

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-03-18** | Period of Report: **1993-12-31**
SEC Accession No. **0000201533-94-000020**

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

FILER

CONSUMERS POWER CO

CIK: **201533** | IRS No.: **380442310** | State of Incorporation: **MI** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-05611** | Film No.: **94516654**
SIC: **4931** Electric & other services combined

Business Address
212 W MICHIGAN AVE
JACKSON MI 49201
5177881030

CMS ENERGY CORP

CIK: **811156** | IRS No.: **382726431** | State of Incorporation: **MI** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-09513** | Film No.: **94516655**
SIC: **4931** Electric & other services combined

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

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

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended December 31, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from _____ to _____

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
---------------------------	--	------------------------------------

1-9513	CMS ENERGY CORPORATION (A Michigan Corporation) Fairlane Plaza South, Suite 1100 330 Town Center Drive Dearborn, Michigan 48126 (313)436-9261	38-2726431
--------	--	------------

1-5611	CONSUMERS POWER COMPANY (A Michigan Corporation) 212 West Michigan Avenue Jackson, Michigan 49201 (517)788-1030	38-0442310
--------	---	------------

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

Registrant	Title of Class	Name of Each Exchange on Which Registered
CMS Energy Corporation	Common Stock, \$.01 par value	New York Stock Exchange
Consumers Power Company	Listed on inside cover	

Securities registered pursuant to Section 12(g) of the Act: None

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

Yes No
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Consumers Power Company securities registered pursuant to Section 12(b) of the Act:

FIRST MORTGAGE BONDS:

5-7/8% Series due 1996
6-7/8% Series due 1998
6-5/8% Series due 1998

7-1/2% Series due 2001
 7-1/2% Series due June 1, 2002

PREFERRED STOCK - Cumulative

\$100 par value:

\$4.16 Series \$7.68 Series
 \$4.50 Series \$7.72 Series
 \$7.45 Series \$7.76 Series

All securities listed above are registered on the New York Stock Exchange.

The aggregate market value of the voting stock of CMS Energy Corporation held by non-affiliates, was \$1,942,392,566 based on the closing sale price of \$22-3/4 per share for the 85,379,893 common shares, \$.01 par value, outstanding on February 28, 1994. CMS Energy held all 84,108,789 outstanding common shares, \$10 par value, of Consumers Power Company, and the market value of the voting preferred stock of Consumers, held by non-affiliates, was \$142,550,827 based on the closing sale price shown below.

Aggregate market value of Consumers' voting stock held by non-affiliates.

Type of Stock	Number Shares Outstanding	Transaction		Market Value
		Price/Share	Date	
(2/28/94)				
Preferred:				
\$4.16	68,451	\$58	1/05/94	\$ 3,970,158
4.50	373,148	60	2/23/94	22,388,880
7.45	379,549	96-1/2	2/22/94	36,626,479
7.68	207,565	97-1/2	2/23/94	20,237,588
7.72	289,642	99	2/22/94	28,674,558
7.76	308,072	99-1/2	2/28/94	30,653,164

Total	1,626,427			\$142,550,827
=====				

Documents incorporated by reference:

The Registrants' proxy statements relating to the 1994 annual meetings of shareholders to be held May 27, 1994, are incorporated by reference in Part III, except for the organization and compensation committee report contained therein.

3

CMS ENERGY CORPORATION
 and
 CONSUMERS POWER COMPANY

ANNUAL REPORTS ON FORM 10-K
 TO THE SECURITIES AND EXCHANGE COMMISSION
 FOR THE YEAR ENDED DECEMBER 31, 1993

This combined Form 10-K is separately filed by CMS Energy Corporation and Consumers Power Company. Information contained herein relating to each individual registrant is filed by such registrant on its own behalf. Accordingly, except for its subsidiaries, Consumers Power Company makes no representation as to information relating to any other companies affiliated with CMS Energy Corporation.

TABLE OF CONTENTS

	Page
PART I	
Item 1. Business	9
Item 2. Properties	32
Item 3. Legal Proceedings	40
Item 4. Submission of Matters to a Vote of Security Holders	46
PART II	
Item 5. Market for CMS Energy's and Consumers' Common Equity	

	and Related Stockholder Matters	47
Item 6.	Selected Financial Data	47
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	47
Item 8.	Financial Statements and Supplementary Data	48
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	144

PART III

Item 10.	Directors and Executive Officers of CMS Energy and Consumers	144
Item 11.	Executive Compensation	144
Item 12.	Security Ownership of Certain Beneficial Owners and Management	144
Item 13.	Certain Relationships and Related Transactions	144

PART IV

Item 14.	Exhibits, Financial Statement Schedules and Reports on Form 8-K	144
----------	---	-----

GLOSSARY

Certain terms used in the text and notes are defined below.

ABATE	Association of Businesses Advocating Tariff Equity
ALJ	Administrative Law Judge
AMT	Alternative minimum tax
ANI	American Nuclear Insurers
Articles.	Articles of Incorporation
Attorney General.	The Michigan Attorney General
bcf	Billion cubic feet
Capacity Charge Order	A May 7, 1991, Michigan Court of Appeals order dealing with issues in MPSC Case No. U-8871, and others, concerning among other things, the amount of additional capacity needed by Consumers, the applicable avoided capacity charges and the allocation of capacity in Consumers' electric system
CERCLA.	Comprehensive Environmental Response Compensation and Liability Act
Clean Air Act	Federal Clean Air Act as amended on November 15, 1990
CMS Debentures.	CMS Energy debentures in the principal amount of \$1.4 billion issued on March 12, 1990 in exchange for the outstanding capital stock of CMS Midland, MDC and MGL
CMS Energy.	CMS Energy Corporation
CMS Gas Marketing	CMS Gas Marketing Company, a subsidiary of Enterprises
CMS Gas Transmission.	CMS Gas Transmission and Storage Company, a subsidiary of Enterprises
CMS Generation.	CMS Generation Co., a subsidiary of Enterprises
CMS Generation S. A..	CMS Generation S. A., a subsidiary of CMS Generation
CMS Holdings.	CMS Midland Holdings Company, a subsidiary of MGL
CMS Midland	CMS Midland Inc., a subsidiary of MGL
Consumers	Consumers Power Company
Court of Appeals.	Michigan Court of Appeals
Detroit Edison.	The Detroit Edison Company
DNR	Michigan Department of Natural Resources
DOE	U. S. Department of Energy
Dow	The Dow Chemical Company
DSM	Demand-side management
EMF	Electric and magnetic fields
Energy Act.	Energy Policy Act of 1992

Enterprises	CMS Enterprises Company, a subsidiary of CMS Energy
EPA	Environmental Protection Agency
FASB.	Financial Accounting Standards Board
FERC.	Federal Energy Regulatory Commission
FMLP.	First Midland Limited Partnership
FPC	Federal Power Commission
GCR	Gas cost recovery
Huron	Huron Hydrocarbons, Inc., a subsidiary of Consumers
Indentures.	Indenture pursuant to which the Notes are issued, including the First Supplemental Indenture and Second Supplemental Indenture thereto
Independent Cogenerators.	Ten small power and cogeneration developers who signed a settlement proposal on July 7, 1992, as revised in September 1992
ITC	Investment tax credit
kW	Kilowatt
kWh	Kilowatt-hour
mcf	Thousand cubic feet
MCV	Midland Cogeneration Venture
MCV Bonds	Collectively, senior secured lease obligation bonds and subordinated secured lease obligation bonds issued in connection with the leveraged-lease financing of the MCV Facility, and tax- exempt PCRBS
MCV Facility.	A natural gas-fueled, combined cycle cogeneration facility operated by the MCV Partnership
MCV Partnership	Midland Cogeneration Venture Limited Partnership
MDC	MEC Development Corp., a subsidiary of MGL
MGL	Midland Group, Ltd., a subsidiary of Consumers
Michigan Gas Storage.	Michigan Gas Storage Company, a subsidiary of Consumers
MMbbls.	Million barrels
MMBTu	Million British thermal unit
MMCG.	Michigan Municipal Cooperative Group
MOAPA	MOAPA Energy Limited Partnership, a wholly owned affiliate of CMS Generation
MPSC.	Michigan Public Service Commission
MW.	Megawatts
MWRC.	Michigan Waste Resources Commission
NEIL.	Nuclear Electric Insurance Ltd.
NML	Nuclear Mutual Ltd.
NOMECO.	NOMECO Oil & Gas Co., a wholly owned subsidiary of Enterprises
North Michigan.	North Michigan Land & Oil Corporation
Notes	Collectively,
Series A Notes.	Series A Senior Deferred Coupon Notes of CMS Energy due October 1, 1997
Series B Notes.	Series B Senior Deferred Coupon Notes of CMS Energy due October 1, 1999
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
O&M	Other operation and maintenance expense
Order 636	Orders affecting interstate gas pipelines, including Order 636A and 636B issued by the FERC in 1992, known also as the Restructuring Rule
Oxford.	The Oxford Energy Company
Palisades	Palisades nuclear plant, owned by Consumers
Panhandle	Panhandle Eastern Pipeline Company
PCB	Polychlorinated biphenyls

PCRB.	Pollution control revenue bond
Pension Plan.	The trustee, non-contributory, defined benefit pension plan of Consumers and CMS Energy
PFD	Proposal for Decision
Plateau	Plateau Resources Ltd., a former subsidiary of Consumers
PPA	The Power Purchase Agreement between Consumers and the MCV Partnership with a 35-year term commencing in March 1990
ppm	Parts per million
PSCR.	Power supply cost recovery
PUHCA	Public Utility Holding Company Act of 1935
PURPA	Public Utility Regulatory Policies Act of 1978
Qualifying Facility	A facility that produces electricity or steam and electricity and meets the ownership and technical requirements of PURPA. Electric utilities are required to purchase the electric capacity and energy made available by a Qualifying Facility at the purchasing utility's avoided cost.
Revised Settlement Proposal	The request for approval of a settlement proposal to resolve MCV cost recovery issues, PURPA issues and court remand as filed with the MPSC on July 7, 1992 and amended on September 8, 1992
SEC	Securities and Exchange Commission
Secured Credit Facility	\$220 million Secured Revolving Credit Facility dated November 30, 1992
SERP.	Supplemental Executive Retirement Plan
Settlement Order.	MPSC Order issued March 31, 1993 in MPSC Case Nos. U-10127, U-8871 and others, and the rehearing order issued May 26, 1993
Settlement Parties.	The proponents of the Revised Settlement Proposal: Consumers, the MPSC staff and the Independent Cogenerators
SFAS.	Statement of Financial Accounting Standards
Superfund	Comprehensive Environmental Response, Compensation and Liability Act
Trunkline	Trunkline Gas Company
Union	Utility Workers of America, AFL-CIO
UST	Underground storage tanks
Voluntary Employee Beneficiary Association	A legal entity, established under guidelines of the Internal Revenue Code, through which the company can provide certain benefits for its employees or retirees

(This page intentionally left blank)

PART I

ITEM 1. BUSINESS.

GENERAL

CMS Energy

CMS Energy, incorporated in Michigan in 1987, is the parent holding company of Consumers and Enterprises. Consumers, a combination electric and gas utility company serving most of the Lower Peninsula of Michigan, is the largest subsidiary of CMS Energy. Consumers' customer base

includes a mix of residential, commercial and diversified industrial customers, the largest of which is the automotive industry. Enterprises is engaged in several non-utility energy-related businesses including: 1) oil and gas exploration and production, 2) development and operation of independent power production facilities, 3) gas marketing services to end-users, and 4) transmission and storage of natural gas. For further information about subsidiary operations, see Item 1. BUSINESS.

SUBSIDIARIES. CMS Energy is exempt from registration under PUHCA, see Item 1. BUSINESS. CMS ENERGY AND CONSUMERS REGULATION.

CMS Energy's consolidated operating revenue in 1993 was derived approximately 61 percent from sales of electric energy, approximately 37 percent from sale, transportation and storage of natural gas, and approximately 2 percent from oil and gas exploration and production activities. Consumers' consolidated operations in the electric and gas businesses account for the major share of CMS Energy's total assets, revenue and income. CMS Energy's share of unconsolidated non-utility electric generation and gas transmission revenue for 1993 was \$337 million.

Consumers

Consumers was incorporated in Michigan in 1968 and is the successor to a corporation of the same name which was organized in Maine in 1910 and which did business in Michigan from 1915 to 1968.

Consumers is a public utility serving almost 6 million of Michigan's 9 million residents in 67 of the 68 counties in Michigan's Lower Peninsula. Industries in Consumers' service area include automotive, metal, chemical, food and wood products and a diversified group of other industries. Consumers' consolidated operating revenue in 1993 was derived approximately 64 percent from its electric business and approximately 36 percent from its gas business. Consumers' retail rates and certain other aspects of its business are subject to the jurisdiction of the MPSC. Consumers has five direct subsidiaries. For further information about subsidiary operations, see Item 1. BUSINESS. SUBSIDIARIES.

BUSINESS SEGMENTS

CMS Energy conducts its principal operations through the following five business segments: electric utility operations; gas utility operations; oil and gas exploration and production operations; independent power production; and gas transmission and marketing. Consumers or subsidiaries of Consumers are engaged in two segments: electric operations and gas operations. Consumers' electric and gas businesses are regulated utility operations.

Consumers

Electric Utility Operations

Consumers generates, purchases, transmits and distributes electricity and renders electric service in 61 of the 68 counties in the Lower Peninsula of Michigan. Principal cities served include Battle Creek, Flint, Grand Rapids, Jackson, Kalamazoo, Muskegon, Saginaw and Wyoming.

Consumers

Gas Utility Operations

Consumers purchases, transports, stores, and distributes gas and renders gas service in 40 of the 68 counties in the Lower Peninsula of Michigan. Principal cities served include Bay City, Flint, Jackson, Kalamazoo, Lansing, Pontiac and Saginaw, as well as the suburban Detroit area. Consumers' wholly owned subsidiary, Michigan Gas Storage, is engaged in the transportation and storage of natural gas in interstate commerce.

CMS Enterprises

CMS Generation Independent Power Production

CMS Generation, a wholly owned subsidiary of Enterprises, invests in, develops, converts and/or constructs and operates non-utility power generation plants both domestically and internationally.

CMS Generation currently has ownership interests in power plants in Michigan, California, Connecticut, New York and Argentina.

CMS Enterprises
NOMECO

Oil and Gas Exploration
and Production

NOMECO, a wholly owned subsidiary of Enterprises, and subsidiaries of NOMECO are engaged in the exploration for and production of oil and natural gas in Michigan and 12 other states, the Gulf of Mexico, Australia, Colombia, Ecuador, Equatorial Guinea, New Zealand, Papua New Guinea, Thailand and Yemen. NOMECO has 11 active wholly owned subsidiaries which are engaged in the exploration, development and operation of oil and gas interests and rights.

CMS Enterprises

Gas Transmission
and Storage

Enterprises has two subsidiaries which participate in non-utility natural gas businesses, including transportation, treating, storage and marketing.

FINANCIAL INFORMATION

CMS Energy

For information with respect to operating revenue, net operating income (loss) and assets and liabilities attributable to all of CMS Energy's business segments, refer to its Consolidated Financial Statements and to the Notes to Consolidated Financial Statements for the year ended December 31, 1993, in Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA, which is incorporated herein by reference.

Consumers

For information with respect to the operating revenue, net operating income (loss) and assets and liabilities attributable only to Consumers' business segments, refer to its Consolidated Financial Statements and to the Notes to Consolidated Financial Statements for the year ended December 31, 1993, in Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA, which is incorporated herein by reference.

EMPLOYEES

CMS Energy

As of February 28, 1994, CMS Energy and its subsidiaries had 9,874 full-time employees and 294 part-time employees for a total of 10,168 employees.

Consumers

As of February 28, 1994, Consumers and its subsidiaries had 9,434 full-time employees and 277 part-time employees for a total of 9,711 employees. This total includes 4,212 full-time operating, maintenance and construction employees of Consumers who are represented by the Union. A new collective bargaining agreement was negotiated between Consumers and the Union which became effective on June 1, 1992 and, by its terms, will continue in full force and effect until June 1, 1995.

SIGNIFICANT DEVELOPMENTS CONCERNING MCV COST RECOVERY ISSUES

The MCV Partnership was formed in January 1987 by subsidiaries of Consumers and Dow to convert a portion of Consumers' abandoned Midland Nuclear Plant into a natural gas-fueled, combined cycle cogeneration facility. The MCV Facility has been certified as a Qualifying Facility under PURPA. CMS Energy, certain other affiliates and the other partners in the MCV Partnership made certain contingent undertakings related to the MCV Partnership's sale and leaseback transaction. These included, but were not limited to, indemnifications related to tax matters and a commitment to extend a \$10 million standby working capital facility to the

MCV Partnership. In addition, CMS Energy and certain of its affiliates undertook certain indemnifications related to environmental matters regarding the site. Consumers' current interests in the MCV Partnership and the MCV Facility are discussed more fully in Note 3 of the Notes to Consolidated Financial Statements.

In 1987, Consumers signed a PPA with the MCV Partnership for the purchase of up to 1,240 megawatts of capacity for a 35-year period beginning with the MCV Facility's commercial operation in March 1990. Consumers' cost recovery from its electric customers for the amount of capacity purchased by Consumers from the MCV Partnership, the price paid by Consumers for that capacity and associated energy, and the method of rate recovery for those purchases had been at issue before the MPSC and the Michigan appellate courts since Consumers' first attempt to recover those costs in its annual power supply cost recovery proceedings. Because the MPSC consistently denied Consumers full recovery of the costs it incurred for its purchases from the MCV Partnership, Consumers incurred significant ongoing annual losses. On March 31, 1993, the MPSC issued an Opinion and Order on a Revised Settlement Proposal, which had been submitted by Consumers, CMS Energy, the MPSC Staff, and ten qualifying facility developers, approving it with certain modifications. For a discussion of the Revised Settlement Proposal as approved by the MPSC's March 31, 1993 Order, see Note 3 of the Notes to Consolidated Financial Statements, which is incorporated by reference herein. With Consumers' acceptance of the MPSC's decision on the Revised Settlement Proposal, the uncertainties surrounding Consumers' cost recoveries related to its purchases from the MCV Partnership were resolved to a sufficient degree that Consumers effected a quasi-reorganization as of December 31, 1992 in which Consumers' accumulated deficit was eliminated against other paid-in capital. Following this quasi-reorganization Consumers resumed paying dividends in 1993. The quasi-reorganization is more fully described in Note 7 of the Notes to Consolidated Financial Statements.

