or change any other provision that specifies the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans or the number of Lenders which shall be required for the Lenders or any of them to take any action hereunder, (vi) amend any Loan Document in a manner intended to prefer one or more Lenders over any other Lenders, (vii) amend, waive or modify Section 2.03(b) or this Section 11.01, (viii) release any collateral or change any provision of the Cash Collateral Agreement providing for the release of Collateral, or (ix) except as otherwise permitted by Section 2.05, extend the Termination Date; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by each Agent in addition to the Lenders required above to take such action, affect the rights or duties of any Agent under this Agreement or any other Loan Document; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by each Issuing Bank in addition to the Lenders required above to take such action, affect the rights or duties of any Issuing Bank under this Agreement or any other Loan Document. Any request from the Borrower for any amendment, waiver or consent under this Section 11.01 shall be addressed to the Administrative Agent.

SECTION 11.02. NOTICES, ETC. All notices and other communications provided for hereunder and under the other Loan Documents shall be in writing (including telegraphic, facsimile, telex or cable communication) and mailed, telegraphed, telecopied, telexed, cabled or delivered, (i) if to the Borrower, at its address at Fairlane Plaza South, 330 Town Center Drive, Suite 1100, Dearborn, Michigan 48126, Attention: Rodger A. Kershner, Esq., General Counsel, with a copy to Laura L. Mountcastle, Vice President, Investor Relations and Treasurer, 330 Town Center Drive, Suite 1100, Dearborn, Michigan 48126; (ii) if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I; (iii) if to any Issuing Bank, at its address specified in the Issuing Bank Agreement to which it is a party; (iv) if to any Lender other than a Bank, at its Domestic Lending Office specified in the Lender Assignment pursuant to which it became a Lender; and (v) if to the Administrative Agent or the Collateral Agent, at its

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address at 222 Broadway, New York, New York 10038, Attn: Jeff Pannullo, Customer Service Unit, Telephone No. (212) 412-3724, Telecopy No. (212) 412-5306, with a copy to such party at 222 Broadway, New York, New York 10038, Attn: Sydney G. Dennis, Power and Utilities Group, Telephone No. (212) 412-2470, Telecopy No. (212) 412-7511 ; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telegraphed, telecopied, telexed or cabled, be effective five days after when deposited in the mails, or when delivered to the telegraph company, telecopied, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to any Agent pursuant to Article II, III, or X shall not be effective until received by such Agent.

SECTION 11.03. NO WAIVER OF REMEDIES. No failure on the part of the Borrower, any Lender, any Issuing Bank or any Agent to exercise, and no delay in

exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 11.04. COSTS, EXPENSES AND INDEMNIFICATION.

(a) The Borrower agrees to (i) reimburse on demand all reasonable costs and expenses of each Agent and the Arranger (including reasonable fees and expenses of counsel to the Agents) in connection with (A) the preparation, syndication, negotiation, execution and delivery of the Loan Documents and (B) the care and custody of any and all collateral, and any proposed modification, amendment, or consent relating to any Loan Document, and (ii) to pay on demand all reasonable costs and expenses of each Agent and, on and after the date upon which the principal amount outstanding hereunder becomes or is declared to be due and payable pursuant to Section 9.02 or an Event of Default specified in Section 9.01(a) shall have occurred and be continuing, each Lender (including reasonable fees and expenses of counsel to the Agents, special Michigan counsel to the Lenders and, from and after such date, counsel for each Lender (including the allocated costs and expenses of in-house counsel)) in connection with the workout, restructuring or enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the other Loan Documents and the other documents to be delivered hereunder.

(b) The Borrower shall indemnify each Agent, the Arranger, the Issuing Bank, each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "INDEMNIFIED PERSON") against, and hold each Indemnified Person harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnified Person, incurred by or asserted against any Indemnified Person arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby or thereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan, Letter of Credit or other Extension of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not

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strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of any Hazardous Substance on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnified Person is a party thereto; provided that such indemnity shall not, as to any Indemnified Person, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person.

(c) The Borrower's other obligations under this Section 11.04 shall survive the repayment of all amounts owing to the Lenders, the Issuing Banks and the Agents under the Loan Documents and the termination of the Commitments. If and to the extent that the obligations of the Borrower under this Section 11.04 are unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 11.05. RIGHT OF SET-OFF.

(a) Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 9.02 to authorize the Administrative Agent to declare the principal amount outstanding hereunder to be due and payable

pursuant to the provisions of Section 9.02, each Lender and Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or Issuing Bank to or for the credit or the account of the Borrower, against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Promissory Notes held by such Lender or the Issuing Bank Agreement to which such Issuing Bank is a party, as the case may be, irrespective of whether or not such Lender or Issuing Bank shall have made any demand under this Agreement, such Promissory Notes or such Issuing Bank Agreement, as the case may be, and although such obligations may be unmatured. Each Lender and Issuing Bank agrees to notify promptly the Borrower after any such set-off and application made by such Lender or Issuing Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and Issuing Bank under this Section 11.05 are in addition to other rights and remedies (including other rights of set-off) which such Lender and Issuing Bank may have.

(b) The Borrower agrees that it shall have no right of off-set, deduction or counterclaim in respect of its obligations hereunder, and that the obligations of the Lenders hereunder are several and not joint. Nothing contained herein shall constitute a relinquishment or waiver of the Borrower's rights to any independent claim that the Borrower may have against any Agent or any Lender for such Agent's or such Lender's, as the case may be, gross negligence or willful misconduct, but no Lender shall be liable for any such conduct on the part of any Agent or any other Lender, and no Agent shall be liable for any such conduct on the part of any Lender.

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SECTION 11.06. BINDING EFFECT. This Agreement shall become effective when it shall have been executed by the Borrower and the Agents and when the Administrative Agent shall have been notified by each Bank that such Bank has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agents and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 11.07. ASSIGNMENTS AND PARTICIPATION.

(a) Each Lender may, with the consent of the Borrower, each Issuing Bank and the Administrative Agent (such consent not to be unreasonably withheld or delayed and, in the case of the Borrower, shall not be required if an Event of Default has occurred and is continuing), assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment, the Loans owing to it and any Promissory Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all of the assigning Lender's rights and obligations under this Agreement, (ii) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Lender Assignment with respect to such assignment) shall in no event be less than the lesser of the amount of such Lender's Commitment and \$5,000,000 and shall be an integral multiple of \$1,000,000, (iii) each such assignment shall be to an Eligible Assignee, (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, a Lender Assignment, together with any Promissory Notes subject to such assignment, an Administrative Questionnaire and a processing and recordation fee of \$3,500 and (v) after giving effect to such assignment, the amount of the Commitment of the assigning Lender shall be not less than \$5,000,000 or such lesser amount as may be agreed to by the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower; and provided further, however, that the consent of the Borrower, each Issuing Bank and the Administrative Agent shall not be required for any assignments by a Lender to any of its Affiliates or to any other Lender or any of its Affiliates. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Lender Assignment, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent that

rights and obligations hereunder have been assigned to it pursuant to such Lender Assignment, have the rights and obligations of a Lender hereunder and (B) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it to an Eligible Assignee pursuant to such Lender Assignment, relinquish its rights and be released from its obligations under this Agreement (and, in the case of a Lender Assignment covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto); provided, however, that the limitation set forth in clause (iv), above, shall not apply if an Event of Default shall have occurred and be continuing and the Administrative Agent shall have declared all Loans to be, or all Loans shall have automatically become, immediately due and payable hereunder. The Administrative Agent agrees to give prompt notice to the Lenders and the Borrower of any assignment or participation of its rights and obligations as a Bank hereunder. Notwithstanding anything to the contrary contained in this Agreement, any Lender may at any time assign all or any portion of the Loans owing to it to any Affiliate of such Lender. The assigning Lender shall promptly notify the

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Borrower of any such assignment. No such assignment, other than to an Eligible Assignee, shall release the assigning Lender from its obligations hereunder.

(b) By executing and delivering a Lender Assignment, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Lender Assignment, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument or document furnished pursuant thereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of each Loan Document, together with copies of the financial statements referred to in Section 7.01(e) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Lender Assignment; (iv) such assignee will, independently and without reliance upon the Agents, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (v) such assignee confirms that it is an Eligible Assignee (unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have declared all Loans to be immediately due and payable hereunder, in which case no such confirmation is necessary); (vi) such assignee appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to each Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

(c) The Administrative Agent shall maintain at its address referred to in Section 11.02 a copy of each Lender Assignment delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time (the "REGISTER"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agents, the Issuing Banks and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, any Issuing Bank or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a Lender Assignment executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), any Promissory Notes subject to such assignment, the processing and recordation fee referred to in subsection

(a) above and any written consent to such assignment required by subsection (a) above, the Administrative Agent shall, if such Lender Assignment has been completed and is in substantially the form of Exhibit G, (i) accept such Lender Assignment, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to

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the Borrower. New and/or replacement Promissory Notes payable to the assignee and the assigning Lender (if the assigning Lender assigned less than all of its rights and obligations hereunder) shall be issued upon request pursuant to Section 3.01(d), and shall be dated the effective date of such Lender Assignment.

(e) Each Lender may sell participations to one or more banks or other entities (a "PARTICIPANT") in or to all or a portion of its rights and/or obligations under the Loan Documents (including all or a portion of its Commitment, the Loans owing to it and any Promissory Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Promissory Notes for all purposes of this Agreement, and (iv) the Borrower, the Agents, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided, that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.01 that affects such Participant. Subject to subsection (f) below, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 5.04 and 5.06 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (a) above. To the extent permitted by law, each Participant shall also be entitled to the benefits of Section 11.05(a) as though it were a Lender, provided such Participant agrees to be subject to Section 5.05 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 5.04 or 5.06 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 5.06 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 5.06(e) as though it were a Lender.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 11.07, disclose to the assignee or Participant or proposed assignee or Participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or Participant or proposed assignee or Participant shall agree, in accordance with the terms of Section 11.08, to preserve the confidentiality of any Confidential Information received by it from such Lender.

(h) If any Lender (or any Participant to which such Lender has sold a participation) shall make any demand for payment under Section 5.04(a) or (c), then in the case of any such demand, within 30 days after any such demand (if, but only if, such demanded payment has been made by the Borrower) or notice, the Borrower may, with the approval of the

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Administrative Agent (which approval shall not be unreasonably withheld) and provided that no Event of Default or Default shall then have occurred and be continuing, demand that such Lender assign, at the sole cost and expense of the Borrower, in accordance with this Section 11.07 to one or more Eligible Assignees designated by the Borrower, all (but not less than all) of such Lender's Commitment and the Loans owing to it within the period ending on the later to occur of (x) the last day in the period described above, as applicable, and (y) the last day of the longest of the then current Interest Periods for such Loans. If any such Eligible Assignee designated by the Borrower shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrower shall fail to designate any such Eligible Assignees for all or part of such Lender's Commitment or Loans, then such demand by the Borrower shall become ineffective; it being understood for purposes of this subsection (h) that such assignment shall be conclusively deemed to be on terms acceptable to such Lender, and such Lender shall be compelled to consummate such assignment to an Eligible Assignee designated by the Borrower, if such Eligible Assignee (1) shall agree to such assignment by entering into a Lender Assignment with such Lender and (2) shall offer compensation to such Lender in an amount equal to all amounts then owing by the Borrower to such Lender hereunder and under any Promissory Notes made by the Borrower to such Lender, whether for principal, interest, fees, costs or expenses (other than the demanded payment referred to above, and payable by the Borrower as a condition to the Borrower's right to demand such assignment) or otherwise (including, without limitation, to the extent not paid by the Borrower, any payments required pursuant to Section 5.04(b)). In addition, in the case of any amount demanded for payment by any Lender (or such Participant) pursuant to Section 5.04(a) or (c), the Borrower may, in the case of any such Lender, with the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and provided that no Event of Default or Default shall then have occurred and be continuing, terminate all (but not less than all) such Lender's Commitment and prepay all (but not less than all) such Lender's Loans not so assigned, together with all interest accrued thereon to the date of such prepayment and all fees, costs and expenses and other amounts then owing by the Borrower to such Lender hereunder and under any Promissory Notes made by the Borrower to such Lender, at any time from and after such later occurring day in accordance with Sections 2.03 and 5.03 (but without the requirement stated therein for ratable treatment of the other Lenders), if and only if, after giving effect to such termination and prepayment, the sum of the aggregate principal amount of the Loans of all Lenders then outstanding does not exceed the then remaining Commitments of the Lenders. Notwithstanding anything set forth above in this subsection (h) to the contrary, the Borrower shall not be entitled to compel the assignment by any Lender demanding payment under Section 5.04(a) of its Commitment and Loans or terminate and prepay the Commitment and Loans of such Lender if, prior to or promptly following any such demand by the Borrower, such Lender shall have changed or shall change, as the case may be, its Applicable Lending Office for its Eurodollar Rate Loans so as to eliminate the further incurrence of such increased cost. In furtherance of the foregoing, any such Lender demanding payment or giving notice as provided above agrees to use reasonable efforts to so change its Applicable Lending Office if, to do so, would not result in the incurrence by such Lender of additional costs or expenses which it deems material or, in the sole judgment of such Lender, be inadvisable for regulatory, competitive or internal management reasons.

(i) Anything in this Section 11.07 to the contrary notwithstanding, any Lender may assign and pledge all or any portion of its Commitment and the Loans owing to it to any Federal Reserve Bank (and its transferees) as collateral security pursuant to Regulation A of

the Board and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

SECTION 11.08. CONFIDENTIALITY. In connection with the negotiation and administration of this Agreement and the other Loan Documents, the Borrower has furnished and will from time to time furnish to the Agents, the Issuing Banks and the Lenders (each, a "RECIPIENT") written information which is identified to the Recipient when delivered as confidential (such information, other than any such information which (i) was publicly available, or otherwise known to the

Recipient, at the time of disclosure, (ii) subsequently becomes publicly available other than through any act or omission by the Recipient or (iii) otherwise subsequently becomes known to the Recipient other than through a Person whom the Recipient knows to be acting in violation of his or its obligations to the Borrower, being hereinafter referred to as "CONFIDENTIAL INFORMATION"). The Recipient will not knowingly disclose any such Confidential Information to any third party (other than to those persons who have a confidential relationship with the Recipient), and will take all reasonable steps to restrict access to such information in a manner designed to maintain the confidential nature of such information, in each case until such time as the same ceases to be Confidential Information or as the Borrower may otherwise instruct. It is understood, however, that the foregoing will not restrict the Recipient's ability to freely exchange such Confidential Information with its Affiliates or with prospective participants in or assignees of the Recipient's position herein, but the Recipient's ability to so exchange Confidential Information shall be conditioned upon any such Affiliate's or prospective participant's (as the case may be) entering into an agreement as to confidentiality similar to this Section 11.08. It is further understood that the foregoing will not prohibit the disclosure of any or all Confidential Information if and to the extent that such disclosure may be required (1) by a regulatory agency or otherwise in connection with an examination of the Recipient's records by appropriate authorities, (2) pursuant to court order, subpoena or other legal process or in connection with any proceeding, suit or other action relating to any Loan Document or (3) otherwise, as required by law; in the event of any required disclosure under clause (2) or (3), above, the Recipient agrees to use reasonable efforts to inform the Borrower as promptly as practicable to the extent not prohibited by law.

SECTION 11.09. Waiver of Jury Trial. THE BORROWER, THE AGENTS, THE ISSUING BANKS AND THE LENDERS EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY OTHER INSTRUMENT OR DOCUMENT DELIVERED HEREUNDER OR THEREUNDER.

SECTION 11.10. GOVERNING LAW; SUBMISSION TO JURISDICTION. This Agreement and the Promissory Notes shall be governed by, and construed in accordance with, the laws of the State of New York (including Section 5-1401 of the General Obligations Laws of the State of New York, but otherwise without regard to conflicts of law principles). The Borrower, the Lenders, the Issuing Banks and the Agents, each (i) irrevocably submits to the jurisdiction of any New York State court or Federal court sitting in New York City in any action arising out of any Loan Document, (ii) agrees that all claims in such action may be decided in such court, (iii) waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum and (iv) consents to the service of process by mail. A final judgment in any such action shall be conclusive and

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may be enforced in other jurisdictions. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring any action in any other court.

SECTION 11.11. RELATION OF THE PARTIES; NO BENEFICIARY. No term, provision or requirement, whether express or implied, of any Loan Document, or actions taken or to be taken by any party thereunder, shall be construed to create a partnership, association, or joint venture between such parties or any of them. No term or provision of the Loan Documents shall be construed to confer a benefit upon, or grant a right or privilege to, any Person other than the parties hereto. The Borrower hereby acknowledges that neither any Agent nor any Lender has any fiduciary relationship with or fiduciary duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Agents and the Lenders, on the one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor.

SECTION 11.12. EXISTING BANKS' WAIVER, ACKNOWLEDGMENT AND RELEASE. The Existing Banks hereby waive the three (3) Business Days' notice requirement for termination of the "Commitments" (as defined in the Existing Credit Agreement) under Section 2.03(a) of the Existing Credit Agreement.

SECTION 11.13. EXECUTION IN COUNTERPARTS. This Agreement may be

executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement.

SECTION 11.14. SURVIVAL OF AGREEMENT. All covenants, agreements, representations and warranties made herein and in the certificates pursuant hereto shall be considered to have been relied upon by the Agents and the Lenders and shall survive the making by the Lenders of the Extensions of Credit and the execution and delivery to the Lenders of any Promissory Notes evidencing the Extensions of Credit and shall continue in full force and effect so long as any Promissory Note or any amount due hereunder is outstanding and unpaid or any Commitment of any Lender has not been terminated.

[Signature pages follow.]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CMS ENERGY CORPORATION

By: /s/ Laura L. Mountcastle

Name: Laura L. Mountcastle

Title: Vice President

Commitment:
\$50,700,000

BARCLAYS BANK PLC, individually as a
Lender and as Administrative Agent and
Collateral Agent

By: /s/ Sydney G. Dennis

Name: Sydney G. Dennis
Title: Director

Signature Page to \$450,000,000 Credit Agreement

Commitment:
\$34,500,000

BANK OF AMERICA, N.A., individually as a
a Lender and as a Co-Syndication Agent

By: /s/ Gretchen P. Burud

Name: Gretchen P. Burud
Title: Managing Director

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Commitment: THE CHASE MANHATTAN BANK, individually
\$34,500,000 as a Lender and as a Co-Syndication Agent

By: /s/ Thomas L. Casey

Name: Thomas L. Casey
Title: Vice President

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Commitment: CITIBANK, N.A., individually as a Lender
\$34,500,000 and as a Documentation Agent

By: /s/ Dhaya Ranganathan

Name: Dhaya Ranganathan
Title: Vice President

Signature Page to \$450,000,000 Credit Agreement

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Commitment: UNION BANK OF CALIFORNIA, N.A.,
\$34,500,000 individually as a Lender and as a
Documentation Agent

By: /s/ Robert J. Olson

Name: Robert J. Olson
Title: Vice President

Signature Page to \$450,000,000 Credit Agreement

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Commitment: BNP PARIBAS
\$28,500,000

By: /s/ Andrew S. Platt

Name: Andrew S. Platt
Title: Vice President

By: /s/ Mark A. Renaud

Name: Mark A. Renaud
Title: Director

Signature Page to \$450,000,000 Credit Agreement

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Commitment:
\$23,700,000

BANK ONE, N.A.

By: /s/ Jane A. Bek

Name: Jane A. Bek
Title: Vice President

Signature Page to \$450,000,000 Credit Agreement

Commitment:
\$23,700,000

COMERICA BANK

By: /s/ David C. Bird

Name: David C. Bird
Title: Vice President

Signature Page to \$450,000,000 Credit Agreement

Commitment:
\$23,700,000

CREDIT SUISSE FIRST BOSTON

By: /s/ Andrea E. Shkane

Name: Andrea E. Shkane
Title: Vice President

By: /s/ David W. Kratovil

Name: David W. Kratovil
Title: Director

Signature Page to \$450,000,000 Credit Agreement

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Commitment:
\$23,700,000

FLEET NATIONAL BANK

By: /s/ Rita M. Cahill

Name: Rita M. Cahill
Title: Managing Director

Signature Page to \$450,000,000 Credit Agreement

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Commitment:
\$15,000,000

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED

By: /s/ R. Scott McInnis

Name: R. Scott McInnis
Title: Head of Structured Finance &
Relationship Management-Americas

Signature Page to \$450,000,000 Credit Agreement

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Commitment:
\$15,000,000

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. Ashby

Name: F.C.H. Ashby
Title: Senior Manager Loan Operations

Signature Page to \$450,000,000 Credit Agreement

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Commitment: BANKERS TRUST COMPANY
\$15,000,000

By: /s/ Marcus M. Tarkington

Name: Marcus M. Tarkington
Title: Director

Signature Page to \$450,000,000 Credit Agreement

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Commitment: MICHIGAN NATIONAL BANK
\$15,000,000

By: /s/ Mark Aben

Name: Mark Aben
Title: Vice President

Signature Page to \$450,000,000 Credit Agreement

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Commitment:
\$15,000,000

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ Brian McInnes

Name: Brian McInnes
Title: Senior Vice President

Signature Page to \$450,000,000 Credit Agreement

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Commitment:
\$15,000,000

SOCIETE GENERALE

By: /s/ Gordon Eadon

Name: Gordon Eadon

Title: Director

Signature Page to \$450,000,000 Credit Agreement

Commitment:
\$15,000,000

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Tamihiro Kawauchi

Name: Tamihiro Kawauchi
Title: Joint General Manager

Signature Page to \$450,000,000 Credit Agreement

Commitment:
\$15,000,000

TORONTO DOMINION (TEXAS), INC.

By: /s/ Alva J. Jones

Name: Alva J. Jones
Title: Vice President

Signature Page to \$450,000,000 Credit Agreement

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Commitment:
\$9,000,000

ARAB BANKING CORPORATION

By: /s/ Grant E. McDonald

Name: Grant E. McDonald
Title: Vice President

Signature Page to \$450,000,000 Credit Agreement

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Commitment: THE FUJI BANK, LIMITED
\$9,000,000

By: /s/ Peter L. Chinnici

Name: Peter L. Chinnici
Title: Senior Vice President & Group
Head

Signature Page to \$450,000,000 Credit Agreement

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EXHIBIT A

FORM OF NOTICE OF BORROWING

[Date]

Barclays Bank PLC, as Administrative
Agent for the Lenders parties to the
Credit Agreement referred to below

Attention: _____

Ladies and Gentlemen:

The undersigned, CMS Energy Corporation (the "BORROWER"),
refers to the \$450,000,000 Credit Agreement, dated as of June 18, 2001 (as

amended, modified or supplemented from time to time, the "CREDIT AGREEMENT", the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Borrower, the Lenders named therein, Barclays Bank PLC, as Administrative Agent and Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, as Documentation Agents, and hereby gives you notice, irrevocably, pursuant to Section 3.01 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "PROPOSED BORROWING") as required by Section 3.01(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____, 20__.

(ii) The Type of Loans comprising the Proposed Borrowing is [ABR Loans] [Eurodollar Rate Loans].

(iii) The aggregate amount of the Proposed Borrowing is \$_____.

[(v) The initial Interest Period for each Loan made as part of the Proposed Borrowing is ____ months.](1)

(1) To be included for a Proposed Borrowing comprised of Eurodollar Rate Loans.

The undersigned hereby acknowledges that the delivery of this Notice of Borrowing shall constitute a representation and warranty by the Borrower that, on the date of the Proposed Borrowing, the statements contained in Sections 6.02(a) and 6.03(a) of the Credit Agreement are true.

Very truly yours,

CMS ENERGY CORPORATION

By _____
Name:
Title:

EXHIBIT B

FORM OF NOTICE OF CONVERSION

[Date]

Barclays Bank PLC, as Administrative Agent for the Lenders parties to the Credit Agreement referred to below

Attention: _____

Ladies and Gentlemen:

The undersigned, CMS Energy Corporation (the "BORROWER"), refers to the \$450,000,000 Credit Agreement, dated as of June 18, 2001 (as amended, modified or supplemented from time to time, the "CREDIT AGREEMENT", the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Borrower, the Lenders named therein, Barclays Bank PLC, as Administrative Agent and Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, as Documentation Agents, and hereby gives you notice, irrevocably, pursuant to Section 3.02 of the Credit Agreement that the undersigned hereby requests a Conversion under the Credit Agreement, and in that connection sets forth below the information relating to such Conversion (the "PROPOSED CONVERSION") as required by Section 3.02 of the Credit Agreement:

(i) The Business Day of the Proposed Conversion is _____, 20__.

(ii) The Type of Loans comprising the Proposed Conversion is [ABR Loans] [Eurodollar Rate Loans].

(iii) The aggregate amount of the Proposed Conversion is \$_____.

(iv) The Type of Loans to which such Loans are proposed to be Converted is [ABR Loans] [Eurodollar Rate Loans].

(v) The Interest Period for each Loan made as part of the Proposed Conversion is _____ month(s). (1)

(1) Delete for ABR Loans.

The undersigned hereby certifies that the Borrower's request for the Proposed Conversion is made in compliance with Sections 3.02, 3.03 and 3.04 of the Credit Agreement. The undersigned hereby acknowledges that the delivery of this Notice of Conversion shall constitute a representation and warranty by the Borrower that, on the date of the Proposed Conversion, [(i)] the statements contained in Section 6.02(a) of the Credit Agreement are true and [(ii) no Default [(other than a Default resulting from the failure of the Borrower to comply with the ratio set forth in Section 8.01(j) of the Credit Agreement)] (2) has occurred and is continuing] (3).

Very truly yours,
CMS ENERGY CORPORATION

By _____
Name:
Title:

(2) Include only if a Default has occurred and is continuing as the result of the failure of the Borrower to comply with the ratio set forth in Section

8.01(j) of the Credit Agreement. In such case, a Conversion into Eurodollar Rate Loans with an Interest Period not to exceed three months in duration is permitted pursuant to Section 3.04(a)(vi) of the Credit Agreement.

(3) Delete if Conversion is into ABR Loans.

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EXHIBIT C

FORM OF CASH COLLATERAL AGREEMENT

CASH COLLATERAL AGREEMENT, dated as of June 18, 2001, made by CMS ENERGY CORPORATION, a Michigan corporation (the "PLEDGOR"), to Barclays Bank PLC ("BARCLAYS"), as collateral agent (the "COLLATERAL AGENT") for the lenders (the "LENDERS") parties to the Credit Agreement (as hereinafter defined).

PRELIMINARY STATEMENTS

(1) Barclays, as Administrative Agent and Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, as Documentation Agents, and the Lenders have entered into a \$450,000,000 Credit Agreement, dated as of June 18, 2001 (said Agreement, as it may hereafter be amended or otherwise modified from time to time, being the "CREDIT AGREEMENT", the terms defined therein and not otherwise defined herein being used herein as therein defined), with the Pledgor.

(2) Pursuant to Section 5.03(b) of the Credit Agreement, any prepayments required by such subsection are to be applied to outstanding ABR Loans up to the full amount thereof before they are applied, first, to outstanding Eurodollar Rate Loans and, second, as cash collateral, pursuant to this Agreement, to secure LC Outstandings.

(3) The cash collateral referenced in preliminary statement (2), above, shall be deposited by the Collateral Agent in a special non-interest-bearing cash collateral account (the "ACCOUNT") with the Collateral Agent at its office at 222 Broadway, New York, New York 10038, Account No. 050797409 (or at such other office of the Collateral Agent as the Collateral Agent may, from time to time, notify the Pledgor), in the name of the Pledgor but under the sole control and dominion of the Collateral Agent and subject to the terms of this Agreement.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor hereby agrees with the Collateral Agent for its benefit and the ratable benefit of the Lenders as follows:

SECTION 1. PLEDGE AND ASSIGNMENT. The Pledgor hereby pledges and assigns to the Collateral Agent for its benefit and the ratable benefit of the Lenders, and grants to the Collateral Agent for its benefit and the ratable benefit of the Lenders a security interest in, the following collateral (the "COLLATERAL"):

(i) the Account, all funds held therein and all certificates and instruments, if any, from time to time representing or evidencing the Account;

(ii) all Investments (as hereinafter defined) from time to time, and all certificates and instruments, if any, from time to time representing or evidencing the Investments;

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(iii) all notes, certificates of deposit, deposit accounts,

checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Collateral Agent for or on behalf of the Pledgor in substitution for or in addition to any or all of the then existing Collateral;

(iv) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Collateral; and

(v) all proceeds of any and all of the foregoing Collateral.

SECTION 2. SECURITY FOR OBLIGATIONS. This Agreement secures the payment of all reimbursement obligations of the Pledgor now or hereafter existing with respect to LC Outstandings, and all obligations of the Pledgor now or hereafter existing under this Agreement (all such obligations of the Pledgor being the "OBLIGATIONS"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts which constitute part of the Obligations and would be owed by the Pledgor to the Collateral Agent or the Lenders under the Credit Agreement and the Promissory Notes (if any) but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Pledgor.

SECTION 3. DELIVERY OF COLLATERAL. All certificates or instruments, if any, representing or evidencing the Collateral shall be delivered to and held by or on behalf of the Collateral Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Collateral Agent. The Collateral Agent shall have the right, at any time upon the occurrence and during the continuance of an Event of Default or a Default, in its discretion and without notice to the Pledgor, to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Collateral. In addition, the Collateral Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denominations.

SECTION 4. MAINTAINING THE ACCOUNT. So long as any Lender has any Commitment under the Credit Agreement or interest thereon shall remain unpaid:

(a) The Pledgor will maintain the Account with the Collateral Agent.

(b) It shall be a term and condition of the Account, notwithstanding any term or condition to the contrary in any other agreement relating to the Account and except as otherwise provided by the provisions of Section 6 and Section 13, that no amount (including interest on the Account, if any) shall be paid or released to or for the account of, or withdrawn by or for the account of, the Pledgor or any other Person (other than the Collateral Agent and the Lenders) from the Account.

The Account shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other appropriate banking or governmental authority, as may now or hereafter be in effect.

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SECTION 5. INVESTING OF AMOUNTS IN THE ACCOUNT. If requested by the Pledgor, the Collateral Agent will, subject to the provisions of Section 6 and Section 13, from time to time (a) invest amounts on deposit in the Account in such Permitted Investments as the Pledgor may select and the Collateral Agent may approve and (b) invest interest paid on the Permitted Investments referred to in clause (a) above, and reinvest other proceeds of any such Permitted Investments which may mature or be sold, in each case in such Permitted Investments as the Pledgor may select and the Collateral Agent may approve (the Permitted Investments referred to in clauses (a) and (b) above, being collectively "INVESTMENTS"). Interest and proceeds that are not invested or reinvested in Investments as provided above shall be deposited and held in the Account.

SECTION 6. RELEASE OF AMOUNTS. So long as no Event of Default or Default shall have occurred and be continuing, the Collateral Agent will pay

and release to the Pledgor or at its order, upon the request of the Pledgor, (a) amounts of credit balance of the Account and of principal of any other Collateral when matured or sold to the extent that (i) the sum of the credit balance of the Account plus the aggregate outstanding principal amount of all other Collateral exceeds (ii) the aggregate amount of LC Outstandings in respect of all Letters of Credit and all other amounts owing by the Pledgor hereunder, (b) all amounts in the Account if the Commitments under the Credit Agreement exceed the aggregate amount of LC Outstandings in respect of all Letters of Credit and all other amounts owing by the Pledgor hereunder and (c) all interest and earnings on the Investments deposited and held in the Account.

SECTION 7. REPRESENTATIONS AND WARRANTIES. The Pledgor represents and warrants as follows:

(a) The Pledgor is the legal and beneficial owner of the Collateral free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by this Agreement.

(b) The pledge and assignment of the Collateral pursuant to this Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment of the Obligations.

(c) No consent of any other Person and no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the pledge and assignment by the Pledgor of the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor, (ii) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest) or (iii) for the exercise by the Collateral Agent of its rights and remedies hereunder.

(d) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

(e) The Pledgor has, independently and without reliance upon the Collateral Agent or any Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement.

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SECTION 8. FURTHER ASSURANCES. The Pledgor agrees that at any time and from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Collateral Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

SECTION 9. TRANSFERS AND OTHER LIENS. The Pledgor agrees that it will not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, or (ii) create or permit to exist any lien, security interest, option or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interest under this Agreement.

SECTION 10. COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT. The Pledgor hereby appoints the Collateral Agent the Pledgor's attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from time to time upon the occurrence and during the continuance of an Event of Default or Default or otherwise to the extent that the Collateral Agent shall reasonably deem any action to be necessary in order to maintain its security interest in the Collateral, in the Collateral Agent's discretion, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, indorse and collect all instruments made payable to the Pledgor representing any interest payment, dividend or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

SECTION 11. COLLATERAL AGENT MAY PERFORM. If the Pledgor fails to perform any agreement contained herein, the Collateral Agent may itself

perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Pledgor under Section 14.

SECTION 12. THE COLLATERAL AGENT'S DUTIES. The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Agent or any Lender has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property.

SECTION 13. REMEDIES UPON DEFAULT. If any Event of Default shall have occurred and be continuing:

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(a) The Collateral Agent may, without notice to the Pledgor except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Account against the Obligations or any part thereof.

(b) The Collateral Agent may also exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code in effect in the State of New York at that time (the "CODE") (whether or not the Code applies to the affected Collateral), and may also, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) Any cash held by the Collateral Agent as Collateral and all cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter be applied (after payment of any amounts payable to the Collateral Agent pursuant to Section 14) in whole or in part by the Collateral Agent for the ratable benefit of the Lenders against, all or any part of the Obligations in such order as the Collateral Agent shall elect. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all the Obligations shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

SECTION 14. EXPENSES. The Pledgor will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Collateral Agent or the Lenders hereunder or (iv) the failure by the Pledgor to perform or observe any of the provisions hereof.

SECTION 15. AMENDMENTS, ETC. No amendment or waiver of any

provision of this Agreement, and no consent to any departure by the Pledgor herefrom shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 16. ADDRESSES FOR NOTICES. All notices and other communications provided for hereunder shall be in writing (including telegraphic, facsimile, telex or cable

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communication) and mailed, telegraphed, telecopied, telexed, cabled or delivered, if to the Pledgor, at its address at Fairlane Plaza South, 330 Town Center Drive, Suite 1100, Dearborn, Michigan 48126, Attention: Rodger A. Kershner, Esq., with a copy to Laura L. Mountcastle, Vice President, Investor Relations and Treasurer, at the same address, and if to the Collateral Agent, at its address specified in the Credit Agreement, or, as to either party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when mailed, telegraphed, telecopied, telexed or cabled, be effective five days after when deposited in the mails, or when delivered to the telegraph company, telecopied, confirmed by telex answerback or delivered to the cable company, respectively.