A dispute has arisen between the MCV Partnership and Consumers relating to the impact of the order on the fixed energy charge payment, currently approximately 7 percent of the charges for capacity and energy, called for in the PPA and Consumers' ability to exercise its rights under the regulatory out provision based on the issuance of the Settlement Order. In accordance with the dispute resolution provisions set out in the PPA, an arbitrator acceptable to both parties has been selected and the arbitration of this dispute has commenced. Consumers is unable to predict the outcome of such arbitration proceedings or of any possible settlement of the issues underlying this dispute. On March 4, 1994, the lessors of the MCV Facility filed a lawsuit in federal district court against CMS Energy, Consumers and CMS Holdings relating to the MCV Partnership's failure to object to the Settlement Order in light of Consumers' interpretation of the Settlement Order, which is the subject of the arbitration between the MCV Partnership and Consumers. While CMS Energy and Consumers believe this lawsuit to be without merit, they are unable to predict the outcome of this action. For a discussion of the arbitration proceedings and the lawsuit filed by the lessors, see Note 3 of the Notes to Consolidated Financial Statements and Item 3. LEGAL PROCEEDINGS, which are incorporated by reference herein.

CONSUMERS ELECTRIC UTILITY OPERATIONS

Consumers had approximately 1.5 million electric customers at December 31, 1993. Electric system energy sales by Consumers in 1993 totaled 31.66 billion kWh, a 3.8 percent increase from 1992. Electric operating revenue in 1993 was \$2.077 billion, an increase of 11.5 percent from 1992. A peak demand of 6,226 MW was achieved in August 1993, representing an increase of 4.8 percent from the peak achieved in 1992 predominantly as a result of warmer than normal weather and improved industrial sales. Consumers' reserve margin was approximately 21 percent in 1993 and 19 percent in 1992, based on weather adjusted peaks.

Including the Ludington pumped storage facility, in which it has a 51 percent ownership and capacity entitlement, Consumers owns and operates 28 electric generating plants with an aggregate net demonstrated capability available to Consumers, as of 1993 for summer conditions, of 6,299 MW. See Item 2. PROPERTIES, CONSUMERS ELECTRIC UTILITY PROPERTIES.

Consumers' electric generating plants are interconnected by a transmission system which is itself interconnected at a number of locations with transmission facilities of unaffiliated systems, including those of other utilities in Michigan, Ohio, Indiana and Canada. These interconnections permit a sharing of the reserve capacity of the systems. This allows mutual assistance during emergencies and substantially reduces investment in utility plant facilities. Consumers also contracts to purchase power

from a number of other agencies and companies for future years. The most significant of these contracts currently is the PPA.

Consumers' customer base includes a mix of residential, commercial, and diversified industrial customers, the most important of which is the automotive industry. However, Consumers' electric operations are not dependent upon a single customer, or a few customers, the loss of any one or more of which would have a material adverse effect on its financial condition. Consumers' electric operations are seasonal to the extent that peak demands occur in winter due to shorter days and colder temperatures, and in summer due to warmer temperatures and the use of air conditioners and other cooling equipment. Peak demands for 1993 were 5,262 MW in the winter and 6,226 MW in the summer. For sales by customer class, see Item 1. CONSUMERS CONSOLIDATED REVENUE AND SALES BY BUSINESS SEGMENT.

Fuel

Consumers has five generating plants which utilize coal as a fuel source and which constitute 77 percent of its baseload capacity. These plants combined to produce a total of 16,520 million kWhs in 1993 requiring approximately 7 million tons of coal. Consumers has long-term contracts covering approximately 68 percent of its coal requirements for 1994. Consumers' coal requirements not under long-term contract and any portion of coal under long-term contract which is not delivered must be supplied through short-term agreements or spot purchases. Consumers' coal inventory as of December 31, 1993, amounted to approximately 45 days' supply.

Consumers currently owns and operates two nuclear power plants, Palisades, near South Haven, Michigan and Big Rock Point, near Charlevoix, Michigan. In 1993, the combined net generation of these plants was 3,938 million kWhs. Consumers has contracted for all of its nuclear fuel for 1994 and ninety percent for 1995. Consumers currently has two contracts for uranium concentrates which have quantity flexibility sufficient to cover up to approximately 60 percent of its requirements. The larger of these two contracts is valid through 1995, with options to extend the term through 1997. Consumers intends to purchase the balance of its 1995 and 1996 concentrates requirements in the spot market. Consumers has contracts for nuclear fuel services, including conversion to and enrichment of uranium hexafluoride and fabrication of nuclear fuel assemblies. The conversion contract remains in effect until June 1996. The enrichment contract covers 100 percent of the requirements until 1996, then 70 percent until 2000. The fabrication contracts remain in effect for the next three Palisades reloads and through the end of the operating license for Big Rock Point. These contracts are with major private industrial suppliers of nuclear fuel and related services and with the U. S. government.

Karn Unit 4, a 638 MW oil fired electric generating unit located in Essexville, Michigan was modified to burn natural gas in 1993. This unit has the capability to generate electricity using oil or natural gas or a combination of both. The unit's maximum capability using natural gas is 375 MW. When using natural gas, the company believes full load can be achieved by over-firing with oil.

14

As shown below, Consumers generates electricity principally from coal and nuclear fuel.

Power Generated (Millions of kWhs)

	1993	1992	1991	1990	1989
	-----	-----	-----	-----	-----
Coal	16,520	17,024	16,500	16,427	17,550
Oil (a)	238	206	194	287	453
Gas (a)	110	12	16	8	21
Nuclear (b)	3,938	5,093	5,340	3,406	4,025
Hydro	489	490	518	478	406
Net Pumped Storage (c)	(394)	(393)	(406)	(354)	(346)
	-----	-----	-----	-----	-----
Total Net					

Generation	20,901	22,432	22,162	20,252	22,109
	=====	=====	=====	=====	=====

(a) 1993 reflects the conversion of Karn Unit 4 to a dual fuel capability enabling the unit to burn natural gas or oil or a combination of both, having previously only burned oil.

(b) During 1993, an extended outage resulted in reduced generation at the Palisades nuclear facility. See Note 4 to Consumers Notes to Consolidated Financial Statements which are incorporated by reference herein.

(c) Represents Consumers' share of net generation from the Ludington pumped storage plant. This facility pumps water into a storage pond using electricity generated during off-peak hours, in order to later generate electricity during peak demand hours.

The cost of all fuels consumed, shown below, fluctuates with the mix of fuel burned.

Fuel Consumed
(Cost Per Million Btu)

	1993	1992	1991	1990	1989
	-----	-----	-----	-----	-----
Coal	\$1.60	\$1.62	\$1.61	\$1.65	\$1.80
Oil	2.90	2.73	2.96	3.25	2.95
Gas	(a) 3.13	4.73	4.58	6.11	(b) 2.82
Nuclear	.40	(c) .38	.62	.67	.62
All Fuels (d)	1.39	1.33	1.36	1.50	1.59

(a) Includes combustion turbines and Karn 4.

(b) 1989 reflects significant refunds from gas suppliers.

(c) An increase in operating cycles from twelve to eighteen months beginning in 1992 resulted in a significant reduction in nuclear fuel costs.

(d) Weighted average fuel costs.

Under the Nuclear Waste Policy Act of 1982, the federal government is responsible for the permanent disposal of spent nuclear fuel and high-level radioactive waste beginning not later than 1998. On February 17, 1994, the DOE stated that its General Counsel has concluded that the DOE does not have a legal obligation to accept spent nuclear fuel absent an operational facility. Until the DOE actually accepts the fuel and waste for storage, the generators and owners must provide for its storage. The DOE has begun exploring possible options to offset a portion of the costs associated with continued on-site storage after 1998. The Palisades plant added two dry casks in 1993 which provide for the storage of 48 spent fuel assemblies. Eleven additional casks are scheduled to be loaded in 1994 which will yield a full core discharge reserve capability for the 1995 Palisades refueling outage. The full core discharge is necessary to complete the requirements of this outage. The thirteen dry casks expand the total storage capacity for spent fuel by 312 assemblies. This will accommodate normal spent fuel discharge until the year 2000.

The Big Rock Point plant has the capacity to accommodate normal spent fuel discharge through 1999, with a full-core reserve through 1996.

CONSUMERS GAS UTILITY OPERATIONS

Consumers supplies natural gas to approximately 1.4 million customers in 40 of the 68 counties in Michigan's Lower Peninsula. It owns gas transmission and distribution mains and other gas lines, compressor stations and facilities, storage rights, wells and gathering facilities in several fields in Michigan. Consumers and its wholly owned subsidiary, Michigan Gas Storage, store gas during the warmer months of the year for use in the colder months when demand is higher. Consumers' gas operations are not dependent upon a single customer, or a few customers, the loss of any one or more of which would have a material adverse effect on its financial condition.

Consumers' gas operations are seasonal to the extent that peak demand occurs in winter due to colder temperatures. Consumers' consolidated gas operating revenue was \$1.160 billion in 1993, an increase of 3 percent from 1992. The all-time record 24 hour send-out of natural gas for Consumers was 3,100,000 mcf on January 19, 1994, which Consumers considers to be the peak-day transportation and distribution capacity of the system. Deliveries of gas by Consumers, and from other sellers, to ultimate customers including the MCV Partnership totaled 411 bcf in 1993. See Item 1. BUSINESS. CONSUMERS CONSOLIDATED REVENUE AND SALES BY BUSINESS SEGMENT.

Consumers Gas Supply

In 1993, Consumers purchased approximately 85 percent of its required gas supply directly from producers under long term contracts. Trunkline, Consumers primary gas supplier, supplied 41 percent of the overall requirement. Consumers current supply contract with Trunkline runs until November 1, 1994; however, firm transportation associated with this contract continues until November 1, 1997. Of Consumers remaining gas supply requirements purchased under long term contract, 15 percent came from Michigan producers and 29 percent from various other producers and non-affiliated marketing companies in the United States and Canada. The remaining 15 percent of Consumers 1993 gas supply requirements were met by purchases on the spot market.

Consumers' remaining firm transportation agreements are with Panhandle, ANR Pipeline Company and Great Lakes Gas Transmission Company. These agreements are utilized by Consumers to transport its required gas supplies to market and to replenish its storage fields. Consumers' other firm transportation agreement with Trunkline extends through February 1996. Consumers' two firm transportation agreements with Panhandle both extend through March 1995. Consumers has six firm transportation agreements with ANR Pipeline Company. The first and third largest of these contracts extend through October 2003, the second largest extends through October 1999, and the remaining two contracts extend through December 2001 and 2002. Consumers' firm transportation agreement with Great Lakes Gas Transmission Company extends through March 2004. In total, Consumers' firm transportation arrangements amount to almost 90 percent of Consumers' total gas supply requirements. The balance of Consumers' required gas supply is transported on interruptible contracts. These contracts are with the same companies mentioned in conjunction with firm capacity. The amount of interruptible capacity and the utilization thereof is primarily a function of the price for such service and the availability and price of the spot supplies to be purchased and transported. Consumers' utilization of interruptible transportation is generally in off-peak summer months and after its firm capacity has been fully subscribed.

CONSUMERS INDEPENDENT POWER PRODUCTION

Two of Consumers' indirect subsidiaries own interests in the MCV Partnership and the MCV Facility, an independent power project. See Note 3 of the Notes to Consolidated Financial Statements.

CMS ENERGY INDEPENDENT POWER PRODUCTION

Enterprises' subsidiary, CMS Generation, invests in, develops, converts and/or constructs and operates non-utility power generation projects. CMS Generation currently has ownership interests in 403 MW of owned operating capacity in eight power plants in Michigan, California, Connecticut, New York and Argentina.

In 1991, CMS Generation reduced the carrying cost of its investment in the Oxford, certain loans to Oxford, and Oxford-related properties to management's estimate of net realizable value, resulting in after-tax losses of \$31 million. In July 1993, CMS Generation, Oxford, and Oxford Energy Inc. signed an Amended and Restated Asset Acquisition and Settlement Agreement which was subsequently confirmed by the Bankruptcy Court of the Southern District of New York and was executed in October 1993. The execution of this agreement did not have a material impact on the consolidated financial statements of CMS Energy.

CMS ENERGY OIL AND GAS EXPLORATION AND PRODUCTION

NOMECO is an oil and natural gas producer with activities in Michigan and 12 other states, the Gulf of Mexico and eight foreign countries. In 1993, it produced approximately 1.9 MMbbls of oil, condensate, and plant products and approximately 18.5 bcf of gas compared to 1.7 MMbbls and 17.6 bcf in 1992.

During 1993 NOMECO participated with a working interest in drilling wells as follows:

Type of Well	Number of Wells		Number of Successful Wells		Success Ratio	
	Gross	Net	Gross	Net	Gross	Net
Exploratory	7	1.8	--	--	--	--
Development	13	2.0	12	1.9	92%	95%
Total	20	3.8	12	1.9	60%	50%

These numbers do not include NOMECO's participation in Devonian Antrim Shale gas wells in northern Michigan, where NOMECO had drilled 27 wells with a 74 percent success rate.

A NOMECO subsidiary, NOMECO Ecuador Oil Company, is a member of a consortium in which it has a 14 percent working interest in Block 16 of the Oriente Basin of Ecuador. Two exploratory wells were completed in 1987. During 1988 and 1989, three more exploratory wells resulted in discoveries. Appraisal wells were drilled and tested with positive results on two of the discoveries and development began in 1992. This \$700 million project should lead to production in the first half of 1994. Total production from the block is expected to commence at 30,000 barrels per day and increase to a maximum of 55,000 barrels per day by the end of 1994 as new wells are brought on line. The successful exploratory and appraisal program in Ecuador has allowed NOMECO to increase its foreign oil reserves by 24.4 MMbbls. Ecuador now represents approximately one-third of the total of NOMECO's proven oil and gas reserves on an equivalent barrel basis. See Item 2. PROPERTIES, CMS ENERGY OIL AND GAS EXPLORATION AND PRODUCTION PROPERTIES.

CMS ENERGY GAS TRANSPORTATION AND STORAGE

CMS Energy's subsidiary, Enterprises, through its subsidiaries develops, owns and manages natural gas pipeline, storage and treating facilities and markets natural gas to end users.

SUBSIDIARIES

CMS Energy

CMS Energy has two principal subsidiaries: Consumers and Enterprises.

Consumers

Consumers' principal subsidiaries include Huron, Michigan Gas Storage and MGL.

Huron was formed for the purpose of participating in a partnership which leases the Marysville gas reforming plant.

Michigan Gas Storage is engaged in the storage of natural gas for Consumers and the transportation of natural gas for Consumers and others.

MGL was formed in 1988 for the purpose of participating in financing transactions associated with the MCV Partnership. MGL has three subsidiaries through which it has so participated: CMS Holdings, CMS Midland, and MDC.

Enterprises

Enterprises' principal subsidiaries include NOMECO, CMS Generation, CMS Utility Services, CMS Gas Marketing and CMS Gas Transmission.

NOMECO is engaged in exploration for and production of oil and natural gas in Michigan and 12 other states, the Gulf of Mexico and eight foreign countries. NOMECO has 11 active wholly owned subsidiaries and is a partner in one general partnership.

CMS Generation is engaged in the development of and investment in cogeneration and other independent power generation projects throughout

the world. CMS Generation has 27 subsidiaries.

CMS Utility Services is engaged in providing utility-related products and credit management services. CMS Utility Services has one subsidiary: CMS A/R Services, Inc.

CMS Gas Marketing markets natural gas to customers in several states.

CMS Gas Transmission transports, treats and stores natural gas and has seven subsidiaries: CMS Antrim Gas Company, CMS Arkoma Pipeline Company, CMS Grands Lacs Holding Company, CMS Gulf Coast Storage Company, CMS Jackson Pipeline Company, CMS Saginaw Bay Company and CMS Saginaw Bay Lateral Company.

19

CMS ENERGY CONSOLIDATED REVENUE AND SALES BY BUSINESS SEGMENT

Revenue For Years Ended December 31	In Millions		
	1993	1992	1991
Electric Utility Operations			
Residential	\$ 718	\$ 644	\$ 650
Commercial	620	561	554
Industrial	635	551	531
Other	75	80	84
Total System Sales	2,048	1,836	1,819
Intersystem Sales	29	27	30
Total	2,077	1,863	1,849
Gas Utility Operations			
Residential	803	781	742
Commercial	232	226	215
Industrial	55	55	58
Other	14	16	17
Transportation	56	48	29
Total	1,160	1,126	1,061
Oil and Gas Exploration and Production Operations	77	70	50
Independent Power Production (a)	21	(8)	(9)
Gas Transmission and Marketing Operations			
Marketing	130	82	36
Transmission	12	7	6
Total	142	89	42
Other Operations	5	6	5
Total	\$3,482	\$3,146	\$2,998

(a) Does not include CMS Energy's share of unconsolidated independent power production revenues. See Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA, CMS Energy, Selected Financial Information.

Sales For Years Ended December 31

	1993	1992	1991
Electric Utility Sales (Millions of kWhs)			
Residential	10,066	9,733	9,997
Commercial	8,909	8,652	8,692
Industrial	11,541	10,831	10,692
Other	1,142	1,292	1,311
Total System Sales	31,658	30,508	30,692
Intersystem Sales	1,106	1,093	1,121
Total	32,764	31,601	31,813
Gas Utility Sales and Deliveries (bcf)			
Residential	175	167	157
Commercial	56	54	50
Industrial	14	13	15

Transportation	166	150	140
	----	----	----
Total	411	384	362
	=====	=====	=====
Oil & Gas Exploration and Production Sales (net equiv. MMbbls)	5.0	4.3	3.7

20

CONSUMERS CONSOLIDATED REVENUE AND SALES BY BUSINESS SEGMENT

Revenue For Years Ended December 31		In Millions		
	1993	1992	1991	
	-----	-----	-----	
Electric Operations				
Residential	\$ 718	\$ 644	\$ 650	
Commercial	620	561	554	
Industrial	635	551	531	
Other	75	80	84	
	-----	-----	-----	
Total System Sales	2,048	1,836	1,819	
Intersystem Sales	29	27	30	
	-----	-----	-----	
Total	2,077	1,863	1,849	
	=====	=====	=====	
Gas Operations				
Residential	803	781	742	
Commercial	232	226	215	
Industrial	55	55	58	
Other	14	16	17	
Transportation	56	48	29	
	-----	-----	-----	
Total	1,160	1,126	1,061	
	-----	-----	-----	
Other Operations	6	(11)	(2)	
	-----	-----	-----	
Total	\$3,243	\$2,978	\$2,908	
	=====	=====	=====	

Sales For Years Ended December 31

	1993	1992	1991	
	-----	-----	-----	
Electric Sales (Millions of kWhs)				
Residential	10,066	9,733	9,997	
Commercial	8,909	8,652	8,692	
Industrial	11,541	10,831	10,692	
Other	1,142	1,292	1,311	
	-----	-----	-----	
Total System Sales	31,658	30,508	30,692	
Intersystem Sales	1,106	1,093	1,121	
	-----	-----	-----	
Total	32,764	31,601	31,813	
	=====	=====	=====	
Gas Sales and Deliveries (bcf)				
Residential	175	167	157	
Commercial	56	54	50	
Industrial	14	13	15	
Transportation	166	150	140	
	-----	-----	-----	
Total	411	384	362	
	=====	=====	=====	

CMS ENERGY AND CONSUMERS REGULATION

CMS Energy, Consumers and their subsidiaries are subject to regulation by various federal, state, local and foreign governmental agencies, including those specifically described below.

Michigan Public Service Commission

Consumers is subject to the jurisdiction of the MPSC, which regulates public utilities in Michigan with respect to retail utility rates, accounting, services, certain facilities, the issuance of securities and

various other matters. For information about Consumers' pending MPSC matters, see Item 3. LEGAL PROCEEDINGS. The MPSC also has or will have rate jurisdiction over several limited partnerships in which CMS Gas Transmission has ownership interests. These partnerships own or will own and operate intrastate gas transmission pipelines.

Nuclear Regulatory Commission

Under the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, Consumers is subject to the jurisdiction of the NRC with respect to the design, construction and operation of its nuclear power plants. Consumers is also subject to NRC jurisdiction with respect to certain other uses of nuclear material. With respect to Palisades, the NRC fined Consumers \$50,000 in September of 1993 and again on February 9, 1994. On February 15, 1994, the NRC announced it would be conducting a diagnostic evaluation of Palisades. For further discussion on the diagnostic evaluation see Note 2 of the Notes to Consolidated Financial Statements, which is incorporated by reference herein.

Federal Energy Regulatory Commission

FERC has rate jurisdiction over three independent power projects in which CMS Generation has an ownership interest which are Qualifying Facilities under PURPA: HL Power Company, Grayling Generating Station Limited Partnership, and Genesee Power Station Limited Partnership.

The FERC has jurisdiction over Consumers' subsidiary, Michigan Gas Storage, as a natural gas company within the meaning of the Natural Gas Act. The FERC jurisdiction relates, among other things, to the acquisition, operation and disposal of assets and facilities and to service provided and rates charged by Michigan Gas Storage. Under certain circumstances, the FERC also has the power to modify gas tariffs of interstate pipeline companies. Certain aspects of Consumers' gas business are also subject to regulation by the FERC including a blanket transportation tariff pursuant to which Consumers can transport gas in interstate commerce.

In 1992, the FERC issued Order 636 which makes a number of significant changes to the structure of the services provided by interstate natural gas pipelines. The order called for the commencement of individual interstate pipeline cases leading to implementation of restructuring for the 1993-94 winter heating season. Consumers is a significant purchaser of gas from an interstate pipeline (Trunkline) and is a major transportation customer of a number of pipelines. Through a settlement approved by the FERC and MPSC, Consumers will be allowed recovery of transition costs incurred in connection with the Trunkline restructuring. Michigan Gas Storage, as an interstate pipeline, commenced restructuring proceedings to comply with the rule. On July 6, 1993, the FERC accepted Michigan Gas Storage's compliance filing effective November 1993. Consumers does not believe that such restructuring will have a significant impact on its financial position or results of operations.

Certain aspects of Consumers' electric operations are also subject to regulation by the FERC, including compliance with the FERC's accounting rules and regulations applicable to "public utilities" and "licensees", the transmission of electric energy in interstate commerce and the rates and charges for the sale of electric energy at wholesale, the sale or merger of owners of certain facilities, the construction, operation and maintenance of hydroelectric projects and the issuance of certain securities, as provided by the Federal Power Act.

In November 1992, Consumers, the Attorney General, DNR, and other state and federal officials signed a settlement agreement related to the relicensing of 11 of the 13 Consumers hydroelectric generating facilities for which the licenses were to expire at the end of 1993. Temporary license extensions have been granted to these facilities until new licenses are issued by the FERC, which is expected to occur in mid-1994. These conventional hydroelectric facilities constitute approximately one percent of Consumers owned generating capacity. The agreement, if approved by FERC, will relicense the generating facilities through December 2023. The license issued by the FPC, the predecessor to FERC, to Consumers and Detroit Edison for the Ludington pumped storage plant extends to the year 2019. For information about various lawsuits involving the Ludington plant, see Item 3. LEGAL PROCEEDINGS.

Consumers has an effective open-access interconnection service schedule on file with the FERC for wholesale wheeling transactions. In February 1992, Consumers also filed a separate but complementary open-access transmission tariff that makes both firm and non-firm transmission service available to

eligible utilities, including investor-owned utilities, Qualifying Facilities constructed under PURPA, independent power producers, municipal and cooperative utilities. In an order issued on April 30, 1992, the FERC accepted the filing, effective May 2, 1992, subject to refund, and ordered a hearing before an ALJ related primarily to the level of the rates in the tariff. In September 1993, the ALJ issued an initial decision that if affirmed by the FERC would, among other things, compel reductions of the tariff rates ranging from 25 percent to 65 percent. On November 1, 1993, Consumers filed exceptions with the FERC seeking reversal of the rate reductions proposed in the ALJ's initial decision. As of December 31, 1993, the amount of firm transmission service currently subject to the tariff is 23 MW. At the rates proposed by Consumers, the revenues for providing service for the 23 MW would be approximately \$663,000 annually.

Securities and Exchange Commission

Both CMS Energy and Consumers are subject to the periodic reporting, disclosure and other requirements of the Securities Exchange Act of 1934, as well as applicable provisions of the Securities Act of 1933.

In addition, CMS Energy is a public utility holding company which is exempt from registration under the provisions of the PUHCA. However, in December 1991 the Attorney General and a coalition of municipal utilities asked the SEC to revoke CMS Energy's status as an exempt holding company and to require it to register under PUHCA. CMS Energy is opposing this request and believes it will maintain its current exemption from registration under PUHCA. See Item 3. LEGAL PROCEEDINGS.

CONSUMERS AND CMS ENERGY INSURANCE

Consumers is a member of NML, which provides insurance coverage against property damage to members' nuclear generating facilities. Consumers maintains \$500 million of primary property damage insurance from NML at each of its operating nuclear plants, Big Rock Point and Palisades, covering all risks of physical loss, subject to certain exclusions and deductibles. Consumers also is a member of NEIL and obtains excess property damage insurance in the amount of \$1.45 billion from coverage from NEIL and additional excess property damage insurance in the amount of \$450 million from ANI. These nuclear property insurance policies cover decontamination, debris removal and direct property loss. The NEIL II policy for Palisades also covers much of the premature decommissioning costs due to an accident which are not already funded and part of the remaining book value of the plant. The NEIL II and ANI policies insure the Palisades plant only. For any loss over \$100 million, stabilization and decontamination expenses must be satisfied before other claims proceeds are received from the insurers. Under all these policies, Consumers retains the risk of loss with respect to its nuclear plant facilities to the extent the loss is within the policy deductibles (\$1 million for Palisades and \$250,000 for Big Rock Point) or exclusions or exceeds the combined property damage policy limits (\$2.4 billion for Palisades and \$500 million for Big Rock Point) at either location. In the event of covered losses at its own or any other member's nuclear facility or facilities, Consumers would be subject to assessments under the NML and NEIL II policies which could total approximately \$15 million in any one policy year. Consumers has also procured from NEIL coverage entitled NEIL I which would partially cover the cost of replacement power during certain prolonged accidental outages of the Big Rock Point or Palisades units. Such cost would not be covered by the insurance during the first 21 weeks of any outage, but the major portion of such cost would be covered during the next 12 months of the outage, followed by a reduced level of coverage for a period up to two additional years. Consumers would be subject to a maximum assessment under the replacement power insurance of approximately \$3 million in any one policy year in the event of covered losses at its own or any other member's nuclear facility or facilities.

Consumers maintains nuclear liability insurance and other forms of financial protection (including an agreement of government indemnity under the Price-Anderson Act, applicable to the Big Rock Point plant) with respect to Consumers' liability to others for injuries and off-site property damage due to the nuclear hazard at such facilities. Such insurance and financial protection covers Consumers up to the aggregate limits of liability established by the Price-Anderson Act, which are presently \$544.4 million for Big Rock Point and approximately \$9.4 billion for Palisades. Part of such financial protection consists of a mandatory industry-wide program under which owners of nuclear generating facilities could be assessed in the event of a nuclear incident at any of such facilities. Consumers would be subject to a maximum assessment of \$75.5 million per occurrence (adjusted for inflation; plus a 5 percent

surcharge if claims and legal costs exceed the financial protection limit) in the event of a nuclear incident at certain nuclear facilities, limited to a maximum installment payment of \$10 million per occurrence in any year. Consumers also maintains insurance under a master worker program that covers tort claims for bodily injury caused by the nuclear hazard to workers who began their nuclear related employment after January 1, 1988. The policies contain a \$200 million nuclear industry aggregate limit and could subject Consumers to a maximum assessment of up to \$6.4 million in the event of claims thereunder.

Property insurance is also maintained on CMS Energy's and Consumers' non-nuclear facilities and operations. Conventional (non-nuclear) property, boiler and machine insurance is maintained on buildings, equipment, boilers, machinery, and gas stored underground. The applicable policies insure the full replacement value of all major operating locations. However, the insurance policies are subject to standard terms, conditions, exclusions and coverage limits similar to those of other companies with similar facilities and operations. Consumers maintains deductibles ranging from \$500,000 to \$1,000,000 on plant and facility losses.

CMS Energy's and Consumers' non-nuclear public liability insurance policies provide a \$125 million policy limit, with a \$500,000 deductible. Other policies include \$125 million of excess workers' compensation insurance, subject to the \$500,000 deductible; \$125 million of fiduciary and employee benefit liability insurance, subject to the \$500,000 deductible; \$10 million of crime insurance coverage subject to a \$100,000 deductible; \$50 million (offshore) and \$20 million (onshore) of oil and gas well blow-out insurance subject to a \$500,000 deductible; and \$225 million of aircraft insurance for corporate aircraft.

CMS Energy and Consumers are not insured with regard to certain risks, most notably the overhead electric transmission and distribution system equipment. Consumers continues to explore the availability of reasonably priced insurance to cover this exposure. Consumers has no insurance for flood or earthquake damage to its underground gas and electrical equipment because it believes that these properties are not subject to large earthquake and flood risks. Consumers has also not obtained insurance for flood and earthquake property damage at its nuclear plants because it believes that the protective systems built into these plants and the low probability of an event of this type at the location of these plants makes such insurance unnecessary. In addition, Consumers' insurance coverages do not extend to certain environmental clean-up costs, such as claims for air pollution, some past PCB contamination and for some long-term storage or disposal of pollutants. See "Consumers and CMS Energy Environmental Compliance" section below.

Insurance policy terms, limits and conditions are subject to change during the year as policies are renewed; however, CMS Energy and Consumers believe that they and their subsidiaries are adequately insured for the various risk exposures of incident to their respective businesses.

CONSUMERS AND CMS ENERGY ENVIRONMENTAL COMPLIANCE

Consumers and CMS Energy and their subsidiaries are subject to regulation with regard to environmental quality, including air and water quality, zoning and other matters, by various federal, state and local authorities. Management believes that the responsible administration of its energy resources includes reasonable programs for the protection and enhancement of the environment.

Consumers has installed electrostatic precipitators to remove particulates from stack emissions at electric generating plants, converted electric generating units to burn cleaner fuels, worked with others to use coal ash in place of topsoil to grow vegetation and prevent erosion and as a substitute for asphalt in road shoulders, worked with local, state and national organizations to enhance certain of Consumers' lands for the benefit of wildlife, provided recreational access to its lands, worked with universities and other institutions on projects to propagate threatened or endangered species, and made financial contributions to a variety of environmental enhancement projects.

Capital expenditures by Consumers for environmental protection additions were approximately \$31 million in 1993 and are estimated to be approximately \$48 million in 1994.

Air use permits are required under federal and state law for certain Consumers' and CMS Generation's affiliates' sources of air emissions. These laws require that certain affected facilities control their sources' air emissions. Permits for Consumers' affected steam electric generating facilities and other affected sources of air emissions have been issued by

the Michigan Air Pollution Control Commission pursuant to a delegation of authority from the EPA under the federal Clean Air Act and Michigan Air Pollution Act, as amended. Consumers believes that it is in substantial compliance with all air use permits.

Included in the 1990 amendments to the federal Clean Air Act are provisions that limit emissions of sulfur dioxide and nitrogen oxides and require enhanced emissions monitoring. All of Consumers' coal-fueled electric generating units burn low-sulfur coal and are presently operating at or near the sulfur dioxide emission limits which will be effective in 2000. Beginning in 1995, certain coal-fueled generating units will receive emissions allowances (all of Consumers coal units will receive allowances beginning in 2000). Based on projected emissions from these units, Consumers expects to have excess allowances which may be sold or saved for future use.

The Clean Air Act's provisions also require Consumers to make capital expenditures estimated to total \$14 million for installation of continuous emission monitoring systems at affected units, and approximately \$10 million to install a low nitrogen oxide burner system at one coal-fired unit. Consumers estimates capital expenditures for possible modifications at other coal-fired units based on proposed nitrogen oxide regulations to be an additional \$50 million by the year 2000. Consumers expects final nitrogen oxide regulations to be issued by early 1994. Management believes that Consumers annual operating costs will not be materially affected.

The relative costs of compliance by Consumers should be less than that experienced by other utilities that have not been previously subject to stringent air quality restrictions. Consumers will seek to recover costs of complying with new environmental legislation in future rates. CMS Energy believes that CMS Generation's projects are in substantial compliance with the 1990 amendments.

The CERCLA or Superfund lists sites for environmental cleanup on the National Priorities List. The EPA notifies parties who may have some liability for such cleanup. Along with a number of other credit-worthy, potentially responsible parties, Consumers has received notice for several sites, and may receive notice in the future for other sites to be added to the National Priorities List. Based on its level of involvement with the sites and the involvement and credit worthiness of other parties with the sites, Consumers believes that it is unlikely that its liability at any of the known CERCLA sites, individually or in total, will have a material adverse effect on its financial condition or results of operations.

In 1990, the State of Michigan passed amendments to its Environmental Response Act. Effective July 1991, this law established a state program similar to the federal CERCLA, though broader in scope. Under this law, Consumers expects it will ultimately incur costs at a number of sites, including several of the 23 sites that formerly housed manufactured gas plant facilities at one time operated by Consumers, even those in which it has a partial or no current ownership interest. It is expected that in most cases, other parties with current or former ownership interests will also be considered liable under the law and may be required to share the costs of any site investigations and remedial actions. There is limited knowledge of manufactured gas plant contamination at these sites at this time. However, Consumers is continuing to monitor this issue.

In addition, at the request of the DNR, Consumers prepared work plans for remedial investigation/feasibility studies for three of these sites. Work plans for remedial investigation/feasibility studies for four other sites have also been prepared. The purpose of a remedial investigation/feasibility study is to define the nature and extent of contamination at a site and to determine which of several possible remedial action alternatives, including no action, may be required under the Environmental Response Act. The DNR has approved two of the three plans for remedial investigation/feasibility studies submitted and is currently reviewing the one remaining. The cost to conduct one of the approved studies will be approximately \$250,000 based on bids received. Although the actual cost of conducting the remaining two remedial investigation/feasibility studies will not be known until bids are received from contractors, Consumers currently estimates the total cost of conducting the three studies submitted to the DNR to be less than \$1 million.

The timing and extent of any further site investigation and remedial actions will depend, among other things, on requests received from the DNR and on future site usage by Consumers or other owners. Under the current schedule, Consumers anticipates the first remedial investigation/feasibility study would be completed in mid-1994. Consumers

believes the results of the remedial investigation/feasibility studies will allow management to estimate a range of remedial cost estimates for the sites under study. Based on Consumers' knowledge of other utility remedial actions, remediation costs for Consumers for these sites may be substantial. In 1993, the MPSC addressed the question of recovery of investigation and remedial costs for another Michigan gas utility as part of that utility's gas rate case. In that proceeding, the MPSC determined that prudent investigation and remedial costs could be deferred and amortized over 10-year periods and prudent unamortized costs can be included for recovery in the utility's rate cases. The MPSC stated the length of the period may be reviewed from time to time, but any revisions would be prospective. Consumers believes costs incurred for both investigation and any required remedial actions would be recoverable from its gas customers under established regulatory policies and accordingly are not likely to materially affect its financial position or results of operations.

Consumers has engaged in an aggressive testing and removal program for USTs. Since 1985, Consumers and its subsidiaries have reduced the number of regulated UST systems from approximately 256 to 48. At 98 of the sites from which UST systems were removed there had been hydrocarbon releases, either from tank system leaks or from spillage on the surface during transfer of contents to or from the tanks. Company response activities have resulted in DNR closure agreements of 52 of those releases. The remaining releases are at various stages of completion. It is estimated that about \$5 million remains to be spent to complete these response activities. The Michigan Underground Storage Tank Financial Assurance Act provides a fund to help pay for the cost of response activities associated with leaking USTs. To qualify for these funds, an owner or operator must be in compliance with UST regulations. A substantial portion of future costs for UST response activities at the release sites and a portion of the costs already incurred may be eligible for reimbursement from this fund. During 1993, Consumers was reimbursed \$807,400 by this state fund.