SECTION 17. CONTINUING SECURITY INTEREST; ASSIGNMENTS UNDER CREDIT AGREEMENT. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the later of (x) the payment in full of the Obligations and all other amounts payable under this Agreement and (y) the expiration or termination of the Commitments under the Credit Agreement, (ii) be binding upon the Pledgor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Collateral Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitment, the Loans owing to it and any Promissory Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Article X (concerning the Agents) and Section 11.07 of the Credit Agreement. Upon the later of the payment in full of the Obligations and all other amounts payable under this Agreement and the expiration or termination of the Commitments under the Credit Agreement, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Pledgor. Upon any such termination, the Collateral Agent will, at the Pledgor's expense, return to the Pledgor such of the Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof and execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence such termination.

SECTION 18. GOVERNING LAW; TERMS. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of New York. Unless otherwise defined herein or in the Credit Agreement, terms defined in Article 9 of the Code are used herein as therein defined.

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IN WITNESS WHEREOF, the Pledgor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

CMS ENERGY CORPORATION

By

Name:
Title:

ACCEPTED AND AGREED:

BARCLAYS BANK PLC,

By

Name:
Title:

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EXHIBIT D

FORM OF OPINION
OF COUNSEL FOR THE BORROWER

June 18, 2001

To: Each of the Lenders parties to the Credit Agreements referred to below, Barclays Bank PLC, as a Administrative Agent and Collateral Agent under the Credit Agreements, and the Co-Syndication Agents and Documentation Agents named therein

Ladies and Gentlemen:

This letter is furnished to you pursuant to (i) Section 6.01(a)(viii)(A) of the \$300,000,000 Credit Agreement, dated as of June 18, 2001 (the "THREE YEAR CREDIT AGREEMENT"), among CMS Energy Corporation (the "BORROWER"), the Banks parties thereto and the other Lenders from time to time parties thereto (the "LENDERS"), Barclays Bank PLC ("BARCLAYS"), as Administrative Agent and as Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents (the "CO-SYNDICATION AGENTS"), and Citibank, N.A. and Union Bank of California, as Documentation Agents (the "DOCUMENTATION AGENTS") and (ii) Section 6.01(a)(viii)(A) of the \$450,000,000 Credit Agreement, dated as of June 18, 2001 (the "364 DAY CREDIT AGREEMENT" and, together with the Three Year Credit Agreement, the "CREDIT AGREEMENTS"), among the Borrower, the Lenders, Barclays, as Administrative Agent and as Collateral Agent, the Co-Syndication Agents and the Documentation Agents. Capitalized terms not defined herein have the meanings ascribed thereto in the Credit Agreements and the other Loan Documents (as defined in the Credit Agreements).

I am Assistant General Counsel of the Borrower and I, or an attorney or attorneys under my general supervision, have represented the Borrower in connection with the preparation, execution and delivery of, and the initial Extension of Credit made under, the Credit Agreements and other Loan Documents.

In that capacity, I, or an attorney or attorneys under my general supervision, have examined:

- (a) The Credit Agreements;
- (b) The Cash Collateral Agreements executed in connection with the Credit Agreements;
- (c) The Issuing Bank Agreements executed in connection with the Credit Agreements;
- (d) The Restated Articles of Incorporation of the Borrower and all amendments thereto (the "CHARTER");
- (e) The bylaws of the Borrower and all amendments thereto (the "BYLAWS"); and
- (f) The Promissory Notes executed and delivered by the Borrower on the date hereof.

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In addition, I, or an attorney or attorneys under my general supervision, have examined the originals, or copies certified to my satisfaction, of such other corporate records of the Borrower, certificates of

public officials and of officers of the Borrower, and agreements, instruments and other documents, as I have deemed necessary as a basis for the opinions expressed below. As to various questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon the representations of officers of the Borrower in the Loan Documents, and upon certificates of the Borrower or its officers or of public officials.

I have assumed (i) the due execution and delivery, pursuant to due authorization, of each document referred to in clauses (a), (b) and (c) above by all parties to such document (other than the Borrower), (ii) the authenticity of all such documents submitted to us as originals, (iii) the genuineness of all signatures (other than those of the Borrower), and (iv) the conformity to the originals of all such documents submitted to us as copies.

Based upon the foregoing and upon such investigation as we have deemed necessary, I am of the following opinion:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

2. The execution, delivery and performance by the Borrower of the Credit Agreements and the other Loan Documents to which it is, or is to be, a party, are within the corporate power and authority of the Borrower, have been duly authorized by all necessary corporate action, and do not contravene (a) the Charter or the Bylaws, (b) any provision of applicable law or (c) any legal or contractual restriction binding on the Borrower or its properties; and such execution, delivery and performance do not result in or require the creation or imposition of any mortgage, deed of trust, pledge, or Lien upon or with respect to any of its properties (other than under the Cash Collateral Agreements). The Credit Agreements, the Cash Collateral Agreements and the Promissory Notes have been duly executed and delivered on behalf of the Borrower.

3. Except as disclosed in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, the Borrower's Quarterly Report on Form 10-Q for the period ended March 31, 2001 and the Current Report on Form 8-K filed by the Borrower on May 17, 2001, there are no pending or threatened actions or proceedings against the Borrower or its properties before any court, governmental agency or arbitrator, that could, if adversely determined, reasonably be expected to materially adversely affect the financial condition, properties, business or operations of the

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Borrower, the legality, validity or enforceability of any Credit Agreement or any other Loan Document to which the Borrower is, or is to be, a party, or the validity, enforceability, perfection or priority of any Lien purported to be granted by or under any Cash Collateral Agreement.

4. No authorization or approval or other action by, and no notice to or filing with, any Michigan governmental authority or regulatory body (including, without limitation, the Michigan Public Service Commission) is required for (a) the valid execution, delivery and performance by the Borrower of the Credit Agreements and the other Loan Documents to which it is, or is to be, a party or (b) the creation of any Lien purported to be granted or created pursuant to any Cash Collateral Agreement.

5. In any action or proceeding arising out of or relating to any Credit Agreement or any other Loan Document to which the Borrower is, or is to be, a party in any Michigan state court or any Federal court sitting in the State of Michigan, such court would recognize and give effect to the provisions of such Credit Agreement or any other Loan Document, as the case may be, wherein the parties thereto agree that such Credit Agreement or such other Loan Document, as the case may be, shall be governed by, and construed in accordance with, the laws of the State of New York, except in the case of those provisions set forth in the Credit Agreements and the other Loan Documents the enforcement of which would contravene a fundamental policy of the State of Michigan. In the course of our review of the Credit Agreements and the other Loan Documents, nothing has come to my attention to indicate that

any of such provisions would do so.

The opinions expressed herein are limited to the laws of the State of Michigan and the Federal laws of the United States of America.

I consent to the reliance on this opinion by Sidley Austin Brown & Wood in their opinion to you of even date herewith delivered pursuant to Section 6.01(a) (viii) (B) of each Credit Agreement. Except as otherwise specified herein, this opinion is being delivered solely for the benefit of the parties to whom it is addressed. Accordingly, it may not be quoted, filed with any governmental authority or otherwise circulated or utilized for any other purpose without my prior written consent.

Very truly yours,

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EXHIBIT E

FORM OF OPINION OF COUNSEL TO THE
ADMINISTRATIVE AGENT

June 18, 2001

To: Each of the Lenders parties to the Credit Agreements referred to below, Barclays Bank PLC, as a Administrative Agent and Collateral Agent under the Credit Agreements, and the Co-Syndication Agents and Documentation Agents named therein

Re: CMS Energy Corporation

Ladies and Gentlemen:

We have acted as special New York counsel to Barclays Bank PLC, individually and as Administrative Agent, in connection with the execution and delivery of, and the making of the initial Extensions of Credit on this date under, (i) the \$300,000,000 Credit Agreement, dated as of June 18, 2001 (the "THREE YEAR CREDIT AGREEMENT"), among CMS Energy Corporation (the "BORROWER"), the Banks parties thereto and the other Lenders from time to time parties thereto (the "LENDERS"), Barclays Bank PLC ("BARCLAYS"), as Administrative Agent and as Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents (the "CO-SYNDICATION AGENTS"), and Citibank, N.A. and Union Bank of California, as Documentation Agents (the "DOCUMENTATION AGENTS") and (ii) the \$450,000,000 Credit Agreement, dated as of June 18, 2001 (the "364 DAY CREDIT AGREEMENT" and, together with the Three Year Credit Agreement, the "CREDIT AGREEMENTS"), among the Borrower, the Lenders, Barclays, as Administrative Agent and as Collateral Agent, the Co-Syndication Agents and the Documentation Agents. Terms defined in the Credit Agreement are used herein as therein defined.

In this connection, we have examined the following documents:

1. a counterpart of each Credit Agreement, executed by the parties thereto; and
2. the other documents furnished to the Administrative Agent pursuant to Section 6.01(a) of each Credit Agreement, including (without limitation) the opinion of Michael D. VanHemert, Assistant General Counsel of the Borrower.

In our examination of the documents referred to above, we have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures, the due authority of the parties executing such documents and the conformity to the originals of all such documents submitted to us as copies. We have further assumed that you have evaluated,

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and are satisfied with, the creditworthiness of the Borrower and the business and financial terms evidenced by the Loan Documents. We have relied, as to

factual matters, on the documents we have examined.

To the extent that our opinions expressed below involve conclusions as to matters governed by law other than the law of the State of New York, we have relied upon the opinion, dated the date hereof, of Michael D. VanHemert, Assistant General Counsel of the Borrower, and have assumed without independent investigation the correctness of the matters set forth therein.

Based upon and subject to the foregoing, and subject to the qualifications set forth below, we are of the following opinion:

1. The Credit Agreements, the Cash Collateral Agreements, the Issuing Bank Agreements and the Promissory Notes delivered on the date hereof pursuant to Section 6.01(a) of the Credit Agreements are the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

2. Each Cash Collateral Agreement will, upon the deposit of cash with the Collateral Agent pursuant thereto, create a valid security interest in the Collateral (as defined therein, but excluding the Account (as defined therein) and any other type of Collateral that is not subject to Article 9 of the UCC) securing payment of the Obligations (as defined therein).

Our opinion is subject to the following qualifications:

(a) The enforceability of the Borrower's obligations under the Credit Agreements, the Cash Collateral Agreements, the Issuing Bank Agreements and the Promissory Notes is subject to the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar law affecting creditors' rights generally.

(b) The enforceability of the Borrower's obligations under the Credit Agreements, the Cash Collateral Agreements, the Issuing Bank Agreements and the Promissory Notes is subject to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law). Such principles of equity are of general application, and, in applying such principles, a court, among other things, might not allow a contracting party to exercise remedies in respect of a default deemed immaterial, or might decline to order an obligor to perform covenants.

(c) We note further that, in addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the right of parties seeking to obtain indemnification under circumstances where the conduct of such parties is determined to have constituted negligence.

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(d) We express no opinion herein as to (i) Section 11.05 of either Credit Agreement, (ii) the enforceability of provisions purporting to grant to a party conclusive rights of determination, (iii) the availability of specific performance or other equitable remedies, (iv) the enforceability of rights to indemnity under federal or state securities laws or (v) the enforceability of waivers by parties of their respective rights and remedies under law. In addition, our opinion in paragraph 1 above is subject to the further qualification that certain provisions of the Cash Collateral Agreements are or may be unenforceable in whole or in part under the laws of the State of New York, but the inclusion of such provisions does not affect the validity of the Cash Collateral Agreements and each Cash Collateral Agreement contains adequate provisions for the practical realization of the rights and benefits afforded thereby, except for the economic consequences of any delay which may be imposed thereby or result therefrom.

(e) With respect to the opinions set forth in paragraph 2 above, we have assumed that the Borrower has not granted or permitted, nor does there otherwise exist, any execution or attachment on any of the Collateral or any other Lien therein or thereon which does not

require steps for perfection under the Uniform Commercial Code of any jurisdiction to be enforceable against third parties.

(f) We express no opinion herein as to:

(i) the Borrower's rights in or title to any Collateral, or the authenticity or enforceability thereof;

(ii) the perfection or priority of any security interests.

(g) Our opinions expressed above are limited to the law of the State of New York, and we do not express any opinion herein concerning any other law.

The foregoing opinion is solely for your benefit and may not be relied upon by any other person or entity, other than any Person that may become a Lender under either Credit Agreement after the date hereof.

Very truly yours,

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EXHIBIT F

COMPUTATIONS USED BY BORROWER
IN DETERMINING COMPLIANCE WITH COVENANTS
CONTAINED IN SECTIONS 8.01(I) AND 8.01(J)

(Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the \$450,000,000 Credit Agreement, dated as of June 18, 2001, among CMS Energy Corporation, the Banks named therein, Barclays Bank PLC, as Administrative Agent and as Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, as Documentation Agents.)

<u><S></u>	<u><C></u>	<u><C></u>
I.	SECTION 8.01(i) (Consolidated Leverage Ratio)	
	(i) Consolidated Debt	
	(a) Debt of the Borrower (See worksheet set forth on Schedule 1 hereto), plus	\$ -----
	(b) Aggregate debt of the Consolidated Subsidiaries (as such term is construed in accordance with GAAP), less	\$ -----
	(c) Project Finance Debt of the Borrower and the Consolidated Subsidiaries	\$ -----
	Total Consolidated Debt	\$ -----
	(ii) Consolidated EBITDA	
	(a) Pretax Operating Income(1)	\$ -----
	(b) Consolidated depreciation, depletion and amortization of the Borrower and the Consolidated Subsidiaries	\$ -----
	(c) Consolidated non-cash write-offs contained in pre-tax operating income of the Borrower and the Consolidated Subsidiaries	\$ -----

Total Consolidated EBITDA

\$

(iii) Consolidated Leverage Ratio (i/ii)

Maximum Ratio - Section 8.01(i)

</TABLE>

(1) Shall not include any operating income attributable to revenues of Consumers which are dedicated to the repayment of the Securitized Bonds.

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<TABLE>

<S> <C> <C>

II. SECTION 8.01(j) (Cash Dividend Coverage Ratio)

(i) Cash Dividend Income

(a) Cash Dividend Income

\$

(b) 25% of Equity Distributions received by the Borrower (not to exceed \$10,000,000)

\$

(c) All amounts received by the Borrower from its Subsidiaries and Affiliates constituting reimbursement of interest expense (including commitment, guaranty and letter of credit fees) paid by the Borrower on behalf of any such Subsidiary or Affiliate

\$

Total Cash Dividend Income

\$

(ii) Interest expense (including commitment, guaranty and letter of credit fees) accrued by the Borrower in respect of all Debt

\$

(iii) Cash Dividend Income/Interest Expense Ratio ((i)/(ii))

Minimum Ratio - Section 8.01(j)

III. Project Finance Debt(2)

IV. Support Obligations(3)

V. Junior Subordinated Debt/Guaranties of Hybrid Preferred Securities(4)

VI. Other Hybrid Debt/Equity Securities(5)

</TABLE>

(2) Set forth all Project Finance Debt of any Consolidated Subsidiary and the Borrower's Ownership Interest in such Consolidated Subsidiary.

(3) Set forth all Support Obligations of the Borrower of the types described in clauses (iv) and (v) of the definition of Support Obligations (whether or not each such Support Obligation or the primary obligation so supported is fixed, conclusively determined or reasonably quantifiable) unless such Support Obligation is previously disclosed as "CONSOLIDATED DEBT" pursuant to Section I or II above.

(4) Set forth all Junior Subordinated Debt owned by any Hybrid Preferred Securities Subsidiary and all guaranties by the Borrower of payments with respect to any Hybrid Preferred Securities.

(5) Set forth any hybrid debt/equity securities (other than Junior Subordinated

Schedule 1
to
Exhibit F

Computation of Aggregate Debt of the Borrower

Aggregate Debt of the Borrower shall include (without duplication) any and all indebtedness, liabilities and other monetary obligations of the Borrower (whether for principal, interest, fees, costs, expenses or otherwise, and contingent or otherwise): (6)

<TABLE>		
<S>		<C>
(i)	for borrowed money or evidenced by bonds, debentures, notes or other similar instruments	\$ -----
(ii)	to pay the deferred purchase price of property or services (except trade accounts payable arising in the ordinary course of business which are not overdue)	\$ -----
(iii)	as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases	\$ -----
(iv)	under reimbursement or similar agreements with respect to letters of credit issued thereunder	\$ -----
(v)	under any interest rate swap, "cap", "collar" or other hedging agreements; provided, however, for purposes of the calculation of Debt for this clause only, the actual amount of Debt of the Borrower shall be determined on a net basis to the extent such agreements permit such amounts to be calculated on a net basis	\$ -----
(vi)	to pay rent or other amounts under leases entered into in connection with sale and leaseback transactions involving assets of the Borrower being sold in connection therewith	\$ -----
(vii)	arising from any accumulated funding deficiency (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) for a Plan	\$ -----
(viii)	direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to warrant or hold harmless, pursuant to a legally binding agreement, a creditor against loss in respect of, Debt of others referred to in clauses (i) through (vii) above	\$ -----
</TABLE>		

(6) See the definition of "Consolidated Debt" contained in the Credit Agreement for certain exclusions from Debt of the Borrower.

<TABLE>		
<S>		<C>
(ix)	other guaranty or similar financial obligations in respect of the performance of others, including, without limitation, any financial obligation, contingent or otherwise, of the Borrower guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without	

	limitation, any obligation of such Person, direct or indirect	\$	-----
(A)	to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt	\$	-----
(B)	to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt	\$	-----
(C)	to maintain working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt	\$	-----
(D)	to provide equity capital under or in respect of equity subscription arrangements (to the extent that such obligation to provide equity capital does not otherwise constitute Debt) (7)	\$	-----
(E)	to perform, or arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations of the primary obligor(8)	\$	-----
(F)	Other	\$	-----
	Total of Debt of the Borrower	\$	-----

</TABLE>

(7) Set forth only the net amount of certain Support Obligations provided by the Borrower in connection with the purchases and sales of natural gas, natural gas liquids, gas condensates, electricity, oil, propane, coal, any other commodity, weather derivatives or any derivative instrument by MS&T, as detailed in Annex A to this Schedule 1.

(8) For purposes of this clause do not include Support Obligations if such Support Obligation or the primary obligation so supported is not fixed or conclusively determined or is not otherwise reasonably quantifiable as of the date of determination.

Annex A
to
Schedule 1

Details Regarding MS&T Transactions(9)

Support Obligations Relating to Obligations

Aggregate amount of Support Obligations provided by the Borrower in respect of MS&T's obligations under any Covering Transaction

- (a) [List each such Support Obligation] \$ _____
- (b) \$ _____
- (c) \$ _____
- (d) \$ _____

Less:

Aggregate amount of any Support Obligations provided by any Counterparty Guarantor or any irrevocable letter of credit issued for the account of any Counterparty or Counterparty Guarantor

- (a) [List each such Support Obligation or letter of credit that relates to the corresponding subsection above] \$ _____

(b)
(c)
(d)

\$ _____
\$ _____
\$ _____

(9) See subsection (d) of the definition of "Consolidated Debt" contained in the Credit Agreement for the specific requirements of any offsetting Support Obligations.

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EXHIBIT G

FORM OF LENDER ASSIGNMENT

Dated _____, _____, _____

Reference is made to the \$450,000,000 Credit Agreement, dated as of June 18, 2001 (said Agreement, as it may hereafter be amended or otherwise modified from time to time, being the "CREDIT AGREEMENT"), the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Borrower, the Lenders named therein, Barclays Bank PLC, as Administrative Agent and as Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, as Documentation Agents. Pursuant to the Credit Agreement, _____ (the "ASSIGNOR") has committed to make loans ("LOANS") to the Borrower[, which Loans are evidenced by a promissory note (the "NOTE") issued by the Borrower to the Assignor].

The Assignor and _____ (the "ASSIGNEE") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement (the "ASSIGNED INTEREST"), including, without limitation, such interest in the Assignor's Commitment[, and] the Loans owing to the Assignor [and the Note held by the Assignor]. After giving effect to such sale and assignment, the Assignee's Commitments and the amount of the Loans owing to the Assignee in the aggregate will be as set forth in Section 2 of Schedule 1. The effective date of this sale and assignment shall be the date specified in Section 3 of Schedule 1 (the "EFFECTIVE DATE").

2. On _____, 20____, the Assignee will pay to the Assignor, in same day funds, at such address and account as the Assignor shall advise the Assignee, \$_____, and (subject to the satisfaction of the requirements set forth in Section 11.07(d) of the Credit Agreement) the sale and assignment contemplated hereby shall thereupon become effective as of the Effective Date. From and after the Effective Date, the Assignor agrees that the Assignee shall be entitled to all rights, powers and privileges of the Assignor under the Credit Agreement [and the Note] to the extent of the Assigned Interest, including without limitation (i) the right to receive all payments in respect of the Assigned Interest for the period from and after the Effective Date, whether on account of principal, interest, fees, indemnities in respect of claims arising after the Effective Date, increased costs, additional amounts or otherwise, (ii) the right to vote and to instruct the Agents under the Credit Agreement according to its Percentage based on the Assigned Interest, (iii) the right to set-off and to appropriate and apply deposits of the Borrower as set forth in the Credit Agreement and (iv) the right to receive notices, requests, demands and other communications. The Assignor agrees that it will promptly remit to the Assignee any amount received by it in respect of the Assigned Interest (whether from the Borrower, any Agent or otherwise) in the same funds in which such amount is received by the Assignor.

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3. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no

representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) represents and warrants to the Assignee and the Administrative Agent that it has duly executed and delivered this Assignment and that the execution, delivery and performance by the Assignor of this Assignment have been duly authorized by all necessary action (corporate or otherwise). Except as specified in this Section 3, the assignment of the Assigned Interest contemplated hereby shall be without recourse to the Assignor.

4. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 7.01(e) (i) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and purchase the Assigned Interest, (ii) agrees that it will, independently and without reliance upon the Assignor and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, (iii) confirms that it satisfies the requirements of an Eligible Assignee, (iv) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to each Agent by the terms thereof, together with such powers as are reasonably incidental thereto, (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender and (vi) represents and warrants to the Assignor and the Administrative Agent that it has duly executed and delivered this Assignment and that the execution, delivery and performance by the Assignor of this Assignment have been duly authorized by all necessary action (corporate or otherwise).

5. This Assignment may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

6. This Assignment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

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Schedule 1
to
Assignment Agreement
Dated _____, 20__

Section 1.

Percentage Interest: _____%

Section 2.

Assignee's Commitment: \$ _____

Aggregate Outstanding Principal Amount of Loans owing to the Assignee: \$ _____

Section 3.

Effective Date: _____, 20__

[NAME OF ASSIGNOR]

By: _____
Name:
Title:

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Consented to
CMS ENERGY CORPORATION(1)

By: _____
Name:
Title:

BARCLAYS BANK PLC,
as Administrative Agent

By: _____
Name:
Title:

(1) Consent of the Borrower and the Administrative Agent is required for all assignments except for any assignment by a Lender to any of its Affiliates or to any other Lender or any of its Affiliates.

EXHIBIT H

TERMS OF SUBORDINATION
(Junior Subordinated Debt)

ARTICLE ____

SUBORDINATION

Section ____ .1 Applicability of Article; Securities Subordinated to Senior Indebtedness. (a) This Article ____ shall apply only to the Securities of any series which, pursuant to Section ____, are expressly made subject to this Article. Such Securities are referred to in this Article ____ as "Subordinated Securities."

(b) The Issuer covenants and agrees, and each Holder of Subordinated Securities by his acceptance thereof likewise covenants and agrees, that the indebtedness represented by the Subordinated Securities and the payment of the principal and interest, if any, on the Subordinated Securities is subordinated and subject in right, to the extent and in the manner provided in this Article, to the prior payment in full of all Senior Indebtedness.

"Senior Indebtedness" means the principal of and premium, if any, and interest on the following, whether outstanding on the date hereof or thereafter incurred, created or assumed: (i) indebtedness of the Issuer for money borrowed by the Issuer (including purchase money obligations) or evidenced by debentures (other than the Subordinated Securities), notes, bankers' acceptances or other corporate debt securities, or similar instruments issued by the Issuer; (ii) all capital lease obligations of the Issuer; (iii) all obligations of the Issuer issued or assumed as the deferred purchase price of property, all conditional sale obligations of the Issuer and all obligations of the Issuer under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business); (iv) obligations with

respect to letters of credit; (v) all indebtedness of others of the type referred to in the preceding clauses (i) through (iv) assumed by or guaranteed in any manner by the Issuer or in effect guaranteed by the Issuer; (vi) all obligations of the type referred to in clauses (i) through (v) above of other persons secured by any lien on any property or asset of the Issuer (whether or not such obligation is assumed by the Issuer), except for (1) any such indebtedness that is by its terms subordinated to or pari passu with the Subordinated Notes, as the case may be, including all other debt securities and guaranties in respect of those debt securities, issued to any other trusts, partnerships or other entities affiliated with the Issuer which act as a financing vehicle of the Issuer in connection with the issuance of preferred securities by such entity or other securities which rank pari passu with, or junior to, the Preferred Securities, and (2) any indebtedness between or among the Issuer and its affiliates; and/or (vii) renewals, extensions or refundings of any of the indebtedness referred to in the preceding clauses unless, in the case of any particular indebtedness, renewal, extension or refunding, under the express provisions of the instrument creating or evidencing the same or the assumption or guarantee of the same, or pursuant to which the same is outstanding, such indebtedness or such renewal, extension or refunding thereof is not superior in right of payment to the Subordinated Securities.

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This Article shall constitute a continuing obligation to all Persons who, in reliance upon such provisions become holders of, or continue to hold, Senior Indebtedness, and such provisions are made for the benefit of the holders of Senior Indebtedness, and such holders are made obligees hereunder and they and/or each of them may enforce such provisions.

Section _____.2 Issuer Not to Make Payments with Respect to Subordinated Securities in Certain Circumstances. (a) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, all principal thereof and premium and interest thereon shall first be paid in full, or such payment duly provided for in cash in a manner satisfactory to the holders of such Senior Indebtedness, before any payment is made on account of the principal of, or interest on, Subordinated Securities or to acquire any Subordinated Securities or on account of any sinking fund provisions of any Subordinated Securities (except payments made in capital stock of the Issuer or in warrants, rights or options to purchase or acquire capital stock of the Issuer, sinking fund payments made in Subordinated Securities acquired by the Issuer before the maturity of such Senior Indebtedness, and payments made through the exchange of other debt obligations of the Issuer for such Subordinated Securities in accordance with the terms of such Subordinated Securities, provided that such debt obligations are subordinated to Senior Indebtedness at least to the extent that the Subordinated Securities for which they are exchanged are so subordinated pursuant to this Article ____).

(b) Upon the happening and during the continuation of any default in payment of the principal of, or interest on, any Senior Indebtedness when the same becomes due and payable or in the event any judicial proceeding shall be pending with respect to any such default, then, unless and until such default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Issuer with respect to the principal of, or interest on, Subordinated Securities or to acquire any Subordinated Securities or on account of any sinking fund provisions of Subordinated Securities (except payments made in capital stock of the Issuer or in warrants, rights, or options to purchase or acquire capital stock of the Issuer, sinking fund payments made in Subordinated Securities acquired by the Issuer before such default and notice thereof, and payments made through the exchange of other debt obligations of the Issuer for such Subordinated Securities in accordance with the terms of such Subordinated Securities, provided that such debt obligations are subordinated to Senior Indebtedness at least to the extent that the Subordinated Securities for which they are exchanged are so subordinated pursuant to this Article ____).

(c) In the event that, notwithstanding the provisions of this Section _____.2, the Issuer shall make any payment to the Trustee on account of the principal of or interest on Subordinated Securities, or on account of any sinking fund provisions of such Securities, after the maturity of any Senior Indebtedness as described in Section _____.2(a) above or after the happening of a default in payment of the principal of or interest on any Senior Indebtedness as described in Section _____.2(b) above, then, unless and until all Senior Indebtedness which shall have matured, and all premium and interest thereon, shall have been paid in full (or the declaration of acceleration thereof shall have been rescinded or annulled), or such default shall have been cured or waived or shall have ceased to exist, such payment (subject to the provisions of

Sections _____.6 and _____.7) shall be held by the Trustee, in trust for the benefit of, and shall be paid forthwith over and delivered to, the holders of such Senior Indebtedness (pro rata as to each of such holders on the basis of the respective amounts of Senior Indebtedness held by them) or

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their representative or the trustee under the indenture or other agreement (if any) pursuant to which such Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all such Senior Indebtedness remaining unpaid to the extent necessary to pay the same in full in accordance with its terms, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness. The Issuer shall give prompt written notice to the Trustee of any default in the payment of principal of or interest on any Senior Indebtedness.

Section _____.3 Subordinated Securities Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of Issuer. Upon any distribution of assets of the Issuer in any dissolution, winding up, liquidation or reorganization of the Issuer (whether voluntary or involuntary, in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise):

(a) the holders of all Senior Indebtedness shall first be entitled to receive payments in full of the principal thereof and premium and interest due thereon, or provision shall be made for such payment, before the Holders of Subordinated Securities are entitled to receive any payment on account of the principal of or interest on such Securities;

(b) any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities (other than securities of the Issuer as reorganized or readjusted or securities of the Issuer or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Article ____ with respect to Subordinated Securities, to the payment in full without diminution or modification by such plan of all Senior Indebtedness), to which the Holders of Subordinated Securities or the Trustee on behalf of the Holders of Subordinated Securities would be entitled except for the provisions of this Article ____ shall be paid or delivered by the liquidating trustee or agent or other person making such payment or distribution directly to the holders of Senior Indebtedness or their representative, or to the trustee under any indenture under which Senior Indebtedness may have been issued (pro rata as to each such holder, representative or trustee on the basis of the respective amounts of unpaid Senior Indebtedness held or represented by each), to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution or provision thereof to the holders of such Senior Indebtedness; and

(c) in the event that notwithstanding the foregoing provisions of this Section _____.3, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities (other than securities of the Issuer as reorganized or readjusted or securities of the Issuer or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Article ____ with respect to Subordinated Securities, to the payment in full without diminution or modification by such plan of all Senior Indebtedness), shall be received by the Trustee or the Holders of the Subordinated Securities on account of principal of or interest on the Subordinated Securities before all Senior Indebtedness is paid in full, or effective provision made for its payment, such payment or distribution

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(subject to the provisions of Section _____.6 and _____.7) shall be received and held in trust for and shall be paid over to the holders of the Senior Indebtedness remaining unpaid or unprovided for or their

representative, or to the trustee under any indenture under which such Senior Indebtedness may have been issued (pro rata as provided in subsection (b) above), for application to the payment of such Senior Indebtedness until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution or provision therefor to the holders of such Senior Indebtedness.

The Issuer shall give prompt written notice to the Trustee of any dissolution, winding up, liquidation or reorganization of the Issuer.

The consolidation of the Issuer with, or the merger of the Issuer into, another corporation or the liquidation or dissolution of the Issuer following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided for in Article ____ hereof shall not be deemed a dissolution, winding up, liquidation or reorganization for the purposes of this Section ____3 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated such in Article ____.

Section ____4 Holders of Subordinated Securities to be Subrogated to Right of Holders of Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness, the Holders of Subordinated Securities shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Issuer applicable to the Senior Indebtedness until all amounts owing on Subordinated Securities shall be paid in full, and for the purposes of such subrogation no payments or distributions to the holders of the Senior Indebtedness by or on behalf of the Issuer or by or on behalf of the Holders of Subordinated Securities by virtue of this Article ____ which otherwise would have been made to the Holders of Subordinated Securities shall, as between the Issuer, its creditors other than holders of Senior Indebtedness and the Holders of Subordinated Securities, be deemed to be payment by the Issuer to or on account of the Senior Indebtedness, it being understood that the provisions of this Article ____ are and are intended solely for the purpose of defining the relative rights of the Holders of the Subordinated Securities, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

Section ____5 Obligation of the Issuer Unconditional. Nothing contained in this Article ____ or elsewhere in this Indenture or in any Subordinated Security is intended to or shall impair, as among the Issuer, its creditors other than holders of Senior Indebtedness and the Holders of Subordinated Securities, the obligation of the Issuer, which is absolute and unconditional, to pay to the Holders of Subordinated Securities the principal of, and interest on, Subordinated Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of Subordinated Securities and creditors of the Issuer other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the Holder of any Subordinated Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article ____ of the holders of Senior Indebtedness in respect of cash, property or securities of the Issuer received upon the exercise of any such remedy. Upon any payment or distribution of assets of the Issuer referred to in this Article ____,

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the Trustee and Holders of Subordinated Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, or, subject to the provisions of Section ____ and ____, a certificate of the receiver, trustee in bankruptcy, liquidating trustee or agent or other Person making such payment or distribution to the Trustee or the Holders of Subordinated Securities, for the purposes of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Issuer, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article ____.

Nothing contained in this Article ____ or elsewhere in this Indenture or in any Subordinated Security is intended to or shall affect the obligation of the Issuer to make, or prevent the Issuer from making, at any time except during the pendency of any dissolution, winding up, liquidation or

reorganization proceeding, and, except as provided in subsections (a) and (b) of Section ____.2, payments at any time of the principal of, or interest on, Subordinated Securities.

Section ____.6 Trustee Entitled to Assume Payments Not Prohibited in Absence of Notice. The Issuer shall give prompt written notice to the Trustee of any fact known to the Issuer which would prohibit the making of any payment or distribution to or by the Trustee in respect of the Subordinated Securities. Notwithstanding the provisions of this Article ____ or any provision of this Indenture, the Trustee shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment or distribution to or by the Trustee, unless at least two Business Days prior to the making of any such payment, the Trustee shall have received written notice thereof from the Issuer or from one or more holders of Senior Indebtedness or from any representative thereof or from any trustee therefor, together with proof satisfactory to the Trustee of such holding of Senior Indebtedness or of the authority of such representative or trustee; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Sections ____ and ____, shall be entitled to assume conclusively that no such facts exist. The Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a representative or trustee on behalf of the holder) to establish that such notice has been given by a holder of Senior Indebtedness (or a representative of or trustee on behalf of any such holder). In the event that the Trustee determines, in good faith, that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payments or distribution pursuant of this Article ____, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, as to the extent to which such Person is entitled to participate in such payment or distribution, and as to other facts pertinent to the rights of such Person under this Article ____, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The Trustee, however, shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and nothing in this Article ____ shall apply to claims of, or payments to, the Trustee under or pursuant to Section ____.