Like most electric utilities, Consumers has PCB in some of its electrical equipment. Although it has been unlawful to manufacture or sell PCB or PCB contaminated equipment since the 1970's, its continued use in preexisting electrical equipment is lawful. Consumers has engaged in a number of programs to reduce the risk of exposure to the environment from possible PCB spills. These included such actions as removing PCB capacitors outside of substations, draining large transformers and refilling them with non-PCB mineral oil, removing PCB equipment which was found to pose a risk to food supplies or animal feed, and other such programs. Consumers still has a substantial number of PCB capacitors in substations. It has approximately 459,000 untested distribution transformers. By regulation, unless the PCB level is known, transformers are presumed to be PCB-contaminated. There may also be PCB in certain other types of equipment. Based upon results of sampling in 1985, it is thought that about 1 percent of the pole-top transformers had over 500 ppm of PCB, and about 12 percent had from 50 to 500 ppm. Those percentages should decline over time with the retirement of older equipment and its replacement with non-PCB equipment. From time to time there are accidental releases from such equipment. Consumers typically spends less than \$1 million per year for all clean up and disposal of debris and equipment from PCB releases.

NPDES permits allow the discharge of certain substances from Consumers' facilities and pipeline construction projects pursuant to state water quality standards and federal effluent limitation guidelines. NPDES permits for discharges from all of Consumers' major operating steam electric generating facilities and for certain discharges from Consumers' other facilities, including the Ludington pumped storage plant and pipeline construction projects, have been issued by the State of Michigan pursuant to a delegation of authority from the EPA under the Federal Water Pollution Control Act of 1972, as amended. Consumers believes that it is in substantial compliance with the NPDES permits.

The cooling water intake structures of both new and existing steam electric power plants are required by law to reflect the "best technology available for minimizing adverse environmental impact." The staff of the DNR concluded in 1976 and 1978 that the existing cooling water intake structures at the Karn, Weadock and Cobb plants and Campbell Units 1 and 2 do not reflect the "best technology available for minimizing adverse environmental impact." Until permit conditions impose additional requirements, their effects on the operating expenses and operations of these facilities cannot be determined.

In 1980, the staff of the DNR notified Consumers of its opinion that the thermal component of the discharge of several plants has adverse effects on certain aquatic species. The MWRC made no findings in this regard.

The opinion of the DNR staff is subject to confirmation in the future by findings of the replacement of the MWRC as provided in the State of Michigan Executive Order 1991-31. Executive Order 1991-31 provides that DNR Staff decisions are subject to confirmation, initially, by the Director of the new DNR, and finally, by the Natural Resources Commission. Until the DNR's opinion has been confirmed and additional requirements imposed, its effects on the operating expenses and operations of these facilities cannot be determined.

The possibility that exposure to electric and magnetic fields (EMFs) emanating from power lines and other electric sources may result in adverse health effects has been a subject of increased public, governmental and media attention. The EPA has stated that information is currently insufficient to determine whether a cause-and-effect relationship exists between EMF and certain health risks. Currently, there is no Michigan or federal regulation of transmission lines with regard to EMF.

CONSUMERS AND CMS ENERGY COMPETITION

Electric Competition

The electric utility operations of Consumers are regulated at the wholesale and retail level. The wholesale utility operations of Consumers are regulated by the FERC while the retail utility operations are regulated by the MPSC. Competitors in the electric utility operations of Consumers must also be similarly regulated or specifically exempted from such regulation. CMS Energy's non-utility electric generation businesses are exempt from MPSC regulation and compete in the non-utility power market with other non-utility energy companies that are similarly exempt.

The electric utility industry has experienced retail load competition in recent years from cogeneration and self-generation as discussed below. The electric utility industry is now also experiencing increased competition in the wholesale power markets. The factors driving this trend include the enactment of PURPA, the enactment of the Energy Act and increased transmission access. These initiatives provide both opportunities for Consumers in competing for new customers and potential risks because of alternative energy supplies available to existing customers. CMS Energy is similarly faced with expanded opportunities and competition for customers in the non-utility electric generation market.

PURPA created a special type of independent power producer that, providing the requirements of qualifying facility status are met and all other other aspects of the utility's requirements and the power offered are otherwise equal, are entitled to sell their production to a utility. Under PURPA, qualifying facilities are generally exempt from the federal and state regulation imposed on electric utilities. Similarly, the Energy Act was designed, among other things, to foster competition in the wholesale market by facilitating the ownership and operation of generating facilities by "exempt wholesale generators" (which may include independent power producers as well as affiliates of electric utilities) and authorizing the FERC under certain conditions to order utilities which own transmission facilities to provide wholesale transmission services to or for other utilities and other entities generating electric energy for sale or resale. In addition, the Energy Act allows independent power producers exemptions from the application of much of the regulation imposed on electric utilities. One effect of the foregoing exemptions from regulation has been to encourage investment in wholesale power production facilities which through MPSC mandated bidding procedures will compete with Consumers to build generation to meet Consumers needs for new generation. These independent power producers also provide competition for CMS Energy in the non-utility electric generation market both domestically and internationally.

Some of Consumers' larger industrial customers are exploring the possibility of constructing and operating their own on-site generating facilities. Consumers is actively working with these customers to develop rate and service alternatives that are competitive with self-generation options. Under the retail rates authorized by the MPSC, Consumers industrial and commercial customer rates are structured such that rates paid by residential customers are kept at levels lower than they would otherwise be through subsidization by the industrial and commercial customers. As part of its current electric rate case, Consumers has requested that the MPSC reduce the level of rate subsidization of residential customers by commercial and industrial customers so as to improve rate competitiveness for its largest customers. On March 4, 1994, the ALJ issued a proposal for decision that recommended an immediate reduction of 50 percent of such subsidization as compared with Consumers

proposal of phasing in a 60 percent reduction over 3 years.

In addition, a number of municipalities distribute electricity within their corporate limits and some of these generate all or a portion of their requirements. These municipalities and various rural electric cooperative corporations serve a significant number of retail customers in or adjacent to areas served by Consumers.

Consumers has on file with the FERC an open-access transmission tariff which enables any electric utility (defined in such tariff to include independent power producers) to use Consumers' integrated transmission system for the transmission of capacity and energy produced and sold by such electric utility or by third parties. Other similar open-access transmission tariffs have been made effective by the FERC for several large utility companies or systems and more open-access transmission tariffs are anticipated. These developments produce increased marketing opportunities for utility systems such as Consumers and expose the Consumers' system to loss of wholesale load or reduced revenues due to possible displacement of Consumers' wholesale transactions by alternative suppliers with access to Consumers' primary areas of service. Because wholesale transactions by Consumers generated less than 2 percent of Consumers 1993 revenue from electric operations, Consumers does not believe that this potential loss is significant.

Gas Competition

Competition with respect to Consumers' gas operations has a longstanding history, as gas has traditionally competed with other fuels such as coal and oil. The passage of the Natural Gas Policy Act of 1978 resulted in gas supplies no longer being curtailed, with competition subsequently arising between alternative suppliers of gas. Consumers responded to these developments by offering gas transportation and storage services to customers that chose to acquire their gas supplies from some other supplier. Because Consumers' earnings from its gas operations are not primarily dependent on gas purchased and resold to its customers, but rather on owning and operating its gas distribution, storage and transportation facilities, Consumers has not suffered any significant losses as a result of such competition, nor does it believe that such losses are likely.

CMS Energy's non-utility interstate and intrastate gas operations face competition from other gas transportation companies for new opportunities. The marketing segment faces strong competition for business in all its markets.

29

EXECUTIVE OFFICERS As of March 18, 1994

CMS Energy

Name	Age	Position	Period
----	---	-----	-----
William T. McCormick, Jr.	49	Chairman of the Board and Chief Executive Officer of CMS Energy	1987-Present
		Chairman of the Board of Consumers	1992-Present
		Chairman of the Board and Chief Executive Officer of Enterprises	1988-Present
		Chairman of the Board and Chief Executive Officer of Consumers	1985-1992
S. Kinnie Smith, Jr.	63	Vice Chairman of the Board and General Counsel of CMS Energy	1992-Present
		Vice Chairman of the Board of Consumers	1988-Present
		Vice Chairman of the Board of Enterprises	1989-Present
		President and General Counsel of CMS Energy	1988-1992
		Vice Chairman of the Board and General Counsel of CMS Energy	1987-1988

		Vice Chairman of the Board and General Counsel of Consumers	1987-1988
Victor J. Fryling	46	President of CMS Energy President of Enterprises Vice Chairman of the Board of Consumers President and Chief Financial Officer of Enterprises Executive Vice President and Chief Financial Officer of CMS Energy and Consumers Senior Vice President and Chief Financial Officer of CMS Energy and Consumers	1992-Present 1993-Present 1992-Present 1992-1993 1988-1992 1987-1988
John W. Clark	49	Senior Vice President of CMS Energy Senior Vice President of Consumers	1987-Present 1985-Present
Alan M. Wright	48	Senior Vice President and Chief Financial Officer of CMS Energy Senior Vice President and Chief Financial Officer of Consumers Senior Vice President and Chief Financial Officer of Enterprises Senior Vice President, Chief Financial Officer and Treasurer of Consumers Vice President and Treasurer of Consumers Vice President - Finance of Entergy Corporation Vice President - Finance of Entergy Services	1992-Present 1993-Present 1993-Present 1992-1993 1991-1992 1989-1991 1987-1991
Preston D. Hopper*	43	Vice President, Controller and Chief Accounting Officer of CMS Energy Vice President and Controller of Enterprises Vice President and Controller of CMS Energy Vice President and Controller of ANR Pipeline Co.	1992-Present 1992-Present 1991-1992 1983-1991
Michael G. Morris*	47	President and Chief Executive Officer of Consumers Executive Vice President and Chief Operating Officer of Consumers Executive Vice President of Consumers President and Chief Operating Officer of Colorado Interstate Gas Company Executive Vice President of ANR Pipeline Company	1994-Present 1992-1994 1988-1992 1987-1988 1986-1988
David A. Mikelonis*	45	Senior Vice President and General Counsel of Consumers Vice President and General Attorney of Consumers	1988-Present 1986-1988

* In April 1993 the Board of Directors designated the Senior Officers of CMS Energy, its Controller, the President of Enterprises, the President of Consumers and the General Counsel of Consumers as Executive Officers of CMS Energy for purposes of the Securities Exchange Act of 1934.

The present term of office of each of the officers extends to the first meeting of CMS Energy's Board of Directors after the next annual election of Directors (scheduled to be held May 27, 1994).

There are no family relationships among executive officers and directors of CMS Energy.

Consumers

Name ----	Age ---	Position -----	Period -----
William T. McCormick, Jr.	49	See the information under CMS Energy's Officers Section above, incorporated herein by reference.	
S. Kinnie Smith, Jr.	63	See the information under CMS Energy's Officers Section above, incorporated herein by reference.	
Victor J. Fryling	46	See the information under CMS Energy's Officers Section above, incorporated herein by reference.	
Michael G. Morris	47	See the information under CMS Energy's Officers Section above, incorporated herein by reference.	
John W. Clark	49	See the information under CMS Energy's Officers Section above, incorporated herein by reference.	
Paul A. Elbert	44	Senior Vice President of Consumers Vice President of Consumers Plant General Manager, Karn-Weadock Complex of Consumers	1991-Present 1988-1991 1986-1988
David A. Mikelonis	45	See the information under CMS Energy's Officers Section above, incorporated herein by reference.	
Alan M. Wright	48	See the information under CMS Energy's Officers Section above, incorporated herein by reference.	
David W. Joos	40	Senior Vice President of Consumers Vice President of Consumers	1994-Present 1990-1994
Dennis DaPra**	51	Vice President and Controller of Consumers Director of Financial and Regulatory Reporting of Consumers	1991-Present 1984-1991

** In April 1993, Consumers' Board of Directors designated the Senior Officers of Consumers and its Controller as Executive Officers of Consumers for purposes of the Securities Exchange Act of 1934.

The present term of office of each of the officers extends to the first meeting of Consumers' Board of Directors after the next annual election of Directors (scheduled to be held May 27, 1994).

There are no family relationships among executive officers and directors of Consumers.

ITEM 2. PROPERTIES.

CHARACTER OF OWNERSHIP

The principal properties of CMS Energy and its subsidiaries are owned in fee, except that most electric lines and gas mains are located, pursuant to easements and other rights, in public roads or on land owned by others. The statements under this item as to ownership of properties are made without

regard to tax and assessment liens, judgments, easements, rights of way, contracts, reservations, exceptions, conditions, immaterial liens and encumbrances, and other outstanding rights. None of these outstanding rights impairs the usefulness of such properties.

Substantially all of Consumers' properties are subject to the lien of its First Mortgage Bond Indenture.

CONSUMERS ELECTRIC UTILITY PROPERTIES

Consumers' electric generating system consists of five fossil-fueled plants, two nuclear plants, one pumped storage hydroelectric facility, seven gas combustion turbine plants and 13 hydroelectric plants.

33

<TABLE>
<CAPTION>

Name and Location (Michigan)	Size and Year Entering Service	1993 Summer Net Demonstrated Capability (Kilowatts)	1993 Net Generation (Thousands of kWhs)
<S>	<C>	<C>	<C>
Coal Generation			
J H Campbell - West Olive	3 Units, 1962-1980	1,346,300 (a)	7,400,192
D E Karn - Essexville	2 Units, 1959-1961	515,000	3,272,247
B C Cobb - Muskegon	2 Units, 1956-1957	296,000	1,713,317
J R Whiting - Erie	3 Units, 1952-1953	310,000	2,013,913
J C Weadock - Essexville	2 Units, 1955-1958	310,000	2,120,296
		-----	-----
Total		2,777,300	16,519,965
		-----	-----
Oil/Gas Generation			
D E Karn - Essexville	2 Units, 1975-1977	1,276,000	336,864
		-----	-----
Ludington Pumped Storage	6 Units, 1973	954,700 (b)	(394,339) (c)
		-----	-----
Nuclear Generation			
Palisades - South Haven	1 Unit, 1971	755,000	3,513,191
Big Rock Point - Charlevoix	1 Unit, 1962	67,000	424,851
		-----	-----
Total		822,000	3,938,042
		-----	-----
Gas/Oil Combustion Turbine Generation			
	7 Plants, 1966-1971	395,300	11,698
		-----	-----
Hydro Generation			
	13 Plants, 1907-1949	73,800	489,229
		-----	-----
Total Owned Generation		6,299,100	20,901,459
		-----	=====
Plus Purchased and Inter- change Power Capacity		1,223,000 (d)	

Total		7,522,100	
		=====	

<FN>

- (a) Represents Consumers' share of the capacity of the Campbell Plant Unit 3, net of 6.69 percent (ownership interests of the Michigan Public Power Agency and Wolverine Power Supply Cooperative, Inc.).
- (b) Represents Consumers' share of the capacity of the Ludington pumped storage plant. Consumers and Detroit Edison have 51 percent and 49 percent undivided ownership, respectively, in the plant, and the capacity of the plant is shared accordingly.
- (c) Represents Consumers' share of net pumped storage generation. This facility electrically pumps water during off-peak hours for storage to later generate electricity during peak-demand hours.
- (d) Includes purchased power capacity from the MCV Facility totaling 1,023 MW.

</TABLE>

34

Consumers' electric transmission and distribution lines owned and in service are as follows:

	Structure (Miles)	Sub-Surface (Miles)
Transmission		
345,000 volt	1,137	-
138,000 volt	3,246	4
120,000 volt	19	-
46,000 volt	4,066	9
23,000 volt	31	7
	-----	-----
Total transmission	8,499	20

Distribution		
(2,400-24,900 volt)	50,359	4,756
	-----	-----
Total transmission and distribution	58,858	4,776
	=====	=====

Consumers owns substations having an aggregate transformer capacity of 36,249,290 kilovoltamperes.

CONSUMERS GAS UTILITY PROPERTIES

Consumers' gas distribution and transmission system consists of 20,768 miles of distribution mains and 1,084 miles of transmission lines throughout the Lower Peninsula of Michigan. Consumers owns and operates five compressor stations with a total of 116,070 installed horsepower.

Consumers' gas storage fields, listed below, have an aggregate certified storage capacity of 241.5 bcf:

Field Name	Location	Total Certified Storage Capacity (bcf)
Overisel	Allegan and Ottawa Counties	64.0
Salem	Allegan and Ottawa Counties	35.0
Ira	St Clair County	7.5
Lenox	Macomb County	3.5
Ray	Macomb County	66.0
Northville	Oakland, Washtenaw and Wayne Counties	25.8
Puttygut	St Clair County	16.6
Four Corners	St Clair County	3.8
Swan Creek	St Clair County	.6
Hessen	St Clair County	18.0
Lyon - 34	Oakland County	.7

35

Michigan Gas Storage owns and operates two compressor stations with a total of 46,600 installed horsepower. Its transmission system consists of 547 miles of pipelines within the Lower Peninsula of Michigan.

Michigan Gas Storage's gas storage fields, listed below, have an aggregate certified storage capacity of 117 bcf:

Field Name	Location	Total Certified Storage Capacity (bcf)
Winterfield	Osceola and Clare Counties	75.0
Cranberry Lake	Clare and Missaukee Counties	30.0
Riverside	Missaukee County	12.0

Consumers' gas properties also include the Marysville gas reforming plant, located in Marysville, Michigan. Huron entered into a partnership with PanCanadian Petroleum Company and CanStates Investments to use the expanded capacity of the underground caverns at the Marysville plant for commercial storage of liquid hydrocarbons. On February 1, 1994 PanCanadian Petroleum Company purchased CanStates Investments. In addition, Consumers and Novacor Hydrocarbons, Inc. are partners in a partnership to use certain hydrocarbon fractionation facilities at the plant.

CMS ENERGY OIL AND GAS EXPLORATION AND PRODUCTION PROPERTIES

NOMECO has carried on a domestic oil and gas exploration program since 1967. In 1976, NOMECO entered its first venture outside the United States.

Net oil and gas production by NOMECO for the years 1991 through 1993 is shown in the following table.