Section ____.7 Application by Trustee of Monies or Government Obligations Deposited with It. Money or Government Obligations deposited in trust with the Trustee

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pursuant to and in accordance with Section ____ shall be for the sole benefit of Securityholders and, to the extent allocated for the payment of Subordinated Securities, shall not be subject to the subordination provisions of this Article ____, if the same are deposited in trust prior to the happening of any event specified in Section ____.2. Otherwise, any deposit of monies or Government Obligations by the Issuer with the Trustee or any paying agent (whether or not in trust) for the payment of the principal of, or interest on, any Subordinated Securities shall be subject to the provisions of Section ____.1, ____.2 and ____.3 except that, if prior to the date on which by the terms of this Indenture any such monies may become payable for any purposes (including, without limitation, the payment of the principal of, or the interest, if any, on any Subordinated Security) the Trustee shall not have received with respect to such monies the notice provided for in Section ____.6, then the Trustee or the paying agent shall have full power and authority to receive such monies and Government Obligations and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such date. This Section ____.7 shall be construed solely for the benefit of the Trustee and paying agent and, as to the first sentence hereof, the Securityholders, and shall not otherwise effect the rights of holders of Senior Indebtedness.

Section ____.8 Subordination Rights Not Impaired by Acts or Omissions of Issuer or Holders of Senior Indebtedness. No rights of any present or future holders of any Senior Indebtedness to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Issuer or by any act or failure to act, in good faith, by any such holders or by any noncompliance by the Issuer with the terms of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness of the Issuer may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Subordinated Securities, without incurring responsibility to the Holders of the Subordinated Securities and without impairing or releasing the subordination provided in this Article ____ or the obligations hereunder of the Holders of the Subordinated Securities to the holders of such Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, such Senior Indebtedness, or otherwise amend or supplement in any manner such Senior Indebtedness or any instrument evidencing the same or any agreement under which such Senior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing such Senior Indebtedness; (iii) release any Person liable in any manner for the collection for such Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against the Issuer, as the case may be, and any other Person.

Section ____ .9 Securityholders Authorize Trustee to Effectuate Subordination of Securities. Each Holder of Subordinated Securities by his acceptance thereof authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article ____ and appoints the Trustee his attorney-in-fact for such purpose, including in the event of any dissolution, winding up, liquidation or reorganization of the Issuer (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise) the immediate filing of a claim for the unpaid balance of his Subordinated Securities in the form required in said

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proceedings and causing said claim to be approved. If the Trustee does not file a proper claim or proof of debt in the form required in such proceeding prior to 30 days before the expiration of the time to file such claim or claims, then the holders of Senior Indebtedness have the right to file and are hereby authorized to file an appropriate claim for and on behalf of the Holders of said Securities.

Section ____ .10 Right of Trustee to Hold Senior Indebtedness. The Trustee in its individual capacity shall be entitled to all of the rights set forth in this Article ____ in respect of any Senior Indebtedness at any time held by it to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

With respect to the holders of Senior Indebtedness of the Issuer, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article ____, and no implied covenants or obligations with respect to the holders of such Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of such Senior Indebtedness and, subject to the provisions of Sections ____ .2 and ____ .3, the Trustee shall not be liable to any holder of such Senior Indebtedness if it shall pay over or deliver to Holders of Subordinated Securities, the Issuer or any other Person money or assets to which any holder of such Senior Indebtedness shall be entitled by virtue of this Article ____ or otherwise.

Section ____ .11 Article ____ Not to Prevent Events of Defaults. The failure to make a payment on account of principal or interest by reason of any provision in this Article ____ shall not be construed as preventing the occurrence of an Event of Default under Section ____ .

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EXHIBIT I

TERMS OF SUBORDINATION
(Guaranty of Hybrid Preferred Securities)

SECTION ____ . This Guarantee will constitute an unsecured obligation of the Guarantor and will rank subordinate and junior in right of payment to all other liabilities of the Guarantor and pari passu with any

guarantee now or hereafter entered into by the Guarantor in respect of the securities representing common beneficial interests in the assets of the Issuer or of any preferred or preference stock of any affiliate of the Guarantor.

\$300,000,000

CREDIT AGREEMENT

Dated as of June 18, 2001,

Among

CMS ENERGY CORPORATION
as Borrower

and

THE BANKS NAMED HEREIN
as Banks

and

BARCLAYS BANK PLC
as Administrative Agent and Collateral Agent

and

BANK OF AMERICA, N.A.
and
THE CHASE MANHATTAN BANK
as Co-Syndication Agents

and

CITIBANK, N.A.
and
UNION BANK OF CALIFORNIA
as Documentation Agents

BARCLAYS CAPITAL
as Advisor, Arranger and Book Manager

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CREDIT AGREEMENT

Dated as of June 18, 2001

THIS CREDIT AGREEMENT is made by and among:

- (i) CMS Energy Corporation, a Michigan corporation (the "BORROWER"),
- (ii) the banks (the "BANKS") listed on the signature pages hereof and the other Lenders (as hereinafter defined) from time to time party hereto,
- (iii) Barclays Bank PLC ("BARCLAYS"), as administrative agent (the "ADMINISTRATIVE AGENT") and collateral agent (the "COLLATERAL AGENT") for the Lenders hereunder, and
- (iv) Bank of America, N.A. and The Chase Manhattan Bank, as co-syndication agents (the "CO-SYNDICATION AGENTS"), and Citibank, N.A. and Union Bank of California, as documentation agents (the "DOCUMENTATION AGENTS").

PRELIMINARY STATEMENTS

The Borrower has requested the Banks to provide the credit facility hereinafter described in the amount and on the terms and conditions set forth herein. The Banks have so agreed on the terms and conditions set forth herein, and the Agents have agreed to act as agents for the Lenders on such terms and conditions.

The parties hereto acknowledge and agree that neither Consumers (as hereinafter defined) nor any of its Subsidiaries (as hereinafter defined) will be a party to, or will in any way be bound by any provision of, this Agreement or any other Loan Document (as hereinafter defined), and that no Loan Document will be enforceable against Consumers or any of its Subsidiaries or their respective assets.

Accordingly, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"ABR LOAN" means a Loan that bears interest as provided in Section 3.05(b)(i).

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"ADJUSTED LIBO RATE" means, for each Interest Period for each Eurodollar Rate Loan made as part of the same Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"AFFILIATE" means, with respect to any Person, any other Person directly or indirectly controlling (including but not limited to all directors and officers of such Person), controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control another entity if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities, by contract, or otherwise.

"AGENT" means, as the context may require, the Administrative Agent, the Collateral Agent, any Co-Syndication Agent or any Documentation Agent, and "AGENTS" means any or all of the foregoing.

"ALTERNATE BASE RATE" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"APPLICABLE LENDING OFFICE" means, with respect to each Lender, (i) such Lender's Domestic Lending Office, in the case of an ABR Loan, and (ii) such Lender's Eurodollar Lending Office, in the case of a Eurodollar Rate Loan.

"APPLICABLE MARGIN" means, on any date of determination with respect to any Loans, the per annum rate specified in the table below for such Loans, taking into account the Rating Level in effect on such date of determination:

<TABLE>
<CAPTION>

	Rating Level I	Rating Level II	Rating Level III	Rating Level IV	Rating Level V
<S>	<C>	<C>	<C>	<C>	<C>
ABR Loans	0.375%	0.625%	0.75%	0.875%	1.00%
Eurodollar Rate Loans	1.375%	1.625%	1.75%	1.875%	2.00%

</TABLE>

The Applicable Margins shall be increased or decreased in accordance with this definition upon any change in the applicable ratings of the Index Debt, and such increased or decreased Applicable Margins shall be effective from the date of

announcement of any such new ratings. The Borrower agrees to notify the Administrative Agent promptly after each change in any rating of the Index Debt.

"APPLICABLE RATE" means:

(i) in the case of each ABR Loan, a rate per annum equal at all times to the sum of the Alternate Base Rate in effect from time to time plus the Applicable Margin;

(ii) in the case of each Eurodollar Rate Loan comprising part of the same Borrowing, a rate per annum during each Interest Period equal at all times to the sum of the Adjusted LIBO Rate for such Interest Period plus the Applicable Margin; and

(iii) in the case of each Swingline Loan, the Swingline Rate.

"ARRANGER" means Barclays Capital.

"ASSESSMENT RATE" means, for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in Dollars at the offices of such member in the United States; provided that if, as a result of any change in law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Administrative Agent to be representative of the cost of such insurance to the Lenders.

"AVAILABLE COMMITMENT" means, for each Lender on any day, the unused portion of such Lender's Commitment reduced by the amount of such Lender's Swingline Exposure, computed after giving effect to all Extensions of Credit or prepayments to be made on such day and the application of proceeds therefrom. "AVAILABLE COMMITMENTS" means the aggregate of the Lenders' Available Commitments.

"BASE CD RATE" means the sum of (i) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate plus (ii) the Assessment Rate.

"BOARD" means the Board of Governors of the Federal Reserve System of the United States of America.

"BORROWER INTEREST EXPENSE" means at any date, the total interest expense in respect of Debt of the Borrower for the four calendar quarters immediately preceding such date, including, without duplication, (i) interest expense attributable to capital leases, (ii) amortization of debt discount, (iii) capitalized interest, (iv) cash and noncash payments, (v) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, (vi) net costs under interest rate swap, "cap", "collar" or other hedging agreements (including amortization of discount) and (vii)

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interest expense in respect of obligations of Persons deemed to be Debt of the Borrower under clause (viii) of the definition of Debt, provided, however that Borrower Interest Expense shall exclude any costs otherwise included in interest expense recognized on early retirement of debt.

"BORROWING" means a borrowing consisting of (a) Loans of the same Type, having the same Interest Period and made or Converted on the same day by the Lenders, ratably in accordance with their respective Percentages or (b) a Swingline Loan. Any Borrowing consisting of Loans of a particular Type may be referred to as being a Borrowing of such "TYPE". All Loans of the same Type, having the same Interest Period and made or Converted on the same day shall be deemed a single Borrowing hereunder until repaid or next Converted.

"BUSINESS DAY" means a day of the year on which banks are not required or authorized to close in New York City and Detroit, Michigan, and, if the applicable Business Day relates to any Eurodollar Rate Loan, on which dealings are carried on in the London interbank market.

"CASH COLLATERAL AGREEMENT" means the Cash Collateral Agreement, dated as of the date hereof, between the Borrower and the Collateral Agent, for the benefit of the Lenders, substantially in the form of Exhibit C.

"CASH DIVIDEND INCOME" means, for any period, the amount of all cash dividends received by the Borrower from its Subsidiaries during such period that are paid out of the net income (without giving effect to: any extraordinary gains in excess of \$25,000,000, the amount of any write-off or write-down of assets, and up to \$200,000,000 of

other non-cash write-offs) of such Subsidiaries during such period.

"CHANGE OF CONTROL" means (a) any "person" or "group" within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the then outstanding voting capital stock of the Borrower, or (b) the majority of the board of directors of the Borrower shall fail to consist of Continuing Directors, or (c) a consolidation or merger of the Borrower shall occur after which the holders of the outstanding voting capital stock of the Borrower immediately prior thereto hold less than 50% of the outstanding voting capital stock of the surviving entity, or (d) more than 50% of the outstanding voting capital stock of the Borrower shall be transferred to any entity of which the Borrower owns less than 50% of the outstanding voting capital stock.

"CLOSING DATE" means the date of the initial Borrowing hereunder. All transactions contemplated by the Closing Date shall take place on or before June 27, 2001, or such other time as the parties hereto may mutually agree.

"COLLATERAL" means the "Collateral" under the Cash Collateral Agreement.

"COMMITMENT" means, for each Lender, the obligation of such Lender to make Loans to the Borrower and to participate in Extensions of Credit resulting from the issuance (or extension, modification or amendment) of any Letter of Credit or the funding

of any Swingline Loan in an aggregate amount no greater than the amount set forth opposite such Lender's name on the signature pages hereof under the heading "Commitment" or, if such Lender has entered into one or more Lender Assignments, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 11.07(c), in each such case as such amount may be reduced from time to time pursuant to Section 2.03. "COMMITMENTS" means the total of the Lenders' Commitments hereunder. The Commitments shall in no event exceed \$300,000,000.

"COMMITMENT FEE MARGIN" means, on any date of determination of the commitment fee set forth in Section 2.02(a), the per annum rate specified in the table below, taking into account the Rating Level in effect on such date of determination:

<TABLE>
<CAPTION>

Rating Level I	Rating Level II	Rating Level III	Rating Level IV	Rating Level V
<S> 0.35%	<C> 0.40%	<C> 0.50%	<C> 0.60%	<C> 0.70%

</TABLE>

The Commitment Fee Margin shall be increased or decreased in accordance with this definition upon any change in the applicable ratings of the Index Debt, and such increased or decreased Commitment Fee Margin shall be effective from the date of announcement of any such new ratings.

"CONFIDENTIAL INFORMATION" has the meaning assigned to that term in Section 11.08.

"CONSOLIDATED DEBT" means, without duplication, at any date of determination, the sum of the aggregate Debt of the Borrower plus the aggregate debt (as such term is construed in accordance with GAAP) of

the Consolidated Subsidiaries; provided, however, that:

(a) Consolidated Debt shall not include any Support Obligation described in clause (iv) or (v) of the definition thereof if such Support Obligation or the primary obligation so supported is not fixed or conclusively determined or is not otherwise reasonably quantifiable as of the date of determination;

(b) Consolidated Debt shall not include (i) any Junior Subordinated Debt owned by any Hybrid Preferred Securities Subsidiary or (ii) any guaranty by the Borrower of payments with respect to any Hybrid Preferred Securities, provided that such guaranty is subordinated to the rights of the Lenders hereunder and under the other Loan Documents pursuant to terms of subordination substantially similar to those set forth in Exhibit I, or pursuant to other terms and conditions satisfactory to the Required Lenders;

(c) for purposes of this definition only, the percentage of the Net Proceeds from any issuance of hybrid debt/equity securities (other than Junior Subordinated Debt and Hybrid Preferred Securities) by the Borrower or any Consolidated Subsidiary that shall be considered Consolidated Debt shall be

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agreed by the Administrative Agent and the Borrower (and consented to by the Required Lenders) and shall be based on, among other things, the treatment (if any) given to such hybrid securities by the rating agencies;

(d) with respect to any Support Obligations provided by the Borrower in connection with a purchase or sale by MS&T, its Subsidiaries or PremStar Energy Canada Ltd. ("PREMSTAR") of natural gas, natural gas liquids, gas condensates, electricity, oil, propane, coal, any other commodity, weather derivatives or any derivative instrument with respect to any commodity with any other Person (a "COUNTERPARTY"), Consolidated Debt shall include only the excess, if any, of (A) the aggregate amount of any Support Obligations provided by the Borrower in respect of MS&T's, any of its Subsidiary's or PremStar's obligations under any such purchase or sale transaction (a "COVERING TRANSACTION") entered into by MS&T, any of its Subsidiaries or PremStar in connection with such purchase or sale over (B) the aggregate amount of (i) any Support Obligations provided by the direct or indirect parent company of such Counterparty (the "COUNTERPARTY GUARANTOR") and (ii) any irrevocable letter of credit provided by any financial institution for the account of such Counterparty or Counterparty Guarantor, in each case for the benefit of MS&T, any of its Subsidiaries or PremStar in support of such Counterparty's payment obligations to MS&T, such Subsidiary or PremStar arising from such purchase or sale, provided that (x) the senior, unsecured, non-credit enhanced indebtedness of such Counterparty Guarantor or such financial institution (as the case may be) is rated BBB- (or its equivalent) or higher by any two of S&P, Fitch and Moody's, provided that in the event that such Counterparty Guarantor has no such rated indebtedness, Dun & Bradstreet Inc. has rated such Counterparty Guarantor at least investment grade, (y) no default by such Counterparty Guarantor in respect of any such Support Obligations provided by such Counterparty Guarantor has occurred and is continuing and (z) such Counterparty Guarantor is not the Borrower or any Affiliate of the Borrower or any of its Subsidiaries;

(e) Consolidated Debt shall not include any Project Finance Debt of the Borrower or any Consolidated Subsidiary; and

(f) Consolidated Debt shall not include the principal amount of any Securitized Bonds.

"CONSOLIDATED EBITDA" means, with reference to any period, the pretax operating income of the Borrower and its Subsidiaries ("PRETAX OPERATING INCOME") for such period plus, to the extent deducted in determining Pretax Operating Income (without duplication), (i) depreciation, depletion and amortization, and (ii) any non-cash write-offs and write-downs contained in the Borrower's Pretax Operating Income, all calculated for the Borrower and its Subsidiaries on a consolidated basis for such period; provided, however that Consolidated EBITDA shall not include any operating income attributable to that portion of the revenues of Consumers dedicated to the repayment of the Securitized Bonds.

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"CONSOLIDATED SUBSIDIARY" means any Subsidiary whose accounts are or are required to be consolidated with the accounts of the Borrower in accordance with GAAP.

"CONSUMERS" means Consumers Energy Company, a Michigan corporation, all of whose common stock is on the date hereof owned by the Borrower.

"CONSUMERS DIVIDEND RESTRICTION" means any restriction enacted or imposed after October 1, 1992 upon the ability of Consumers to pay cash dividends to the Borrower in respect of Consumers' capital stock, whether such restriction is imposed by statute, regulation, decisions or rulings by the Michigan Public Service Commission or the Federal Energy Regulatory Commission (or any successor agency or agencies), final judgments of any court of competent jurisdiction, indentures, agreements, contracts or restrictions to which Consumers is a party or by which it is bound or otherwise; provided, that no restriction on such dividends existing on October 1, 1992 shall be a Consumers Dividend Restriction at any time.

"CONTINUING DIRECTOR" means, as of any date of determination, any member of the board of directors of the Borrower who (a) was a member of such board of directors on the Closing Date, or (b) was nominated for election or elected to such board of directors with the approval of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

"CONVERSION", "CONVERT" or "CONVERTED" refers to a conversion of Loans of one Type into Loans of another Type, or to the selection of a new, or the renewal of the same, Interest Period for Loans, as the case may be, pursuant to Section 3.02 or 3.03.

"DEBT" means, for any Person, without duplication, any and all indebtedness, liabilities and other monetary obligations of such Person (whether for principal, interest, fees, costs, expenses or otherwise, and whether contingent or otherwise) (i) for borrowed money or evidenced by bonds, debentures, notes or other similar instruments, (ii) to pay the deferred purchase price of property or services (except trade accounts payable arising in the ordinary course of business which are not overdue), (iii) as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases, (iv) under reimbursement or similar agreements with respect to letters of credit issued thereunder, (v) under any interest rate swap, "cap", "collar" or other hedging agreements; provided, however, for purposes of the calculation of Debt for this clause (v) only, the actual amount of Debt of such Person shall be determined on a net basis to the extent such agreements permit such amounts to be calculated on a net basis, (vi) to pay rent or other amounts under leases entered into in connection with sale and leaseback transactions involving assets of such Person being sold in connection therewith, (vii) arising from any accumulated funding deficiency (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) for a Plan, (viii) arising in connection with any withdrawal liability under ERISA to any

Multiemployer Plan and (ix) arising from (A) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to warrant or hold harmless, pursuant to a legally binding agreement, a creditor against loss in respect of, Debt of others referred to in clauses (i) through (viii) above and (B) other guaranty or similar financial obligations in respect of

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the performance of others, including Support Obligations. Notwithstanding the foregoing, solely for purposes of the calculation required under Section 8.01(j)(ii), Debt shall not include any Junior Subordinated Debt issued by the Borrower and owned by any Hybrid Preferred Securities Subsidiary.

"DEFAULT" means an event that, with the giving of notice or lapse of time or both, would constitute an Event of Default.

"DEFAULT RATE" means a rate per annum equal at all times to (i) in the case of any amount of principal of any Loan (other than any Swingline Loan) that is not paid when due, 2% per annum above the Applicable Rate required to be paid on such Loan immediately prior to the date on which such amount became due, and (ii) in the case of any Swingline Loan and any amount of interest, fees or other amounts payable hereunder that is not paid when due, 2% per annum above the Applicable Rate for an ABR Loan in effect from time to time.

"DIVIDEND COVERAGE RATIO" means, at any date, the ratio of (i) Pro Forma Dividend Amounts to (ii) Borrower Interest Expense.

"DOLLARS" and the sign "\$" each means lawful money of the United States.

"DOMESTIC LENDING OFFICE" means, with respect to any Lender, the office or affiliate of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Lender Assignment pursuant to which it became a Lender, or such other office or affiliate of such Lender as such Lender may from time to time specify in writing to the Borrower and the Administrative Agent.

"ELIGIBLE ASSIGNEE" means (a) a commercial bank or trust company organized under the laws of the United States, or any State thereof; (b) a commercial bank organized under the laws of any other country that is a member of the OECD, or a political subdivision of any such country, provided that such bank is acting through a branch or agency located in the United States; (c) the central bank of any country that is a member of the OECD; and (d) any other commercial bank or other financial institution engaged generally in the business of extending credit or purchasing debt instruments; provided, however, that (A) any such Person shall also (i) have outstanding unsecured indebtedness that is rated A- or better by S&P or A3 or better by Moody's (or an equivalent rating by another nationally-recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating unsecured indebtedness of entities engaged in such businesses) or (ii) have combined capital and surplus (as established in its most recent report of condition to its primary regulator) of not less than \$250,000,000 (or its equivalent in foreign currency), (B) any Person described in clause (b), (c), or (d) above, shall, on the date on which it is to become a Lender hereunder, (1) be entitled to receive payments hereunder without deduction or withholding of any United States Federal income taxes (as contemplated by Section 5.06) and (2) not be incurring any losses, costs or expenses of the type for which such Person could demand payment under Section 5.04(a) or (c) (except to the extent that, in the absence of the making of an assignment to such Person, the assigning Lender would have

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incurred an equal or greater amount of such losses, costs or expenses and such losses, costs or expenses would have been payable by the Borrower to such assigning Lender hereunder), (C) any Person described in clauses (a), (b), (c) and (d) above, which is not a Lender shall, in addition, be acceptable to any Issuing Bank and to the Swingline Lender based upon their then-existing credit criteria and (D) any Person described in clause (d) above shall, in addition, be acceptable to the Administrative Agent (which acceptance shall not be unreasonably withheld or delayed).

"ENTERPRISES" means CMS Enterprises Company, a Michigan corporation, all of whose common stock is on the date hereof owned by the Borrower.

"ENTERPRISES SIGNIFICANT SUBSIDIARY" means CMS Oil & Gas Co., CMS Generation Co., CMS Gas Transmission and Storage Company, Panhandle Eastern Pipe Line Company ("PANHANDLE"), any direct or indirect subsidiary of Panhandle and any other direct subsidiary of Enterprises having a net worth in excess of \$50 million.

"ENVIRONMENTAL LAWS" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any governmental agency or authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Substance or to health and safety matters.

"ENVIRONMENTAL LIABILITY" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Substances, (c) exposure to any Hazardous Substances, (d) the release or threatened release of any Hazardous Substances into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"EQUITY DISTRIBUTIONS" shall mean, for any period, the aggregate amount of cash received by the Borrower from its Subsidiaries during such period that are paid out of proceeds from the sale of common equity of Subsidiaries of the Borrower.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA AFFILIATE" means, with respect to any Person, any trade or business (whether or not incorporated) that is a "commonly controlled entity" within the meaning of the regulations under Section 414 of the Internal Revenue Code of 1986, as amended.

"EURODOLLAR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"EURODOLLAR LENDING OFFICE" means, with respect to any Lender, the office or affiliate of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Lender Assignment pursuant to which it became a Lender (or, if no such office or affiliate is specified, its Domestic Lending Office), or such other office or affiliate of such Lender as such Lender may from time to time specify in writing to the Borrower and the Administrative Agent.

"EURODOLLAR RATE LOAN" means a Loan that bears interest as provided in Section 3.05(b) (ii).

"EVENT OF DEFAULT" has the meaning specified in Section 9.01.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXISTING BANKS" means the Banks party to the Existing Credit Agreement.

"EXISTING CREDIT AGREEMENT" means the Credit Agreement, dated as of June 27, 2000, among the Borrower, the lenders party thereto, The Chase Manhattan Bank, as Administrative Agent and Collateral Agent, and the other co-agents party thereto, as the same may have been amended, restated, supplemented or otherwise modified from time to time.

"EXTENSION OF CREDIT" means (i) the making of a Borrowing (including any Conversion), (ii) the issuance of a Letter of Credit, or (iii) the amendment of any Letter of Credit having the effect of extending the stated termination date thereof, increasing the LC Outstandings thereunder, or otherwise altering any of the material terms or conditions thereof.

"FEDERAL FUNDS EFFECTIVE RATE" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"FEE LETTER" has the meaning assigned to that term in Section 2.02(c).

"FITCH" means Fitch, Inc. or any successor thereto.

"FOREIGN LENDER" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP" has the meaning assigned to that term in Section 1.03.

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"GOVERNMENTAL APPROVAL" means any authorization, consent, approval, license, permit, certificate, exemption of, or filing or registration with, any governmental authority or other legal or regulatory body, required in connection with either (i) the execution, delivery, or performance of any Loan Document by the Borrower, (ii) the grant and perfection of any Lien contemplated by the Cash Collateral Agreement or (iii) the exercise by any Agent (on behalf of the Lenders) of any right or remedy provided for under the Cash Collateral Agreement.

"HAZARDOUS SUBSTANCE" means any waste, substance, or material identified as hazardous, dangerous or toxic by any office, agency, department, commission, board, bureau, or instrumentality of the United States or of the State or locality in which the same is located having or exercising jurisdiction over such waste, substance or material.

"HYBRID PREFERRED SECURITIES" means any preferred securities issued by a Hybrid Preferred Securities Subsidiary, where such preferred securities have the following characteristics:

(i) such Hybrid Preferred Securities Subsidiary lends

substantially all of the proceeds from the issuance of such preferred securities to the Borrower or a wholly-owned direct or indirect Subsidiary of the Borrower in exchange for Junior Subordinated Debt issued by the Borrower or such wholly-owned direct or indirect Subsidiary, respectively;

(ii) such preferred securities contain terms providing for the deferral of interest payments corresponding to provisions providing for the deferral of interest payments on the Junior Subordinated Debt; and

(iii) the Borrower or a wholly-owned direct or indirect Subsidiary of the Borrower (as the case may be) makes periodic interest payments on the Junior Subordinated Debt, which interest payments are in turn used by the Hybrid Preferred Securities Subsidiary to make corresponding payments to the holders of the preferred securities.

"HYBRID PREFERRED SECURITIES SUBSIDIARY" means any Delaware business trust (or similar entity) (i) all of the common equity interest of which is owned (either directly or indirectly through one or more wholly-owned Subsidiaries of the Borrower or Consumers) at all times by the Borrower or a wholly-owned direct or indirect Subsidiary of the Borrower, (ii) that has been formed for the purpose of issuing Hybrid Preferred Securities and (iii) substantially all of the assets of which consist at all times solely of Junior Subordinated Debt issued by the Borrower or a wholly-owned direct or indirect Subsidiary of the Borrower (as the case may be) and payments made from time to time on such Junior Subordinated Debt.

"INDEMNIFIED PERSON" has the meaning assigned to that term in Section 11.04(b).

"INDENTURE" means that certain Indenture, dated as of September 15, 1992, between the Borrower and the Trustee, as supplemented by the First Supplemental Indenture, dated as of October 1, 1992, the Second Supplemental Indenture, dated as of

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October 1, 1992, the Third Supplemental Indenture, dated as of May 6, 1997, the Fourth Supplemental Indenture, dated as of September 26, 1997, the Fifth Supplemental Indenture, dated as of November 4, 1997, the Sixth Supplemental Indenture, dated as of January 13, 1998, the Seventh Supplemental Indenture, dated as of January 25, 1999, the Eighth Supplemental Indenture, dated as of February 3, 1999, the Ninth Supplemental Indenture, dated as of June 22, 1999, the Tenth Supplemental Indenture, dated as of October 12, 2000, and the Eleventh Supplemental Indenture, dated as of March 29, 2001, as said Indenture may be further amended or otherwise modified from time to time in accordance with its terms.

"INDEX DEBT" means senior, unsecured indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

"INTEREST PERIOD" has the meaning assigned to that term in Section 3.03.

"ISSUING BANK" means any Lender designated by the Borrower in accordance with Section 4.01(a) as the issuer of a Letter of Credit pursuant to an Issuing Bank Agreement. As of the date hereof, the Borrower has designated Barclays as an Issuing Bank, and the Administrative Agent has accepted such designee pursuant to Section 4.01.

"ISSUING BANK AGREEMENT" means an agreement between an Issuing Bank and the Borrower, in form and substance satisfactory to the Administrative Agent, providing for the issuance of one or more Letters of Credit, in form and substance satisfactory to the Administrative

Agent, in support of a general corporate activity of the Borrower.

"JUNIOR SUBORDINATED DEBT" means any unsecured Debt of the Borrower or a Subsidiary of the Borrower (i) issued in exchange for the proceeds of Hybrid Preferred Securities and (ii) subordinated to the rights of the Lenders hereunder and under the other Loan Documents pursuant to terms of subordination substantially similar to those set forth in Exhibit H, or pursuant to other terms and conditions satisfactory to the Required Lenders.

"LC PAYMENT NOTICE" has the meaning assigned to that term in Section 4.04(b).

"LC OUTSTANDINGS" means, for any Letter of Credit on any date of determination, the maximum amount available to be drawn under such Letter of Credit (assuming the satisfaction of all conditions for drawing enumerated therein) plus any amount which has been drawn on such Letter of Credit which has neither been reimbursed by the Borrower nor converted into an ABR Loan pursuant to the terms of Section 4.04.

"LENDER ASSIGNMENT" means an assignment and agreement entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit G.

"LENDERS" means the Banks listed on the signature pages hereof, each Eligible Assignee that shall become a party hereto pursuant to Section 11.07 and, if and to the

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extent so provided in Section 4.04(c), each Issuing Bank. Unless the context requires otherwise, the term "Lenders" includes the Swingline Lender.

"LETTER OF CREDIT" means a letter of credit issued by an Issuing Bank pursuant to Section 4.02, as such letter of credit may from time to time be amended, modified or extended in accordance with the terms of this Agreement and the Issuing Bank Agreement to which it relates.

"LIBO RATE" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO RATE" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"LIEN" has the meaning assigned to that term in Section 8.02(a).

"LOAN" means a loan by a Lender to the Borrower, and refers to an ABR Loan or a Eurodollar Rate Loan (each of which shall be a "TYPE" of Loan) or a Swingline Loan. All Loans by a Lender of the same Type having the same Interest Period and made or Converted on the same day shall be deemed to be a single Loan by such Lender until repaid or next Converted.

"LOAN DOCUMENTS" means this Agreement, any Promissory Notes, the Cash Collateral Agreement, the Fee Letter, the Issuing Bank

Agreement(s) and all other agreements, instruments and documents now or hereafter executed and/or delivered pursuant hereto or thereto.

"MATERIAL ADVERSE CHANGE" means any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on (a) the business, assets, property, financial condition or results of operations of the Borrower and its Subsidiaries, considered as a whole, (b) the Borrower's ability to perform its obligations under this Agreement or any other Loan Document to which it is or will be a party or (c) the validity or enforceability of any Loan Document or the rights and remedies of any Agent or the Lenders thereunder.

"MEASUREMENT QUARTER" has the meaning assigned to that term in Section 8.01(i).

"MOODY'S" means Moody's Investors Service, Inc. or any successor thereto.

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"MS&T" means CMS Marketing, Services and Trading Company, a Michigan corporation, all of whose capital stock is on the date hereof owned by Enterprises.

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NET PROCEEDS" means, with respect to any sale or issuance of securities or incurrence of Debt by any Person, the excess of (i) the gross cash proceeds received by or on behalf of such Person in respect of such sale, issuance or incurrence (as the case may be) over (ii) customary underwriting commissions, auditing and legal fees, printing costs, rating agency fees and other customary and reasonable fees and expenses incurred by such Person in connection therewith.

"NET WORTH" means, with respect to any Person, the excess of such Person's total assets over its total liabilities, total assets and total liabilities each to be determined in accordance with GAAP consistently applied, excluding, however, from the determination of total assets (i) goodwill, organizational expenses, research and development expenses, trademarks, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, and other similar intangibles, (ii) cash held in a sinking or other analogous fund established for the purpose of redemption, retirement or prepayment of capital stock or Debt, and (iii) any items not included in clauses (i) or (ii) above, that are treated as intangibles in conformity with GAAP.

"NOTEHOLDERS" means, collectively, the owners of record from time to time of the Senior Notes.

"NOTICE OF BORROWING" has the meaning assigned to that term in Section 3.01(a).

"NOTICE OF CONVERSION" has the meaning assigned to that term in Section 3.02.

"OECD" means the Organization for Economic Cooperation and Development.

"OWNERSHIP INTEREST" of the Borrower in any Consolidated Subsidiary means, at any date of determination, the percentage determined by dividing (i) the aggregate amount of Project Finance Equity in such Consolidated Subsidiary owned or controlled, directly or indirectly, by the Borrower and any other Consolidated Subsidiary on such date, by (ii) the aggregate amount of Project Finance Equity in such Consolidated Subsidiary owned or controlled, directly or indirectly, by all Persons (including the Borrower and the Consolidated Subsidiaries) on such date. Notwithstanding anything to the contrary set forth above, if the "Ownership Interest," calculated as set forth

above, is 50% or less, such percentage shall be deemed to equal 0%.

"PARTICIPANT" has the meaning assigned to that term in Section 11.07(e).

"PBGCC" means the Pension Benefit Guaranty Corporation (or any successor entity) established under ERISA.

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"PERCENTAGE" means, for any Lender on any date of determination, the percentage obtained by dividing such Lender's Commitment on such day by the total of the Lenders' Commitments on such date, and multiplying the quotient so obtained by 100%. In the event that the Commitments have been terminated, each Lender's Percentage shall be calculated on the basis of the Commitments in effect immediately prior to such termination.

"PERMITTED INVESTMENTS" means each of the following so long as no such Permitted Investment shall have a final maturity later than six months from the date of investment therein:

(i) direct obligations of the United States, or of any agency thereof, or obligations guaranteed as to principal and interest by the United States or any agency thereof;

(ii) certificates of deposit or bankers' acceptances issued, or time deposits held, or investment contracts guaranteed, by any Lender, any nationally-recognized securities dealer or any other commercial bank, trust company, savings and loan association or savings bank organized under the laws of the United States, or any State thereof, or of any other country which is a member of the OECD, or a political subdivision of any such country, and in each case having outstanding unsecured indebtedness that (on the date of acquisition thereof) is rated AA- or better by S&P or Aa3 or better by Moody's (or an equivalent rating by another nationally-recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating unsecured bank indebtedness);

(iii) obligations with any Lender, any other bank or trust company described in clause (ii), above, or any nationally-recognized securities dealer, in respect of the repurchase of obligations of the type described in clause (i), above, provided that such repurchase obligations shall be fully secured by obligations of the type described in said clause (i) and the possession of such obligations shall be transferred to, and segregated from other obligations owned by, such Lender, such other bank or trust company or such securities dealer;

(iv) commercial paper rated (on the date of acquisition thereof) A-1 or P-1 or better by S&P or Moody's, respectively (or an equivalent rating by another nationally-recognized credit rating agency of similar standing if neither of such corporations is then in the business of rating commercial paper); and

(v) any eurodollar certificate of deposit issued by any Lender or any other commercial bank, trust company, savings and loan association or savings bank organized under the laws of the United States, or any State thereof, or of any country which is a member of the OECD, or a political subdivision of any such country, and in each case having outstanding unsecured indebtedness that (on the date of acquisition thereof) is rated AA- or better by S&P or Aa3 or better by Moody's (or an equivalent rating by another nationally-recognized credit rating

agency of similar standing if neither of such corporations is then in the business of rating unsecured bank indebtedness).