Thousands of barrels of oil and millions of cubic feet of gas, except for reserves

	1993	1992	1991
Natural gas (a)	18,487	17,578	14,714
Oil and condensate (a)	1,716	1,417	1,260
Plant products (a)	186	291	283
Average daily production (b)			
Oil	5.6	4.9	4.1
Gas	62.3	59.2	50.5
Reserves to annual production ratio			
Oil (MMbbls)	19.1	22.6	21.9
Gas (bcf)	10.9	11.8	13.0

(a) Revenue interest to NOMECO

(b) NOMECO working interest (includes NOMECO's share of royalties)

36

<TABLE>

The following table shows NOMECO's estimated proven reserves of oil and gas for the years 1991 through 1993.

<CAPTION>

	Total Worldwide		United States		International	
	Oil (MMbbls)	Gas (bcf)	Oil (MMbbls)	Gas (bcf)	Oil (MMbbls)	Gas (bcf)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Proven Developed and Undeveloped Reserves						
December 31, 1990	19.5	172.1	5.6	167.9	13.9	4.2
Revisions and other changes	0.4	6.5	0.2	6.4	0.2	0.1
Extensions and discoveries	9.7	24.3	0.4	24.3	9.3	-
Purchases of reserves	0.2	3.0	0.2	3.0	-	-
Production	(1.3)	(14.7)	(1.1)	(14.5)	(0.2)	(0.2)
	-----	-----	-----	-----	-----	-----
December 31, 1991	28.5	191.2	5.3	187.1	23.2	4.1
Revisions and other changes	0.8	(20.4)	0.2	(20.1)	0.6	(0.3)
Extensions and discoveries	7.4	45.4	0.1	44.7	7.3	0.7
Purchases of reserves	1.0	9.9	0.2	6.8	0.8	3.1
Production	(1.6)	(17.6)	(1.1)	(17.4)	(0.5)	(0.2)
	-----	-----	-----	-----	-----	-----
December 31, 1992	36.1	208.5	4.7	201.1	31.4	7.4
Revisions and other changes	0.4	7.2	(0.4)	7.1	0.8	0.1
Extensions and discoveries	0.1	2.9	0.1	2.9	-	-
Purchases of reserves	-	1.7	-	1.7	-	-
Production	(1.9)	(18.5)	(1.0)	(18.2)	(0.9)	(0.3)
	-----	-----	-----	-----	-----	-----
December 31, 1993	34.7	201.8	3.4	194.6	31.3	7.2
	=====	=====	=====	=====	=====	=====
Proven Developed Reserves						
December 31, 1990	18.8	155.5	4.9	151.3	13.9	4.2
December 31, 1991	25.9	188.0	5.1	183.9	20.8	4.1
December 31, 1992	31.7	205.0	4.5	198.8	27.2	6.2
December 31, 1993	31.2	200.0	3.3	193.4	27.9	6.6
Equity Interest in Proven Reserves of Pecten Yemen						
December 31, 1993	1.5	-	-	-	1.5	-

</TABLE>

37

The following table shows NOMECO's undeveloped net acres of oil and gas leasehold interests at December 31.

	Net Acres	
	1993	1992
Michigan	77,672	120,740
Louisiana (a)	37,295	39,226
Texas (a)	8,083	10,411
North Dakota	5,635	-
Indiana	5,034	715
Other states	2,184	2,581
	-----	-----
Total domestic	135,903	173,673
	-----	-----
Thailand	188,000	188,000
Yemen	120,563	-
Papua New Guinea	96,825	63,220
Equatorial Guinea	83,334	83,334
Ecuador	69,160	69,160
New Zealand	602	1,544
China (b)	-	589,334
	-----	-----
Total international	558,484	994,592
	-----	-----
Total	694,387	1,168,265
	=====	=====

(a) Includes offshore acreage.

(b) Acreage excluded at year-end 1993 as part of an agreement with the state oil company to discontinue its current exploration program because it has been unsuccessful.

CONSUMERS OTHER PROPERTIES

CMS Midland owns a 49 percent interest in the MCV Partnership which was formed to construct and operate the MCV Facility. The MCV Facility has been sold to five owner trusts and leased back to the MCV Partnership. CMS Holdings is a limited partner in the FMLP, which is a beneficiary of one of these trusts. CMS Holdings' indirect beneficial interest in the MCV Facility is 35 percent.

Consumers owns fee title to 1,140 acres of land in the City and Township of Midland, Midland County, Michigan, occupied by the MCV Facility. The land is leased to the owners of the MCV Facility by five separate leases, each leasing an undivided interest and in the aggregate totaling 100 percent, for an initial term ending December 31, 2035 with possible renewal terms to June 15, 2090.

Consumers owns or leases three principal General Office buildings in Jackson, Michigan and 53 Regional and other field offices at various locations in Michigan's Lower Peninsula. Of these, two of the General Office buildings and eleven of the Regional and other field offices are leased. Also owned are miscellaneous parcels of real estate not now used in utility operations.

CMS ENERGY OTHER PROPERTIES

Various subsidiaries of CMS Generation own interests in independent power plants, including a 50 percent partnership interest in a 30 MW wood waste-fueled power plant near Susanville, California; a 50 percent partnership interest in a 54 MW coal and wood waste-fueled power plant in Filer City, Michigan; a 50 percent partnership interest in a 34 MW wood waste-fueled power plant in Grayling Township, Michigan; a 50 percent interest in a 26 MW tire burning power plant near Sterling, Connecticut; a 50 percent interest in a wood waste-fueled power plant in Lyons Falls, New York; an 18.6 percent interest in a consortium which owns an 88 percent interest in a 50 MW fossil-fueled plant in San Nicolas, Argentina; a 25 percent interest in a consortium which owns a 59 percent interest in two hydroelectric power plants, with a total of 1,320 MW of capacity, on the Limay River in western Argentina; and a 50 percent ownership interest in a 18 MW wood waste-fueled power plant near Chateaugay, New York.

CMS Gas Transmission owns a 75 percent interest in a general partnership which owns and operates a 25-mile, 16-inch natural gas transmission pipeline in Jackson and Ingham Counties, Michigan; owns a 24 percent limited partnership interest in the Saginaw Bay Area Limited Partnership which owns 125 miles of 10-inch and 16-inch natural gas transmission pipeline in north-central Michigan; owns a 44 percent limited partnership interest in a partnership that owns certain pipelines of 20 and 12 miles interconnected to the Saginaw Bay Area Limited Partnership facilities;

owns a 60 percent interest in a partnership that owns and operates a natural gas treating plant in Otsego County, Michigan; and owns 100 percent interest in 41 miles of gas transmission pipeline in Otsego and Montmorency Counties, Michigan.

CMS Energy, through certain subsidiaries owns approximately 6,000 acres of undeveloped land in Benzie and Manistee Counties, Michigan, approximately 53 acres of undeveloped land in Muskegon County, Michigan, and approximately 300 acres in undeveloped land in Emmet County, Michigan.

CONSUMERS CAPITAL EXPENDITURES

Capital expenditures during 1993 for Consumers and its subsidiaries totaled \$509 million for capital additions and \$52 million for demand-side management programs. These capital additions include approximately \$31 million for environmental protection additions. Of the \$509 million, \$265 million was incurred for electric utility additions, \$126 million for gas utility additions, \$58 million for capital leases (see Note 14 to Consumers' Consolidated Financial Statements incorporated by reference herein), and \$60 million for other additions and capital investments.

In 1994, capital expenditures are estimated to be \$513 million for capital additions and \$40 million for demand-side management programs. These capital addition estimates include approximately \$48 million related to environmental protection additions. Of the \$513 million, \$290 million will be incurred for electric utility additions, \$98 million for gas utility additions, \$73 million for capital leases, and \$52 million for other additions and capital investments.

CMS ENERGY CAPITAL EXPENDITURES

Capital expenditures during 1993 for CMS Energy and its subsidiaries totaled \$714 million for capital additions and \$52 million for demand-side management programs. These capital additions include approximately \$31 million for environmental protection additions. Of the \$714 million, \$509 million was incurred by Consumers as discussed above. The remaining \$205 million in capital additions include \$81 million for oil and gas exploration, \$110 million for independent power production and \$14 million for gas transmission and marketing.

In 1994, capital expenditures are estimated to be \$752 million for capital additions and \$40 million for demand-side management programs. This capital addition estimate includes approximately \$48 million related to environmental protection additions. Of the \$752 million, \$513 million will be incurred by Consumers as discussed above. The remaining \$239 million in capital additions will be incurred as follows: \$117 million for oil and gas exploration, \$84 million for independent power production and \$38 million for gas transmission and marketing.

40

ITEM 3. LEGAL PROCEEDINGS

Consumers and some of its subsidiaries and affiliates are parties to certain routine lawsuits and administrative proceedings incidental to their businesses involving, for example, claims for personal injury and property damage, contractual matters, income taxes, and rates and licensing. Reference is made to the Notes to the Consolidated Financial Statements included herein for additional information regarding various pending administrative and judicial proceedings involving rate, operating and environmental matters.

The Attorney General, ABATE, and the MPSC Staff typically intervene in MPSC proceedings concerning Consumers. Unless otherwise noted below, these parties have intervened in such proceedings. For many years, almost every significant MPSC order affecting Consumers has been appealed. Appeals from such MPSC orders are pending in the Michigan Court of Appeals and the Michigan Supreme Court. Consumers is vigorously pursuing these matters. Under Michigan civil procedure, parties may file a claim of appeal with the Michigan Court of Appeals which serves as a notice of appeal. The grounds on which the appeal is being made are not set forth until a later date when the parties file their briefs.

1. Electric Rate Case Proceedings

- A. Appeal of MPSC Orders Related to the Abandoned Midland Nuclear Plant Investment

In November 1983, Consumers filed an electric rate case with the MPSC which sought recovery of its investment in the abandoned portion of the Midland nuclear plant. This case was separated into two phases in September 1984: a financial stabilization phase, MPSC Case No. U-7830, Step 3A, and a prudence phase, MPSC Case No. U-7830, Step 3B. Numerous orders were issued in these cases, including one issued in 1985 in the financial stabilization phase which contained certain conditions to Consumers' receiving financial stabilization rate relief.

On May 7, 1991, the MPSC issued final orders in both Step 3A and Step 3B proceedings in which, among other things, the MPSC ruled that Consumers could recover approximately \$760 million of the \$2.1 billion of abandoned Midland investment. Consumers, as well as the Attorney General and ABATE, among others, filed applications for rehearing with the MPSC of the May 7 Orders in Step 3A and Step 3B. which were all denied by the MPSC. Several parties, including Consumers, have appealed the MPSC determinations in these orders to the Court of Appeals. The Attorney General and ABATE primarily disagree with the standard used by the MPSC to determine the amount of investment that is recoverable by Consumers from its electric customers, contending that recovery should not be allowed for utility assets that have not been placed in service. Consumers disagrees with the date the MPSC determined it would have been prudent for Consumers to abandon construction of the Midland nuclear facility and the reduction in recoverable investment that resulted from this determination. All briefs have been filed in these appeals. Oral argument has not yet been scheduled on the Step 3B appeals; oral argument was held on the Step 3A appeal in December 1993.

B. Appeal of 1991 General Electric Rate Case Order

On May 7, 1991, the MPSC issued an order in Case No. U-9346, a general electric rate case the MPSC ordered Consumers to file in response to a complaint filed by ABATE. On July 1, 1991, the MPSC issued another order in this proceeding modifying the May 7 Order. These orders, together with the other orders discussed in paragraph A above, reduced Consumers' electric retail rates by an annual amount of approximately \$73 million.

Certain aspects of the May 7, 1991 and July 1, 1991 electric rate case orders were appealed by the Attorney General, ABATE, and the Michigan Association of Home Builders. The appeals of the Attorney General and the Michigan Association of Home Builders have both been dismissed. ABATE's appeal, which primarily seeks a reduction in the rates authorized by the MPSC, remains pending. Briefs have been filed in the ABATE appeal and oral argument was held in December 1993.

C. 1993 Electric Rate Case

On May 10, 1993, Consumers filed an application with the MPSC seeking an increase in its base electric rates (MPSC Case No. U-10335). As a result of the new statutory federal tax rate and interest rate savings resulting from the refinancing of certain long-term debt, Consumers subsequently revised its requested electric rate increase to approximately \$133 million in 1994 while its requested electric rate increase for 1995 remained at \$38 million. In their initial brief, the MPSC Staff recommended approximately \$98 million in annual rate relief beginning in 1994. The MPSC Staff also recommended a lower return on electric common equity (11.75 percent compared with Consumers' proposal of 13.25 percent), and using a projected actual equity ratio in the projected capitalization structure rather than a target ratio. The MPSC Staff did not support Consumers' request for additional rate relief for 1995 as part of this proceeding, but did support Consumers' rate design proposal to significantly reduce the level of cross-subsidization of residential customers' rates by commercial and industrial customers.

A PFD was issued in this case on March 4, 1994. In the PFD the ALJ recommended a rate increase in 1994 of approximately \$83 million with no incremental increase in 1995 to be granted as part of this proceeding. The ALJ adopted MPSC Staff's recommendation of an 11.75 percent return on common equity and the use of 1994 projected actual capital structure rather than the target structure proposed by Consumers. The PFD rejected a proposal made by Consumers through which returns above the authorized level would be shared with customers, but recommended the implementation of a performance incentive proposal Consumers had initially proposed with some modifications. The PFD also recommended the adoption of the cross-subsidization reduction proposed by Consumers modified so that subsidization would be immediately reduced by 50 percent in 1994 rates rather than the phased-in 20 percent per year over a three year period reduction proposed by Consumers.

Exceptions to the PFD are due March 18 with replies to exceptions due April 1. The PFD is not binding on the MPSC. An order of the MPSC will be issued sometime thereafter.

D. 1986 Proceedings - Palisades Outages

The Palisades nuclear plant was out of service for maintenance from May 1986 until April 1987. In the 1986 PSCR reconciliation case decided December 22, 1988, the MPSC disallowed recovery of \$22.4 million of replacement power costs associated with the 1986 portion of this outage and refunds to the customers were made. In an appeal filed in 1989 and now pending decision by the Court of Appeals, Consumers is challenging the adequacy of the MPSC's findings supporting the disallowance. Oral arguments were held in December 1993 and in March 1994 the Court of Appeals affirmed the MPSC order in a per curiam opinion.

2. Settlement Proposals Relating to Consumers' Purchases from the MCV Partnership

On March 31, 1993, the MPSC issued the Settlement Order which approved with modifications the Revised Settlement Proposal filed by Consumers, the MPSC Staff and 10 small power and cogeneration developers. The scope of the Settlement Order included three major components: 1) treatment of cost recovery issues regarding the PPA, 2) resolution of PURPA issues raised by certain developers of Qualifying Facilities that had wanted contracts with Consumers, and 3) resolution of the remand to the MPSC ordered by the Court of Appeals in the Capacity Charge Order. In December 1992, Consumers recognized an after-tax loss of \$343 million for the present value of estimated future underrecoveries of power costs under the PPA as a result of the Settlement Order. On May 26, 1993, the MPSC denied petitions filed by the Attorney General, ABATE, MMCG and a small project developer which requested a rehearing of the Settlement Order by the MPSC. ABATE and the Attorney General have filed claims of appeal of the Settlement Order and the May 26, 1993 MPSC order with the Court of Appeals. Briefs have been filed with the Court of Appeals on this matter but oral argument has not yet been scheduled. In their respective briefs in opposition to the Settlement Order, ABATE and the Attorney General essentially reiterate the arguments they made before the MPSC in their petitions for rehearing. The substance of ABATE's and the Attorney General's arguments is that the MPSC exceeded its authority in approving the Revised Settlement Proposal as modified by the Settlement Order and the rates established thereby are not just and reasonable and lack evidentiary support. ABATE and the Attorney General also contend that the MPSC's procedures for the hearing on the Revised Settlement Order violated due process and denied ABATE and the Attorney General a fair hearing. In defense of the Settlement Order, the Independent Cogenerators, Consumers and the MPSC argue in their respective briefs to the Court of Appeals that the determinations of the MPSC in the Settlement Order are lawful and reasonable and that the Attorney General and ABATE have failed to meet the statutory burden of proof minimally necessary for the Court of Appeals to find otherwise.

In accordance with the terms of the Settlement Order, appeals of MPSC orders relating to MCV cost recovery issues in Consumers' 1990, 1991 and 1992 PSCR cases that had been pending before the Court of Appeals and the Michigan Supreme Court have been withdrawn.

3. MPSC Case No. U-10029 - Intrastate Gas Supply

In November 1991, Consumers filed with the MPSC Case No. U-10029 seeking several kinds of relief with respect to a contract with one of Consumers' intrastate gas suppliers, North Michigan, including lowering a contract price. North Michigan filed an objection with the MPSC and in July 1992 filed a collateral case in Federal Court seeking an injunction to block the MPSC case. On April 8, 1993, the Federal Court dismissed Northern Michigan's suit. An appeal of the Federal Court's decision is pending in the U.S. Sixth Circuit Court of Appeals.

On February 8, 1993, the MPSC issued an order granting Consumers' request to lower the price to be paid North Michigan under its contract. In March 1993, North Michigan filed an appeal of the MPSC's February 8, 1993 order with the Court of Appeals. In July 1993, consistent with the MPSC's February 8, 1993 Order, Consumers notified North Michigan that it planned to terminate the contract in November 1993. In early October 1993, North Michigan sought to have the Court of Appeals stay Consumers' cancellation of the contract. The Court of Appeals denied this request in late October 1993 and Consumers terminated its contract with North Michigan effective November 1, 1993. If the MPSC order is overturned, Consumers would have to pay North Michigan higher contract costs for purchases in 1993 which may not be authorized by the MPSC for recovery from Consumers' customers.

Should North Michigan obtain a favorable decision on all of the issues on appeal, including Consumers' termination of the contract in 1993, Consumers' total remaining exposure would be \$24 million, for which Consumers previously accrued a loss. Consumers cannot predict the outcome of this appeal.

4. Palisades Plant - Spent Nuclear Fuel Storage

In April 1993, the NRC amended its regulations, effective May 7, 1993, to approve the design of the dry spent fuel storage casks to be used by Consumers at Palisades. In May 1993, the Attorney General and certain other parties commenced litigation to block Consumers' use of the storage casks, alleging that the NRC had failed to comply adequately with the National Environmental Policy Act. As of February, 1994, the courts have declined to prevent such use and have refused to issue temporary restraining orders or stays. Several appeals related to this matter are now pending at the U.S. Sixth Circuit Court of Appeals. As of mid-August 1993, Consumers has loaded two dry storage casks with spent nuclear fuel and expects to load additional casks in 1994 prior to Palisades' 1995 refueling outage.