"PERSON" means an individual, partnership, corporation (including a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"PLAN" means, with respect to any Person, an employee benefit plan (other than a Multiemployer Plan) maintained for employees of such Person or any ERISA Affiliate of such Person and covered by Title IV of ERISA.

"PLAN TERMINATION EVENT" means, with respect to any Person, (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under such regulations), or (ii) the withdrawal of such Person or any of its ERISA Affiliates from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC, or (v) any other event or condition which is reasonably likely to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"PRIME RATE" means the rate of interest per annum publicly announced from time to time by Barclays as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"PRO FORMA DIVIDEND AMOUNT" means, from and after any date of any Consumers Dividend Restriction, the sum of (a) the aggregate amount which Consumers could have paid to the Borrower during the four calendar quarters immediately preceding such date had such Consumers Dividend Restriction been in effect during such quarters plus (b) cash dividends received by the Borrower from any other Subsidiary during such quarters.

"PROJECT FINANCE DEBT" means Debt of any Person that is non-recourse to such Person (unless such Person is a special-purpose entity) and any Affiliate of such Person, other than with respect to the interest of the holder of such Debt in the collateral, if any, securing such Debt.

"PROJECT FINANCE EQUITY" means, at any date of determination, consolidated equity of the common, preference and preferred stockholders of the Borrower and the Consolidated Subsidiaries relating to any obligor with respect to Project Finance Debt.

"PROMISSORY NOTE" means any promissory note of the Borrower payable to the order of a Lender (and, if requested, its registered assigns) issued pursuant to Section 3.01(d); and "PROMISSORY NOTES" means any or all of the foregoing.

"RATING LEVEL" means, on any date of determination with respect to the Applicable Margin or the Commitment Fee Margin on such date of determination, any of Rating Level I, Rating Level II, Rating Level III, Rating Level IV or Rating Level V, as described below:

RATING LEVEL I shall be deemed to exist at all times

during which the Index Debt shall be rated BBB- (or its equivalent) or higher by any two of S&P, Fitch and Moody's.

RATING LEVEL II shall be deemed to exist at all times during which (i) the Index Debt shall be rated BB+ (or its equivalent) or higher by any two of S&P, Fitch and Moody's and (ii) Rating Level I is not in effect.

RATING LEVEL III shall be deemed to exist at all times during which (i) the Index Debt shall be rated BB (or its equivalent) or higher by any two of S&P, Fitch and Moody's and (ii) neither Rating Level I nor Rating Level II is in effect.

RATING LEVEL IV shall be deemed to exist at all times during which (i) the Index Debt shall be rated BB- (or its equivalent) or higher by any two of S&P, Fitch and Moody's and (ii) none of Rating Level I, Rating Level II or Rating Level III is in effect.

RATING LEVEL V shall be deemed to exist at all times during which none of Rating Level I, Rating Level II, Rating Level III or Rating Level IV is in effect.

The Rating Level in effect shall be modified in accordance with this definition upon any change in the applicable ratings of the Index Debt, and such modification to the Rating Level shall be effective from the date of announcement of any such new ratings. The Borrower agrees to notify the Administrative Agent promptly after each change in any rating of the Index Debt.

"RECIPIENT" has the meaning assigned to that term in Section 11.08.

"REGISTER" has the meaning specified in Section 11.07(c).

"RELATED PARTIES" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"REQUEST FOR ISSUANCE" has the meaning assigned to that term in Section 4.02(a).

"REQUIRED LENDERS" means, on any date of determination, Lenders that, collectively, on such date (i) hold at least 51% of the then aggregate unpaid principal amount of the Loans (other than Swingline Loans, but taking into account each Lender's Swingline Exposure) owing to Lenders and (ii) if no Loans are then outstanding, have Percentages in the aggregate of at least 51%. Any determination of those Lenders constituting the Required Lenders shall be made by the Administrative Agent and shall be conclusive and binding on all parties absent manifest error.

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"RESTRICTED SUBSIDIARY" means (i) Enterprises and (ii) any other Subsidiary of the Borrower (other than Consumers and its Subsidiaries) that, on a consolidated basis with any of its Subsidiaries as of any date of determination, accounts for more than 10% of the consolidated assets of the Borrower and its Consolidated Subsidiaries.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc., or any successor thereto.

"SECURITIZED BONDS" shall mean any nonrecourse bonds or similar asset-backed securities issued by a special purpose subsidiary of Consumers which are payable solely from specialized charges authorized by the utility commission of the relevant state in

connection with the recovery of regulatory assets or other stranded costs.

"SENIOR NOTE DEBT" means, collectively, all principal indebtedness of the Borrower to the Noteholders now or hereafter existing under the Senior Notes, together with interest and premiums, if any, thereon and other amounts payable in respect thereof or in connection therewith in accordance with the terms of the Senior Notes or the Indenture.

"SENIOR NOTES" means the 8-1/8% Senior Unsecured Notes Due 2002, issued by the Borrower pursuant to the Indenture.

"STATUTORY RESERVE RATE" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in Dollars of over \$100,000 with maturities approximately equal to three months and (b) with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Rate Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"SUBSIDIARY" means, with respect to any Person, any corporation or unincorporated entity of which more than 50% of the outstanding capital stock (or comparable interest) having ordinary voting power (irrespective of whether at the time capital stock (or comparable interest) of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by said Person (whether directly or through one or more other Subsidiaries). In the case of an unincorporated entity, a Person shall be deemed to have more than 50% of interests having ordinary voting power only if such Person's vote

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in respect of such interests comprises more than 50% of the total voting power of all such interests in the unincorporated entity.

"SUPPORT OBLIGATIONS" means, for any Person, without duplication, any financial obligation, contingent or otherwise, of such Person guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt, (iii) to maintain working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt, (iv) to provide equity capital under or in respect of equity subscription arrangements (to the extent that such obligation to provide equity capital does not otherwise constitute Debt), or (v) to perform, or arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations of the primary obligor.

"SWINGLINE EXPOSURE" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The

Swingline Exposure of any Lender at any time shall be its Percentage of the aggregate principal amount of all Swingline Loans outstanding at such time.

"SWINGLINE LENDER" means Barclays, in its capacity as lender of Swingline Loans hereunder.

"SWINGLINE LOAN" means a Loan made available to the Borrower pursuant to Section 3.06.

"SWINGLINE RATE" means, in the case of a Swingline Loan, a fixed rate of interest equal to the sum of (i) the Swingline Lender's cost of funds as determined by the Swingline Lender in its sole discretion with reference to its funding sources on the date such Swingline Loan is made for a term equal to the period for which such Swingline Loan is to be outstanding plus (ii) the Applicable Margin in effect from time to time with respect to Eurodollar Rate Loans during the period such Swingline Loan is outstanding shall be adjusted in each case from time to time to give effect to all applicable reserve requirements, including, without limitation, special, emergency or supplemental reserves.

"TAX SHARING AGREEMENT" means the Amended and Restated Agreement for the Allocation of Income Tax Liabilities and Benefits, dated as of January 1, 1994, by and among the Borrower, each of the members of the Consolidated Group (as defined therein), and each of the corporations that become members of the Consolidated Group.

"TERMINATION DATE" means the earlier to occur of (i) June 17, 2004 and (ii) the date of termination or reduction in whole of the Commitments pursuant to Section 2.03 or 9.02.

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"THREE-MONTH SECONDARY CD RATE" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in the Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m. on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Administrative Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"364 DAY FACILITY" means that certain \$450,000,000 Credit Agreement dated as of the date hereof by and among the Borrower, the Banks and the Agents, as the same may amended, restated, supplemented or otherwise modified from time to time.

"TRUSTEE" has the meaning assigned to that term in the Indenture.

"TYPE" has the meaning assigned to such term (i) in the definition of "Loan" when used in such context and (ii) in the definition of "Borrowing" when used in such context.

SECTION 1.02. COMPUTATION OF TIME PERIODS; CONSTRUCTION.

(a) Unless otherwise indicated, each reference in this Agreement to a specific time of day is a reference to New York City time. In the computation of periods of time under this Agreement, any period of a specified number of days or months shall be computed by including the first day or month occurring during such period and excluding the last such day or month. In the case of a period of time "from" a specified date "to" or "until" a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to

but excluding".

(b) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes", and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (v) the words "asset" and "property" shall

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be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03. ACCOUNTING TERMS. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 7.01(e) ("GAAP").

ARTICLE II COMMITMENTS

SECTION 2.01. THE COMMITMENTS. Each Lender severally agrees, on the terms and conditions hereinafter set forth to make Loans to the Borrower and to participate in the funding of any Swingline Loan and the issuance of Letters of Credit (and the LC Outstandings thereunder) during the period from the Closing Date until the Termination Date in an aggregate outstanding amount not to exceed on any day such Lender's Available Commitment (after giving effect to all Extensions of Credit to be made on such day and the application of the proceeds thereof). Within the limits hereinafter set forth, the Borrower may request Extensions of Credit hereunder, prepay Loans or reduce or cancel Letters of Credit, and use the resulting increase in the Available Commitments for further Extensions of Credit in accordance with the terms hereof.

SECTION 2.02. FEES.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee equal to the product of (i) the average daily amount of such Lender's Available Commitment (without (a) in the case of the Swingline Lender, taking into account any Swingline Loan and (b) in the case of any Lender, taking into account such Lender's Swingline Exposure) from the date hereof, in the case of each Bank, and from the effective date specified in the Lender Assignment pursuant to which it became a Lender, in the case of each other Lender, until the Termination Date multiplied by (ii) the Commitment Fee Margin in effect as of the date upon which such fee is payable. Such fees shall be payable quarterly in arrears on the last day of each January, April, July and October, commencing the first such date to occur following the date hereof, and on the Termination Date.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commission on the average daily aggregate amount of the LC Outstandings from the Closing Date until the Termination Date at a rate per annum equal to the Applicable Margin with respect to Eurodollar Rate Loans, payable quarterly in arrears on the last day of each January, April, July and October, commencing on the first such date to occur following the date hereof, and on the Termination Date;

(c) In addition to the fees provided for in subsections (a) and (b)

above, the Borrower shall pay to the Administrative Agent, for the account of Barclays and the other Persons entitled thereto, such other fees as are provided for in that certain letter agreement, dated June 8, 2001 among the Borrower, the Arranger and Barclays (the "FEE LETTER"), in the amounts and at the times specified therein.

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SECTION 2.03. REDUCTION OF THE COMMITMENTS.

(a) The Borrower may, upon at least three (3) Business Days' notice to the Administrative Agent (which shall promptly distribute copies thereof to the Lenders), terminate in whole or reduce ratably in part the unused portions of the Commitments; provided that any such partial reduction shall be in the aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(b) Upon the occurrence of a Change of Control the Commitments shall be reduced to zero and the principal amount outstanding hereunder, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 2.04. COMPUTATIONS OF OUTSTANDINGS. Whenever reference is made in this Agreement to the principal amount outstanding on any date under this Agreement, such reference shall refer to the sum of (i) the aggregate principal amount of all Loans outstanding on such date under this Agreement plus (ii) the aggregate LC Outstandings of all Letters of Credit outstanding on such date, in each case after giving effect to all Extensions of Credit to be made on such date and the application of the proceeds thereof. At no time shall the principal amount outstanding under this Agreement exceed the aggregate amount of the Commitments hereunder. References to the unused portion of the Commitments under this Agreement shall refer to the excess, if any, of the Commitments hereunder over the principal amount outstanding hereunder; and references to the unused portion of any Lender's Commitment under this Agreement shall refer to such Lender's Percentage of the unused Commitments hereunder.

ARTICLE III LOANS

SECTION 3.01. LOANS.

(a) The Borrower may request a Borrowing (other than a Conversion or a Swingline Loan) by delivering a notice (a "NOTICE OF BORROWING") to the Administrative Agent no later than 12:00 noon on the third Business Day or, in the case of ABR Loans, on the first Business Day, prior to the date of the proposed Borrowing. The Administrative Agent shall give each Lender prompt notice of each Notice of Borrowing. Each Notice of Borrowing shall be in substantially the form of Exhibit A and shall specify the requested (i) date of such Borrowing, (ii) Type of Loans to be made in connection with such Borrowing, (iii) Interest Period, if any, for such Loans and (iv) amount of such Borrowing. Each proposed Borrowing shall conform to the requirements of Sections 3.03 and 3.04.

(b) Each Lender shall, before 12:00 noon on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's offices at 222 Broadway, 11th Floor, New York, New York 10038, in same day funds, such Lender's Percentage of such Borrowing; provided, that Swingline Loans shall be made as provided in Section 3.06. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article VI, the Administrative

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Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address; provided, however, that the proceeds of the initial

Extension of Credit shall be applied first directly by the Administrative Agent on the Closing Date to the prepayment in full of all outstanding principal, accrued interest and other amounts then owing under the Existing Credit Agreement and then, to the extent the proceeds of such initial Extension of Credit exceeds the amount necessary to prepay in full all outstanding principal, accrued interest and other amounts then owing under the Existing Credit Agreement, to the Borrower at the Administrative Agent's aforesaid address for general corporate purposes. Notwithstanding the foregoing, unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's Percentage of such Borrowing, the Administrative Agent may assume that such Lender has made such Percentage available to the Administrative Agent on the date of such Borrowing in accordance with the first sentence of this subsection (b), and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount.

(c) If and to the extent that any Lender (a "NON-PERFORMING LENDER") shall not have made available to the Administrative Agent, in accordance with subsection (b) above, such Lender's Percentage of any Borrowing, the non-performing Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand corresponding amounts, together with interest thereon for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Loans made in connection with such Borrowing and (ii) in the case of such Lender, the Federal Funds Effective Rate. Within the limits of each Lender's Available Commitment and subject to the other terms and conditions set forth in this Agreement for the making of Loans (including Section 8.01(h)), the Borrower may request (and the Lenders shall honor) one or more additional Borrowings from the performing Lenders to fund such repayment to the Administrative Agent. If a non-performing Lender shall repay to the Administrative Agent such corresponding amount in full (with interest as above provided), (x) the Administrative Agent shall apply such corresponding amount and interest to the repayment to the Administrative Agent (or repayment of Loans made to fund such repayment to the Administrative Agent), and shall make any remainder available to the Borrower and (y) such amount so repaid shall be deemed to constitute such Lender's Loan, made as part of such Borrowing for purposes of this Agreement as if funded concurrently with the other Loans made as part of such Borrowing, and such Lender shall forthwith cease to be deemed a non-performing Lender; if and so long as such non-performing Lender shall not repay such amount, and unless and until an Eligible Assignee shall have assumed and performed the obligations of such non-performing Lender, all computations by the Administrative Agent of Percentages, Commitments and payments hereunder shall be made without regard to the Commitment, or outstanding Loans, of such non-performing Lender, and any amounts paid to the Administrative Agent for the account of such non-performing Lender shall be held by the Administrative Agent in trust for such non-performing Lender in a non-interest-bearing special purpose account. Nothing herein shall in any way limit, waive or otherwise reduce any claims that any party hereto may have against any non-performing Lender. The failure of any Lender to make the Loan to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Lender shall

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be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Borrowing.

(d) Any Lender may request that Loans made by it be evidenced by a Promissory Note. In such event, the Borrower shall prepare, execute and deliver to such Lender a Promissory Note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such Promissory Note and interest thereon shall at all times (including after assignment pursuant to Section 11.07) be represented by one or more Promissory Notes in such form payable to the order of the payee named therein (or, if such Promissory Note is a registered note, to such payee and its registered assigns).

SECTION 3.02. CONVERSION OF LOANS. The Borrower may from time to time Convert any Loan (or portion thereof) of any Type to one or more Loans of the same or any other Type by delivering a notice of such Conversion (a "NOTICE OF

CONVERSION") to the Administrative Agent no later than 12:00 noon on (x) the third Business Day prior to the date of any proposed Conversion into a Eurodollar Rate Loan and (y) the first Business Day prior to the date of any proposed Conversion into an ABR Loan. The Administrative Agent shall give each Lender prompt notice of each Notice of Conversion. Each Notice of Conversion shall be in substantially the form of Exhibit B and shall specify (i) the requested date of such Conversion, (ii) the Type of, and Interest Period, if any, applicable to, the Loans (or portions thereof) proposed to be Converted, (iii) the requested Type of Loans to which such Loans (or portions thereof) are proposed to be Converted, (iv) the requested initial Interest Period, if any, to be applicable to the Loans resulting from such Conversion and (v) the aggregate amount of Loans (or portions thereof) proposed to be Converted. Each proposed Conversion shall be subject to the provisions of Sections 3.03 and 3.04. This Section shall not apply to Swingline Loans, which may not be Converted.

SECTION 3.03. INTEREST PERIODS. The period between the date of each Eurodollar Rate Loan and the date of payment in full of such Loan shall be divided into successive periods of months ("INTEREST PERIODS") for purposes of computing interest applicable thereto. The initial Interest Period for each such Loan shall begin on the day such Loan is made, and each subsequent Interest Period shall begin on the last day of the immediately preceding Interest Period for such Loan. The duration of each Interest Period shall be 1, 2, 3, or 6 months, as the Borrower may, in accordance with Section 3.01 or 3.02, select; provided, however, that:

(i) the Borrower may not select any Interest Period for a Eurodollar Rate Loan that ends after the Termination Date;

(ii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall occur on the next succeeding Business Day, provided that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(iii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last

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calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period.

SECTION 3.04. OTHER TERMS RELATING TO THE MAKING AND CONVERSION OF LOANS.

(a) Notwithstanding anything in Section 3.01 or 3.02 to the contrary:

(i) each Borrowing (other than a Borrowing deemed made under Section 4.04(d) or a Borrowing consisting of a Swingline Loan) shall be in an aggregate amount not less than \$10,000,000, or an integral multiple of \$1,000,000 in excess thereof (or such lesser amount as shall be equal to the total amount of the Available Commitments on such date, after giving effect to all other Extensions of Credit to be made on such date), and shall consist of Loans of the same Type, having the same Interest Period and made or Converted on the same day by the Lenders ratably according to their respective Percentages; provided, however, that the initial Borrowing shall be in an aggregate amount sufficient to repay in full all outstanding principal, accrued interest and other amounts owing under the Existing Credit Agreement as of the Closing Date;

(ii) the Borrower may request that more than one Borrowing be made on the same day;

(iii) at no time shall the sum of (i) all Borrowings comprising Eurodollar Rate Loans outstanding hereunder and (ii) all "Borrowings" comprising "Eurodollar Rate Loans" under, and as such terms are defined in, the 364 Day Facility, be greater than fifteen (15);

(iv) no Eurodollar Rate Loan may be Converted on a date other than the last day of the Interest Period applicable to such Loan unless the corresponding amounts, if any, payable to the Lenders pursuant to Section 5.04(b) are paid contemporaneously with such Conversion;

(v) if the Borrower shall either fail to give a timely Notice of Conversion pursuant to Section 3.02 in respect of any Loans or fail, in any Notice of Conversion that has been timely given, to select the duration of any Interest Period for Loans to be Converted into Eurodollar Rate Loans in accordance with Section 3.03, such Loans shall, on the last day of the then existing Interest Period therefor, automatically Convert into, or remain as, as the case may be, ABR Loans; and

(vi) if, on the date of any proposed Conversion, any Event of Default or Default shall have occurred and be continuing, all Loans then outstanding shall, on such date, automatically Convert into, or remain as, as the case may be, ABR Loans; provided, however, that with respect to any Default that occurs and is continuing as a result of the failure of the Borrower to comply with the ratio set forth in Section 8.01(j), any such Loans may be Converted into Eurodollar Rate Loans with an Interest Period not to exceed three months in duration.

(b) If any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central

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bank or other governmental authority asserts that it is unlawful, for such Lender or its Applicable Lending Office to perform its obligations hereunder to make, or to fund or maintain, Eurodollar Rate Loans hereunder, (i) the obligation of such Lender to make, or to Convert Loans into, Eurodollar Rate Loans for such Borrowing or any subsequent Borrowing from such Lender shall be forthwith suspended until the earlier to occur of the date upon which (A) such Lender shall cease to be a party hereto and (B) it is no longer unlawful for such Lender to make, fund or maintain Eurodollar Rate Loans, and (ii) if the maintenance of Eurodollar Rate Loans then outstanding through the last day of the Interest Period therefor would cause such Lender to be in violation of such law, regulation or assertion, the Borrower shall either prepay or Convert all Eurodollar Rate Loans from such Lender within five days after such notice. Promptly upon becoming aware that the circumstances that caused such Lender to deliver such notice no longer exist, such Lender shall deliver notice thereof to the Administrative Agent (but the failure to do so shall impose no liability upon such Lender). Promptly upon receipt of such notice from such Lender (or upon such Lender's assigning all of its Commitment, Loans, participation and other rights and obligations hereunder to an Eligible Assignee), the Administrative Agent shall deliver notice thereof to the Borrower and the Lenders and such suspension shall terminate.

(c) If the Required Lenders shall, at least one Business Day before the date of any requested Borrowing, notify the Administrative Agent that the Adjusted LIBO Rate for Eurodollar Rate Loans to be made in connection with such Borrowing will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Loans for such Borrowing, or that they are unable to acquire funding in a reasonable manner so as to make available Eurodollar Rate Loans in the amount and for the Interest Period requested, or if the Administrative Agent shall determine that adequate and reasonable means do not exist to be able to determine the Adjusted LIBO Rate, then the right of the Borrower to select Eurodollar Rate Loans for such Borrowing and any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist, and each Loan to be made or Converted in connection with such Borrowing shall be an ABR Loan.

(d) If any Lender shall have delivered a notice to the Administrative Agent described in Section 3.04(b), or shall become a non-performing Lender under Section 3.01(c) or Section 4.04(c), and if and so long as such Lender shall not have withdrawn such notice or corrected such non-performance in

accordance with said Section 3.04(b), Section 3.01(c) or Section 4.04(c), the Borrower or the Administrative Agent may demand that such Lender assign in accordance with Section 11.07, to one or more Eligible Assignees designated by the Borrower or the Administrative Agent, all (but not less than all) of such Lender's Commitment, Loans, participation and other rights and obligations hereunder; provided that any such demand by the Borrower during the continuance of an Event of Default or Default shall be ineffective without the consent of the Required Lenders. If, within 30 days following any such demand by the Administrative Agent or the Borrower, any such Eligible Assignee so designated shall fail to consummate such assignment on terms reasonably satisfactory to such Lender, or the Borrower and the Administrative Agent shall have failed to designate any such Eligible Assignee, then such demand by the Borrower or the Administrative Agent shall become ineffective, it being understood for purposes of this provision that such assignment shall be conclusively deemed to be on terms reasonably satisfactory to such Lender, and such Lender shall be compelled to consummate such assignment forthwith, if such Eligible Assignee (i) shall agree to such

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assignment in substantially the form of the Lender Assignment attached hereto as Exhibit G and (ii) shall tender payment to such Lender in an amount equal to the full outstanding dollar amount accrued in favor of such Lender hereunder (as computed in accordance with the records of the Administrative Agent), including, without limitation, all accrued interest and fees and, to the extent not paid by the Borrower, any payments required pursuant to Section 5.04(b).

(e) Each Notice of Borrowing and Notice of Conversion shall be irrevocable and binding on the Borrower. In the case of any Borrowing which the related Notice of Borrowing or Notice of Conversion specifies is to be comprised of Eurodollar Rate Loans, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill, on or before the date specified in such Notice of Borrowing or Notice of Conversion for such Borrowing, the applicable conditions (if any) set forth in this Article III (other than failure pursuant to the provisions of Section 3.04(b) or (c) hereof) or in Article VI, including any such loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Loan to be made by such Lender when such Loan, as a result of such failure, is not made on such date.

SECTION 3.05. REPAYMENT OF LOANS; INTEREST

(a) Principal. The Borrower shall repay the outstanding principal amount of the Loans on the Termination Date; provided, that the Borrower shall repay the outstanding principal amount of any Swingline Loan on the earliest of (i) the Termination Date, (ii) that date which is five (5) Business Days after the date upon which such Swingline Loan was made by the Swingline Lender, and (iii) the date when any subsequent Borrowing which is not a Swingline Loan is made hereunder or any "Borrowing" is made under (and as defined in) the 364 Day Facility.

(b) Interest. The Borrower shall pay interest on the unpaid principal amount of each Loan owing to each Lender from the date of such Loan until such principal amount shall be paid in full, at the Applicable Rate for such Loan (except as otherwise provided in this subsection (b)), payable as follows:

(i) ABR Loans. If such Loan is an ABR Loan, interest thereon shall be payable quarterly in arrears on the last day of each January, April, July and October, on the date of any Conversion of such ABR Loan and on the date such ABR Loan shall become due and payable or shall otherwise be paid in full; provided that any amount of principal that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the Default Rate.

(ii) Eurodollar Rate Loans. If such Loan is a Eurodollar Rate Loan, interest thereon shall be payable on the last day of such Interest Period and, if the Interest Period for such Loan has a duration of more than three months, on that day of each third month

during such Interest Period that corresponds to the first day of such Interest Period (or, if any such month does not have a corresponding day, then on the last day of such month);

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provided that any amount of principal that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the Default Rate.

(iii) Swingline Loans. If such Loan is a Swingline Loan, interest thereon shall be payable on the day that such Loan is required to be repaid; provided that any amount of principal that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall bear interest, from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the Default Rate.

SECTION 3.06. SWINGLINE LOANS.

(a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the period from the Closing Date until the Termination Date, in an aggregate principal amount at any time outstanding equal to the lesser of (i) \$75,000,000 or (ii) the Available Commitments at such time; provided that the Swingline Lender will not be required to make a Swingline Loan to refinance an outstanding Swingline Loan; and provided, further, that no more than five (5) Swingline Loans may be outstanding hereunder at any time. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Swingline Lender of such request by telephone (confirmed by telecopy), not later than 2:00 p.m., New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan, which shall be not less than \$5,000,000, or an integral multiple of \$1,000,000 in excess thereof. The Swingline Lender shall make each Swingline Loan available to the Borrower at the Administrative Agent's offices at 222 Broadway, 11th Floor, New York, New York 10038 by 4:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph to make funds immediately available, in the same manner as provided in

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Section 3.01 with respect to Loans made by such Lender (and Section 3.01 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the

Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

ARTICLE IV
LETTERS OF CREDIT

SECTION 4.01. ISSUING BANKS. Subject to the terms and conditions hereof, the Borrower may from time to time identify and arrange for one or more Lenders to act as Issuing Banks hereunder. Any such designation by the Borrower shall be notified to the Administrative Agent at least three (3) Business Days prior to the first date upon which the Borrower proposes that such Issuing Bank issue its first Letter of Credit. Nothing contained herein shall be deemed to require any Lender to agree to act as an Issuing Bank, if it does not so desire.

SECTION 4.02. LETTERS OF CREDIT.

(a) Each Letter of Credit shall be issued (or the stated maturity thereof extended or terms thereof modified or amended) on not less than three (3) Business Days' prior written notice thereof to the Administrative Agent (which shall promptly distribute copies thereof to the Lenders) and the relevant Issuing Bank. Each such notice (a "REQUEST FOR ISSUANCE") shall specify (i) the date (which shall be a Business Day) of issuance of such Letter of Credit (or the date of effectiveness of such extension, modification or amendment) and the stated expiry date thereof (which shall be no later than the earlier of the date that is five (5) Business Days prior to the Termination Date, and the date which is one year after the requested date of issuance, provided that any Letter of Credit with a one year tenor may provide for the renewal thereof for additional one year periods which shall in no event extend beyond the date which is five (5) Business Days prior to the Termination Date), (ii) the proposed stated amount of such Letter of Credit (which shall not be less than \$500,000) and (iii) such other information as shall demonstrate compliance of such Letter of Credit with the requirements specified therefor in this Agreement and the relevant Issuing Bank Agreement. Each Request for Issuance shall be irrevocable unless modified or rescinded by the Borrower not less than two (2) days prior to the proposed date of issuance (or effectiveness) specified therein. Not later than 12:00 noon on the proposed date of issuance (or effectiveness) specified in such Request for Issuance, and upon fulfillment of the applicable conditions precedent and the other requirements set forth herein and in the relevant Issuing Bank Agreement, such Issuing Bank shall issue (or extend, amend or modify) such Letter of Credit and provide notice and a copy thereof to the Administrative Agent, which shall promptly furnish copies thereof to the Lenders.

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(b) Each Lender severally agrees with such Issuing Bank to participate in the Extension of Credit resulting from the issuance (or extension, modification or amendment) of such Letter of Credit, in the manner and the amount provided in Section 4.04(b), and the issuance of such Letter of Credit shall be deemed to be a confirmation by such Issuing Bank and each Lender of such participation in such amount.

(c) Notwithstanding anything herein to the contrary, the aggregate stated amount of all Letters of Credit outstanding at any one time shall not exceed \$100,000,000.

SECTION 4.03. ISSUING BANK FEES. The Borrower shall pay directly to each Issuing Bank such fees and expenses, if any, specified to be paid to such Issuing Bank pursuant to the Issuing Bank Agreement to which it is a party, at the times, and in the manner, specified in such Issuing Bank Agreement.

SECTION 4.04. REIMBURSEMENT TO ISSUING BANKS.

(a) The Borrower hereby agrees to pay to the Administrative Agent for the account of each Issuing Bank, on demand made by such Issuing Bank to the Borrower and the Administrative Agent, on and after each date on which such Issuing Bank shall pay any amount under the Letter of Credit issued by such Issuing Bank, a sum equal to the amount so paid plus interest on such amount from the date so paid by such Issuing Bank until repayment to such Issuing Bank in full at a fluctuating interest rate per annum equal at all times to the Applicable Rate for ABR Loans.

(b) If any Issuing Bank shall not have been reimbursed in full for any payment made by such Issuing Bank under the Letter of Credit issued by such Issuing Bank on the date of such payment, such Issuing Bank shall give the Administrative Agent and each Lender prompt notice thereof (an "LC PAYMENT NOTICE") no later than 12:00 noon on the Business Day immediately succeeding the date of such payment by such Issuing Bank. Each Lender severally agrees to purchase from each Issuing Bank a participation in the reimbursement obligation of the Borrower to such Issuing Bank under subsection (a) above, by paying to the Administrative Agent for the account of such Issuing Bank an amount equal to such Lender's Percentage of such unreimbursed amount paid by such Issuing Bank, plus interest on such amount at a rate per annum equal to the Federal Funds Effective Rate from the date of such payment by such Issuing Bank to the date of payment to such Issuing Bank by such Lender. Each such payment by a Lender shall be made not later than 3:00 P.M. on the later to occur of (i) the Business Day immediately following the date of such payment by such Issuing Bank and (ii) the Business Day on which such Lender shall have received an LC Payment Notice from such Issuing Bank. Each Lender's obligation to make each such payment to the Administrative Agent for the account of such Issuing Bank shall be several and shall not be affected by the occurrence or continuance of any Default or Event of Default or the failure of any other Lender to make any payment under this Section 4.04. Each Lender further agrees that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(c) The failure of any Lender to make any payment to the Administrative Agent for the account of an Issuing Bank in accordance with subsection (b) above, shall not relieve any other Lender of its obligation to make payment, but no Lender shall be responsible for the failure

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of any other Lender. If any Lender (a "NON-PERFORMING LENDER") shall fail to make any payment to the Administrative Agent for the account of an Issuing Bank in accordance with subsection (b) above, within five (5) Business Days after the LC Payment Notice relating thereto, then, for so long as such failure shall continue, such Issuing Bank shall be deemed, for purposes of Section 5.05 and Article IX hereof and the Cash Collateral Agreement, to be a Lender hereunder owed a Loan in an amount equal to the outstanding principal amount due and payable by such Lender to the Administrative Agent for the account of such Issuing Bank pursuant to subsection (b) above.

(d) Each participation purchased by a Lender under subsection (b) above, shall constitute an ABR Loan deemed made by such Lender to the Borrower on the date of such payment by the relevant Issuing Bank under the Letter of Credit issued by such Issuing Bank (irrespective of the Borrower's noncompliance, if any, with the conditions precedent for Loans hereunder); and all such payments by the Lenders in respect of any one such payment by such Issuing Bank shall constitute a single Borrowing hereunder.

SECTION 4.05. OBLIGATIONS ABSOLUTE. The payment obligations of each Lender under Section 4.04(b) and of the Borrower under this Agreement in respect of any payment under any Letter of Credit and any Loan made under Section 4.04(d) shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following circumstances:

(i) any lack of validity or enforceability of any Loan Document or any other agreement or instrument relating thereto or to such Letter of Credit;

(ii) any amendment or waiver of, or any consent to departure

from, all or any of the Loan Documents;

(iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against any beneficiary, or any transferee, of such Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), any Issuing Bank, or any other Person, whether in connection with this Agreement, the transactions contemplated herein or by such Letter of Credit, or any unrelated transaction;

(iv) any statement or any other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment in good faith by any Issuing Bank under the Letter of Credit issued by such Issuing Bank against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

SECTION 4.06. LIABILITY OF ISSUING BANKS AND THE LENDERS. The Borrower assumes all risks of the acts and omissions of any beneficiary or transferee of any Letter of Credit. Neither

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the Issuing Bank that has issued such Letter of Credit, the Lenders nor any of their respective officers, directors, employees, agents or Affiliates shall be liable or responsible for (a) the use that may be made of such Letter of Credit or any acts or omissions of any beneficiary or transferee thereof in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of such Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under such Letter of Credit, except that the Borrower shall have the right to bring suit against such Issuing Bank, and such Issuing Bank shall be liable to the Borrower and any Lender, to the extent of any direct, as opposed to consequential, damages suffered by the Borrower or such Lender which the Borrower or such Lender proves were caused by such Issuing Bank's willful misconduct or gross negligence, including such Issuing Bank's willful failure to make timely payment under such Letter of Credit following the presentation to it by the beneficiary thereof of a draft and accompanying certificate(s) which strictly comply with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, any Issuing Bank may accept sight drafts and accompanying certificates presented under the Letter of Credit issued by such Issuing Bank that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Notwithstanding the foregoing, no Lender shall be obligated to indemnify the Borrower for damages caused by any Issuing Bank's willful misconduct or gross negligence, and the obligation of the Borrower to reimburse the Lenders hereunder shall be absolute and unconditional, notwithstanding the gross negligence or willful misconduct of any Issuing Bank.

ARTICLE V
PAYMENTS, COMPUTATIONS AND
YIELD PROTECTION

SECTION 5.01. PAYMENTS AND COMPUTATIONS.

(a) The Borrower shall make each payment hereunder and under the other Loan Documents not later than 2:00 P.M. on the day when due in Dollars to the Administrative Agent at its offices at 222 Broadway, 11th Floor, New York, New York 10038, in same day funds, except payments to be made directly to any Issuing Bank as expressly provided herein; any payment received after 3:00 P.M.

shall be deemed to have been received at the start of business on the next succeeding Business Day, unless the Administrative Agent shall have received from, or on behalf of, the Borrower a Federal Reserve reference number with respect to such payment before 4:00 P.M. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal, interest, fees or other amounts payable to the Lenders, to the respective Lenders to which the same are payable, for the account of their respective Applicable Lending Offices, in each case to be applied in accordance with the terms of this Agreement. If and to the extent that any distribution of any payment from the Borrower required to be made to any Lender pursuant to the preceding sentence shall not be made in full by the Administrative Agent on the date such payment was received by the Administrative Agent, the Administrative Agent shall pay to such Lender, upon demand, interest on the unpaid amount of such distribution, at a rate per annum equal to the Federal Funds Effective Rate, from the date of

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such payment by the Borrower to the Administrative Agent to the date of payment in full by the Administrative Agent to such Lender of such unpaid amount. Upon the Administrative Agent's acceptance of a Lender Assignment and recording of the information contained therein in the Register pursuant to Section 11.07, from and after the effective date specified in such Lender Assignment, the Administrative Agent shall make all payments hereunder and under any Promissory Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Lender Assignment shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes the Administrative Agent, each Lender and each Issuing Bank, if and to the extent payment owed to the Administrative Agent, such Lender or such Issuing Bank, as the case may be, is not made when due hereunder (or, in the case of a Lender, under any Promissory Note held by such Lender), to charge from time to time against any or all of the Borrower's accounts with the Administrative Agent, such Lender or such Issuing Bank, as the case may be, any amount so due.

(c) All computations of interest based on the Alternate Base Rate (when the Alternate Base Rate is based on the Prime Rate) shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be. All other computations of interest and fees hereunder (including computations of interest based on the Adjusted LIBO Rate, the Base CD Rate and the Federal Funds Effective Rate) shall be made by the Administrative Agent on the basis of a year of 360 days. In each such case, such computation shall be made for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each such determination by the Administrative Agent or a Lender shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under any other Loan Document shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest and fees hereunder; provided, however, that if such extension would cause payment of interest on or principal of Eurodollar Rate Loans to be made in the next following calendar month, such payment shall be made on the next preceding Business Day and such reduction of time shall in such case be included in the computation of payment of interest hereunder.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date, and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, such Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender, together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender

repays such amount to the Administrative Agent, at the Federal Funds Effective Rate.

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(f) Any amount payable by the Borrower hereunder or under any of the Promissory Notes that is not paid when due (whether at stated maturity, by acceleration or otherwise) shall (to the fullest extent permitted by law) bear interest, from the date when due until paid in full, at a rate per annum equal at all times to the Default Rate, payable on demand.

(g) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto.

SECTION 5.02. INTEREST RATE DETERMINATION.

(a) The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 3.05(b) (i) or (ii).

SECTION 5.03. PREPAYMENTS. The Borrower shall have no right to prepay any principal amount of any Loans other than as provided in subsections (a) and (b) below.

(a) The Borrower may, upon at least three (3) Business Days' (or, in the case of prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the proposed date of the prepayment) notice to the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) stating the proposed date and the aggregate principal amount of the prepayment, and if such notice is given, the Borrower shall, prepay the outstanding principal amounts of Loans made as part of the same Borrowing, in whole or ratably in part, together with (i) accrued interest to the date of such prepayment on the principal amount prepaid and (ii) in the case of Eurodollar Rate Loans and Swingline Loans, any amount payable to the Lenders pursuant to Section 5.04(b); provided, however, that each partial prepayment shall be in an aggregate principal amount of not less than (x) in the case of Swingline Loans, \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, and (y) in the case of ABR Loans and Eurodollar Rate Loans, \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(b) On the date of any termination or optional or mandatory reduction of the Commitments pursuant to Section 2.03, the Borrower shall pay or prepay so much of the principal amount outstanding as shall be necessary in order that the aggregate principal amount outstanding (after giving effect to all Extensions of Credit to be made on such date and the application of the proceeds thereof) will not exceed the Commitments following such termination or reduction, together with (i) accrued interest to the date of such prepayment on the principal amount repaid and (ii) in the case of prepayments of Eurodollar Rate Loans and Swingline Loans, any amount payable to the Lenders pursuant to Section 5.04(b). Any prepayments required by this subsection (b) shall be applied to outstanding Swingline Loans up to the full amount thereof before they are applied, first, to outstanding ABR Loans, second, to outstanding Eurodollar Rate Loans, and third, as cash collateral, pursuant to the Cash Collateral Agreement, to secure LC Outstandings.

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SECTION 5.04. YIELD PROTECTION.

(a) Increased Costs. If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the date hereof, or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law)

issued or made after the date hereof, there shall be reasonably incurred any increase in (A) the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Loans, or of participating in the issuance, maintenance or funding of any Letter of Credit, or (B) the cost to any Issuing Bank of issuing or maintaining any Letter of Credit, then the Borrower shall from time to time, upon demand by such Lender or Issuing Bank, as the case may be (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender or Issuing Bank, as the case may be, additional amounts sufficient to compensate such Lender or Issuing Bank, as the case may be, for such increased cost. A certificate as to the amount of such increased cost and giving a reasonable explanation thereof, submitted to the Borrower and the Administrative Agent by such Lender or such Issuing Bank, as the case may be, shall constitute such demand and shall be conclusive and binding for all purposes, absent manifest error.

(b) Breakage. If, due to any prepayment pursuant to Section 5.03, an acceleration of maturity of the Loans pursuant to Section 9.02, or any other reason, any Lender receives payments of principal of any Eurodollar Rate Loan or Swingline Loan other than on the last day of the Interest Period relating to such Eurodollar Rate Loan or at the maturity of such Swingline Loan, as applicable, or if the Borrower shall Convert any Eurodollar Rate Loans on any day other than the last day of the Interest Period therefor, or if the Borrower shall fail to prepay a Eurodollar Rate Loan or Swingline Loan on the date specified in a notice of prepayment, the Borrower shall, promptly after demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for additional losses, costs, or expenses (including anticipated lost profits) that such Lender may reasonably incur as a result of such payment, Conversion or failure to prepay, including any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain such Loan. For purposes of this subsection (b), a certificate setting forth the amount of such additional losses, costs, or expenses and giving a reasonable explanation thereof, submitted to the Borrower and the Administrative Agent by such Lender, shall constitute such demand and shall be conclusive and binding for all purposes, absent manifest error.

(c) Capital. If any Lender or Issuing Bank determines that (i) compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or Issuing Bank, whether directly, or indirectly as a result of commitments of any corporation controlling such Lender or Issuing Bank (but without duplication), and (ii) the amount of such capital is increased by or based upon (A) the existence of such Lender's or Issuing Bank's commitment to lend or issue or participate in any Letter of Credit hereunder, or (B) the participation in or issuance or maintenance of any Letter of Credit or Loan and (C) other similar such commitments, then, upon demand by such Lender or Issuing Bank, the Borrower shall immediately pay to the Administrative Agent for the account of such Lender or Issuing Bank from time to time as specified by such Lender or Issuing

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Bank additional amounts sufficient to compensate such Lender or Issuing Bank in the light of such circumstances, to the extent that such Lender or Issuing Bank reasonably determines such increase in capital to be allocable to the transactions contemplated hereby. A certificate as to such amounts and giving a reasonable explanation thereof (to the extent permitted by law), submitted to the Borrower and the Administrative Agent by such Lender or Issuing Bank, shall be conclusive and binding for all purposes, absent manifest error.

(d) Notices. Each Lender hereby agrees to use its best efforts to notify the Borrower of the occurrence of any event referred to in subsection (a), (b) or (c) of this Section 5.04 promptly after becoming aware of the occurrence thereof. The failure of any Lender to provide such notice or to make demand for payment under said subsection shall not constitute a waiver of such Lender's rights hereunder; provided that, notwithstanding any provision to the contrary contained in this Section 5.04, the Borrower shall not be required to reimburse any Lender for any amounts or costs incurred under subsection (a), (b) or (c) above, more than 90 days prior to the date that such Lender notifies the Borrower in writing thereof, in each case unless, and to the extent that, any

such amounts or costs so incurred shall relate to the retroactive application of any event notified to the Borrower which entitles such Lender to such compensation. If any Lender shall subsequently determine that any amount demanded and collected under this Section 5.04 was done so in error, such Lender will promptly return such amount to the Borrower.

(e) Survival of Obligations. Subject to subsection (d) above, the Borrower's obligations under this Section 5.04 shall survive the repayment of all other amounts owing to the Lenders, the Agents and the Issuing Banks under the Loan Documents and the termination of the Commitments. If and to the extent that the obligations of the Borrower under this Section 5.04 are unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 5.05. SHARING OF PAYMENTS, ETC. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Loans owing to it (other than pursuant to Section 5.04 or Section 5.06 or, in the case of the Swingline Lender, on account of Swingline Loans) in excess of its ratable share of payments obtained by all the Lenders on account of the Loans of such Lenders, such Lender shall forthwith purchase from the other Lenders such participation in the Loans owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 5.05 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. Notwithstanding the foregoing, if any Lender shall obtain any such excess payment involuntarily, such Lender may, in lieu of purchasing participations from the other Lenders in accordance with this Section 5.05, on the date of receipt

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of such excess payment, return such excess payment to the Administrative Agent for distribution in accordance with Section 5.01(a).

SECTION 5.06. TAXES.

(a) All payments by the Borrower hereunder and under the other Loan Documents shall be made in accordance with Section 5.01, free and clear of and without deduction for all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender, each Issuing Bank and each Agent, taxes imposed on its overall net income, and franchise taxes imposed on it by the jurisdiction under the laws of which such Lender, Issuing Bank or Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "TAXES"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender, Issuing Bank or Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5.06) such Lender, Issuing Bank or Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar

levies that arise from any payment made hereunder or under any other Loan Document or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "OTHER TAXES").

(c) The Borrower will indemnify each Lender, Issuing Bank and Agent for the full amount of Taxes and Other Taxes (including any Taxes and any Other Taxes imposed by any jurisdiction on amounts payable under this Section 5.06) paid by such Lender, Issuing Bank or Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days from the date such Lender, Issuing Bank or Agent (as the case may be) makes written demand therefor; provided, that such Lender, Issuing Bank or Agent (as the case may be) shall not be entitled to demand payment under this Section 5.06 for an amount if such demand is not made within one year following the date upon which such Lender, Issuing Bank or Agent (as the case may be) shall have been required to pay such amount.

(d) Within thirty (30) days after the date of any payment of Taxes, the Borrower will furnish to the Administrative Agent, at its address referred to in Section 11.02, the original or a certified copy of a receipt evidencing payment thereof.

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(e) Each Bank represents and warrants that either (i) it is organized under the laws of a jurisdiction within the United States or (ii) it has delivered to the Borrower or the Administrative Agent duly completed copies of such form or forms prescribed by the United States Internal Revenue Service indicating that such Bank is entitled to receive payments without deduction or withholding of any United States federal income taxes, as permitted by the Internal Revenue Code of 1986, as amended. Each other Lender agrees that, on or prior to the date upon which it shall become a party hereto, and upon the reasonable request from time to time of the Borrower or the Administrative Agent, such Lender will deliver to the Borrower and the Administrative Agent (to the extent that it is not prohibited by law from doing so) either (A) a statement that it is organized under the laws of a jurisdiction within the United States or (B) duly completed copies of such form or forms as may from time to time be prescribed by the United States Internal Revenue Service, indicating that such Lender is entitled to receive payments without deduction or withholding of any United States federal income taxes, as permitted by the Internal Revenue Code of 1986, as amended. Each Bank that has delivered, and each other Lender that hereafter delivers, to the Borrower and the Administrative Agent the form or forms referred to in the two preceding sentences further undertakes to deliver to the Borrower and the Administrative Agent, to the extent that it is not prohibited by law from doing so, further copies of such form or forms, or successor applicable form or forms, as the case may be, as and when any previous form filed by it hereunder shall expire or shall become incomplete or inaccurate in any respect. Each Lender represents and warrants that each such form supplied by it to the Administrative Agent and the Borrower pursuant to this subsection (e), and not superseded by another form supplied by it, is or will be, as the case may be, complete and accurate.

ARTICLE VI CONDITIONS PRECEDENT

SECTION 6.01. CONDITIONS PRECEDENT TO THE INITIAL EXTENSION OF CREDIT. The obligation of each Lender to make its initial Extension of Credit is subject to the fulfillment of the following conditions precedent:

(a) The Administrative Agent shall have received, on or before the day of the initial Extension of Credit, the following, each dated such day (except where specified otherwise below), in form and substance satisfactory to each Lender (except where otherwise specified below) and (except for any Promissory Notes) in sufficient copies for each Lender:

(i) Certified copies of the resolutions of the Board of Directors, or of the Executive Committee of the Board of Directors, of the Borrower authorizing the Borrower to enter into this Agreement and the other Loan Documents to which it is, or is to be, a party, and of all

documents evidencing other necessary corporate action and Governmental Approvals, if any, with respect to this Agreement and such Loan Documents.

(ii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names, true signatures and incumbency of (A) the officers of the Borrower authorized to sign this Agreement and the other Loan Documents to which it is, or is to be, a party, and the other documents to be delivered hereunder and thereunder and (B) the representatives of the Borrower authorized to sign notices to be provided under this

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Agreement and the other Loan Documents to which it is, or is to be, a party, which representatives shall be acceptable to the Administrative Agent.

(iii) Copies of the Certificate of Incorporation (or comparable charter document) and by-laws of the Borrower, together with all amendments thereto, certified by the Secretary or an Assistant Secretary of the Borrower.

(iv) An irrevocable notice from the Borrower requesting termination of the "Commitments" under the Existing Credit Agreement effective automatically on such date upon the satisfaction (or waiver) of the other conditions precedent set forth in this Section 6.01.

(v) The Promissory Notes (if requested by any Lender pursuant to Section 3.01(d)), duly executed by the Borrower.

(vi) The Cash Collateral Agreement duly executed by the Borrower together with evidence of the completion of all other actions as may be necessary or, in the opinion of the Administrative Agent and counsel for the Administrative Agent, desirable to perfect the security interests and liens created thereby.

(vii) A certified copy of Schedule II hereto, in form and substance reasonably satisfactory to the Administrative Agent setting forth:

(A) all Project Finance Debt of the Consolidated Subsidiaries, together with the Borrower's Ownership Interest in each such Consolidated Subsidiary; and

(B) debt (as such term is construed in accordance with GAAP) of Enterprises as of the Closing Date.

(viii) Favorable opinions of:

(A) Michael D. VanHemert, Esq., Assistant General Counsel of the Borrower, in substantially the form of Exhibit D and as to such other matters as the Required Lenders, through the Administrative Agent, may reasonably request; and

(B) Sidley Austin Brown & Wood, counsel to the Administrative Agent, in substantially the form of Exhibit E and as to such other matters as the Administrative Agent may reasonably request.

(b) The Existing Credit Agreement has been (or will have been, upon the first Extension of Credit and the application of the proceeds thereof) paid in full, the commitments thereunder terminated and all letters of credit issued thereunder either cash collateralized, canceled or replaced.

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(c) The following statements shall be true and the Administrative Agent shall have received a certificate of a duly authorized officer of the Borrower,

dated the Closing Date and in sufficient copies for each Lender stating that:

(i) the representations and warranties set forth in Section 7.01 of this Agreement and Section 7 of the Cash Collateral Agreement are true and correct on and as of the Closing Date as though made on and as of such date, and

(ii) no event has occurred and is continuing that constitutes a Default or an Event of Default.

(d) The Borrower shall have paid all fees under or referenced in Section 2.02 and all expenses referenced in Section 11.04(a), in each case to the extent then due and payable.

(e) All Governmental Approvals necessary in connection with the Loan Documents and the transactions contemplated thereby shall have been obtained and be in full force and effect. All third party approvals necessary or, in the judgment of the Administrative Agent, advisable in connection with the Loan Documents and the transactions contemplated thereby shall have been obtained and be in full force and effect.

(f) The Lenders shall have received (i) audited consolidated financial statements of the Borrower for the two most recent fiscal years ended prior to the Closing Date as to which such financial statements are available and (ii) unaudited financial statements of the Borrower for each fiscal quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available. The business, assets, property and financial condition of the Borrower and its Subsidiaries as reflected in such financial statements shall be satisfactory to the Lenders.

SECTION 6.02. CONDITIONS PRECEDENT TO EACH EXTENSION OF CREDIT. The obligation of each Lender or Issuing Bank, as the case may be, to make an Extension of Credit (including the initial Extension of Credit) shall be subject to the further conditions precedent that, on the date of such Extension of Credit and after giving effect thereto:

(a) The following statements shall be true (and each of the giving of the applicable notice or request with respect thereto and the making of such Extension of Credit without prior correction by the Borrower shall (to the extent that such correction has been previously consented to by the Lenders and the Issuing Banks) constitute a representation and warranty by the Borrower that, on the date of such Extension of Credit, such statements are true):

(i) the representations and warranties contained in Section 7.01 of this Agreement (other than those contained in subsections (e)(ii) and (f) thereof) and in Section 7 of the Cash Collateral Agreement are correct on and as of the date of such Extension of Credit, before and after giving effect to such Extension of Credit and to the application of the proceeds thereof, as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing, or would result from such Extension of Credit or the application of the proceeds thereof.

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(b) The Administrative Agent shall have received such other approvals, opinions and documents as any Lender or Issuing Bank, through the Administrative Agent, may reasonably request as to the legality, validity, binding effect or enforceability of the Loan Documents or the financial condition, results of operations, properties or business of the Borrower and its Consolidated Subsidiaries.

SECTION 6.03. CONDITIONS PRECEDENT TO CERTAIN EXTENSIONS OF CREDIT. The obligation of each Lender or Issuing Bank, as the case may be, to make an Extension of Credit (including the initial Extension of Credit) that would (after giving effect to all Extensions of Credit on such date and the application of proceeds thereof) increase the principal amount outstanding hereunder, or to make an Extension of Credit of the type described in clause (ii) or (iii) of the definition thereof (except any amendment of a Letter of Credit the sole effects of which are to extend the stated termination date

thereof and/or to make nonmaterial modifications thereto), shall be subject to the further conditions precedent that, on the date of such Extension of Credit and after giving effect thereto:

(a) the following statements shall be true (and each of the giving of the applicable notice or request with respect thereto and the making of such Extension of Credit without prior correction by the Borrower shall (to the extent that such correction has been previously consented to by the Lenders and the Issuing Banks) constitute a representation and warranty by the Borrower that, on the date of such Extension of Credit, such statements are true):

(i) the representations and warranties contained in subsections (e)(ii) and (f) of Section 7.01 of this Agreement are correct on and as of the date of such Extension of Credit, before and after giving effect to such Extension of Credit and to the application of the proceeds thereof, as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing, or would result from such Extension of Credit or the application of the proceeds thereof; and

(b) the Administrative Agent shall have received such other approvals, opinions and documents as any Lender or Issuing Bank, through the Administrative Agent, may reasonably request.

SECTION 6.04. RELIANCE ON CERTIFICATES. The Lenders, the Issuing Banks and each Agent shall be entitled to rely conclusively upon the certificates delivered from time to time by officers of the Borrower as to the names, incumbency, authority and signatures of the respective persons named therein until such time as the Administrative Agent may receive a replacement certificate, in form acceptable to the Administrative Agent, from an officer of such Person identified to the Administrative Agent as having authority to deliver such certificate, setting forth the names and true signatures of the officers and other representatives of such Person thereafter authorized to act on behalf of such Person.

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ARTICLE VII REPRESENTATIONS AND WARRANTIES

SECTION 7.01. REPRESENTATIONS AND WARRANTIES OF THE BORROWER. The Borrower represents and warrants as follows:

(a) Each of the Borrower, Consumers and each of the Restricted Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and is duly qualified to do business in, and is in good standing in, all other jurisdictions where the nature of its business or the nature of property owned or used by it makes such qualification necessary.

(b) The execution, delivery and performance by the Borrower of each Loan Document to which it is or will be a party (i) are within the Borrower's corporate powers, (ii) have been duly authorized by all necessary corporate action and (iii) do not and will not (A) require any consent or approval of the stockholders of the Borrower, (B) violate any provision of the charter or by-laws of the Borrower or of law, (C) violate any legal restriction binding on or affecting the Borrower, (D) result in a breach of, or constitute a default under, any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or its properties may be bound or affected, or (E) result in or require the creation of any Lien (other than pursuant to the Loan Documents) upon or with respect to any of its properties.

(c) No Governmental Approval is required.

(d) This Agreement is, and each other Loan Document to which the Borrower will be a party when executed and delivered hereunder will be, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms; subject to the qualification, however, that the enforcement of the rights and remedies herein and therein is subject to bankruptcy and other similar laws of general application affecting

rights and remedies of creditors and the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(e) (i) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at December 31, 2000, and the related consolidated statements of income, retained earnings and cash flows of the Borrower and its Consolidated Subsidiaries for the fiscal year then ended, together with the report thereon of Arthur Andersen LLP included in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, and the unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at March 31, 2001, and the related unaudited consolidated statements of income, retained earnings and cash flows for the three-month period then ended, copies of each of which have been furnished to each Lender, fairly present (subject, in the case of such balance sheet and statement of income for the three months ended March 31, 2001, to year-end adjustments) the financial condition of the Borrower and its Consolidated Subsidiaries as at such dates and the results of operations of the Borrower and its Consolidated Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied; (ii) since March 31, 2001, there has been no Material Adverse Change; and (iii) the Borrower has no

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material liabilities or obligations except as reflected in the foregoing financial statements and in Schedule II, as evidenced by the Loan Documents and as may be incurred, in accordance with the terms of this Agreement, in the ordinary course of business (as presently conducted) following the date of this Agreement.

(f) Except as disclosed in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, the Borrower's Quarterly Report on Form 10-Q for the period ended March 31, 2001, and the Current Report on Form 8-K filed by the Borrower on May 17, 2001 there are no pending or threatened actions, suits or proceedings against or, to the knowledge of the Borrower, affecting the Borrower or any of its Subsidiaries or the properties of the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator, that would, if adversely determined, reasonably be expected to materially adversely affect the financial condition, properties, business or operations of the Borrower and its Subsidiaries, considered as a whole, or affect the legality, validity or enforceability of this Agreement or any other Loan Document.

(g) All insurance required by Section 8.01(b) is in full force and effect.

(h) No Plan Termination Event has occurred nor is reasonably expected to occur with respect to any Plan of the Borrower or any of its ERISA Affiliates which would result in a material liability to the Borrower, except as disclosed and consented to by the Required Lenders in writing from time to time. Since the date of the most recent Schedule B (Actuarial Information) to the annual report of the Borrower (Form 5500 Series), if any, there has been no material adverse change in the funding status of the Plans referred therein and no "prohibited transaction" has occurred with respect thereto which is reasonably expected to result in a material liability to the Borrower. Neither the Borrower nor any of its ERISA Affiliates has incurred nor reasonably expects to incur any material withdrawal liability under ERISA to any Multiemployer Plan, except as disclosed and consented to by the Required Lenders in writing from time to time.

(i) No fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (except for any such circumstance, if any, which is covered by insurance which coverage has been confirmed and not disputed by the relevant insurer) affecting the properties, business or operations of the Borrower, Consumers or any Restricted Subsidiary has occurred that could reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of (A) the Borrower and its Subsidiaries, considered as a whole, or (B) Consumers and its Subsidiaries, considered as a whole.

(j) The Borrower and its Subsidiaries have filed all tax returns (Federal, state and local) required to be filed and paid all taxes shown thereon to be due, including interest and penalties, or, to the extent the Borrower or

any of its Subsidiaries is contesting in good faith an assertion of liability based on such returns, has provided adequate reserves for payment thereof in accordance with GAAP.

(k) No extraordinary judicial, regulatory or other legal constraints exist which limit or restrict Consumers' ability to declare or pay cash dividends with respect to its capital stock.

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(l) The Borrower owns not less than 80% of the outstanding shares of common stock of Enterprises.

(m) The Borrower owns not less than 80% of the outstanding shares of common stock of Consumers.

(n) The Consolidated 2001-2005 Projections of Consumers, Enterprises and the Borrower (the "PROJECTIONS"), copies of which have been distributed to the Banks in the Confidential Information Memorandum dated May 2001, are based upon assumptions that the Borrower believed were reasonable at the time the Projections were delivered, and all other financial information previously delivered by the Borrower to the Administrative Agent and the Banks is true and correct in all material respects as at the dates and for the periods indicated therein.

(o) The executed and delivered Cash Collateral Agreement creates a valid, perfected, first priority Lien in the Collateral (other than the "Account", as such term is defined therein) described therein, subject only to Liens permitted by Section 8.02(a), and all filings and other actions necessary to perfect and protect such security interests have been taken.

(p) The Borrower is not engaged in the business of extending credit for the purpose of buying or carrying margin stock (within the meaning of Regulation U issued by the Board), and no proceeds of any Loan or any drawing under any Letter of Credit will be used to buy or carry any margin stock or to extend credit to others for the purpose of buying or carrying any margin stock.

(q) The Borrower is not an investment company (within the meaning of the Investment Company Act of 1940, as amended).

(r) No proceeds of any Extension of Credit or any drawing under any Letter of Credit will be used to acquire any security in any transaction without the approval of the board of directors of the Person issuing such security if (i) the acquisition of such security would cause the Borrower to own 5.0% or more of any outstanding class of securities issued by such Person, or (ii) such security is being acquired in connection with a tender offer.

(s) Following application of the proceeds of each Extension of Credit, not more than 25 percent of the value of the assets of the Borrower and its Subsidiaries on a consolidated basis will be margin stock (within the meaning of Regulation U issued by the Board).

(t) Borrower and Consumers are exempt from the registration requirements of the Public Utility Holding Company Act of 1935, as amended, 15 USC 79 et seq.

ARTICLE VIII
COVENANTS OF THE BORROWER

SECTION 8.01. AFFIRMATIVE COVENANTS. So long as any Loan or any other amount payable hereunder or under any Promissory Note shall remain unpaid, any Letter of Credit shall remain outstanding or any Lender shall have any Commitment:

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(a) Payment of Taxes, Etc. The Borrower shall pay and discharge, and each of its Subsidiaries shall pay and discharge, before the same shall become delinquent, all taxes, assessments and governmental charges, royalties or levies

imposed upon it or upon its property except, in the case of taxes, to the extent the Borrower or any Subsidiary, as the case may be, is contesting the same in good faith and by appropriate proceedings and has set aside adequate reserves for the payment thereof in accordance with GAAP.

(b) Maintenance of Insurance. The Borrower shall maintain, and each of its Restricted Subsidiaries and Consumers shall maintain, insurance covering the Borrower, each of its Restricted Subsidiaries, Consumers and their respective properties in effect at all times in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general geographical area in which the Borrower, its Restricted Subsidiaries and Consumers operates, either with reputable insurance companies or, in whole or in part, by establishing reserves of one or more insurance funds, either alone or with other corporations or associations.

(c) Preservation of Existence, Etc. The Borrower shall preserve and maintain, and each of its Restricted Subsidiaries and Consumers shall preserve and maintain, its corporate existence, material rights (statutory and otherwise) and franchises, and take such other action as may be necessary or advisable to preserve and maintain its right to conduct its business in the states where it shall be conducting its business.

(d) Compliance with Laws, Etc. The Borrower shall comply, and each of its Restricted Subsidiaries and Consumers shall comply, in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, including any such laws, rules, regulations and orders relating to zoning, environmental protection, use and disposal of Hazardous Substances, land use, construction and building restrictions, and employee safety and health matters relating to business operations.

(e) Inspection Rights. Subject to the requirements of laws or regulations applicable to the Borrower or its Subsidiaries, as the case may be, and in effect at the time, at any time and from time to time upon reasonable notice, the Borrower shall permit (i) each Agent and its agents and representatives to examine and make copies of and abstracts from the records and books of account of, and the properties of, the Borrower or any of its Subsidiaries and (ii) each Agent, each Issuing Bank, each of the Lenders, and their respective agents and representatives to discuss the affairs, finances and accounts of the Borrower and its Subsidiaries with the Borrower and its Subsidiaries and their respective officers, directors and accountants, in each case, to the extent that any out-of-pocket expenses are incurred in connection therewith at such time as no Event of Default or Default shall have occurred and be continuing, at the expense of such Agent, such Issuing Bank, such Lender, or their respective agents and representatives, as the case may be.

(f) Keeping of Books. The Borrower shall keep, and each of its Subsidiaries shall keep, proper records and books of account, in which full and correct entries shall be made of all financial transactions of the Borrower and its Subsidiaries and the assets and business of the Borrower and its Subsidiaries, in accordance with GAAP.

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(g) Maintenance of Properties, Etc. The Borrower shall maintain, and each of its Restricted Subsidiaries shall maintain, in substantial conformity with all laws and material contractual obligations, good and marketable title to all of its properties which are used or useful in the conduct of its business; provided, however, that the foregoing shall not restrict the sale of any asset of the Borrower or any Restricted Subsidiary to the extent not prohibited by Section 8.02(i). In addition, the Borrower shall preserve, maintain, develop, and operate, and each of its Subsidiaries shall preserve, maintain, develop and operate, in substantial conformity with all laws and material contractual obligations, all of its material properties which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) Use of Proceeds. The Borrower shall apply the proceeds of the initial Extensions of Credit, to the extent necessary, to the repayment in full and termination of all outstanding obligations under the Existing Credit Agreement, whether for principal, interest, fees, or otherwise (and, in furtherance thereof, the Borrower hereby expressly and irrevocably authorizes the Administrative Agent to so apply such proceeds to such repayment), and use

all subsequent Extensions of Credit for general corporate purposes (subject to the terms and conditions of this Agreement).

(i) Consolidated Leverage Ratio. The Borrower shall maintain, as of the last day of each fiscal quarter (in each case, the "MEASUREMENT QUARTER"), a maximum ratio of (i) Consolidated Debt for the immediately preceding four-fiscal-quarter period ending on the last day of such Measurement Quarter, to (ii) Consolidated EBITDA for such period, of not more than the amount set forth below during each corresponding period set forth below:

<TABLE>
<CAPTION>

	PERIOD	RATIO
<S>	-----	-----
	Closing Date through June 17, 2002	<C> 4.90 to 1
	June 18, 2002 through June 17, 2003	4.75 to 1
	June 18, 2003 and thereafter	4.50 to 1

</TABLE>

(j) Cash Dividend Coverage Ratio. The Borrower shall maintain, as of the last day of each Measurement Quarter, a minimum ratio of (i) the sum of (A) Cash Dividend Income for the immediately preceding four-fiscal-quarter period ending on the last day of the fiscal quarter immediately preceding such Measurement Quarter, plus (B) 25% of the amount of Equity Distributions received by the Borrower during such period but in no event in excess of \$10,000,000, plus (C) all amounts received by the Borrower from its Subsidiaries and Affiliates during such period constituting reimbursement of interest expense (including commitment, guaranty and letter of credit fees) paid by the Borrower on behalf of any such Subsidiary or

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Affiliate to (ii) interest expense (including commitment, guaranty and letter of credit fees) accrued by the Borrower in respect of all Debt during such period of not less than: (a) for each Measurement Quarter ending on or prior to June 17, 2002, 1.50 to 1, (b) for each Measurement Quarter ending after June 18, 2002 and on or prior to June 17, 2003, 1.75 to 1, and (c) for each Measurement Quarter ending after June 18, 2003, 1.90 to 1; provided, that the Borrower shall be deemed not to be in breach of the foregoing covenant if, during the Measurement Quarter, it has permanently reduced the Commitments and the principal amount outstanding under this Agreement and the Promissory Notes such that the amount determined pursuant to clause (ii) above, when recalculated on a pro forma basis assuming that the amount of such reduced Commitments and principal amount outstanding under this Agreement and the Promissory Notes were in effect at all times during such four-fiscal-quarter period, would result in the Borrower being in compliance with such ratio; and provided further, that until the Borrower so reduces such Commitments and principal amount outstanding under this Agreement and the Promissory Notes and/or increases Cash Dividend Income during such Measurement Quarter, the Borrower may not request any additional Extensions of Credit (other than Conversions).

(k) Refinancing of Senior Note Debt. In connection with any refinancings of the Senior Note Debt, the Borrower shall cause the maturity thereof to be no sooner than the then-scheduled maturity date of the Senior Notes being refinanced.

(l) Further Assurances. The Borrower shall promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or that any Lender through the Administrative Agent may reasonably request in order to give effect to the transactions contemplated by this Agreement and the other Loan Documents. In addition, the Borrower will use all reasonable efforts to duly obtain or make Governmental Approvals required from time to time on or prior to such date as the same may become legally required.

SECTION 8.02. NEGATIVE COVENANTS. So long as any Loan or any other

amount payable hereunder or under any Promissory Note shall remain unpaid, any Letter of Credit shall remain outstanding or any Lender shall have any Commitment, the Borrower shall not, without the written consent of the Required Lenders:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist, any lien, security interest, or other charge or encumbrance (including the lien or retained security title of a conditional vendor) of any kind, or any other type of arrangement intended or having the effect of conferring upon a creditor a preferential interest upon or with respect to any of its properties of any character (including capital stock of Consumers, Enterprises, CMS Oil & Gas Co. and any of the Borrower's other directly-owned Subsidiaries, and accounts) (any of the foregoing being referred to herein as a "LIEN"), whether now owned or hereafter acquired, or sign or file, or permit any of its Restricted Subsidiaries to sign or file, under the Uniform Commercial Code of any jurisdiction a financing statement which names the Borrower or any Restricted Subsidiary as debtor, sign, or permit any of its Restricted Subsidiaries to sign, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Restricted Subsidiaries to assign, accounts, excluding, however, from the operation of the foregoing restrictions the Liens created under the Loan Documents and the following:

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(i) Liens for taxes, assessments or governmental charges or levies to the extent not past due;

(ii) cash pledges or deposits to secure (A) obligations under workmen's compensation laws or similar legislation, (B) public or statutory obligations of the Borrower or any of its Restricted Subsidiaries, or (C) Support Obligations of the Borrower; provided that the aggregate amount of pledges or deposits securing such Support Obligations shall not exceed \$30 million at any one time outstanding;

(iii) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's liens and other similar Liens arising in the ordinary course of business securing obligations which are not overdue or which have been fully bonded and are being contested in good faith; and

(iv) purchase money Liens or purchase money security interests upon or in property acquired or held by the Borrower or any of its Restricted Subsidiaries in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of any such property to be subject to such Liens or security interests, or Liens or security interests existing on any such property at the time of acquisition, or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, provided that no such Lien or security interest shall extend to or cover any property other than the property being acquired and no such extension, renewal or replacement shall extend to or cover property not theretofore subject to the Lien or security interest being extended, renewed or replaced, and provided, further, that the aggregate principal amount of the Debt at any one time outstanding secured by Liens permitted by this clause (iv) shall not exceed \$10,000,000.