5. CMS Energy's Exemption Under the Public Utility Holding Company Act of 1935

CMS Energy is exempt from registration under PUHCA. In December 1991, the Attorney General and the MMCG filed a request with the SEC for the revocation of CMS Energy's exemption. In January 1992, CMS Energy responded to the revocation request affirming its position that it is entitled to the exemption. In April 1992, the MPSC filed a statement with the SEC that recommended that the SEC impose nine conditions on CMS Energy's exemption. The suggested conditions would (1) preclude CMS Energy's making non-utility investments without prior SEC approval; (2) prohibit CMS Energy's subsidiaries from making any upstream loans without prior SEC approval; (3) prohibit CMS Energy from pledging Consumers' assets as security without prior SEC approval; (4) prohibit the sale or transfer of utility securities or assets by CMS Energy without SEC concurrence; (5) prevent Consumers paying other than "normal" dividend; (6) require that all contracts and leases over \$500,000 annual cost be filed with the SEC and MPSC; (7) require that access to the books and records of CMS Energy, its affiliates and their joint ventures, be provided to the SEC and the MPSC; (8) establish complaint procedures, with penalty provisions for addressing challenges to CMS Energy's compliance with the conditions; and (9) require that all pleadings filed with the SEC relating to the conditions be served contemporaneously on the MPSC. On July 9, 1993, the Attorney General submitted to the SEC a response to the MPSC's statement opposing the MPSC's recommendations and reiterating his argument that CMS Energy should not be allowed an exemption under PUHCA. On July 12, 1993, the MMCG submitted to the SEC a reply to CMS Energy's January 1992 response to the revocation request. On September 30, 1993, CMS Energy responded to the Attorney General's and the MMCG's July submissions. CMS Energy also contemporaneously submitted comments on the MPSC's April 1992 statement. In its response to the Attorney General and MMCG, CMS Energy again refuted the allegations made by the Attorney General and MMCG regarding CMS Energy's exemption, noting in particular that the matters complained of by the Attorney General and MMCG have all been addressed and resolved in proceedings before other regulatory and judicial authorities, primarily at the State level, with the Attorney General and MMCG participating. In its comments on the MPSC's April 1992 statement, CMS Energy updated events from the time the MPSC statement was filed during which the substantive issues underlying the MPSC's recommendations were resolved.

Should the SEC revoke CMS Energy's current exemption from registration under PUHCA, CMS Energy could either become a registered holding company or be granted a new exemption, possibly subject to conditions similar to those recommended by the MPSC. Registration under PUHCA could require divestment by CMS Energy of either its gas utility or electric utility business by some future date following registration. As a registered company, CMS Energy could also be precluded from engaging in businesses that are not functionally related to its utility operations; in addition, SEC approval would be required for the issuance of securities by CMS Energy and its subsidiaries. If divestiture of Consumers' gas utility or its electric utility business ultimately were required, the effect on Consumers and CMS Energy would depend on the method of divestitures and the extent of the proceeds received, which cannot now be predicted.

CMS Energy is vigorously contesting the revocation request and believes it will maintain the exemption. There has been no action taken by the SEC on this matter.

6. Ludington Pumped Storage Plant

In September 1993, the Court of Appeals overturned the dismissal of a lawsuit filed by the Attorney General in September 1986 seeking damages from Consumers and Detroit Edison for alleged injuries to fishing resources due to the operation of the jointly owned Ludington Pumped Storage Plant. In his 1986 complaint, the Attorney General had sought \$147.9 million (including interest) in damages for past injuries and approximately \$89,000 per day for future damages, subject to adjustment based on the adequacy of the barrier net installed at the plant and other changed conditions. In a second lawsuit, filed in 1987, the Attorney General had also sought to have the plant's bottom lands lease agreement with the State declared void. The Court of Appeals' September 1993 ruling upheld the lower court's dismissal relating to the breach of claim, but would allow the Attorney General to continue his lawsuit for damages against Consumers and Detroit Edison, limiting the recovery of potential damages to those occurring not more than 3 years before filing the lawsuit in 1986. On October 14, 1993, the Court of Appeals made minor modifications to its opinion. Consumers and Detroit Edison have filed an application for leave to appeal with the Michigan Supreme Court seeking a reversal of the September 1993 Court of Appeals' Order and have the trial court's dismissal of the damages claim affirmed. The Attorney General filed a brief in opposition to Consumers' and Detroit Edison's application and also filed an application with the Michigan Supreme Court seeking reversal of the Court of Appeals' rulings as to the lease claims and the statute of limitations holding. The decision to grant or deny these applications is pending at the Michigan Supreme Court.

7. Stray Voltage Lawsuit

Consumers experienced an increase in complaints during 1993 relating to so-called stray voltage. Claimants contend that stray voltage results when small electrical currents present in grounded electric systems are diverted from their intended path. Investigation by Consumers of prior stray voltage complaints disclosed that many factors, including improper wiring and malfunctioning of on-farm equipment can lead to the stray voltage phenomenon. Consumers maintains a policy of investigating all customer calls regarding stray voltage and working with customers to address their concerns including, when necessary, modifying the configuration of the customer's hook-up to Consumers. On October 27, 1993, a complaint seeking certification as a class action suit was filed against Consumers in a local circuit court. The complaint alleged that in excess of a billion dollars of damages, primarily related to production by certain livestock owned by the purported class, were being incurred as a result of stray voltage from electricity being supplied by Consumers. Consumers believes the allegations to be without merit and has vigorously opposed the certification of the class and this suit. On March 11, 1994, the court decided to deny class certification for this complaint and to dismiss, subject to refile as separate suits, the October lawsuit with respect to all but one of the named plaintiffs.

8. Gas Supplier Dispute

On September 1, 1993, Consumers commenced gas purchases from Trunkline under a continuation of prior sales agreements at a reduced price compared to prior gas sales. Some of Consumers' direct gas suppliers, who have their contract price tied to the price Consumers pays Trunkline, have claimed that the reduced Trunkline gas cost is not a proper reference price under their contracts with Consumers. To date, four suppliers have filed lawsuits, one in Canada, making these charges and seeking open pricing and/or renegotiation of the pricing provision for their contracts, and also seeking damages for breach of contract. Consumers is disputing these claims and has sought declaratory and other relief on this issue in Michigan courts against nine suppliers. Certain of the suppliers also allege that, absent successful renegotiation, they have the right to terminate their supply contracts with Consumers and have involved the MCV Partnership in the litigation claiming termination rights with respect to the MCV Partnership's supply contracts that were negotiated during the same period. Consumers has reached an agreement in principle to settle with three of the suppliers. Consumers cannot predict the outcome of this matter.

Additionally, three of these direct gas suppliers of Consumers made filings with the FERC in Trunkline's Order 636 restructuring case seeking to preclude Trunkline's ability to make the sales to Consumers which commenced on September 1, 1993. Consumers and Trunkline vigorously opposed these filings and in December 1993, the FERC issued an order which, among other things, allowed Trunkline to continue sales of gas to Consumers under tariffs on file with the FERC.

9. Arbitration Proceedings Between Consumers and the MCV Partnership

A dispute has arisen between the MCV Partnership and Consumers relating to the impact of the Settlement Order on the fixed energy charge payment called for in the PPA and Consumers' ability to exercise its rights under the regulatory out provision based on the issuance of the Settlement Order. In accordance with the dispute resolution provisions set out in the PPA, an arbitrator acceptable to both parties has been selected and the arbitration of this dispute has commenced. Consumers is unable to predict the outcome of such arbitration proceedings or of any possible settlement of the issues underlying this dispute. The lessors of the MCV Facility have filed a lawsuit in federal district court against CMS Energy, Consumers and CMS Holdings. It alleges breach of contract, breach of fiduciary duty and negligent or fraudulent misrepresentation relating to the MCV Partnership's failure to object to the Settlement Order in light of Consumers' interpretation of the Settlement Order, which is the subject of an arbitration between the MCV Partnership and Consumers. The action alleges damages in excess of \$1 billion and seeks injunctive relief relative to Consumers' payments of the fixed energy charge. CMS Energy and Consumers believe that at all times they and CMS Holdings have conducted themselves properly and that the action is without merit. They also believe that a significant portion of the alleged damages represent fixed energy charges in dispute in the arbitration. CMS Energy and Consumers are unable to predict the outcome of this action.

10. 1991 Gas Rate Settlement

On December 19, 1991, the MPSC approved a settlement in Case No. U-10037 concerning Consumers' gas rates which had been entered into by Consumers and the MPSC Staff. The settlement provides that Consumers is required to make certain expenditures for gas operation and maintenance activities in 1992, and provides for refunds if these expenditure levels are not met, or if Consumers' gas earnings exceed certain levels. Both the Attorney General and ABATE opposed approval of the settlement agreement and ABATE sought rehearing of the December 19, 1991 Order. On April 15, 1992, the MPSC denied the rehearing request. Both ABATE and the Attorney General have appealed the MPSC's order. On March 10, 1994, the Court of Appeals issued a per curiam opinion affirming the MPSC order.

11. Investigative Demand

On July 17, 1991, the Attorney General served a civil investigative demand upon Consumers and CMS Energy indicating that the Attorney General was investigating "possible violations" of the Michigan Antitrust Reform Act by CMS Energy and Consumers and certain of their affiliates, primarily in connection with potential acquisitions and dealings with electric generating companies including the MCV Partnership. CMS Energy and Consumers do not believe any violations of such Act have occurred. The Attorney General has not taken any action on this matter since 1991 and Consumers and CMS Energy believe that this investigation is no longer being pursued.

12. Environmental Matters

On September 23, 1993, the EPA filed an administrative complaint against Consumers under Superfund and the Emergency Planning and Community Right-to-Know Act. The complaint alleges, after release of a certain hazardous substance at its J. H. Campbell coal-fired electric generating plant, that Consumers did not immediately notify the appropriate governmental authorities of the release as soon as Consumers had knowledge of the release. The complaint proposes penalties aggregating \$100,000. Consumers is disputing these allegations.

In addition, Consumers is subject to various federal, state and local laws and regulations relating to the environment. Consumers has been named as a party to several actions involving environmental issues. However, based on its present knowledge and subject to future legal and factual developments, CMS Energy and Consumers believe that it is unlikely that these actions, individually or in total, will have a material adverse effect on their financial condition. See Item 1. BUSINESS. CONSUMERS AND CMS ENERGY ENVIRONMENTAL COMPLIANCE.

13. Retail Wheeling Proceedings

In September 1992, in response to an application filed by ABATE, the MPSC issued an order commencing a joint contested case proceeding to consider experimental wheeling tariffs for Consumers and Detroit Edison. ABATE's proposal is that for an experimental period of five years utility customers with maximum demands of 5,000 kW or more be eligible for the retail wheeling tariff. Under the proposal, 60 megawatts of Consumers'

load and 90 MW of Detroit Edison's load would be subject to displacement by retail wheeling. Consumers and Detroit Edison each opposed the proposed experimental retail wheeling tariff while the MPSC Staff cited concerns with the impact of the retail wheeling proposals on utility planning and procurement practices as well as regarding certain jurisdictional issues. In the PFD issued in August 1993, the ALJ determined that the MPSC could not order utilities to provide retail wheeling services and expressed concern regarding the proper pricing for this service should a utility voluntarily agree to provide the service.

14. Wholesale Wheeling Proceedings

Consumers has an approved open-access interconnection service schedule on file with the FERC for wholesale wheeling transactions. In 1992, Consumers also filed a separate but complementary open-access transmission tariff that would make both firm and non-firm transmission service available to eligible power generators, including investor-owned utilities, facilities that meet the ownership and technical requirements under PURPA, independent power producers, municipal and cooperative utilities. The FERC accepted the filing, effective May 2, 1992, subject to refund, and ordered a hearing before an ALJ. In September 1993, the ALJ issued an initial decision that would compel reductions of the tariff rates ranging from 25 percent to 65 percent. On November 1, 1993, Consumers filed exceptions with the FERC seeking reversal of the rate reductions proposed in the ALJ's initial decision. As of December 31, 1993, the amount of firm transmission service currently subject to the tariff is 23 MW.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

CMS Energy

None in the fourth quarter of 1993 for CMS Energy.

Consumers

None in the fourth quarter of 1993 for Consumers. However, at a special meeting held on January 31, 1994, the shareholders of Consumers approved the creation of a new class of stock, Class A preferred stock. The stock vote taken on the matter was as follows:

	For ---	Against -----	Abstain -----	Total -----
Common and Preferred Stock	84,611,652	103,849	38,072	84,753,573
Preferred Stock	502,863	103,849	38,072	644,784

47

PART II

ITEM 5. MARKET FOR CMS ENERGY'S AND CONSUMERS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

CMS Energy

Market prices for CMS Energy's common stock and related security holder matters are contained herein in Item 8, CMS Energy's Quarterly Financial and Common Stock Information, which is incorporated by reference herein. Number of common shareholders at February 28, 1994 was 66,250.

Consumers

Consumers' common stock is privately held by its parent, CMS Energy, and does not trade in the public market. In May, August, November and December 1993, Consumers paid \$57 million, \$21.5 million, \$33.5 million and \$21 million cash dividends, respectively, on its common stock.

ITEM 6. SELECTED FINANCIAL DATA.

CMS Energy

Selected financial information is contained in Item 8, CMS Energy's Selected Financial Information which is incorporated by reference herein.

Consumers

Selected financial information is contained in Item 8, Consumers' Selected Financial Information which is incorporated by reference herein.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

CMS Energy

Management's discussion and analysis of financial condition and results of operations is contained in Item 8, CMS Energy's Management's Discussion and Analysis which is incorporated by reference herein.

Consumers

Management's discussion and analysis of financial condition and results of operations is contained in Item 8, Consumers' Management's Discussion and Analysis which is incorporated by reference herein.

48

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Index to Financial Statements:

CMS Energy	Page
Selected Financial Information	51
Management's Discussion and Analysis	53
Consolidated Statements of Income	64
Consolidated Statements of Cash Flows	65
Consolidated Balance Sheets	66
Consolidated Statements of Long-Term Debt	68
Consolidated Statements of Preferred Stock	69
Consolidated Statements of Common Stockholders' Equity	70
Notes to Consolidated Financial Statements	71
Report of Independent Public Accountants	96
Quarterly Financial and Common Stock Information	97

Consumers	Page
Selected Financial Information	101
Management's Discussion and Analysis	102
Consolidated Statements of Income	112
Consolidated Statements of Cash Flows	113
Consolidated Balance Sheets	114
Consolidated Statements of Long-Term Debt	116
Consolidated Statements of Preferred Stock	117
Consolidated Statements of Common Stockholder's Equity	118
Notes to Consolidated Financial Statements	119
Report of Independent Public Accountants	142
Quarterly Financial Information	143

49

CMS Energy Corporation
1993 Financial Statements

50

(This page intentionally left blank)

51

<TABLE>

<CAPTION>

		1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Operating revenue (in millions) (a)	(\$)	3,482	3,146	2,998	3,028	3,004
Net income (loss) (in millions) (b)	(\$)	155	(297)	(276)	(494)	312
Average common shares outstanding (in thousands)		81,251	79,877	79,988	81,339	82,131
Earnings (loss) per average common share (b)	(\$)	1.90	(3.72)	(3.44)	(6.07)	3.80
Cash from operations (in millions)	(\$)	484	468	559	377	834
Construction expenditures, excludes assets placed under capital leases (in millions) (a)	(\$)	548	487	353	425	470
Total assets (in millions)	(\$)	6,964	6,848	6,194	7,917	8,614
Long-term debt, excluding current maturities (in millions)	(\$)	2,405	2,725	1,941	3,321	3,210
Non-current portion of capital leases (in millions)	(\$)	115	98	68	68	79
Total preferred stock (in millions)	(\$)	163	163	163	156	187
Preferred stock with mandatory redemption (in millions)	(\$)	-	-	-	-	10
Cash dividends declared per common share	(\$)	.60	.48	.48	.42	.10
Market price of common stock at year-end	(\$)	25-1/8	18-3/8	18-3/8	27-7/8	38
Book value per common share at year-end	(\$)	11.33	9.09	13.28	17.36	23.97
Return on average common equity	(%)	18.3	(33.2)	(22.4)	(29.4)	17.2
Return on assets	(%)	4.5	(2.3)	(0.6)	(3.2)	6.6
Number of common shareholders at year-end		66,795	70,801	72,729	76,348	81,131
Number of employees at year-end (full time equivalents)		10,013	9,971	9,212	9,484	9,790
Electric utility statistics						
Sales (millions of kWh) (c)		32,764	31,601	31,813	31,743	31,375
Customers (in thousands)		1,526	1,506	1,492	1,475	1,453
Average sales rate (cents/kWh)		6.28	5.82	5.73	5.89	5.55
Gas utility statistics						
Sales and transportation deliveries (bcf) (d)		389	364	339	333	303
Customers (in thousands)		1,423	1,402	1,382	1,362	1,338
Average sales rate (\$/mcf)		4.46	4.55	4.58	4.64	4.75

</TABLE>

<TABLE>

<CAPTION>

		1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Electric and gas non-utility statistics						
CMS Energy's share of unconsolidated independent power production revenue (in millions)	(\$)	334	284	246	197	7
Independent power production sales (millions of kWh)		5,019	4,057	3,342	3,233	90
Gas transmission and marketing revenues (in millions)	(\$)	142	89	42	30	21
Gas marketed for end-users (bcf)		60	45	23	16	11
Exploration statistics						
Sales (net equiv. MMbbls)		5.0	4.3	3.7	3.5	3.3
Proven reserves (net equiv. MMbbls)		69.8	70.9	60.3	48.2	36.9
Proven reserves added (net equiv. MMbbls)		3.9	15.0	16.0	14.7	9.4
Finding cost (\$/net equiv. bbl)	(\$)	4.97	4.88	6.58	5.52	8.16

<FN>

- (a) Certain prior year amounts were restated for comparative purposes.
 (b) Amount in 1991 included an extraordinary loss of \$14 million, after tax or \$.18 per average common share.
 (c) Includes intersystem electric sales.
 (d) Excludes off-system transportation services.