(b) Enterprises Debt. Permit Enterprises to create, incur, assume or suffer to exist any debt (as such term is construed in accordance with GAAP) other than:

(i) debt arising by reason of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Enterprises' business;

(ii) in the form of indemnities in respect of unfiled mechanics' liens and Liens affecting Enterprises' properties permitted under Section 8.02(a)(iii);

(iii) other debt of Enterprises outstanding on the Closing Date set

forth on Schedule II; and

(iv) unsecured, subordinated debt owed to the Borrower or CMS Capital Corp. (or any successor by merger to CMS Capital Corp.).

(c) Lease Obligations. Create, incur, assume or suffer to exist, or permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist, any obligations as lessee for the rental or hire of real or personal property of any kind under leases or agreements to lease (other than leases which constitute Debt) having an original term of one year or more which would

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cause the aggregate direct or contingent liabilities of the Borrower and its Restricted Subsidiaries in respect of all such obligations payable in any period of 12 consecutive calendar months to exceed \$50,000,000.

(d) Investments in Other Persons. Upon the occurrence and during the continuance of an Event of Default or a Default (other than a Default that occurs and is continuing prior to the last day of any Measurement Quarter resulting from the failure of the Borrower to comply with the ratio set forth in Section 8.01(j)), make, or permit any of its Restricted Subsidiaries to make, any loan or advance to any Person or purchase or otherwise acquire any capital stock, obligations or other securities of, make any capital contribution to, or otherwise invest in, any Person, other than Permitted Investments.

(e) Restricted Payments. Declare or pay, or permit any of its Restricted Subsidiaries to declare or pay, directly or indirectly, any dividend, payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any share of any class of capital stock of the Borrower or any of its Restricted Subsidiaries (other than (1) stock splits and dividends payable solely in nonconvertible equity securities of the Borrower and (2) distributions made to the Borrower or a Restricted Subsidiary), or purchase, redeem, retire, or otherwise acquire for value, or permit any of its Restricted Subsidiaries to purchase, redeem, retire, or otherwise acquire for value, any shares of any class of capital stock of the Borrower or any of its Restricted Subsidiaries or any warrants, rights, or options to acquire any such shares, now or hereafter outstanding, or make, or permit any of its Restricted Subsidiaries to make, any distribution of assets to any of its shareholders (other than distributions to the Borrower or a Restricted Subsidiary) (any such dividend, payment, distribution, purchase, redemption, retirement or acquisition being hereinafter referred to as a "RESTRICTED PAYMENT"), unless (i) no Default or Event of Default has occurred and is continuing or would occur as a result of such Restricted Payment, and (ii) after giving effect thereto, the aggregate amount of all such Restricted Payments made since September 30, 1993 shall not have exceeded the sum of (A) \$120,000,000, (B) 100% of Consolidated Net Income (as defined in the Indenture in effect on the date hereof) accrued during the period (treated as one accounting period) from September 30, 1993 to the end of the most recent fiscal quarter of the Borrower ending at least 45 days prior to the date of such Restricted Payment (or, in case such amount shall be a deficit, minus 100% of such deficit), and (C) the aggregate Net Proceeds (as defined in the Indenture in effect on the date hereof) received by the Borrower from any issuance or sale of, or contribution with respect to, its capital stock subsequent to September 30, 1993; provided, however, that the foregoing shall not prohibit (1) any purchase or redemption of capital stock of the Borrower made by exchange for, or out of the proceeds of the substantially concurrent sale of, capital stock of the Borrower (other than Redeemable Stock or Exchangeable Stock (as such terms are defined in the Indenture in effect on the date hereof)), provided that such purchase or redemption shall be excluded from the calculation of the amount of Restricted Payments permitted by this subsection (e); (2) dividends or other distributions paid in respect of any class of the Borrower's capital stock issued in respect of the acquisition of any business or assets by the Borrower or a Restricted Subsidiary where the dividends or other distributions with respect to such capital stock are payable solely from the net earnings of such business or assets; (3) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this subsection (e), provided that at the time of payment of such dividend, no Default or Event of Default shall have occurred and be continuing (or result

therefrom), and provided further that such dividends shall be included (without duplication) in the calculation of the amount of Restricted Payments permitted by this subsection (e); or (4) payments made by the Borrower or any Restricted Subsidiary pursuant to the Tax Sharing Agreement. For purposes of this subsection (e), the amount of any Restricted Payment not in the form of cash shall be the fair market value of such Restricted Payment as determined in good faith by the Board of Directors of the Borrower, provided that if the value of the non-cash portion of such Restricted Payment as determined by the Borrower's Board of Directors is in excess of \$25 million, such value shall be based on an opinion from a nationally-recognized firm acceptable to the Administrative Agent experienced in the appraisal of similar types of property or transactions.

(f) Compliance with ERISA. (i) Permit to exist any "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended), (ii) terminate, or permit any ERISA Affiliate to terminate, any Plan or withdraw from, or permit any ERISA Affiliate to withdraw from, any Multiemployer Plan, so as to result in any material (in the opinion of the Required Lenders) liability of the Borrower, any Restricted Subsidiary or Consumers to the PBGC, or (iii) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, which presents a material (in the opinion of the Required Lenders) risk of such a termination by the PBGC of any Plan or withdrawal from any Multiemployer Plan and such a material liability to the Borrower, any Restricted Subsidiary or Consumers.

(g) Transactions with Affiliates. Enter into, or permit any of its Subsidiaries to enter into, any transaction with any of its Affiliates unless such transaction is on terms no less favorable to the Borrower or such Subsidiary than if the transaction had been negotiated in good faith on an arm's-length basis with a non-Affiliate.

(h) Mergers, Etc. Merge with or into or consolidate with or into, or permit any of its Restricted Subsidiaries, Consumers or CMS Oil & Gas Co. to merge with or into or consolidate with or into, any other Person, except that (1) any Restricted Subsidiary (other than Enterprises) may merge into any other Restricted Subsidiary; (2) CMS Oil & Gas Co. may merge with or into Enterprises or the Borrower; (3) CMS Oil & Gas Co. may merge with or into any other Person, provided that, in connection with such merger, Enterprises shall have received fair consideration (as determined by the Board of Directors of Enterprises or the Borrower); (4) any Restricted Subsidiary may merge with or into the Borrower, and the Borrower may merge with any other Person, provided that, immediately after giving effect to any such merger, (A) no event shall occur and be continuing which constitutes a Default or an Event of Default, (B) the Borrower is the surviving corporation, and (C) the Borrower shall not be liable with respect to any Debt or allow its property to be subject to any Lien which it could not become liable with respect to or allow its property to become subject to under this Agreement or any other Loan Document on the date of such transaction; (5) Consumers may merge with any other Person, provided that, immediately after giving effect thereto, (w) no event shall occur and be continuing which constitutes a Default or an Event of Default, (x) Consumers is the surviving corporation, (y) the Borrower shall continue to own not less than 80% of the outstanding shares of common stock of Consumers and (z) Consumers' Net Worth shall be equal to or greater than its Net Worth immediately prior to such merger; and (6) any Person (other than the Borrower and its Affiliates) may merge with or into Enterprises, provided that, immediately after giving effect thereto, (A)

no event shall occur and be continuing which constitutes a Default or an Event of Default, (B) Enterprises is the surviving corporation, (C) Enterprises' Net Worth shall be equal to or greater than its Net Worth immediately prior to such merger and (D) Enterprises shall not be liable with respect to any Debt or allow its property to be subject to any Lien which it could not become liable with respect to or allow its property to become subject to under this Agreement or any other Loan Document on the date of such transaction; provided, that after giving effect to any merger described in clause (2), (3), or (5) above, the Borrower shall be in compliance with Section 8.01(i).

(i) Sales, Etc., of Assets. Sell, lease, transfer, assign, or otherwise dispose of all or any substantial part of its assets, or permit any of its Restricted Subsidiaries to sell, lease, transfer, or otherwise dispose of all or any substantial part of its assets, except to give effect to a transaction permitted by subsection (h) above or subsection (j) below.

(j) Maintenance of Ownership of Subsidiaries. Sell, transfer, assign or otherwise dispose of any shares of capital stock of any of its Restricted Subsidiaries or Consumers (other than preferred or preference stock of Consumers) or any warrants, rights or options to acquire such capital stock, or permit any Restricted Subsidiary or Consumers to issue, sell, transfer, assign or otherwise dispose of any shares of its capital stock (other than preferred or preference stock of Consumers) or the capital stock of any other Restricted Subsidiary or any warrants, rights or options to acquire such capital stock, except to give effect to a transaction permitted by subsection (h) above; provided, however, that (i) the Borrower may sell, transfer, assign or otherwise dispose of not more than 20% of the common stock of Consumers, provided that after giving effect to each such transaction the Borrower shall be in compliance with Section 8.01(i), (ii) the Borrower may sell, transfer, assign or otherwise dispose of not more than 20% of the common stock of Enterprises; provided, that any proceeds in the form of cash from such sale, transfer, assignment or other disposal shall be applied to prepay (A) the principal amount outstanding hereunder (it being understood that any prepayment required by this clause (ii) shall be applied first to outstanding Swingline Loans up to the full amount thereof before they are applied second to any outstanding ABR Loans and third to any outstanding Eurodollar Loans, together in each case with (1) accrued interest to the date of such prepayment on the principal amount repaid and (2) in the case of prepayments of Swingline Loans and Eurodollar Rate Loans, any amount payable to the Swingline Lender or the Lenders, as applicable, pursuant to Section 5.04(b), or (B) the principal amount outstanding under the 364 Day Facility, in accordance with Section 8.02(j) (ii) of the 364 Day Facility; and provided, further, that after giving effect to each such transaction the Borrower shall be in compliance with Section 8.01(i), (iii) Enterprises may, and the Borrower may permit Enterprises to, sell, transfer, assign or otherwise dispose of not more than 49% of the common stock of any Enterprises Significant Subsidiary other than CMS Oil & Gas Co., provided that after giving effect to each such transaction the Borrower shall be in compliance with Section 8.01(i), and (iv) Enterprises may, and the Borrower may permit Enterprises to, sell, transfer, assign or otherwise dispose of not more than 60% of the common stock of CMS Oil & Gas Co., provided that after giving effect to such transaction the Borrower shall be in compliance with Section 8.01(i).

(k) Amendment of Tax Sharing Agreement. Directly or indirectly, amend, modify, supplement, waive compliance with, seek a waiver under, or assent to noncompliance with, any term, provision or condition of the Tax Sharing Agreement if the effect of such amendment,

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modification, supplement, waiver or assent is to (i) reduce materially any amounts otherwise payable to, or increase materially any amounts otherwise owing or payable by, the Borrower thereunder, or (ii) change materially the timing of any payments made by or to the Borrower thereunder.

SECTION 8.03. REPORTING OBLIGATIONS. So long as any Loan or any other amount payable hereunder or under any Promissory Note shall remain unpaid, any Letter of Credit shall remain outstanding or any Lender shall have any Commitment, the Borrower will, unless the Required Lenders shall otherwise consent in writing, furnish to the Administrative Agent (with sufficient copies for each Lender), the following:

(a) as soon as possible and in any event within five days after the Borrower knows or should have reason to know of the occurrence of each Default or Event of Default continuing on the date of such statement, a statement of the chief financial officer or chief accounting officer of the Borrower setting forth details of such Default or Event of Default and the action that the Borrower proposes to take with respect thereto;

(b) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a

consolidated balance sheet and consolidated statements of income and retained earnings and of cash flows of the Borrower and its Subsidiaries as at the end of such quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such quarter (which requirement shall be deemed satisfied by the delivery of the Borrower's quarterly report on Form 10-Q for such quarter), all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer or chief accounting officer of the Borrower as having been prepared in accordance with GAAP, together with (A) a schedule (substantially in the form of Exhibit F appropriately completed) of (1) the computations used by the Borrower in determining compliance with the covenants contained in Sections 8.01(i) and 8.01(j) and, after the enactment of any Consumers Dividend Restriction, the ratio set forth in Section 9.01(k), (2) all Project Finance Debt of the Consolidated Subsidiaries, together with the Borrower's Ownership Interest in each such Consolidated Subsidiary and (3) all Support Obligations of the Borrower of the types described in clauses (iv) and (v) of the definition of Support Obligations (whether or not each such Support Obligation or the primary obligation so supported is fixed, conclusively determined or reasonably quantifiable) to the extent such Support Obligations have not been previously disclosed as "Consolidated Debt" pursuant to clause (1) above, and (B) a certificate of said officer stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower proposes to take with respect thereto;

(c) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower and its Subsidiaries, a copy of the Annual Report on Form 10-K (or any successor form) for the Borrower and its Subsidiaries for such year, including therein a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and consolidated statements of income and retained earnings and of cash flows of the Borrower and its Subsidiaries for such fiscal year, accompanied by a report thereon of Arthur Andersen LLP or another nationally-recognized independent public accounting firm, together with (1) a schedule in form satisfactory to the Required Lenders of (A) the computations used by such

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accounting firm in determining, as of the end of such fiscal year, compliance with the covenants contained in Sections 8.01(i) and 8.01(j) and, after the enactment of any Consumers Dividend Restriction, the ratio set forth in Section 9.01(k), (B) all Project Finance Debt of the Consolidated Subsidiaries, together with the Borrower's Ownership Interest in each such Consolidated Subsidiary and (C) all Support Obligations of the Borrower of the types described in clauses (iv) and (v) of the definition of Support Obligations (whether or not each such Support Obligation or the primary obligation so supported is fixed, conclusively determined or reasonably quantifiable) to the extent such Support Obligations have not been previously disclosed as "Consolidated Debt" pursuant to clause (A) above, and (2) a certificate of the chief financial officer or chief accounting officer of the Borrower stating that no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrower proposes to take with respect thereto;

(d) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a balance sheet and statements of income and retained earnings and of cash flows of the Borrower as at the end of such quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer or chief accounting officer of the Borrower as having been prepared in accordance with GAAP;

(e) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, a balance sheet of the Borrower as at the end of such fiscal year and statements of income and retained earnings and of cash flows of the Borrower for such fiscal year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer or chief accounting officer of the Borrower as having been prepared in accordance with GAAP;

(f) as soon as possible and in any event (A) within 30 days after the Borrower knows or has reason to know that any Plan Termination Event described

in clause (i) of the definition of Plan Termination Event with respect to any Plan of the Borrower or any ERISA Affiliate of the Borrower has occurred and could reasonably be expected to result in a material liability to the Borrower and (B) within 10 days after the Borrower knows or has reason to know that any other Plan Termination Event with respect to any Plan of the Borrower or any ERISA Affiliate of the Borrower has occurred and could reasonably be expected to result in a material liability to the Borrower, a statement of the chief financial officer or chief accounting officer of the Borrower describing such Plan Termination Event and the action, if any, which the Borrower proposes to take with respect thereto;

(g) promptly after receipt thereof by the Borrower or any of its ERISA Affiliates from the PBGC copies of each notice received by the Borrower or any such ERISA Affiliate of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(h) promptly and in any event within 30 days after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Plan (if any) to which the Borrower is a contributing employer;

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(i) promptly after receipt thereof by the Borrower or any of its ERISA Affiliates from a Multiemployer Plan sponsor, a copy of each notice received by the Borrower or any of its ERISA Affiliates concerning the imposition or amount of withdrawal liability in an aggregate principal amount of at least \$250,000 pursuant to Section 4202 of ERISA in respect of which the Borrower is reasonably expected to be liable;

(j) promptly after the Borrower becomes aware of the occurrence thereof, notice of all actions, suits, proceedings or other events of the type described in Section 7.01(f);

(k) promptly after the sending or filing thereof, notice to the Administrative Agent and each Lender of any sending or filing of all proxy statements, financial statements and reports which the Borrower sends to its public security holders (if any), all regular, periodic and special reports which the Borrower files with the Securities and Exchange Commission or any governmental authority which may be substituted therefor, or with any national securities exchange, pursuant to the Exchange Act, and all final prospectuses with respect to any securities issued or to be issued by the Borrower or any of its Subsidiaries;

(l) as soon as possible and in any event within five days after the occurrence of any material default under any material agreement to which the Borrower or any of its Subsidiaries is a party, which default would materially adversely affect the financial condition, business, results of operations or property of the Borrower and its Subsidiaries, considered as a whole, any of which is continuing on the date of such certificate, a certificate of the chief financial officer of the Borrower setting forth the details of such material default and the action which the Borrower or any such Subsidiary proposes to take with respect thereto; and

(m) promptly after requested, such other information respecting the business, properties, condition or operations, financial or otherwise, of the Borrower and its Subsidiaries as any Agent or the Required Lenders may from time to time reasonably request in writing.

The Borrower shall be deemed to have fulfilled its obligations pursuant to clauses (b), (c), (d), (e) and (k) above to the extent the Administrative Agent (and the Lenders, if applicable) receives an electronic copy of the requisite document or documents in a format acceptable to the Administrative Agent, provided that (1) an executed, tangible copy of any report required pursuant to clause (e) above is delivered to the Administrative Agent at the time of any such electronic delivery, and (2) a tangible copy of each requisite document delivered electronically is made available by the Borrower promptly upon request by any Agent or Lender.

ARTICLE IX DEFAULTS

SECTION 9.01. EVENTS OF DEFAULT. If any of the following events (each

an "EVENT OF DEFAULT") shall occur and be continuing, the Administrative Agent and the Lenders shall be entitled to exercise the remedies set forth in Section 9.02:

(a) The Borrower shall fail to pay (i) any principal of any Loan when due or (ii) any interest thereon, fees or other amounts (other than any principal of any Loan) payable hereunder within two Business Days after such interest, fees or other amounts shall have become due; or

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(b) Any representation or warranty made by or on behalf of the Borrower in any Loan Document or certificate or other writing delivered pursuant thereto shall prove to have been incorrect in any material respect when made or deemed made; or

(c) The Borrower or any of its Subsidiaries shall fail to perform or observe any term or covenant on its part to be performed or observed contained in Section 8.01(c), (h), (i), (j) or (l) or in Section 8.02 hereof (and the Borrower, each Lender and each Agent hereby agrees that an Event of Default under this subsection (c) shall be given effect as if the defaulting Subsidiary were a party to this Agreement); or

(d) The Borrower or any of its Subsidiaries shall fail to perform or observe any other term or covenant on its part to be performed or observed contained in any Loan Document and any such failure shall remain unremedied, after written notice thereof shall have been given to the Borrower by the Administrative Agent, for a period of 10 Business Days (and the Borrower, each Lender and each Agent hereby agrees that an Event of Default under this subsection (d) shall be given effect as if the defaulting Subsidiary were a party to this Agreement); or

(e) The Borrower, any Restricted Subsidiary or Consumers shall fail to pay any of its Debt (including any interest or premium thereon but excluding Debt incurred under this Agreement) (i) aggregating, in the case of the Borrower and each Restricted Subsidiary, \$6,000,000 or more or, in the case of Consumers, \$25,000,000 or more, or (ii) arising under the Indenture or any Senior Note, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to such Debt; or any other default under any agreement or instrument relating to any such Debt, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof; unless in each such case the obligee under or holder of such Debt shall have waived in writing such circumstance so that such circumstance is no longer continuing; or

(f) (i) The Borrower, any Restricted Subsidiary or Consumers shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make an assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against the Borrower, any Restricted Subsidiary or Consumers seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its debts under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of a proceeding instituted against the Borrower, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including the entry of an order for relief against the Borrower, a Restricted Subsidiary or Consumers or the appointment of a receiver, trustee, custodian or other similar official for the Borrower, such Restricted Subsidiary or Consumers or any of its property) shall occur; or (iii) the Borrower, any Restricted Subsidiary or Consumers shall take

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any corporate or other action to authorize any of the actions set forth above in this subsection (f); or

(g) Any judgment or order for the payment of money in excess of \$6,000,000 shall be rendered against the Borrower or its properties and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) Any material provision of any Loan Document, after execution hereof or delivery thereof under Article VI, shall for any reason other than the express terms hereof or thereof cease to be valid and binding on any party thereto; or the Borrower shall so assert in writing; or

(i) The Cash Collateral Agreement after execution and delivery thereof under Article VI shall for any reason, except to the extent permitted by the terms thereof or due to any failure by any Agent to take any action on its part to be performed under applicable law in order to maintain such perfection, cease to create a valid and perfected first priority Lien in any of the Collateral described therein; or

(j) At any time any Issuing Bank shall have been served with or otherwise subjected to a court order, injunction, or other process or decree issued or granted at the instance of the Borrower restraining or seeking to restrain such Issuing Bank from paying any amount under any Letter of Credit issued by it and either (i) there has been a drawing under such Letter of Credit which such Issuing Bank would otherwise be obligated to pay or (ii) the stated expiration date or any reduction of the stated amount of such Letter of Credit has occurred but the right of the beneficiary to draw thereunder has been extended in connection with the pendency of the related court action or proceeding; or

(k) There shall be imposed or enacted any Consumers Dividend Restriction, the result of which is that the Dividend Coverage Ratio shall be less than 1.15 to 1.0 at any time after the imposition of such Consumers Dividend Restriction.

SECTION 9.02. REMEDIES. If any Event of Default has occurred and is continuing, then the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, upon notice to the Borrower (i) declare the Commitments and the obligation of each Lender to make or Convert Loans (other than Loans under Section 4.04) and of any Issuing Bank to issue a Letter of Credit to be terminated, whereupon the same shall forthwith terminate, (ii) declare the principal amount outstanding hereunder, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the principal amount outstanding hereunder, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, (iii) provide from the proceeds of any Collateral (as defined in the Cash Collateral Agreement) for cash collateralization of LC Outstandings, and (iv) exercise in respect of any and all collateral, in addition to the other rights and remedies provided for herein and in the Cash Collateral Agreement or otherwise available to the Administrative Agent or the Lenders, all the rights and remedies of a secured party on default under the Uniform Commercial Code in effect in the State of New York and in effect in any

other jurisdiction in which collateral is located at that time; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the Commitments and the obligation of each Lender to make Loans and of any Issuing Bank to issue any Letter of Credit shall automatically be terminated and (B) the principal amount outstanding hereunder, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower. Notwithstanding anything to the contrary contained herein, no notice given or declaration made by the Administrative Agent pursuant to this

Section 9.02 shall affect (i) the obligation of any Issuing Bank to make any payment under any Letter of Credit issued by such Issuing Bank in accordance with the terms of such Letter of Credit or (ii) the participatory interest of each Lender in each such payment.

ARTICLE X
THE AGENTS

SECTION 10.01. AUTHORIZATION AND ACTION.

(a) Each of the Lenders and the Issuing Banks hereby irrevocably appoints each Agent (other than the Co-Syndication Agents and Documentation Agents) as its agent and authorizes each such Agent to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

(b) Any Lender serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such Lender and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any of its Subsidiaries or other Affiliate thereof as if it were not an Agent hereunder.

(c) No Agent shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (i) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (ii) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that such Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 11.01), and (iii) except as expressly set forth in the Loan Documents, no Agent shall have any duty to disclose, or shall be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries or Affiliates that is communicated to or obtained by the Lender serving as such Agent or any of its Affiliates in any capacity. No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 11.01 or any other provision of this Agreement) or in the absence of its own gross negligence or willful misconduct. Each Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice thereof is given to such Agent by the Borrower or a Lender (in which

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case such Agent shall promptly give a copy of such written notice to the Lenders and the other Agents). No Agent shall be responsible for or have any duty to ascertain or inquire into (A) any statement, warranty or representation made in or in connection with any Loan Document, (B) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (C) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (D) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (E) the satisfaction of any condition set forth in Article VI or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent. Neither any Co-Syndication Agent nor any Documentation Agent shall have any duties or obligations in such capacity under any of the Loan Documents.

(d) Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(e) Each Agent may perform any and all its duties and exercise its rights and powers by or through one or more sub-agents appointed by such Agent. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding subsections of this Section 10.01 shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as an Agent.

(f) Subject to the appointment and acceptance of a successor Agent as provided in this subsection (f), any Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Agent which shall be a Lender with an office in New York, New York, or an Affiliate of any such Lender. Upon the acceptance of its appointment as an Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After an Agent's resignation hereunder, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as an Agent.

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(g) Each Lender acknowledges that it has independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 10.02. INDEMNIFICATION. The Lenders agree to indemnify each Agent (to the extent not reimbursed by the Borrower), ratably according to the respective Percentages of the Lenders, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Agent in any way relating to or arising out of this Agreement or any action taken or omitted by such Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agents and the Arranger promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agents in connection with the preparation, syndication, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement to the extent that the Agents are entitled to reimbursement for such expenses pursuant to Section 11.04 but are not reimbursed for such expenses by the Borrower.

ARTICLE XI MISCELLANEOUS

SECTION 11.01. AMENDMENTS, ETC. No amendment or waiver of any provision of any Loan Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided,

however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (i) waive, modify or eliminate any of the conditions specified in Article VI, (ii) increase the Commitments of the Lenders that may be maintained hereunder or subject the Lenders to any additional obligations, (iii) reduce the principal of, or interest on, any Loan, any Applicable Margin, any Commitment Fee Margin or any fees or other amounts payable hereunder (other than fees payable to the Administrative Agent pursuant to Section 2.02(c)), (iv) postpone any date fixed for any payment of principal of, or interest on, any Loan or any fees or other amounts payable hereunder (other than fees payable to the Administrative Agent pursuant to Section 2.02(c)), (v) change the definition of "Required Lenders" contained in Section 1.01 or change any other provision that specifies the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans or the number of Lenders which shall be required for the Lenders or any of them to take any action hereunder, (vi) amend any Loan Document in a manner intended to prefer one or more Lenders over any other Lenders, (vii) amend, waive or modify Section 2.03(b) or this Section 11.01, (viii) release any

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collateral or change any provision of the Cash Collateral Agreement providing for the release of Collateral, or (ix) extend the Termination Date; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by each Agent in addition to the Lenders required above to take such action, affect the rights or duties of any Agent under this Agreement or any other Loan Document; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by each Issuing Bank in addition to the Lenders required above to take such action, affect the rights or duties of any Issuing Bank under this Agreement or any other Loan Document; and provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Swingline Lender in addition to the Lenders required above to take such action, affect the rights or duties of the Swingline Lender under this Agreement or any other Loan Document. Any request from the Borrower for any amendment, waiver or consent under this Section 11.01 shall be addressed to the Administrative Agent.

SECTION 11.02. NOTICES, ETC. All notices and other communications provided for hereunder and under the other Loan Documents shall be in writing (including telegraphic, facsimile, telex or cable communication) and mailed, telegraphed, telecopied, telexed, cabled or delivered, (i) if to the Borrower, at its address at Fairlane Plaza South, 330 Town Center Drive, Suite 1100, Dearborn, Michigan 48126, Attention: Rodger A. Kershner, Esq., General Counsel, with a copy to Laura L. Mountcastle, Vice President, Investor Relations and Treasurer, 330 Town Center Drive, Suite 1100, Dearborn, Michigan 48126; (ii) if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I; (iii) if to any Issuing Bank, at its address specified in the Issuing Bank Agreement to which it is a party; (iv) if to any Lender other than a Bank, at its Domestic Lending Office specified in the Lender Assignment pursuant to which it became a Lender; and (v) if to the Administrative Agent, the Collateral Agent or the Swingline Lender, at its address at 222 Broadway, New York, New York 10038, Attn: Jeff Pannullo, Customer Service Unit, Telephone No. (212) 412-3724, Telecopy No. (212) 412-5306, with a copy to such party at 222 Broadway, New York, New York 10038, Attn: Sydney G. Dennis, Power and Utilities Group, Telephone No. (212) 412-2470, Telecopy No. (212) 412-7511; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed, telegraphed, telecopied, telexed or cabled, be effective five days after when deposited in the mails, or when delivered to the telegraph company, telecopied, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to any Agent pursuant to Article II, III, or X shall not be effective until received by such Agent.

SECTION 11.03. NO WAIVER OF REMEDIES. No failure on the part of the Borrower, any Lender, any Issuing Bank or any Agent to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 11.04. COSTS, EXPENSES AND INDEMNIFICATION.

(a) The Borrower agrees to (i) reimburse on demand all reasonable costs and expenses of each Agent and the Arranger (including reasonable fees and expenses of counsel to the Agents) in connection with (A) the preparation, syndication, negotiation, execution and

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delivery of the Loan Documents and (B) the care and custody of any and all collateral, and any proposed modification, amendment, or consent relating to any Loan Document, and (ii) to pay on demand all reasonable costs and expenses of each Agent and, on and after the date upon which the principal amount outstanding hereunder becomes or is declared to be due and payable pursuant to Section 9.02 or an Event of Default specified in Section 9.01(a) shall have occurred and be continuing, each Lender (including reasonable fees and expenses of counsel to the Agents, special Michigan counsel to the Lenders and, from and after such date, counsel for each Lender (including the allocated costs and expenses of in-house counsel)) in connection with the workout, restructuring or enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the other Loan Documents and the other documents to be delivered hereunder.

(b) The Borrower shall indemnify each Agent, the Arranger, the Issuing Bank, each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "INDEMNIFIED PERSON") against, and hold each Indemnified Person harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnified Person, incurred by or asserted against any Indemnified Person arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby or thereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan, Letter of Credit or other Extension of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of any Hazardous Substance on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnified Person is a party thereto; provided that such indemnity shall not, as to any Indemnified Person, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person.

(c) The Borrower's other obligations under this Section 11.04 shall survive the repayment of all amounts owing to the Lenders, the Issuing Banks and the Agents under the Loan Documents and the termination of the Commitments. If and to the extent that the obligations of the Borrower under this Section 11.04 are unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law.

SECTION 11.05. RIGHT OF SET-OFF.

(a) Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 9.02 to authorize the Administrative Agent to declare the principal amount outstanding hereunder to be due and

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payable pursuant to the provisions of Section 9.02, each Lender and Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at

any time owing by such Lender or Issuing Bank to or for the credit or the account of the Borrower, against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Promissory Notes held by such Lender or the Issuing Bank Agreement to which such Issuing Bank is a party, as the case may be, irrespective of whether or not such Lender or Issuing Bank shall have made any demand under this Agreement, such Promissory Notes or such Issuing Bank Agreement, as the case may be, and although such obligations may be unmatured. Each Lender and Issuing Bank agrees to notify promptly the Borrower after any such set-off and application made by such Lender or Issuing Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and Issuing Bank under this Section 11.05 are in addition to other rights and remedies (including other rights of set-off) which such Lender and Issuing Bank may have.

(b) The Borrower agrees that it shall have no right of off-set, deduction or counterclaim in respect of its obligations hereunder, and that the obligations of the Lenders hereunder are several and not joint. Nothing contained herein shall constitute a relinquishment or waiver of the Borrower's rights to any independent claim that the Borrower may have against any Agent or any Lender for such Agent's or such Lender's, as the case may be, gross negligence or willful misconduct, but no Lender shall be liable for any such conduct on the part of any Agent or any other Lender, and no Agent shall be liable for any such conduct on the part of any Lender.

SECTION 11.06. BINDING EFFECT. This Agreement shall become effective when it shall have been executed by the Borrower and the Agents and when the Administrative Agent shall have been notified by each Bank that such Bank has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agents and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 11.07. ASSIGNMENTS AND PARTICIPATION.

(a) Each Lender may, with the consent of the Borrower, each Issuing Bank, the Swingline Lender and the Administrative Agent (such consent not to be unreasonably withheld or delayed and, in the case of the Borrower, shall not be required if an Event of Default has occurred and is continuing), assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment, the Loans owing to it and any Promissory Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all of the assigning Lender's rights and obligations under this Agreement, (ii) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Lender Assignment with respect to such assignment) shall in no event be less than the lesser of the amount of such Lender's Commitment and \$5,000,000 and shall be an integral multiple of \$1,000,000, (iii) each such assignment shall be to an Eligible Assignee, (iv) the parties to each such assignment shall execute and deliver to

the Administrative Agent, for its acceptance and recording in the Register, a Lender Assignment, together with any Promissory Notes subject to such assignment, an Administrative Questionnaire and a processing and recordation fee of \$3,500 and (v) after giving effect to such assignment, the amount of the Commitment of the assigning Lender shall be not less than \$5,000,000 or such lesser amount as may be agreed to by the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower; and provided further, however, that the consent of the Borrower, each Issuing Bank, the Swingline Lender and the Administrative Agent shall not be required for any assignments by a Lender to any of its Affiliates or to any other Lender or any of its Affiliates. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Lender Assignment, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Lender Assignment, have the rights and obligations of a Lender hereunder and (B) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it to an Eligible Assignee pursuant to such

Lender Assignment, relinquish its rights and be released from its obligations under this Agreement (and, in the case of a Lender Assignment covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto); provided, however, that the limitation set forth in clause (iv), above, shall not apply if an Event of Default shall have occurred and be continuing and the Administrative Agent shall have declared all Loans to be, or all Loans shall have automatically become, immediately due and payable hereunder. The Administrative Agent agrees to give prompt notice to the Lenders and the Borrower of any assignment or participation of its rights and obligations as a Bank hereunder. Notwithstanding anything to the contrary contained in this Agreement, any Lender may at any time assign all or any portion of the Loans owing to it to any Affiliate of such Lender. The assigning Lender shall promptly notify the Borrower of any such assignment. No such assignment, other than to an Eligible Assignee, shall release the assigning Lender from its obligations hereunder.

(b) By executing and delivering a Lender Assignment, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Lender Assignment, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument or document furnished pursuant thereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of each Loan Document, together with copies of the financial statements referred to in Section 7.01(e) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Lender Assignment; (iv) such assignee will, independently and without reliance upon the Agents, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (v) such assignee confirms that it is an Eligible Assignee (unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have declared all Loans to be immediately due

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and payable hereunder, in which case no such confirmation is necessary); (vi) such assignee appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to each Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

(c) The Administrative Agent shall maintain at its address referred to in Section 11.02 a copy of each Lender Assignment delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time (the "REGISTER"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agents, the Issuing Banks, the Swingline Lender and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, any Issuing Bank or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a Lender Assignment executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), any Promissory Notes subject to such assignment, the processing and recordation fee referred to in subsection (a) above and any written consent to such assignment required by subsection (a) above, the Administrative Agent shall, if such Lender Assignment has been completed and is in substantially the form of Exhibit G, (i) accept such Lender Assignment, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. New and/or replacement

Promissory Notes payable to the assignee and the assigning Lender (if the assigning Lender assigned less than all of its rights and obligations hereunder) shall be issued upon request pursuant to Section 3.01(d), and shall be dated the effective date of such Lender Assignment.