</TABLE>

53

CMS Energy Corporation
 Management's Discussion and Analysis

CMS Energy is the parent holding company of Consumers and Enterprises. Consumers, a combination electric and gas utility company serving most of the Lower Peninsula of Michigan, is the principal subsidiary of CMS Energy. Consumers' customer base includes a mix of residential, commercial and diversified industrial customers, the largest of which is the automotive industry. Enterprises is engaged in several non-utility energy-related businesses including: 1) oil and gas exploration and production, 2) development and operation of independent power production facilities, 3) gas marketing services to utility, commercial and industrial customers, and 4) storage and transmission of natural gas.

Consolidated 1993 Earnings

Consolidated net income for 1993 totaled \$155 million or \$1.90 per share, compared to net losses of \$297 million or \$3.72 per share in 1992 and \$276 million or \$3.44 per share in 1991. The increased net income reflects the Settlement Order related to power purchases from the MCV Partnership. Earnings also reflect record-setting utility electric sales and gas deliveries and additional earnings from the growth of non-utility businesses.

Cash Position, Financing and Investing

CMS Energy's primary ongoing source of operating cash is dividends from its principal subsidiaries. Consumers effected a quasi-reorganization as of December 31, 1992, which allowed it to resume paying common dividends (see Note 7 to the Consolidated Financial Statements). Consumers paid \$133 million in common dividends in 1993 and declared a \$16 million common dividend in January 1994 from 1993 earnings. CMS Energy also received

cash dividends of \$11 million from its non-utility subsidiaries. CMS Energy paid \$49 million in cash dividends to common shareholders compared to \$38 million in 1992. The \$11 million increase reflects an annual increase of \$.24 per share commencing third quarter 1993.

CMS Energy's consolidated cash requirements are met by its operating and financing activities. In 1993 and 1992, CMS Energy's consolidated cash inflow from operations was derived mainly from Consumers' sale and transportation of natural gas and its sale and transmission of electricity, and from NOMECO's sale of oil and natural gas. Consolidated cash from operations for 1993 primarily reflects Consumers' record-setting electric sales and gas deliveries and reduced after-tax cash shortfalls resulting from Consumers' purchases of power from the MCV Partnership.

During 1992, CMS Energy's cash from operations decreased as compared to 1991 primarily due to higher operational expenditures and reduced electric rates. In 1991, CMS Energy generated cash primarily from its consolidated operating and investing activities, including \$859 million of net proceeds from the sale of a majority of the MCV Bonds.

Over the last three years, CMS Energy has used its consolidated cash to fund its extensive utility construction expenditures, to improve the reliability of its utility transmission and distribution systems and to expand its non-utility businesses. It also has used its cash to retire portions of long-term securities and to pay cash dividends.

Financing Activities

In October 1993, CMS Energy issued 4.6 million shares of common stock at a price of \$26 5/8. The net proceeds of \$119 million were used to reduce existing debt and for general corporate purposes. During 1993, Consumers significantly reduced its future interest charges by retiring approximately \$51 million of high-cost outstanding debt and refinancing approximately \$573 million of other debt at lower interest rates. In November 1993, NOMECO amended the terms of its loan agreement and increased the amount to \$110 million. For further information, see Note 7.

Investing Activities

Capital expenditures (excluding assets placed under capital leases of \$58 million), deferred DSM costs and investments in unconsolidated subsidiaries totaled \$708 million for 1993 as compared to \$525 million in 1992. CMS Energy's expenditures for its utility, independent power production, oil and gas exploration and production, and gas transmission and marketing business segments were \$503 million, \$110 million, \$81 million and \$14 million, respectively.

In December 1993, Consumers sold \$309 million of MCV Bonds it held and used the net proceeds to temporarily reduce short-term borrowings and ultimately plans to reduce long-term debt and to finance its construction program.

Outlook

CMS Energy estimates that capital expenditures, including DSM, new lease commitments and investments in unconsolidated subsidiaries, will total approximately \$2.2 billion over the next three years.

	In Millions		
Years Ended December 31	1994	1995	1996
Electric and gas utility	\$553	\$461	\$471
Oil and gas exploration and production	117	90	100
Independent power production	84	99	98
Gas transmission and marketing	38	40	45
	====	====	====
	\$792	\$690	\$714
	====	====	====

CMS Energy is required to redeem or retire approximately \$796 million of long-term debt during 1994 through 1996. Cash generated by operations is expected to satisfy a substantial portion of these capital expenditures and debt retirements. Additionally, CMS Energy will evaluate the capital markets in 1994 as a source of financing its subsidiaries' investing activities.

CMS Energy filed a shelf registration statement with the SEC in January 1994 covering the issuance of up to \$250 million of unsecured debt securities. The net proceeds will be used to reduce the amount of

CMS Energy Notes outstanding and for general corporate purposes. In October 1993, Consumers received MPSC authorization and is proceeding to issue \$200 million of preferred stock in 1994.

Consumers has several other available sources of credit including unsecured, committed lines of credit totaling \$165 million and a \$470 million working capital facility. Consumers has FERC authorization to issue or guarantee up to \$900 million in short-term debt through December 31, 1994. Consumers uses short-term borrowings to finance working capital, seasonal fuel inventory, and to pay for capital expenditures between long-term financings. Consumers has an agreement permitting the sales of certain accounts receivable for up to \$500 million. As of December 31, 1993 and 1992, receivables sold totaled \$285 million and \$225 million, respectively. On February 15, 1993, Consumers increased the level of receivables sold to \$335 million. In February 1994, Consumers called or redeemed approximately \$101 million of first mortgage bonds (see Note 7).

Electric Utility Operations

Comparative Results of Operations

Electric Pretax Operating Income: The improvement in 1993 pretax operating income compared to 1992 reflects an increase of \$126 million relating to the resolution of the recoverability of MCV power purchase costs under the PPA and increased electric system sales of \$45 million, partially offset by higher costs to improve system reliability. The 1992 decrease of \$66 million from the 1991 level primarily resulted from an increased emphasis on system reliability improvements and decreased electric rates resulting from the full-year impact of a mid-1991 rate decrease.

Electric Sales: Electric system sales in 1993 totaled a record 31.7 billion kWh, a 3.8 percent increase from 1992 levels. In 1993, residential and commercial sales increased 3.4 percent and 3.0 percent, respectively, while industrial sales increased 6.5 percent. Growth in the industrial sector was the strongest in the auto-related segments of fabricated and primary metals and transportation equipment. Electric system sales in 1992 totaled 30.5 billion kWh, essentially unchanged from the 1991 levels.

Power Costs: Power costs for 1993 totaled \$908 million, a \$31 million increase from the corresponding 1992 period. This increase primarily reflects greater power purchases from outside sources to meet increased sales demand and to supplement decreased generation at Palisades due to an extended outage. Power costs for 1992 totaled \$877 million, a \$17 million decrease as compared to 1991.

Operation and Maintenance: Increases in other operation and maintenance expense for 1993 and 1992 reflected increased expenditures to improve electric system reliability.

Depreciation: The increased depreciation for 1993 reflects additional capital investments in plant. The 1992 increase resulted from higher depreciation rates, increased amortization of abandoned nuclear investment and increased nuclear plant decommissioning expense.

Electric Utility Rates

Power Purchases from the MCV Partnership: Consumers is obligated to purchase the following amounts of contract capacity from the MCV Partnership under the PPA:

Year	1993	1994	1995 and thereafter
MW	1,023	1,132	1,240

Since 1990, recovering capacity and fixed-energy costs for power purchased from the MCV Partnership has been a significant issue. Effective January 1, 1993, the Settlement Order allowed Consumers to recover from electric retail customers substantially all of the payments for its ongoing purchase of 915 MW of contract capacity from the MCV Partnership, significantly reducing the amount of future underrecoveries for these power costs. ABATE and the Attorney General have filed claims of appeal of the Settlement Order with the Court of Appeals.

Prior to the Settlement Order, Consumers had recorded losses for

underrecoveries from 1990 through 1992. In December 1992, Consumers recognized an after-tax loss of \$343 million for the present value of estimated future underrecoveries of power costs under the PPA as a result of the Settlement Order, based on management's best estimates regarding the future availability of the MCV Facility, and the effect of the future wholesale power market on the amount, timing and price at which various increments of the capacity above the MPSC-authorized level could be resold. Except for adjustments to the above loss to reflect the after-tax time value of money through accretion expense, no additional losses are expected unless actual future experience materially differs from management's estimates. The after-tax expense for the time value of money for the \$343 million loss is estimated to be approximately \$24 million in 1994, and various lower levels thereafter, including \$22 million in 1995 and \$20 million in 1996. Although the settlement losses were recorded in 1992, the after-tax cash underrecoveries associated with the Settlement Order were \$59 million in 1993. Consumers believes there is and will be a market for the resale of capacity purchases from the MCV Partnership above the MPSC-authorized level. If Consumers is unable to sell any capacity above the current MPSC-authorized level, future additional after-tax losses and after-tax cash underrecoveries could be incurred. Estimates for the next five years if none of the additional capacity is sold are as follows:

	After-tax, In Millions				
	1994	1995	1996	1997	1998
	----	----	----	----	----
Expected cash underrecoveries	\$56	\$65	\$62	\$61	\$ 8
Possible additional under-recoveries and losses (a)	\$14	\$20	\$20	\$22	\$72

(a) If unable to sell any capacity above the MPSC's authorized level.

The PPA, while requiring payment of a fixed energy charge, contains a "regulatory out" provision which permits Consumers to reduce the fixed energy charges payable to the MCV Partnership throughout the entire contract term if Consumers is not able to recover these amounts from its customers. Consumers and the MCV Partnership have commenced arbitration proceedings under the PPA to determine whether Consumers is entitled to exercise its regulatory out regarding fixed energy charges on the portion of available MCV capacity above the current MPSC-authorized levels. An arbitrator acceptable to both parties has been selected. If the arbitrator determines that Consumers cannot exercise its regulatory out, Consumers would be required to make these fixed energy payments to the MCV Partnership. The arbitration proceedings will also determine who is entitled to the fixed energy amounts for which Consumers did not receive full cost recovery during the years prior to settlement. As of December 31, 1993, these amounts total \$26 million. Although Consumers intends to aggressively pursue its right to exercise the regulatory out, management cannot predict the outcome of the arbitration proceedings or any possible settlement of the matter. Accordingly, losses were recorded prior to 1993 for all fixed energy amounts at issue in the arbitration. In December 1993, Consumers made an irrevocable offer to pay through September 15, 2007, fixed energy charges to the MCV Partnership on all kWh delivered by the MCV Partnership to Consumers from the contract capacity in excess of 915 MW, which represents a portion of the fixed energy charges in dispute. Consumers made the offer to facilitate the sale of the remaining MCV Bonds in 1993.

The lessors of the MCV Facility have filed a lawsuit in federal district court against CMS Energy, Consumers and CMS Holdings. It alleges breach of contract, breach of fiduciary duty and negligent or willful misrepresentation relating to the MCV Partnership's failure to object to the Settlement Order in light of Consumers' interpretation of the Settlement Order, which is the subject of an arbitration between the MCV Partnership and Consumers. The action alleges damages in excess of \$1 billion and seeks injunctive relief relative to Consumers' payments of the fixed energy charge. CMS Energy and Consumers believe that at all times they and CMS Holdings have conducted themselves properly and that the action is without merit. They also believe that a significant portion of the alleged damages represent fixed energy charges in dispute in the arbitration. CMS Energy and Consumers are unable to predict the outcome of this action. For further information regarding power purchases from the MCV Partnership, see Note 3.

PSCR Matters: Consumers began a planned refueling and maintenance outage at Palisades in June 1993. Following several required, unanticipated repairs that extended the outage, the plant returned to service in early November. Recovery of replacement power costs incurred by Consumers during the outage will be reviewed by the MPSC during the 1993 PSCR

reconciliation of actual costs and revenues to determine the prudence of actions taken during the outage and any associated delays. Net replacement power costs were approximately \$180,000 per day above the cost of fuel incurred when the plant is operating.

The Energy Act imposes an obligation on the utility industry, including Consumers, to decommission DOE uranium enrichment facilities. Consumers currently estimates its payments for decommissioning those facilities to be \$2.4 million per year for 15 years beginning in 1992, escalating based on an inflation factor. Consumers believes these costs are recoverable from its customers under traditional regulatory policies.

Electric Rate Case: Consumers filed a request with the MPSC in May 1993 to increase its electric rates. Subsequently, as a result of changed estimates, Consumers revised its requested electric rate increase to \$133 million annually based on a 1994 test year. Consumers also requested an additional annual electric rate increase of \$38 million based on a 1995 test year. In March 1994, an ALJ issued a proposal for decision that recommended Consumers' 1994 final annual rate increase total approximately \$83 million, and that the incremental requested 1995 increase not be granted at this time. The ALJ's recommendation included a lower return on electric common equity, reflected reduced anticipated debt costs due to the projected availability of more favorable interest rates and proposed a lower equity ratio for Consumers' projected capitalization structure. The ALJ did, however, generally support Consumers' rate design proposal to significantly reduce the level of subsidization of residential customers by commercial and industrial customers and generally supported a performance incentive which Consumers also supported. For further information, see Note 4.

Electric Conservation Efforts

In October 1993, Consumers completed the customer participation portion of several incentive-based DSM programs which were designed to encourage the efficient use of energy, primarily through conservation measures. Based on the MPSC's determination of Consumers' effectiveness in implementing these programs, Consumers' future rate of return on electric common equity may be adjusted either upward by up to one percent or downward by up to two percent, for one year following reconciliation hearings with the MPSC. Consumers believes it will receive an increase on its return on common equity based on having achieved all of the agreed upon objectives (see Note 4).

Electric Capital Expenditures

CMS Energy estimates capital expenditures, including DSM and new lease commitments, related to its electric utility operations of \$396 million for 1994, \$324 million for 1995 and \$332 million for 1996.

Electric Environmental Matters and Health Concerns

The 1990 amendment of the federal Clean Air Act significantly increased the environmental constraints that utilities will operate under in the future. While the Clean Air Act's provisions will require Consumers to make certain capital expenditures in order to comply with the amendments for nitrogen oxide reductions, Consumers' generating units are presently operating at or near the sulfur dioxide emission limits which will be effective in the year 2000. Therefore, management believes that Consumers' annual operating costs will not be materially affected.

In 1990, the State of Michigan passed amendments to the Environmental Response Act, under which Consumers expects that it will ultimately incur costs at a number of sites, even those in which it has a partial or no current ownership interest. It is expected that in most cases, parties other than Consumers with current or former ownership interests may also be considered liable under the law and may be required to share in the costs of any site investigations and remedial actions. CMS Energy and Consumers believe costs incurred for both investigation and any required remedial actions would be recoverable from electric utility customers under established regulatory policies and accordingly are not likely to materially affect their financial positions or results of operations.

Consumers is a so-called "Potentially Responsible Party" at several sites being administered under Superfund. Along with Consumers, there are numerous credit-worthy, potentially responsible parties with substantial assets cooperating with respect to the individual sites. Based on information currently known by management, Consumers and CMS Energy believe that it is unlikely that their liability at any of the known Superfund sites, individually or in total, will have a material adverse effect on their financial positions or results of operations.

Electric Outlook

Consumers expects economic growth, competitive rates and other factors to increase the demand for electricity within its service territory by approximately 1.8 percent per year over the next five years. For the near term, Consumers currently plans a reserve margin of 20 percent and expects to fill the additional capacity required through long- and short-term power purchases. Long-term purchased power will likely be obtained through a competitive bidding solicitation process utilizing the framework established by the MPSC in 1992. Capacity from the MCV Facility above the levels authorized by the MPSC may be offered by Consumers in connection with the solicitation.

A recent NRC review of Consumers' performance at Palisades showed a decline in performance. Management believes that an increased emphasis on internal assessments will improve performance at Palisades. To provide NRC senior management with a more in-depth assessment of plant performance, the NRC has initiated a diagnostic evaluation team inspection at Palisades. The inspection will be a broad-based evaluation of all aspects of nuclear plant operation and management which is expected to commence in March 1994, with results of the evaluation expected to be available in May 1994. The outcome of this evaluation cannot be predicted. Similar reviews conducted at nuclear plants of other utilities in recent years have in some cases resulted in increased regulatory oversight or required actions to improve plant operations, maintenance or condition.

Consumers is currently collecting \$45 million annually from electric retail customers for the future decommissioning of its two nuclear plants. Consumers believes these amounts will be adequate to meet current decommissioning cost estimates. For further information regarding nuclear decommissioning, see Note 2.

Consumers' on-site storage pool at Palisades is at capacity, and it is unlikely that the DOE will begin accepting any spent nuclear fuel by the originally scheduled date in 1998. Consumers is using NRC-approved dry casks, which are steel and concrete vaults, for temporary storage. Several appeals relating to NRC approval of the casks are now pending at the U.S. Sixth Circuit Court of Appeals. If Consumers is unable to continue to use the casks as planned, significant costs, including replacement power costs during any resulting plant shutdown, could be incurred.

Consumers has experienced an increase in complaints in 1993 relating primarily to the effect of so-called stray voltage on certain livestock. A complaint seeking certification as a class action suit has been filed against Consumers alleging significant damages, primarily related to certain livestock, which Consumers believes to be without merit (see Note 12).

Some of Consumers' larger industrial customers are exploring the possibility of constructing and operating their own on-site generating facilities. Consumers is actively working with these customers to develop rate and service alternatives that are competitive with self-generation options. Although Consumers' electric rates are competitive with other regional utilities, Consumers has on file with the FERC two open access interconnection tariffs which could have the effect of increasing competition for wholesale customers. As part of its current electric rate case, Consumers has requested that the MPSC reduce the level of rate subsidization of residential customers by commercial and industrial customers so as to further improve rate competitiveness for its largest customers.

The MPSC has completed a hearing on a proposal by ABATE to create an experimental retail wheeling tariff. Certain other parties have proposals in support of retail wheeling under development. In August 1993, an ALJ recommended that the MPSC reject the proposed experiment. An MPSC order is expected early in 1994.

Gas Utility Operations

Comparative Results of Operations

Gas Pretax Operating Income: For 1993, pretax operating income increased \$38 million compared to 1992, reflecting higher gas deliveries (both sales and transportation volumes) and more favorable regulatory recovery of gas costs related to transportation. During 1992, gas pretax operating income increased \$45 million from the 1991 level, essentially for many of the

same reasons as the current period.