(e) Each Lender may sell participations to one or more banks or other entities (a "PARTICIPANT") in or to all or a portion of its rights and/or obligations under the Loan Documents (including all or a portion of its Commitment, the Loans owing to it and any Promissory Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Promissory Notes for all purposes of this Agreement, and (iv) the Borrower, the Agents, the Issuing Banks, the Swingline Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided, that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.01 that affects such Participant. Subject to subsection (f) below, the Borrower agrees that each Participant shall be entitled to the benefits of Sections

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5.04 and 5.06 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (a) above. To the extent permitted by law, each Participant shall also be entitled to the benefits of Section 11.05(a) as though it were a Lender, provided such Participant agrees to be subject to Section 5.05 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 5.04 or 5.06 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 5.06 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 5.06(e) as though it were a Lender.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 11.07, disclose to the assignee or Participant or proposed assignee or Participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or Participant or proposed assignee or Participant shall agree, in accordance with the terms of Section 11.08, to preserve the confidentiality of any Confidential Information received by it from such Lender.

(h) If any Lender (or any Participant to which such Lender has sold a participation) shall make any demand for payment under Section 5.04(a) or (c), then in the case of any such demand, within 30 days after any such demand (if, but only if, such demanded payment has been made by the Borrower) or notice, the Borrower may, with the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and provided that no Event of Default or Default shall then have occurred and be continuing, demand that such Lender assign, at the sole cost and expense of the Borrower, in accordance with this Section 11.07 to one or more Eligible Assignees designated by the Borrower, all (but not less than all) of such Lender's Commitment and the Loans owing to it within the period ending on the later to occur of (x) the last day in the period described above, as applicable, and (y) the last day of the longest of the then current Interest Periods for such Loans. If any such Eligible Assignee designated by the Borrower shall fail to consummate such assignment on terms acceptable to such Lender, or if the Borrower shall fail to designate any such Eligible Assignees for all or part of such Lender's Commitment or Loans, then such demand by the Borrower shall become ineffective; it being understood for purposes of this subsection (h) that such assignment shall be conclusively

deemed to be on terms acceptable to such Lender, and such Lender shall be compelled to consummate such assignment to an Eligible Assignee designated by the Borrower, if such Eligible Assignee (1) shall agree to such assignment by entering into a Lender Assignment with such Lender and (2) shall offer compensation to such Lender in an amount equal to all amounts then owing by the Borrower to such Lender hereunder and under any Promissory Notes made by the Borrower to such Lender, whether for principal, interest, fees, costs or expenses (other than the demanded payment referred to above, and payable by the Borrower as a condition to the Borrower's right to demand such assignment) or otherwise (including, without limitation, to the extent not paid by the Borrower, any payments required pursuant to Section 5.04(b)). In addition, in the case of any amount demanded for payment by any Lender (or such Participant) pursuant to Section 5.04(a) or (c), the Borrower may, in the case of any such Lender, with the approval of the Administrative

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Agent (which approval shall not be unreasonably withheld) and provided that no Event of Default or Default shall then have occurred and be continuing, terminate all (but not less than all) such Lender's Commitment and prepay all (but not less than all) such Lender's Loans not so assigned, together with all interest accrued thereon to the date of such prepayment and all fees, costs and expenses and other amounts then owing by the Borrower to such Lender hereunder and under any Promissory Notes made by the Borrower to such Lender, at any time from and after such later occurring day in accordance with Sections 2.03 and 5.03 (but without the requirement stated therein for ratable treatment of the other Lenders), if and only if, after giving effect to such termination and prepayment, the sum of the aggregate principal amount of the Loans of all Lenders then outstanding does not exceed the then remaining Commitments of the Lenders. Notwithstanding anything set forth above in this subsection (h) to the contrary, the Borrower shall not be entitled to compel the assignment by any Lender demanding payment under Section 5.04(a) of its Commitment and Loans or terminate and prepay the Commitment and Loans of such Lender if, prior to or promptly following any such demand by the Borrower, such Lender shall have changed or shall change, as the case may be, its Applicable Lending Office for its Eurodollar Rate Loans so as to eliminate the further incurrence of such increased cost. In furtherance of the foregoing, any such Lender demanding payment or giving notice as provided above agrees to use reasonable efforts to so change its Applicable Lending Office if, to do so, would not result in the incurrence by such Lender of additional costs or expenses which it deems material or, in the sole judgment of such Lender, be inadvisable for regulatory, competitive or internal management reasons.

(i) Anything in this Section 11.07 to the contrary notwithstanding, any Lender may assign and pledge all or any portion of its Commitment and the Loans owing to it to any Federal Reserve Bank (and its transferees) as collateral security pursuant to Regulation A of the Board and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

SECTION 11.08. CONFIDENTIALITY. In connection with the negotiation and administration of this Agreement and the other Loan Documents, the Borrower has furnished and will from time to time furnish to the Agents, the Issuing Banks and the Lenders (each, a "RECIPIENT") written information which is identified to the Recipient when delivered as confidential (such information, other than any such information which (i) was publicly available, or otherwise known to the Recipient, at the time of disclosure, (ii) subsequently becomes publicly available other than through any act or omission by the Recipient or (iii) otherwise subsequently becomes known to the Recipient other than through a Person whom the Recipient knows to be acting in violation of his or its obligations to the Borrower, being hereinafter referred to as "CONFIDENTIAL INFORMATION"). The Recipient will not knowingly disclose any such Confidential Information to any third party (other than to those persons who have a confidential relationship with the Recipient), and will take all reasonable steps to restrict access to such information in a manner designed to maintain the confidential nature of such information, in each case until such time as the same ceases to be Confidential Information or as the Borrower may otherwise instruct. It is understood, however, that the foregoing will not restrict the Recipient's ability to freely exchange such Confidential Information with its Affiliates or with prospective participants in or assignees of the Recipient's position herein, but the Recipient's ability to so exchange Confidential Information shall be conditioned upon any such Affiliate's or prospective

participant's (as the case may be) entering into an agreement as to confidentiality similar to this

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Section 11.08. It is further understood that the foregoing will not prohibit the disclosure of any or all Confidential Information if and to the extent that such disclosure may be required (1) by a regulatory agency or otherwise in connection with an examination of the Recipient's records by appropriate authorities, (2) pursuant to court order, subpoena or other legal process or in connection with any proceeding, suit or other action relating to any Loan Document or (3) otherwise, as required by law; in the event of any required disclosure under clause (2) or (3), above, the Recipient agrees to use reasonable efforts to inform the Borrower as promptly as practicable to the extent not prohibited by law.

SECTION 11.09. Waiver of Jury Trial. THE BORROWER, THE AGENTS, THE ISSUING BANKS AND THE LENDERS EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY OTHER INSTRUMENT OR DOCUMENT DELIVERED HEREUNDER OR THEREUNDER.

SECTION 11.10. GOVERNING LAW; SUBMISSION TO JURISDICTION. This Agreement and the Promissory Notes shall be governed by, and construed in accordance with, the laws of the State of New York (including Section 5-1401 of the General Obligations Laws of the State of New York, but otherwise without regard to conflicts of law principles). The Borrower, the Lenders, the Issuing Banks and the Agents, each (i) irrevocably submits to the jurisdiction of any New York State court or Federal court sitting in New York City in any action arising out of any Loan Document, (ii) agrees that all claims in such action may be decided in such court, (iii) waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum and (iv) consents to the service of process by mail. A final judgment in any such action shall be conclusive and may be enforced in other jurisdictions. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring any action in any other court.

SECTION 11.11. RELATION OF THE PARTIES; NO BENEFICIARY. No term, provision or requirement, whether express or implied, of any Loan Document, or actions taken or to be taken by any party thereunder, shall be construed to create a partnership, association, or joint venture between such parties or any of them. No term or provision of the Loan Documents shall be construed to confer a benefit upon, or grant a right or privilege to, any Person other than the parties hereto. The Borrower hereby acknowledges that neither any Agent nor any Lender has any fiduciary relationship with or fiduciary duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Agents and the Lenders, on the one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor.

SECTION 11.12. EXISTING BANKS' WAIVER, ACKNOWLEDGMENT AND RELEASE. The Existing Banks hereby waive the three (3) Business Days' notice requirement for termination of the "Commitments" (as defined in the Existing Credit Agreement) under Section 2.03(a) of the Existing Credit Agreement.

SECTION 11.13. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which

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when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement.

SECTION 11.14. SURVIVAL OF AGREEMENT. All covenants, agreements, representations and warranties made herein and in the certificates pursuant hereto shall be considered to have been relied upon by the Agents and the Lenders and shall survive the making by the Lenders of the Extensions of Credit and the execution and delivery to the Lenders of any Promissory Notes evidencing

the Extensions of Credit and shall continue in full force and effect so long as any Promissory Note or any amount due hereunder is outstanding and unpaid or any Commitment of any Lender has not been terminated.

[Signature pages follow.]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CMS ENERGY CORPORATION

By: /s/ Laura L. Mountcastle

Name: Laura L. Mountcastle
Title: Vice President

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$33,800,000

BARCLAYS BANK PLC, individually as a Lender
and as Administrative Agent and Collateral Agent

By: /s/ Sydney G. Dennis

Name: Sydney G. Dennis
Title: Director

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$23,000,000

BANK OF AMERICA, N.A., individually as a
Lender and as a Co-Syndication Agent

By: /s/ Gretchen P. Burud

Name: Gretchen P. Burud
Title: Managing Director

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$23,000,000

THE CHASE MANHATTAN BANK, individually
as a Lender and as a Co-Syndication Agent

By: /s/ Thomas L. Casey

Name: Thomas L. Casey
Title: Vice President

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$23,000,000

CITIBANK, N.A., individually as a Lender and as
a Documentation Agent

By: /s/ Dhaya Ranganathan

Name: Dhaya Ranganathan
Title: Vice President

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$23,000,000

UNION BANK OF CALIFORNIA, N.A.,
individually as a Lender and as a Documentation
Agent

By: /s/ Robert J. Olson

Name: Robert J. Olson
Title: Vice President

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$19,000,000

BNP PARIBAS

By: /s/ Andrew S. Platt

Name: Andrew S. Platt
Title: Vice President

By: /s/ Mark A. Renaud

Name: Mark A. Renaud
Title: Director

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$15,800,000

BANK ONE, N.A.

By: /s/ Jane A. Bek

Name: Jane A. Bek
Title: Vice President

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$15,800,000

COMERICA BANK

By: /s/ David C. Bird

Name: David C. Bird
Title: Vice President

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$15,800,000

CREDIT SUISSE FIRST BOSTON

By: /s/ Andrea E. Shkane

Name: Andrea E. Shkane
Title: Vice President

By: /s/ David W. Kratovil

Name: David W. Kratovil
Title: Director

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$15,800,000

FLEET NATIONAL BANK

By: /s/ Rita M. Cahill

Name: Rita M. Cahill
Title: Managing Director

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$10,000,000

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED

By: /s/ R. Scott McInnis

Name: R. Scott McInnis
Title: Head of Structured Finance &
Relationship Management-Americas

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$10,000,000

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. Ashby

Name: F.C.H. Ashby
Title: Senior Manager Loan Operations

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$10,000,000

BANKERS TRUST COMPANY

By: /s/ Marcus M. Tarkington

Name: Marcus M. Tarkington
Title: Director

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$10,000,000

MICHIGAN NATIONAL BANK

By: /s/ Mark Aben

Name: Mark Aben
Title: Vice President

Signature Page to \$300,000,000 Credit Agreement

89

Commitment:
\$10,000,000

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ Brian McInnes

Name: Brian McInnes
Title: Senior Vice President

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$10,000,000

SOCIETE GENERALE

By: /s/ Gordon Eadon

Name: Gordon Eadon
Title: Director

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$10,000,000

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Tamihiro Kawauchi

Name: Tamihiro Kawauchi
Title: Joint General Manager

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$10,000,000

TORONTO DOMINION (TEXAS), INC.

By: /s/ Alva J. Jones

Name: Alva J. Jones
Title: Vice President

Signature Page to \$300,000,000 Credit Agreement

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Commitment:
\$6,000,000

ARAB BANKING CORPORATION

By: /s/ Grant E. McDonald

Name: Grant E. McDonald
Title: Vice President

Signature Page to \$300,000,000 Credit Agreement

Commitment:
\$6,000,000

THE FUJI BANK, LIMITED

By: /s/ Peter L. Chinnici

Name: Peter L. Chinnici
Title: Senior Vice President & Group Head

Signature Page to \$300,000,000 Credit Agreement

EXHIBIT A

FORM OF NOTICE OF BORROWING

[Date]

Barclays Bank PLC, as Administrative
Agent for the Lenders parties to the
Credit Agreement referred to below

Attention: _____

Ladies and Gentlemen:

The undersigned, CMS Energy Corporation (the "BORROWER"), refers to the \$300,000,000 Credit Agreement, dated as of June 18, 2001 (as amended, modified or supplemented from time to time, the "CREDIT AGREEMENT", the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Borrower, the Lenders named therein, Barclays Bank PLC, as Administrative Agent and Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, as Documentation Agents, and hereby gives you notice, irrevocably, pursuant to Section 3.01 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "PROPOSED BORROWING") as required by Section 3.01(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____, 20__.

(ii) The Type of Loans comprising the Proposed Borrowing is [ABR Loans] [Eurodollar Rate Loans].

(iii) The aggregate amount of the Proposed Borrowing is \$_____.

[(v) The initial Interest Period for each Loan made as part of the Proposed Borrowing is _____ months.] (1)

(1) To be included for a Proposed Borrowing comprised of Eurodollar Rate Loans.

The undersigned hereby acknowledges that the delivery of this Notice of Borrowing shall constitute a representation and warranty by the Borrower that, on the date of the Proposed Borrowing, the statements contained in Sections 6.02(a) and 6.03(a) of the Credit Agreement are true.

Very truly yours,

CMS ENERGY CORPORATION

By _____

Name:
Title:

FORM OF NOTICE OF CONVERSION

[Date]

Barclays Bank PLC, as Administrative
Agent for the Lenders parties to the
Credit Agreement referred to below

Attention: _____

Ladies and Gentlemen:

The undersigned, CMS Energy Corporation (the "BORROWER"), refers to the \$300,000,000 Credit Agreement, dated as of June 18, 2001 (as amended, modified or supplemented from time to time, the "CREDIT AGREEMENT", the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Borrower, the Lenders named therein, Barclays Bank PLC, as Administrative Agent and Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, as Documentation Agents, and hereby gives you notice, irrevocably, pursuant to Section 3.02 of the Credit Agreement that the undersigned hereby requests a Conversion under the Credit Agreement, and in that connection sets forth below the information relating to such Conversion (the "PROPOSED CONVERSION") as required by Section 3.02 of the Credit Agreement:

(i) The Business Day of the Proposed Conversion is _____, 20__.

(ii) The Type of Loans comprising the Proposed Conversion is [ABR Loans] [Eurodollar Rate Loans].

(iii) The aggregate amount of the Proposed Conversion is \$_____.

(iv) The Type of Loans to which such Loans are proposed to be Converted is [ABR Loans] [Eurodollar Rate Loans].

(v) The Interest Period for each Loan made as part of the Proposed Conversion is _____ month(s). (1)

(1) Delete for ABR Loans.

The undersigned hereby certifies that the Borrower's request for the Proposed Conversion is made in compliance with Sections 3.02, 3.03 and 3.04 of the Credit Agreement. The undersigned hereby acknowledges that the delivery of this Notice of Conversion shall constitute a representation and warranty by the Borrower that, on the date of the Proposed Conversion, [(i)] the statements contained in Section 6.02(a) of the Credit Agreement are true and [(ii) no Default [(other than a Default resulting from the failure of the Borrower to comply with the ratio set forth in Section 8.01(j) of the Credit Agreement)] (2) has occurred and is continuing] (3).

Very truly yours,

CMS ENERGY CORPORATION

By _____
Name:
Title:

(2) Include only if a Default has occurred and is continuing as the result of the failure of the Borrower to comply with the ratio set forth in Section 8.01(j) of the Credit Agreement. In such case, a Conversion into Eurodollar Rate Loans with an Interest Period not to exceed three months in duration is permitted pursuant to Section 3.04(a) (vi) of the Credit Agreement.

(3) Delete if Conversion is into ABR Loans.

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EXHIBIT C

FORM OF CASH COLLATERAL AGREEMENT

CASH COLLATERAL AGREEMENT, dated as of June 18, 2001, made by CMS ENERGY CORPORATION, a Michigan corporation (the "PLEDGOR"), to Barclays Bank PLC ("BARCLAYS"), as collateral agent (the "COLLATERAL AGENT") for the lenders (the "LENDERS") parties to the Credit Agreement (as hereinafter defined).

PRELIMINARY STATEMENTS

(1) Barclays, as Administrative Agent and Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, Citibank, N.A. and Union Bank of California, as Documentation Agents, and the Lenders have entered into a \$300,000,000 Credit Agreement, dated as of June 18, 2001 (said Agreement, as it may hereafter be amended or otherwise modified from time to time, being the "CREDIT AGREEMENT", the terms defined therein and not otherwise defined herein being used herein as therein defined), with the Pledgor.

(2) Pursuant to Section 5.03(b) of the Credit Agreement, any prepayments required by such subsection are to be applied to outstanding Swingline Loans up to the full amount thereof before they are applied, first, to outstanding ABR Loans, second, to outstanding Eurodollar Rate Loans, and, third, as cash collateral, pursuant to this Agreement, to secure LC Outstandings.

(3) The cash collateral referenced in preliminary statement (2), above, shall be deposited by the Collateral Agent in a special non-interest-bearing cash collateral account (the "ACCOUNT") with the Collateral Agent at its office at 222 Broadway, New York, New York 10038, Account No. 050797395 (or at such other office of the Collateral Agent as the Collateral Agent may, from time to time, notify the Pledgor), in the name of the Pledgor but under the sole control and dominion of the Collateral Agent and subject to the terms of this Agreement.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor hereby agrees with the Collateral Agent for its benefit and the ratable benefit of the Lenders as follows:

SECTION 1. PLEDGE AND ASSIGNMENT. The Pledgor hereby pledges and assigns to the Collateral Agent for its benefit and the ratable benefit of the Lenders, and grants to the Collateral Agent for its benefit and the ratable benefit of the Lenders a security interest in, the following collateral (the "COLLATERAL"):

(i) the Account, all funds held therein and all certificates and instruments, if any, from time to time representing or evidencing the Account;

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(ii) all Investments (as hereinafter defined) from time to time, and all certificates and instruments, if any, from time to time representing or evidencing the Investments;

(iii) all notes, certificates of deposit, deposit accounts, checks and other instruments from time to time hereafter delivered to

or otherwise possessed by the Collateral Agent for or on behalf of the Pledgor in substitution for or in addition to any or all of the then existing Collateral;

(iv) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Collateral; and

(v) all proceeds of any and all of the foregoing Collateral.

SECTION 2. SECURITY FOR OBLIGATIONS. This Agreement secures the payment of all reimbursement obligations of the Pledgor now or hereafter existing with respect to LC Outstandings, and all obligations of the Pledgor now or hereafter existing under this Agreement (all such obligations of the Pledgor being the "OBLIGATIONS"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts which constitute part of the Obligations and would be owed by the Pledgor to the Collateral Agent or the Lenders under the Credit Agreement and the Promissory Notes (if any) but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Pledgor.

SECTION 3. DELIVERY OF COLLATERAL. All certificates or instruments, if any, representing or evidencing the Collateral shall be delivered to and held by or on behalf of the Collateral Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Collateral Agent. The Collateral Agent shall have the right, at any time upon the occurrence and during the continuance of an Event of Default or a Default, in its discretion and without notice to the Pledgor, to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Collateral. In addition, the Collateral Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denominations.

SECTION 4. MAINTAINING THE ACCOUNT. So long as any Lender has any Commitment under the Credit Agreement or interest thereon shall remain unpaid:

(a) The Pledgor will maintain the Account with the Collateral Agent.

(b) It shall be a term and condition of the Account, notwithstanding any term or condition to the contrary in any other agreement relating to the Account and except as otherwise provided by the provisions of Section 6 and Section 13, that no amount (including interest on the Account, if any) shall be paid or released to or for the account of, or withdrawn by or for the account of, the Pledgor or any other Person (other than the Collateral Agent and the Lenders) from the Account.

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The Account shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other appropriate banking or governmental authority, as may now or hereafter be in effect.

SECTION 5. INVESTING OF AMOUNTS IN THE ACCOUNT. If requested by the Pledgor, the Collateral Agent will, subject to the provisions of Section 6 and Section 13, from time to time (a) invest amounts on deposit in the Account in such Permitted Investments as the Pledgor may select and the Collateral Agent may approve and (b) invest interest paid on the Permitted Investments referred to in clause (a) above, and reinvest other proceeds of any such Permitted Investments which may mature or be sold, in each case in such Permitted Investments as the Pledgor may select and the Collateral Agent may approve (the Permitted Investments referred to in clauses (a) and (b) above, being collectively "INVESTMENTS"). Interest and proceeds that are not invested or reinvested in Investments as provided above shall be deposited and held in the Account.

SECTION 6. RELEASE OF AMOUNTS. So long as no Event of Default or Default shall have occurred and be continuing, the Collateral Agent will pay

and release to the Pledgor or at its order, upon the request of the Pledgor, (a) amounts of credit balance of the Account and of principal of any other Collateral when matured or sold to the extent that (i) the sum of the credit balance of the Account plus the aggregate outstanding principal amount of all other Collateral exceeds (ii) the aggregate amount of LC Outstandings in respect of all Letters of Credit and all other amounts owing by the Pledgor hereunder, (b) all amounts in the Account if the Commitments under the Credit Agreement exceed the aggregate amount of LC Outstandings in respect of all Letters of Credit and all other amounts owing by the Pledgor hereunder and (c) all interest and earnings on the Investments deposited and held in the Account.

SECTION 7. REPRESENTATIONS AND WARRANTIES. The Pledgor represents and warrants as follows:

(a) The Pledgor is the legal and beneficial owner of the Collateral free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by this Agreement.

(b) The pledge and assignment of the Collateral pursuant to this Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment of the Obligations.

(c) No consent of any other Person and no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the pledge and assignment by the Pledgor of the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor, (ii) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest) or (iii) for the exercise by the Collateral Agent of its rights and remedies hereunder.

(d) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

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(e) The Pledgor has, independently and without reliance upon the Collateral Agent or any Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement.

SECTION 8. FURTHER ASSURANCES. The Pledgor agrees that at any time and from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Collateral Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

SECTION 9. TRANSFERS AND OTHER LIENS. The Pledgor agrees that it will not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, or (ii) create or permit to exist any lien, security interest, option or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interest under this Agreement.

SECTION 10. COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT. The Pledgor hereby appoints the Collateral Agent the Pledgor's attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from time to time upon the occurrence and during the continuance of an Event of Default or Default or otherwise to the extent that the Collateral Agent shall reasonably deem any action to be necessary in order to maintain its security interest in the Collateral, in the Collateral Agent's discretion, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, indorse and collect all instruments made payable to the Pledgor representing any interest payment, dividend or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

SECTION 11. COLLATERAL AGENT MAY PERFORM. If the Pledgor fails

to perform any agreement contained herein, the Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Pledgor under Section 14.

SECTION 12. THE COLLATERAL AGENT'S DUTIES. The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Agent or any Lender has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property.

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SECTION 13. REMEDIES UPON DEFAULT. If any Event of Default shall have occurred and be continuing:

(a) The Collateral Agent may, without notice to the Pledgor except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Account against the Obligations or any part thereof.

(b) The Collateral Agent may also exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code in effect in the State of New York at that time (the "CODE") (whether or not the Code applies to the affected Collateral), and may also, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) Any cash held by the Collateral Agent as Collateral and all cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter be applied (after payment of any amounts payable to the Collateral Agent pursuant to Section 14) in whole or in part by the Collateral Agent for the ratable benefit of the Lenders against, all or any part of the Obligations in such order as the Collateral Agent shall elect. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all the Obligations shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

SECTION 14. EXPENSES. The Pledgor will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Collateral Agent or the Lenders hereunder or (iv) the failure by the Pledgor to perform or observe any of the provisions hereof.

SECTION 15. AMENDMENTS, ETC. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Pledgor herefrom shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

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SECTION 16. ADDRESSES FOR NOTICES. All notices and other communications provided for hereunder shall be in writing (including telegraphic, facsimile, telex or cable communication) and mailed, telegraphed, telecopied, telexed, cabled or delivered, if to the Pledgor, at its address at Fairlane Plaza South, 330 Town Center Drive, Suite 1100, Dearborn, Michigan 48126, Attention: Rodger A. Kershner, Esq., with a copy to Laura L. Mountcastle, Vice President, Investor Relations and Treasurer, at the same address, and if to the Collateral Agent, at its address specified in the Credit Agreement, or, as to either party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when mailed, telegraphed, telecopied, telexed or cabled, be effective five days after when deposited in the mails, or when delivered to the telegraph company, telecopied, confirmed by telex answerback or delivered to the cable company, respectively.

SECTION 17. CONTINUING SECURITY INTEREST; ASSIGNMENTS UNDER CREDIT AGREEMENT. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the later of (x) the payment in full of the Obligations and all other amounts payable under this Agreement and (y) the expiration or termination of the Commitments under the Credit Agreement, (ii) be binding upon the Pledgor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Collateral Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitment, the Loans owing to it and any Promissory Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Article X (concerning the Agents) and Section 11.07 of the Credit Agreement. Upon the later of the payment in full of the Obligations and all other amounts payable under this Agreement and the expiration or termination of the Commitments under the Credit Agreement, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Pledgor. Upon any such termination, the Collateral Agent will, at the Pledgor's expense, return to the Pledgor such of the Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof and execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence such termination.

SECTION 18. GOVERNING LAW; TERMS. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of New York. Unless otherwise defined herein or in the Credit Agreement, terms defined in Article 9 of the Code are used herein as therein defined.

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IN WITNESS WHEREOF, the Pledgor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

CMS ENERGY CORPORATION

By _____
Name:
Title:

BARCLAYS BANK PLC,
as Collateral Agent

By _____

Name:
Title:

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EXHIBIT D

FORM OF OPINION
OF COUNSEL FOR THE BORROWER

June 18, 2001

To: Each of the Lenders parties to the Credit Agreements referred to below, Barclays Bank PLC, as a Administrative Agent and Collateral Agent under the Credit Agreements, and the Co-Syndication Agents and Documentation Agents named therein

Ladies and Gentlemen:

This letter is furnished to you pursuant to (i) Section 6.01(a)(viii)(A) of the \$300,000,000 Credit Agreement, dated as of June 18, 2001 (the "THREE YEAR CREDIT AGREEMENT"), among CMS Energy Corporation (the "BORROWER"), the Banks parties thereto and the other Lenders from time to time parties thereto (the "LENDERS"), Barclays Bank PLC ("BARCLAYS"), as Administrative Agent and as Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents (the "CO-SYNDICATION AGENTS"), and Citibank, N.A. and Union Bank of California, as Documentation Agents (the "DOCUMENTATION AGENTS") and (ii) Section 6.01(a)(viii)(A) of the \$450,000,000 Credit Agreement, dated as of June 18, 2001 (the "364 DAY CREDIT AGREEMENT" and, together with the Three Year Credit Agreement, the "CREDIT AGREEMENTS"), among the Borrower, the Lenders, Barclays, as Administrative Agent and as Collateral Agent, the Co-Syndication Agents and the Documentation Agents. Capitalized terms not defined herein have the meanings ascribed thereto in the Credit Agreements and the other Loan Documents (as defined in the Credit Agreements).

I am Assistant General Counsel of the Borrower and I, or an attorney or attorneys under my general supervision, have represented the Borrower in connection with the preparation, execution and delivery of, and the initial Extension of Credit made under, the Credit Agreements and other Loan Documents.

In that capacity, I, or an attorney or attorneys under my general supervision, have examined:

- (a) The Credit Agreements;
- (b) The Cash Collateral Agreements executed in connection with the Credit Agreements;
- (c) The Issuing Bank Agreements executed in connection with the Credit Agreements;

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- (d) The Restated Articles of Incorporation of the Borrower and all amendments thereto (the "CHARTER");
- (e) The bylaws of the Borrower and all amendments thereto (the "BYLAWS"); and
- (f) The Promissory Notes executed and delivered by the Borrower on the date hereof.

In addition, I, or an attorney or attorneys under my general supervision, have examined the originals, or copies certified to my satisfaction, of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower, and agreements, instruments and other documents, as I have deemed necessary as a basis for the opinions expressed below. As to various questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon the representations of officers of the Borrower in the Loan Documents, and upon certificates of the Borrower or its officers or of public officials.

I have assumed (i) the due execution and delivery, pursuant to due authorization, of each document referred to in clauses (a), (b) and (c) above by all parties to such document (other than the Borrower), (ii) the authenticity of all such documents submitted to us as originals, (iii) the genuineness of all signatures (other than those of the Borrower), and (iv) the conformity to the originals of all such documents submitted to us as copies.

Based upon the foregoing and upon such investigation as we have deemed necessary, I am of the following opinion:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

2. The execution, delivery and performance by the Borrower of the Credit Agreements and the other Loan Documents to which it is, or is to be, a party, are within the corporate power and authority of the Borrower, have been duly authorized by all necessary corporate action, and do not contravene (a) the Charter or the Bylaws, (b) any provision of applicable law or (c) any legal or contractual restriction binding on the Borrower or its properties; and such execution, delivery and performance do not result in or require the creation or imposition of any mortgage, deed of trust, pledge, or Lien upon or with respect to any of its properties (other than under the Cash Collateral Agreements). The Credit Agreements, the Cash Collateral Agreements and the Promissory Notes have been duly executed and delivered on behalf of the Borrower.

3. Except as disclosed in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, the Borrower's Quarterly Report on Form 10-Q for the period ended March 31, 2001 and the Current Report on Form 8-K filed by the Borrower on May 17, 2001, there are no pending or threatened actions or proceedings against the Borrower or its properties before any court, governmental agency or arbitrator, that could, if adversely determined, reasonably be expected to materially adversely affect the financial condition, properties, business or operations of the

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Borrower, the legality, validity or enforceability of any Credit Agreement or any other Loan Document to which the Borrower is, or is to be, a party, or the validity, enforceability, perfection or priority of any Lien purported to be granted by or under any Cash Collateral Agreement.

4. No authorization or approval or other action by, and no notice to or filing with, any Michigan governmental authority or regulatory body (including, without limitation, the Michigan Public Service Commission) is required for (a) the valid execution, delivery and performance by the Borrower of the Credit Agreements and the other Loan Documents to which it is, or is to be, a party or (b) the creation of any Lien purported to be granted or created pursuant to any Cash Collateral Agreement.

5. In any action or proceeding arising out of or relating to any Credit Agreement or any other Loan Document to which the Borrower is, or is to be, a party in any Michigan state court or any Federal court sitting in the State of Michigan, such court would recognize and give effect to the provisions of such Credit Agreement or any other Loan Document, as the case may be, wherein the parties thereto agree that such Credit Agreement or such other Loan Document, as the case may be, shall be governed by, and construed in accordance

with, the laws of the State of New York, except in the case of those provisions set forth in the Credit Agreements and the other Loan Documents the enforcement of which would contravene a fundamental policy of the State of Michigan. In the course of our review of the Credit Agreements and the other Loan Documents, nothing has come to my attention to indicate that any of such provisions would do so.

The opinions expressed herein are limited to the laws of the State of Michigan and the Federal laws of the United States of America.

I consent to the reliance on this opinion by Sidley Austin Brown & Wood in their opinion to you of even date herewith delivered pursuant to Section 6.01(a)(viii)(B) of each Credit Agreement. Except as otherwise specified herein, this opinion is being delivered solely for the benefit of the parties to whom it is addressed. Accordingly, it may not be quoted, filed with any governmental authority or otherwise circulated or utilized for any other purpose without my prior written consent.

Very truly yours,

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EXHIBIT E

FORM OF OPINION OF COUNSEL TO THE
ADMINISTRATIVE AGENT

June 18, 2001

To: Each of the Lenders parties to the Credit Agreements referred to below, Barclays Bank PLC, as a Administrative Agent and Collateral Agent under the Credit Agreements, and the Co-Syndication Agents and Documentation Agents named therein

Re: CMS Energy Corporation

Ladies and Gentlemen:

We have acted as special New York counsel to Barclays Bank PLC, individually and as Administrative Agent, in connection with the execution and delivery of, and the making of the initial Extensions of Credit on this date under, (i) the \$300,000,000 Credit Agreement, dated as of June 18, 2001 (the "THREE YEAR CREDIT AGREEMENT"), among CMS Energy Corporation (the "BORROWER"), the Banks parties thereto and the other Lenders from time to time parties thereto (the "LENDERS"), Barclays Bank PLC ("BARCLAYS"), as Administrative Agent and as Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents (the "CO-SYNDICATION AGENTS"), and Citibank, N.A. and Union Bank of California, as Documentation Agents (the "DOCUMENTATION AGENTS") and (ii) the \$450,000,000 Credit Agreement, dated as of June 18, 2001 (the "364 DAY CREDIT AGREEMENT" and, together with the Three Year Credit Agreement, the "CREDIT AGREEMENTS"), among the Borrower, the Lenders, Barclays, as Administrative Agent and as Collateral Agent, the Co-Syndication Agents and the Documentation Agents. Terms defined in the Credit Agreement are used herein as therein defined.

In this connection, we have examined the following documents:

1. a counterpart of each Credit Agreement, executed by the parties thereto; and
2. the other documents furnished to the Administrative Agent pursuant to Section 6.01(a) of each Credit Agreement, including (without limitation) the opinion of Michael D. VanHemert, Assistant General Counsel of the Borrower.

In our examination of the documents referred to above, we have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures, the due authority of the parties executing such documents and the conformity to the originals of

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all such documents submitted to us as copies. We have further assumed that you have evaluated, and are satisfied with, the creditworthiness of the Borrower and the business and financial terms evidenced by the Loan Documents. We have relied, as to factual matters, on the documents we have examined.

To the extent that our opinions expressed below involve conclusions as to matters governed by law other than the law of the State of New York, we have relied upon the opinion, dated the date hereof, of Michael D. VanHemert, Assistant General Counsel of the Borrower, and have assumed without independent investigation the correctness of the matters set forth therein.

Based upon and subject to the foregoing, and subject to the qualifications set forth below, we are of the following opinion:

1. The Credit Agreements, the Cash Collateral Agreements, the Issuing Bank Agreements and the Promissory Notes delivered on the date hereof pursuant to Section 6.01(a) of the Credit Agreements are the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

2. Each Cash Collateral Agreement will, upon the deposit of cash with the Collateral Agent pursuant thereto, create a valid security interest in the Collateral (as defined therein, but excluding the Account (as defined therein) and any other type of Collateral that is not subject to Article 9 of the UCC) securing payment of the Obligations (as defined therein).

Our opinion is subject to the following qualifications:

(a) The enforceability of the Borrower's obligations under the Credit Agreements, the Cash Collateral Agreements, the Issuing Bank Agreements and the Promissory Notes is subject to the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar law affecting creditors' rights generally.

(b) The enforceability of the Borrower's obligations under the Credit Agreements, the Cash Collateral Agreements, the Issuing Bank Agreements and the Promissory Notes is subject to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law). Such principles of equity are of general application, and, in applying such principles, a court, among other things, might not allow a contracting party to exercise remedies in respect of a default deemed immaterial, or might decline to order an obligor to perform covenants.

(c) We note further that, in addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the right of parties seeking to obtain indemnification under circumstances where the conduct of such parties is determined to have constituted negligence.

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(d) We express no opinion herein as to (i) Section 11.05 of either Credit Agreement, (ii) the enforceability of provisions purporting to grant to a party conclusive rights of determination, (iii) the availability of specific performance or other equitable remedies, (iv) the enforceability of rights to indemnity under federal or state securities laws or (v) the enforceability of waivers by parties of their respective rights and remedies under law. In addition, our opinion in paragraph 1 above is subject to the further qualification that certain provisions of the Cash Collateral Agreements are or may be unenforceable in whole or in part under the laws of the State of New York, but the inclusion of such provisions does not affect the validity of the Cash Collateral Agreements and each Cash Collateral Agreement contains adequate provisions for the practical realization of the rights and benefits afforded thereby, except for the economic consequences of any delay which may be imposed thereby or result therefrom.

(e) With respect to the opinions set forth in paragraph 2 above, we have assumed that the Borrower has not granted or permitted, nor does there otherwise exist, any execution or attachment on any of the Collateral or any other Lien therein or thereon which does not require steps for perfection under the Uniform Commercial Code of any jurisdiction to be enforceable against third parties.

(f) We express no opinion herein as to:

(i) the Borrower's rights in or title to any Collateral, or the authenticity or enforceability thereof;

(ii) the perfection or priority of any security interests.

(g) Our opinions expressed above are limited to the law of the State of New York, and we do not express any opinion herein concerning any other law.

The foregoing opinion is solely for your benefit and may not be relied upon by any other person or entity, other than any Person that may become a Lender under either Credit Agreement after the date hereof.

Very truly yours,

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EXHIBIT F

COMPUTATIONS USED BY BORROWER
IN DETERMINING COMPLIANCE WITH COVENANTS
CONTAINED IN SECTIONS 8.01(I) AND 8.01(J)

(Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the \$300,000,000 Credit Agreement, dated as of June 18, 2001, among CMS Energy Corporation, the Banks named therein, Barclays Bank PLC, as Administrative Agent and as Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, as Documentation Agents.)

I. SECTION 8.01(i) (Consolidated Leverage Ratio)

<TABLE>

<S>	<C>	<C>
(i)	Consolidated Debt	
	(a) Debt of the Borrower (See worksheet set forth on Schedule 1 hereto), plus	\$ -----
	(b) Aggregate debt of the Consolidated Subsidiaries (as such term is construed in accordance with GAAP), less	\$ -----
	(c) Project Finance Debt of the Borrower and the Consolidated Subsidiaries	\$ -----
	Total Consolidated Debt	\$ -----
(ii)	Consolidated EBITDA	
	(a) Pretax Operating Income(1)	\$ -----
	(b) Consolidated depreciation, depletion and amortization of the Borrower and the Consolidated Subsidiaries	\$ -----

(c)	Consolidated non-cash write-offs contained in pre-tax operating income of the Borrower and the Consolidated Subsidiaries	\$	-----
	Total Consolidated EBITDA	\$	-----
(iii)	Consolidated Leverage Ratio (i/ii)		-----
	Maximum Ratio - Section 8.01(i)		-----

</TABLE>

(1) Shall not include any operating income attributable to revenues and Consumers which are dedicated to the repayment of the Securitized Bonds.

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II. SECTION 8.01(j) (Cash Dividend Coverage Ratio)

<TABLE>

<S>	<C>		<C>
(i)	Cash Dividend Income		
	(a) Cash Dividend Income	\$	-----
	(b) 25% of Equity Distributions received by the Borrower (not to exceed \$10,000,000)	\$	-----
	(c) All amounts received by the Borrower from its Subsidiaries and Affiliates constituting reimbursement of interest expense (including commitment, guaranty and letter of credit fees) paid by the Borrower on behalf of any such Subsidiary or Affiliate	\$	-----
	Total Cash Dividend Income	\$	-----
(ii)	Interest expense (including commitment, guaranty and letter of credit fees) accrued by the Borrower in respect of all Debt	\$	-----
(iii)	Cash Dividend Income/Interest Expense Ratio ((i)/(ii))		-----
	Minimum Ratio - Section 8.01(j)		-----

</TABLE>

III. Project Finance Debt(1)

IV. Support Obligations(2)

V. Junior Subordinated Debt/Guaranties of Hybrid Preferred Securities(3)

VI. Other Hybrid Debt/Equity Securities(4)

(1) Set forth all Project Finance Debt of any Consolidated Subsidiary and the Borrower's Ownership Interest in such Consolidated Subsidiary.

(2) Set forth all Support Obligations of the Borrower of the types described in clauses (iv) and (v) of the definition of Support Obligations (whether or not each such Support Obligation or the primary obligation so supported is fixed, conclusively determined or reasonably quantifiable) unless such Support Obligation is previously disclosed as "CONSOLIDATED DEBT" pursuant to Section I or II above.

(3) Set forth all Junior Subordinated Debt owned by any Hybrid Preferred Securities Subsidiary and all guaranties by the Borrower of payments with respect to any Hybrid Preferred Securities.

(4) Set forth any hybrid debt/equity securities (other than Junior Subordinated Debt and Hybrid Preferred Securities) issued by the Borrower or any Consolidated Subsidiary and the amount of the Net Proceeds from each such issuance.

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Schedule 1
to
Exhibit F

Computation of Aggregate Debt of the Borrower

Aggregate Debt of the Borrower shall include (without duplication) any and all indebtedness, liabilities and other monetary obligations of the Borrower (whether for principal, interest, fees, costs, expenses or otherwise, and contingent or otherwise): (5)

<TABLE>

<S>	<C>	<C>
(i)	for borrowed money or evidenced by bonds, debentures, notes or other similar instruments	\$ -----
(ii)	to pay the deferred purchase price of property or services (except trade accounts payable arising in the ordinary course of business which are not overdue)	\$ -----
(iii)	as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases	\$ -----
(iv)	under reimbursement or similar agreements with respect to letters of credit issued thereunder	\$ -----
(v)	under any interest rate swap, "cap", "collar" or other hedging agreements; provided, however, for purposes of the calculation of Debt for this clause only, the actual amount of Debt of the Borrower shall be determined on a net basis to the extent such agreements permit such amounts to be calculated on a net basis	\$ -----
(vi)	to pay rent or other amounts under leases entered into in connection with sale and leaseback transactions involving assets of the Borrower being sold in connection therewith	\$ -----
(vii)	arising from any accumulated funding deficiency (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) for a Plan	\$ -----
(viii)	direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to warrant or hold harmless, pursuant to a legally binding agreement, a creditor against loss in respect of, Debt of others referred to in clauses (i) through (vii) above	\$ -----

</TABLE>

(5) See the definition of "Consolidated Debt" contained in the Credit Agreement for certain exclusions from Debt of the Borrower.

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<TABLE>

<S>	<C>	<C>
(ix)	other guaranty or similar financial obligations in respect of the performance of others, including, without limitation, any financial obligation, contingent or otherwise, of the Borrower guaranteeing or otherwise supporting any Debt or other obligation of any other Person in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, direct or indirect	\$ -----
(A)	to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt	\$ -----
(B)	to purchase property, securities or services for the purpose of assuring the owner of such Debt of the payment of such Debt	\$ -----
(C)	to maintain working capital, equity capital, available cash or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Debt	\$ -----
(D)	to provide equity capital under or in respect of equity subscription arrangements (to the extent that such obligation to provide equity capital does not otherwise constitute Debt) (6)	\$ -----
(E)	to perform, or arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations of the primary obligor(7)	\$ -----
(F)	Other	\$ -----
Total of Debt of the Borrower		\$ -----

</TABLE>

(6) Set forth only the net amount of certain Support Obligations provided by the Borrower in connection with the purchases and sales of natural gas, natural gas liquids, gas condensates, electricity, oil, propane, coal, any other commodity, weather derivatives or any derivative instrument by MS&T, as detailed in Annex A to this Schedule 1.

(7) For purposes of this clause do not include Support Obligations if such Support Obligation or the primary obligation so supported is not fixed or conclusively determined or is not otherwise reasonably quantifiable as of the date of determination.

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Annex A

Details Regarding MS&T Transactions (8)

Support Obligations Relating to Obligations

Aggregate amount of Support Obligations provided by the Borrower in respect of MS&T's obligations under any Covering Transaction

- (a) [List each such Support Obligation] \$ _____
- (b) \$ _____
- (c) \$ _____
- (d) \$ _____

Less:

Aggregate amount of any Support Obligations provided by any Counterparty Guarantor or any irrevocable letter of credit issued for the account of any Counterparty or Counterparty Guarantor

- (a) [List each such Support Obligation or letter of credit that relates to the corresponding subsection above] \$ _____
- (b) \$ _____
- (c) \$ _____
- (d) \$ _____

(8) See subsection (d) of the definition of "Consolidated Debt" contained in the Credit Agreement for the specific requirements of any offsetting Support Obligations.

FORM OF LENDER ASSIGNMENT

Dated _____, _____

Reference is made to the \$300,000,000 Credit Agreement, dated as of June 18, 2001 (said Agreement, as it may hereafter be amended or otherwise modified from time to time, being the "CREDIT AGREEMENT"), the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Borrower, the Lenders named therein, Barclays Bank PLC, as Administrative Agent and as Collateral Agent, Bank of America, N.A. and The Chase Manhattan Bank, as Co-Syndication Agents, and Citibank, N.A. and Union Bank of California, as Documentation Agents. Pursuant to the Credit Agreement, _____ (the "ASSIGNOR") has committed to make loans ("LOANS") to the Borrower[, which Loans are evidenced by a promissory note (the "NOTE") issued by the Borrower to the Assignor].

The Assignor and _____ (the "ASSIGNEE") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the date hereof which represents the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement (the "ASSIGNED INTEREST"), including, without limitation, such interest in the Assignor's Commitment, such Assignor's Swingline Exposure[,] [and] the Loans owing to the Assignor [and the Note held by the Assignor]. After giving effect to such sale and assignment, the Assignee's Commitments and the amount of the Loans owing to the Assignee in the aggregate will be as set forth in Section 2 of Schedule 1. The effective date of this sale and assignment shall be the date specified in Section 3 of Schedule 1 (the "EFFECTIVE DATE").

2. On _____, 20____, the Assignee will pay to the Assignor, in same day funds, at such address and account as the Assignor shall

advise the Assignee, \$ _____, and (subject to the satisfaction of the requirements set forth in Section 11.07(d) of the Credit Agreement) the sale and assignment contemplated hereby shall thereupon become effective as of the Effective Date. From and after the Effective Date, the Assignor agrees that the Assignee shall be entitled to all rights, powers and privileges of the Assignor under the Credit Agreement [and the Note] to the extent of the Assigned Interest, including without limitation (i) the right to receive all payments in respect of the Assigned Interest for the period from and after the Effective Date, whether on account of principal, interest, fees, indemnities in respect of claims arising after the Effective Date, increased costs, additional amounts or otherwise, (ii) the right to vote and to instruct the Agents under the Credit Agreement according to its Percentage based on the Assigned Interest, (iii) the right to set-off and to appropriate and apply deposits of the Borrower as set forth in the Credit Agreement and (iv) the right to receive notices, requests, demands and other communications. The Assignor agrees that it will promptly remit to the Assignee any amount received by it in respect of the Assigned Interest (whether from the Borrower, any Agent or otherwise) in the same funds in which such amount is received by the Assignor.

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3. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) represents and warrants to the Assignee and the Administrative Agent that it has duly executed and delivered this Assignment and that the execution, delivery and performance by the Assignor of this Assignment have been duly authorized by all necessary action (corporate or otherwise). Except as specified in this Section 3, the assignment of the Assigned Interest contemplated hereby shall be without recourse to the Assignor.

4. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 7.01(e) (i) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and purchase the Assigned Interest, (ii) agrees that it will, independently and without reliance upon the Assignor and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, (iii) confirms that it satisfies the requirements of an Eligible Assignee, (iv) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to each Agent by the terms thereof, together with such powers as are reasonably incidental thereto, (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender and (vi) represents and warrants to the Assignor and the Administrative Agent that it has duly executed and delivered this Assignment and that the execution, delivery and performance by the Assignor of this Assignment have been duly authorized by all necessary action (corporate or otherwise).

5. This Assignment may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

6. This Assignment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed by their respective officers thereunto duly authorized, as of the date first above written, such execution being made on Schedule 1 hereto.

Schedule 1
to
Assignment Agreement
Dated _____, 20__

Section 1.
Percentage Interest: _____ %

Section 2.
Assignee's Commitment: \$ _____
Assignee's Swingline Exposure: \$ _____
Aggregate Outstanding Principal Amount of Loans owing
to the Assignee: \$ _____

Section 3.
Effective Date: _____, 20__

[NAME OF ASSIGNOR]

By: _____
Name:
Title:

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Consented to

CMS ENERGY CORPORATION(1)

By: _____
Name:
Title:

BARCLAYS BANK PLC,
as Administrative Agent

By: _____
Name:
Title:

(1) Consent of the Borrower and the Administrative Agent is required for all assignments except for any assignment by a Lender to any of its Affiliates or to any other Lender or any of its Affiliates.

TERMS OF SUBORDINATION
(Junior Subordinated Debt)

ARTICLE _____

SUBORDINATION

Section ____ .1 Applicability of Article; Securities Subordinated to Senior Indebtedness. (a) This Article ____ shall apply only to the Securities of any series which, pursuant to Section ____, are expressly made subject to this Article. Such Securities are referred to in this Article ____ as "Subordinated Securities."

(b) The Issuer covenants and agrees, and each Holder of

Subordinated Securities by his acceptance thereof likewise covenants and agrees, that the indebtedness represented by the Subordinated Securities and the payment of the principal and interest, if any, on the Subordinated Securities is subordinated and subject in right, to the extent and in the manner provided in this Article, to the prior payment in full of all Senior Indebtedness.

"Senior Indebtedness" means the principal of and premium, if any, and interest on the following, whether outstanding on the date hereof or thereafter incurred, created or assumed: (i) indebtedness of the Issuer for money borrowed by the Issuer (including purchase money obligations) or evidenced by debentures (other than the Subordinated Securities), notes, bankers' acceptances or other corporate debt securities, or similar instruments issued by the Issuer; (ii) all capital lease obligations of the Issuer; (iii) all obligations of the Issuer issued or assumed as the deferred purchase price of property, all conditional sale obligations of the Issuer and all obligations of the Issuer under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business); (iv) obligations with respect to letters of credit; (v) all indebtedness of others of the type referred to in the preceding clauses (i) through (iv) assumed by or guaranteed in any manner by the Issuer or in effect guaranteed by the Issuer; (vi) all obligations of the type referred to in clauses (i) through (v) above of other persons secured by any lien on any property or asset of the Issuer (whether or not such obligation is assumed by the Issuer), except for (1) any such indebtedness that is by its terms subordinated to or pari passu with the Subordinated Notes, as the case may be, including all other debt securities and guaranties in respect of those debt securities, issued to any other trusts, partnerships or other entities affiliated with the Issuer which act as a financing vehicle of the Issuer in connection with the issuance of preferred securities by such entity or other securities which rank pari passu with, or junior to, the Preferred Securities, and (2) any indebtedness between or among the Issuer and its affiliates; and/or (vii) renewals, extensions or refundings of any of the indebtedness referred to in the preceding clauses unless, in the case of any particular indebtedness, renewal, extension or refunding, under the express provisions of the instrument creating or evidencing the same or the assumption or guarantee of the same, or pursuant to which the same is outstanding, such indebtedness or such renewal, extension or refunding thereof is not superior in right of payment to the Subordinated Securities.

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This Article shall constitute a continuing obligation to all Persons who, in reliance upon such provisions become holders of, or continue to hold, Senior Indebtedness, and such provisions are made for the benefit of the holders of Senior Indebtedness, and such holders are made obligees hereunder and they and/or each of them may enforce such provisions.

Section ____2 Issuer Not to Make Payments with Respect to Subordinated Securities in Certain Circumstances. (a) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, all principal thereof and premium and interest thereon shall first be paid in full, or such payment duly provided for in cash in a manner satisfactory to the holders of such Senior Indebtedness, before any payment is made on account of the principal of, or interest on, Subordinated Securities or to acquire any Subordinated Securities or on account of any sinking fund provisions of any Subordinated Securities (except payments made in capital stock of the Issuer or in warrants, rights or options to purchase or acquire capital stock of the Issuer, sinking fund payments made in Subordinated Securities acquired by the Issuer before the maturity of such Senior Indebtedness, and payments made through the exchange of other debt obligations of the Issuer for such Subordinated Securities in accordance with the terms of such Subordinated Securities, provided that such debt obligations are subordinated to Senior Indebtedness at least to the extent that the Subordinated Securities for which they are exchanged are so subordinated pursuant to this Article ____).

(b) Upon the happening and during the continuation of any default in payment of the principal of, or interest on, any Senior Indebtedness when the same becomes due and payable or in the event any judicial proceeding shall be pending with respect to any such default, then, unless and until such default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Issuer with respect to the principal of, or interest on, Subordinated Securities or to acquire any Subordinated Securities or on account of any sinking fund provisions of Subordinated Securities (except payments made in capital stock of the Issuer or in warrants, rights, or options to purchase or acquire capital stock of the Issuer, sinking fund payments made

in Subordinated Securities acquired by the Issuer before such default and notice thereof, and payments made through the exchange of other debt obligations of the Issuer for such Subordinated Securities in accordance with the terms of such Subordinated Securities, provided that such debt obligations are subordinated to Senior Indebtedness at least to the extent that the Subordinated Securities for which they are exchanged are so subordinated pursuant to this Article ____).

(c) In the event that, notwithstanding the provisions of this Section ____.2, the Issuer shall make any payment to the Trustee on account of the principal of or interest on Subordinated Securities, or on account of any sinking fund provisions of such Securities, after the maturity of any Senior Indebtedness as described in Section ____.2(a) above or after the happening of a default in payment of the principal of or interest on any Senior Indebtedness as described in Section ____.2(b) above, then, unless and until all Senior Indebtedness which shall have matured, and all premium and interest thereon, shall have been paid in full (or the declaration of acceleration thereof shall have been rescinded or annulled), or such default shall have been cured or waived or shall have ceased to exist, such payment (subject to the provisions of Sections ____.6 and ____.7) shall be held by the Trustee, in trust for the benefit of, and shall be paid forthwith over and delivered to, the holders of such Senior Indebtedness (pro rata as to each of such holders on the basis of the respective amounts of Senior Indebtedness held by them) or

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their representative or the trustee under the indenture or other agreement (if any) pursuant to which such Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all such Senior Indebtedness remaining unpaid to the extent necessary to pay the same in full in accordance with its terms, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness. The Issuer shall give prompt written notice to the Trustee of any default in the payment of principal of or interest on any Senior Indebtedness.

Section ____.3 Subordinated Securities Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of Issuer. Upon any distribution of assets of the Issuer in any dissolution, winding up, liquidation or reorganization of the Issuer (whether voluntary or involuntary, in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise):

(a) the holders of all Senior Indebtedness shall first be entitled to receive payments in full of the principal thereof and premium and interest due thereon, or provision shall be made for such payment, before the Holders of Subordinated Securities are entitled to receive any payment on account of the principal of or interest on such Securities;

(b) any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities (other than securities of the Issuer as reorganized or readjusted or securities of the Issuer or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Article ____ with respect to Subordinated Securities, to the payment in full without diminution or modification by such plan of all Senior Indebtedness), to which the Holders of Subordinated Securities or the Trustee on behalf of the Holders of Subordinated Securities would be entitled except for the provisions of this Article ____ shall be paid or delivered by the liquidating trustee or agent or other person making such payment or distribution directly to the holders of Senior Indebtedness or their representative, or to the trustee under any indenture under which Senior Indebtedness may have been issued (pro rata as to each such holder, representative or trustee on the basis of the respective amounts of unpaid Senior Indebtedness held or represented by each), to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution or provision thereof to the holders of such Senior Indebtedness; and

(c) in the event that notwithstanding the foregoing provisions of this Section ____.3, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities (other than securities of the Issuer as reorganized or

readjusted or securities of the Issuer or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Article ____ with respect to Subordinated Securities, to the payment in full without diminution or modification by such plan of all Senior Indebtedness), shall be received by the Trustee or the Holders of the Subordinated Securities on account of principal of or interest on the Subordinated Securities before all Senior Indebtedness is paid in full, or effective provision made for its payment, such payment or distribution

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(subject to the provisions of Section ____.6 and ____.7) shall be received and held in trust for and shall be paid over to the holders of the Senior Indebtedness remaining unpaid or unprovided for or their representative, or to the trustee under any indenture under which such Senior Indebtedness may have been issued (pro rata as provided in subsection (b) above), for application to the payment of such Senior Indebtedness until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution or provision therefor to the holders of such Senior Indebtedness.

The Issuer shall give prompt written notice to the Trustee of any dissolution, winding up, liquidation or reorganization of the Issuer.

The consolidation of the Issuer with, or the merger of the Issuer into, another corporation or the liquidation or dissolution of the Issuer following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided for in Article ____ hereof shall not be deemed a dissolution, winding up, liquidation or reorganization for the purposes of this Section ____.3 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated such in Article ____.

Section ____.4 Holders of Subordinated Securities to be Subrogated to Right of Holders of Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness, the Holders of Subordinated Securities shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Issuer applicable to the Senior Indebtedness until all amounts owing on Subordinated Securities shall be paid in full, and for the purposes of such subrogation no payments or distributions to the holders of the Senior Indebtedness by or on behalf of the Issuer or by or on behalf of the Holders of Subordinated Securities by virtue of this Article ____ which otherwise would have been made to the Holders of Subordinated Securities shall, as between the Issuer, its creditors other than holders of Senior Indebtedness and the Holders of Subordinated Securities, be deemed to be payment by the Issuer to or on account of the Senior Indebtedness, it being understood that the provisions of this Article ____ are and are intended solely for the purpose of defining the relative rights of the Holders of the Subordinated Securities, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

Section ____.5 Obligation of the Issuer Unconditional. Nothing contained in this Article ____ or elsewhere in this Indenture or in any Subordinated Security is intended to or shall impair, as among the Issuer, its creditors other than holders of Senior Indebtedness and the Holders of Subordinated Securities, the obligation of the Issuer, which is absolute and unconditional, to pay to the Holders of Subordinated Securities the principal of, and interest on, Subordinated Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of Subordinated Securities and creditors of the Issuer other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the Holder of any Subordinated Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article ____ of the holders of Senior Indebtedness in respect of cash, property or securities of the Issuer received upon the exercise of any such remedy. Upon any payment or distribution of assets of the Issuer referred to in this Article ____,

the Trustee and Holders of Subordinated Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, or, subject to the provisions of Section ___ and ___, a certificate of the receiver, trustee in bankruptcy, liquidating trustee or agent or other Person making such payment or distribution to the Trustee or the Holders of Subordinated Securities, for the purposes of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Issuer, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article ___.

Nothing contained in this Article ___ or elsewhere in this Indenture or in any Subordinated Security is intended to or shall affect the obligation of the Issuer to make, or prevent the Issuer from making, at any time except during the pendency of any dissolution, winding up, liquidation or reorganization proceeding, and, except as provided in subsections (a) and (b) of Section ___.2, payments at any time of the principal of, or interest on, Subordinated Securities.

Section ___.6 Trustee Entitled to Assume Payments Not Prohibited in Absence of Notice. The Issuer shall give prompt written notice to the Trustee of any fact known to the Issuer which would prohibit the making of any payment or distribution to or by the Trustee in respect of the Subordinated Securities. Notwithstanding the provisions of this Article ___ or any provision of this Indenture, the Trustee shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment or distribution to or by the Trustee, unless at least two Business Days prior to the making of any such payment, the Trustee shall have received written notice thereof from the Issuer or from one or more holders of Senior Indebtedness or from any representative thereof or from any trustee therefor, together with proof satisfactory to the Trustee of such holding of Senior Indebtedness or of the authority of such representative or trustee; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Sections ___ and ___, shall be entitled to assume conclusively that no such facts exist. The Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a representative or trustee on behalf of the holder) to establish that such notice has been given by a holder of Senior Indebtedness (or a representative of or trustee on behalf of any such holder). In the event that the Trustee determines, in good faith, that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payments or distribution pursuant of this Article ___, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, as to the extent to which such Person is entitled to participate in such payment or distribution, and as to other facts pertinent to the rights of such Person under this Article ___, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The Trustee, however, shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and nothing in this Article ___ shall apply to claims of, or payments to, the Trustee under or pursuant to Section ___.

Section ___.7 Application by Trustee of Monies or Government Obligations Deposited with It. Money or Government Obligations deposited in trust with the Trustee

pursuant to and in accordance with Section ___ shall be for the sole benefit of Securityholders and, to the extent allocated for the payment of Subordinated Securities, shall not be subject to the subordination provisions of this Article ___, if the same are deposited in trust prior to the happening of any event specified in Section ___.2. Otherwise, any deposit of monies or Government Obligations by the Issuer with the Trustee or any paying agent (whether or not in trust) for the payment of the principal of, or interest on, any Subordinated Securities shall be subject to the provisions of Section ___.1, ___.2 and ___.3 except that, if prior to the date on which by the terms of this Indenture any such monies may become payable for any purposes (including, without limitation, the payment of the principal of, or the interest, if any, on any Subordinated

Security) the Trustee shall not have received with respect to such monies the notice provided for in Section ____.6, then the Trustee or the paying agent shall have full power and authority to receive such monies and Government Obligations and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such date. This Section ____.7 shall be construed solely for the benefit of the Trustee and paying agent and, as to the first sentence hereof, the Securityholders, and shall not otherwise effect the rights of holders of Senior Indebtedness.

Section ____.8 Subordination Rights Not Impaired by Acts or Omissions of Issuer or Holders of Senior Indebtedness. No rights of any present or future holders of any Senior Indebtedness to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Issuer or by any act or failure to act, in good faith, by any such holders or by any noncompliance by the Issuer with the terms of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness of the Issuer may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Subordinated Securities, without incurring responsibility to the Holders of the Subordinated Securities and without impairing or releasing the subordination provided in this Article ____ or the obligations hereunder of the Holders of the Subordinated Securities to the holders of such Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, such Senior Indebtedness, or otherwise amend or supplement in any manner such Senior Indebtedness or any instrument evidencing the same or any agreement under which such Senior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing such Senior Indebtedness; (iii) release any Person liable in any manner for the collection for such Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against the Issuer, as the case may be, and any other Person.

Section ____.9 Securityholders Authorize Trustee to Effectuate Subordination of Securities. Each Holder of Subordinated Securities by his acceptance thereof authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article ____ and appoints the Trustee his attorney-in-fact for such purpose, including in the event of any dissolution, winding up, liquidation or reorganization of the Issuer (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise) the immediate filing of a claim for the unpaid balance of his Subordinated Securities in the form required in said

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proceedings and causing said claim to be approved. If the Trustee does not file a proper claim or proof of debt in the form required in such proceeding prior to 30 days before the expiration of the time to file such claim or claims, then the holders of Senior Indebtedness have the right to file and are hereby authorized to file an appropriate claim for and on behalf of the Holders of said Securities.

Section ____.10 Right of Trustee to Hold Senior Indebtedness. The Trustee in its individual capacity shall be entitled to all of the rights set forth in this Article ____ in respect of any Senior Indebtedness at any time held by it to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

With respect to the holders of Senior Indebtedness of the Issuer, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article ____, and no implied covenants or obligations with respect to the holders of such Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of such Senior Indebtedness and, subject to the provisions of Sections ____.2 and ____.3, the Trustee shall not be liable to any holder of such Senior Indebtedness if it shall pay over or deliver to Holders of Subordinated Securities, the Issuer or

any other Person money or assets to which any holder of such Senior Indebtedness shall be entitled by virtue of this Article ____ or otherwise.

Section ____ .11 Article ____ Not to Prevent Events of Defaults. The failure to make a payment on account of principal or interest by reason of any provision in this Article ____ shall not be construed as preventing the occurrence of an Event of Default under Section ____.

TERMS OF SUBORDINATION
(Guaranty of Hybrid Preferred Securities)

SECTION ____ . This Guarantee will constitute an unsecured obligation of the Guarantor and will rank subordinate and junior in right of payment to all other liabilities of the Guarantor and pari passu with any guarantee now or hereafter entered into by the Guarantor in respect of the securities representing common beneficial interests in the assets of the Issuer or of any preferred or preference stock of any affiliate of the Guarantor.

CMS ENERGY CORPORATION
Ratio of Earnings to Fixed Charges
(Millions of Dollars)

<TABLE>
<CAPTION>

Years Ended December 31 -					Three months ended March 31,		
2000	1999	1998	1997	1996	2001	2000	

(b)		(c)			<C>	<C>	
<S>	<C>	<C>	<C>	<C>		<C>	
Earnings as defined (a)							
Consolidated net income					\$	109	80
\$ 36	\$ 277	\$ 242	\$ 244	\$ 224			
Income taxes					59	53	
60	64	100	108	137			
Exclude equity basis subsidiaries					(32)	(36)	
(171)	(84)	(92)	(80)	(85)			
Fixed charges as defined, adjusted to exclude capitalized interest of \$14 and \$10 million for the three months ended March 31, 2001 and 2000, respectively and \$49, \$41, \$29, \$13 and \$5 million for the years ended December 31, 2000, 1999, 1998, 1997, and 1996, respectively					145	140	
597	525	346	317	278			

Earnings as defined					\$	281	237
\$ 522	\$ 782	\$ 596	\$ 589	\$ 554			
=====							
Fixed charges as defined (a)							
Interest on long-term debt					\$	145	148
\$ 591	\$ 502	\$ 319	\$ 273	\$ 230			
Estimated interest portion of lease rental					2	2	

7	7	8	8	10			
Other interest charges					12	-	
48	57	48	49	43			
Preferred securities dividends and distributions					0	-	
0	0	0	0	0			

Fixed charges as defined						\$ 159	150
\$ 646	\$ 566	\$ 375	\$ 330	\$ 283			
=====							
Ratio of earnings to fixed charges						1.77	1.58
-	1.38	1.59	1.78	1.96			
=====							

</TABLE>

NOTES:

(a) Earnings and fixed charges as defined in instructions for Item 503 of Regulation S-K.

(b) For the year ended December 31, 2000, fixed charges exceeded earnings by \$124 million. Earnings as defined include a \$329 million pretax impairment loss on the Loy Yang investment. The ratio of earnings to fixed charges would have been 1.32 excluding this amount.

(c) Excludes a cumulative effect of change in accounting after-tax gain of \$43 million.

CMS ENERGY CORPORATION
Ratio of Earnings to Fixed Charges and Preferred Securities Dividends and
Distributions
(Millions of Dollars)

<TABLE>
<CAPTION>

Three months
ended March 31,

Years Ended December 31 -

	2000	1999	1998	1997	1996	2001	2000

(b)			(c)				
<S>						<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>		
Earnings as defined (a)							
Consolidated net income						\$ 109	80
\$ 36	\$ 277	\$ 242	\$ 244	\$ 224			
Income taxes						59	33
60	64	100	108	137			
Exclude equity basis subsidiaries						(32)	(36)
(171)	(84)	(92)	(80)	(85)			
Fixed charges as defined, adjusted to excluded capitalized of \$14 and \$10 million for the three months ended March 31, 2001 and 2000 respectively and \$49, \$41, \$29, \$13 and \$5 million for the years ended December 31, 2000, 1999, 1998, 1997, and 1996, respectively.						173	188
744	588	395	360	313			

Earnings as defined						\$ 309	\$ 285
\$ 669	\$ 845	\$ 645	\$ 632	\$ 589			
=====							
Fixed charges as defined (a)							
Interest on long-term debt						\$ 145	\$ 148
\$ 591	\$ 502	\$ 319	\$ 273	\$ 230			
Estimated interest portion of lease rental						2	2
7	7	8	8	10			
Other interest charges						12	-
48	57	48	49	43			
Preferred securities dividends and distributions						28	35
147	96	77	67	54			

Fixed charges as defined						\$ 187	\$ 185
\$793	\$ 662	\$ 452	\$ 397	\$ 337			
=====							

Ratio of earnings to fixed charges and

preferred securities dividends and distributions					1.65	1.54
-	1.28	1.43	1.59	1.75		
					=====	
=====						

</TABLE>

NOTES:

(a) Earnings and fixed charges as defined in instructions for Item 503 of Regulation S-K.

(b) For the year ended December 31, 2000, fixed charges exceeded earnings by \$124 million. Earnings as defined include a \$329 million pretax impairment loss on the Loy Yang investment. The ratio of earnings to fixed charges and preferred securities dividends and distributions would have been 1.26 excluding this amount.

(c) Excludes a cumulative effect of change in accounting after-tax gain of \$43 million.

July 31, 2001

To CMS Energy Corporation:

We are aware that CMS Energy Corporation has incorporated by reference in this registration statement its Form 10-Q for the quarter ended March 31, 2001, which includes our report dated April 27, 2001 covering the unaudited interim financial information contained therein. Pursuant to Regulation C of the Securities Act of 1933, this report is not considered a part of the registration statement prepared or certified by our Firm or a report prepared or certified by our Firm within the meaning of Sections 7 and 11 of the Act.

Very truly yours,

/s/ Arthur Andersen LLP

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated February 2, 2001 included or incorporated by reference in CMS Energy Corporation's Form 10-K for the year ended December 31, 2000 and to all references to our Firm included in this registration statement.

/s/ Arthur Andersen LLP

Detroit, Michigan,
July 31, 2001.