Gas Deliveries: Gas sales and gas transported in 1993 totaled 410.6 bcf, a 6.9 percent increase from 1992. In 1992, gas sales and gas transported totaled 384.1 bcf, a 6.1 percent increase from 1991 deliveries.

Gas Utility Rates

Consumers currently plans to file a request in 1994 with the MPSC to increase its gas rates. The request would include, among other things, costs for postretirement benefits computed under SFAS 106, Employers' Accounting for Postretirement Benefits Other than Pensions. A final order should be received approximately nine to twelve months after the request is filed.

Certain of Consumers' direct gas suppliers have contract prices tied to the price Consumers pays Trunkline for its gas. The Trunkline contract covers gas deliveries through October 1994 and is at a price reduced in September 1993. Some of Consumers' direct gas suppliers have claimed that the reduced Trunkline gas cost is not a proper reference price under their contracts with Consumers and that their contracts are terminable after a 12-month period. Consumers is disputing these claims.

In 1992, the FERC issued Order 636, which makes a number of significant changes to the structure of the services provided by interstate natural gas pipelines to be implemented by the 1993-94 winter heating season. Consumers is a significant purchaser of gas from an interstate pipeline (Trunkline) and is a major transportation customer of a number of pipelines. Management believes that Consumers will recover any transition costs it may incur and such restructuring will not have a significant impact on its financial position or results of operations.

In July 1993, Michigan Gas Storage submitted a notice of rate change with the FERC to revise its operation and maintenance expenses for 1993 and update plant costs to reflect the addition of approximately \$27 million of new plant additions in 1993 and began collecting the revised rates subject to refund and a hearing in February 1994. Hearings or settlement conferences will follow. For further information regarding gas utility rates, see Note 4.

Gas Capital Expenditures

CMS Energy estimates capital expenditures, including new lease commitments, related to its gas utility operations of \$99 million for 1994, \$88 million for 1995 and \$81 million for 1996.

Gas Environmental Matters

Under the Environmental Response Act, Consumers expects that it will ultimately incur costs at a number of sites, including some of the 23 sites that formerly housed manufactured gas plant facilities, even those in which it has a partial or no current ownership interest. It is expected that in most cases, parties other than Consumers with current or former ownership interests may also be considered liable under the law and may be required to share in the costs of any site investigations and remedial actions. There is limited knowledge of manufactured gas plant contamination at these sites at this time. However, Consumers is continuing to monitor this issue.

In addition, at the request of the DNR, Consumers prepared plans for remedial investigation/feasibility studies for three of these sites. Work plans for remedial investigation/feasibility studies for four other sites have also been prepared. The DNR has approved two of the three plans for remedial investigation/feasibility studies submitted and is currently reviewing the one remaining. Consumers currently estimates the total cost of conducting the three studies submitted to the DNR to be less than \$1 million.

The timing and extent of any further site investigation and remedial actions will depend, among other things, on requests received from the DNR and on future site usage by Consumers or other owners. Under the current schedule, Consumers anticipates the first remedial investigation/feasibility study would be completed in mid-1994. Consumers believes the results of the remedial investigation/feasibility studies will allow management to estimate a range of remedial cost estimates for the sites under study, which may be substantial. In 1993, the MPSC addressed the question of recovery of investigation and remedial costs for another Michigan gas utility as part of that utility's gas rate case. In that proceeding, the MPSC determined that prudent investigation and remedial costs could be deferred and amortized over 10-year periods and

prudent unamortized costs can be included for recovery in the utility's rate cases. CMS Energy and Consumers believe costs incurred for both investigation and any required remedial actions would be recoverable from gas utility customers under established regulatory policies and accordingly are not likely to materially affect their financial positions or results of operations.

Gas Outlook

In 1993, Consumers purchased approximately 85 percent of its required gas supply under long-term contracts, and the balance on the spot market. Trunkline supplied approximately 41 percent of the total requirement. Consumers expects gas supply reliability to be ensured through long-term supply contracts, with purchases in the short-term spot market when economically beneficial. Management believes that Consumers' ability to purchase gas during the off-season and store it in its extensive underground storage facilities will continue to help provide customers with low-cost, competitive gas rates.

Consumers anticipates growth in gas deliveries of approximately 0.6 percent per year over the next five years. Management believes that environmental benefits, along with the federal requirements included in the Energy Act, create an opportunity for growth in the natural gas vehicle industry.

Oil and Gas Exploration and Production

Pretax Operating Income

1993 pretax operating income decreased \$4 million from 1992, primarily reflecting lower average market prices for oil and \$10 million of international write-offs, partially offset by higher gas and oil sales volumes and higher average market prices for gas. 1992 pretax operating income decreased \$7 million from 1991, primarily due to lower average market prices for oil, partially offset by increased oil and gas sales volumes.

Capital Expenditures

During 1993, CMS Energy's oil and gas exploration and production capital expenditures were \$81 million. Most expenditures were made to develop existing proven reserves -- oil reserves in Ecuador which will start production in 1994 and Antrim Shale gas in northern Michigan.

CMS Energy currently plans to invest \$307 million over the next three years in its oil and gas exploration and production operations. These anticipated capital expenditures primarily reflect continued development of Ecuador oil and Antrim Shale gas and reserve acquisitions. International focus will remain on Latin America and the Pacific Rim region.

Independent Power Production

Pretax Operating Income

1993 pretax operating income increased \$21 million, primarily reflecting the addition of new electric generating capacity and improved equity earnings and operating efficiencies. CMS Energy's ownership share of sales and revenues increased 24 percent and 18 percent, respectively, over the prior year.

Capital Expenditures

In 1993, capital expenditures were \$110 million, including investments in unconsolidated subsidiaries. These expenditures were primarily used to obtain ownership interests in an additional 309 MW of owned operating capacity or a 40 percent increase from December 31, 1992.

In April 1993, CMS Generation acquired a 50 percent interest in the Lyonsdale cogeneration plant, a 19 MW power plant in upstate New York. CMS Generation has invested \$9 million in the project and additional investments relating to this project are expected to be immaterial.

In May 1993, a consortium including CMS Generation purchased an 88 percent share in the 650 MW San Nicolas power plant near Buenos Aires, Argentina. As of December 31, 1993, CMS Generation's share of the consortium is 18.6 percent and it has provided notice to exercise its option to increase its share to 21 percent. The plant sells power under long-term contracts to

two utilities and Argentina's electric grid system. CMS Generation has invested \$21 million in the partnership through December 31, 1993 and plans to invest approximately \$3 million in 1994 in exercising its option.

In June 1993, CMS Generation was involved in the formation of Scudder Latin American Trust for Independent Power as a lead partner. The fund, which has investment commitments of \$25 million from each of the four lead partners, will invest in electric generation and infrastructure resulting from the development of new power generating capacity. CMS Generation has contributed \$.5 million through December 31, 1993 and estimates contributions of up to \$11 million in 1994.

In July 1993, an investment company including CMS Generation S. A. acquired the rights to a 59 percent ownership interest in two hydroelectric power plants on the Limay River in western Argentina. These plants have a total generating capacity of 1,320 MW. The remaining interest in the project is to be held 39 percent by the Argentine provincial government and 2 percent by the plant employees. CMS Generation S.A. has a 25 percent ownership interest in the investment company. The investment company secured a 30-year concession under a government privatization program and in August 1993, began operating these power plants. CMS Generation S.A. entered into letter of credit agreements to support the acquisition. As of December 31, 1993, CMS Energy had approximately \$41 million of guarantees relating to this agreement which were reduced to less than \$15 million in January 1994. CMS Generation has invested \$64 million in equity and loans and plans to invest up to an additional \$2 million in 1994.

CMS Generation has a 50 percent ownership interest and has invested, through the Oxford/CMS Development Limited Partnership, \$7 million in the Exeter waste tire-fueled/electric generation facility near Sterling, Connecticut. Based on a financial restructuring completed in 1993, CMS Generation may be obligated to invest up to an additional \$2 million. The 26.5 MW Exeter facility has a capacity of processing 10 million waste tires per year and sells its capacity and energy to Connecticut Light and Power Company under a long-term agreement.

Effective November 1, 1993, CMS Generation acquired a 50 percent ownership interest in an 18 MW wood waste-fueled electric generation facility located near Chateaugay, New York for approximately \$5 million and became the operator March 1, 1994. The facility sells its entire electric output to New York State Electric and Gas Corporation under a long-term power purchase agreement. CMS Generation expects no additional investment relating to this project.

CMS Energy currently plans to invest \$281 million relating to its independent power production operations over the next three years, primarily in domestic and international subsidiaries and partnerships. CMS Generation is involved with partnerships that have signed power contracts to construct power plant facilities capable of producing a total of 885 MW of operating capacity in Michigan, Tamil Nadu, India, and two projects in Batangas, Philippines. CMS Generation will also pursue acquisitions in Latin America, southern Asia and the Pacific Rim region.

Gas Transmission and Marketing

Pretax Operating Income

1993 pretax operating income increased \$2 million over 1992, reflecting earnings growth from existing and new gas transportation projects and increased natural gas marketed. In 1993, 60 bcf was marketed compared to 45 bcf in 1992.

Capital Expenditures

During 1993, CMS Energy's non-utility gas companies made capital expenditures of \$14 million and formed two marketing partnerships which will provide natural gas marketing services throughout the Appalachian region of the United States and in Chicago and northern Illinois.

In November 1993, CMS Gas Transmission acquired an existing \$4 million gas gathering system in the Antrim Shale region of Michigan's Lower Peninsula, which was placed into service in December 1993. CMS Gas Transmission began an \$11 million expansion of its carbon dioxide processing facility, with completion expected in March 1994. In December 1993, they signed a letter of intent to invest \$18 million to acquire 50 percent ownership in an existing 5 bcf high deliverability salt cavern storage facility on the Gulf Coast of Texas.

CMS Energy currently plans to invest \$123 million over the next three years relating to its non-utility gas operations. These investments would reflect the significant expansion of certain northern Michigan gas pipeline and carbon dioxide removal plant facilities. It will continue to pursue development of natural gas storage, gas gathering and pipeline operations both domestically and internationally and work toward the development of a Midwest "market center" for natural gas through strategic alliances and asset acquisition and development.

Other

Other Income: The 1993 other income level reflects lower Midland-related losses than experienced in 1992. The 1992 loss included a \$343 million charge related to the Settlement Order. The 1991 loss included \$294 million related to an MPSC order received in 1991 that allowed Consumers to recover only \$760 million of remaining abandoned Midland investment.

Fixed Charges: Fixed charges for 1993 increased \$22 million from 1992 and primarily reflect debt outstanding with higher rates of interest in 1993. The significant decrease in fixed charges in 1992 from 1991 primarily reflects Consumers' program aimed at significantly reducing its debt and the refinancing of debt at lower interest rates.

Public Utility Holding Company Act Exemption: CMS Energy is exempt from registration under PUHCA. However, the Attorney General and the MMCG have asked the SEC to revoke CMS Energy's exemption from registration under PUHCA. On April 15, 1992, the MPSC filed a statement with the SEC recommending that CMS Energy's current exemption be revoked and a new exemption be issued conditioned upon certain reporting and operating requirements. If CMS Energy were to lose its current exemption, it would become more heavily regulated by the SEC; Consumers could ultimately be forced to divest either its electric or gas utility business; and CMS Energy would be restricted from conducting businesses that are not functionally related to the conduct of its utility business as determined by the SEC. CMS Energy is opposing this request and believes it will maintain its current exemption from registration under PUHCA.

64

<TABLE>

Consolidated Statements of Income

CMS Energy Corporation

<CAPTION>

In Millions,
Except Per Share Amounts

Years Ended December 31		1993	1992	1991
<S>	<C>	<C>	<C>	<C>
Operating Revenue	Electric utility	\$2,077	\$1,863	\$1,849
	Gas utility	1,160	1,126	1,061
	Oil and gas exploration and production	77	70	50
	Independent power production	21	(8)	(9)
	Gas transmission and marketing	142	89	42
	Other	5	6	5
	Total operating revenue	3,482	3,146	2,998
Operating Expenses	Operation			
	Fuel for electric generation	293	305	308
	Purchased power - related parties	467	460	442
	Purchased and interchange power	148	112	144
	Cost of gas sold	801	749	693
	Other	570	554	514
	Total operation	2,279	2,180	2,101
	Maintenance	206	203	172
	Depreciation, depletion and amortization	365	348	283
	General taxes	193	184	181
	Total operating expenses	3,043	2,915	2,737
Pretax Operating Income (Loss)	Electric utility	286	154	220
	Gas utility	147	109	64
	Oil and gas exploration and production	3	7	14
	Independent power production	5	(16)	(18)
	Gas transmission and marketing	7	5	4
	Other	(9)	(28)	(23)

	Total pretax operating income	439	231	261
	Income Taxes	92	22	25
	Net Operating Income	347	209	236
Other Income	Income from contractual arrangements (MCV Bonds)	32	34	119
(Deductions)	Accretion income (Note 4)	14	15	24
	Accretion expense (Note 3)	(36)	-	-
	Loss on MCV power purchases - settlement (Note 3)	-	(520)	-
	Write-down of abandoned Midland project costs (Note 4)	-	-	(398)
	Other income taxes, net	17	168	119
	Other, net	15	9	(15)
	Total other income (deductions)	42	(294)	(151)
Fixed Charges	Interest on long-term debt	204	169	274
	Other interest	24	35	68
	Capitalized interest	(5)	(3)	(5)
	Preferred dividends	11	11	10
	Net fixed charges	234	212	347
	Net Income (Loss) Before Extraordinary Item	155	(297)	(262)
	Extraordinary Item, Early Redemption of Debt, Net	-	-	(14)
	Net Income (Loss)	\$ 155	\$ (297)	\$ (276)
	Average Common Shares Outstanding	81	80	80
	Earnings (Loss) Per Average Common Share Before Extraordinary Item	\$ 1.90	\$ (3.72)	\$ (3.26)
	Loss Per Average Common Share From Extraordinary Item	-	-	(.18)
	Earnings (Loss) Per Average Common Share	\$ 1.90	\$ (3.72)	\$ (3.44)
	Dividends Declared Per Common Share	\$.60	\$.48	\$.48

<FN>

The accompanying notes are an integral part of these statements.

/TABLE

65

<TABLE>

Consolidated Statements of Cash Flows

CMS Energy Corporation

<CAPTION>

		In Millions		
Years Ended December 31		1993	1992	1991
<S>		<C>	<C>	<C>
Cash Flows From	Net income (loss)	\$ 155	\$ (297)	\$ (276)
Operating Activities	Adjustments to reconcile net income (loss) to net cash provided by operating activities			
	Depreciation, depletion and lease amortization	341	338	311
	Nuclear decommissioning	54	50	15
	Debt discount amortization	36	12	3
	Deferred income taxes	66	(177)	(150)
	Deferred investment tax credit	(10)	(8)	36
	Accretion expense (Note 3)	36	-	-
	Accretion income - abandoned Midland project (Note 4)	(14)	(15)	(24)
	MCV power purchases - settlement (Note 3)	(84)	-	-
	Loss on MCV power purchases - settlement (Note 3)	-	520	-
	Loss on equity investments and loans to affiliates	-	6	56
	Write-down of abandoned Midland project costs	-	-	398
	Changes in other assets and liabilities (Note 14)	(87)	37	160
	Other	(9)	2	30
	Net cash provided by operating activities	484	468	559
Cash Flows From	Construction expenditures (excludes assets placed under capital leases of \$58 in 1993, \$69 in 1992 and \$27 in 1991) (Note 14)	(548)	(487)	(353)
Investing Activities				

Investments in partnerships and unconsolidated subsidiaries	(108)	(12)	(33)
Investments in nuclear decommissioning trust funds	(54)	(50)	(15)
Deferred demand-side management costs	(52)	(26)	-
Cost to retire property, net	(32)	(14)	(18)
Sale of subsidiary (Note 2)	(14)	-	-
Other	(4)	(1)	(3)
Reduction of investment in MCV Bonds and MCV Partnership (Note 3)	322	10	877
Proceeds from sale of property	1	12	5
Proceeds from Bechtel settlement	-	46	-

Net cash provided by (used in) investing activities	(489)	(522)	460
---	-------	-------	-----

Cash Flows From Financing Activities	Proceeds from bank loans, notes and bonds (Note 7)	676	607	207
	Issuance of common stock	132	-	-
	Increase (decrease) in notes payable, net	44	(493)	371
	Retirement of bonds (Note 7)	(645)	(12)	(606)
	Repayment of bank loans	(192)	(1)	(805)
	Payment of common stock dividends	(49)	(38)	(38)
	Payment of capital lease obligations	(26)	(36)	(41)
	Retirement of common and preferred stock	(3)	(1)	(35)

Net cash provided by (used in) financing activities	(63)	26	(947)
---	------	----	-------

Net Increase (Decrease) in Cash and Temporary Cash Investments	(68)	(28)	72
--	------	------	----

Cash and temporary cash investments			
Beginning of year	123	151	79
End of year	\$ 55	\$ 123	\$ 151

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

66

<TABLE>

Consolidated Balance Sheets

CMS Energy Corporation

<CAPTION>

ASSETS In Millions

December 31		1993	1992
-------------	--	------	------

<S>	<C>	<C>	
Plant and Property (At Cost)	Electric	\$5,347	\$5,076
	Gas	1,862	1,749
	Oil and gas properties (full-cost method)	845	768
	Other	294	256
		8,348	7,849
	Less accumulated depreciation, depletion and amortization (Note 2)	4,022	3,775
		4,326	4,074
	Construction work-in-progress	257	252
		4,583	4,326

Investments	First Midland Limited Partnership (Notes 3 and 16)	213	208
	Independent power production	115	36
	Midland Cogeneration Venture Limited Partnership (Notes 3 and 16)	67	68
	Other	26	26
		421	338

Current Assets	Cash and temporary cash investments at cost, which approximates market (Note 3)	55	123
	Accounts receivable and accrued revenues, less allowances of \$4 in 1993 and \$5 in 1992 (Note 6)	149	183

Inventories at average cost		
Gas in underground storage	228	204
Materials and supplies	74	70
Generating plant fuel stock	41	37
Deferred income taxes (Note 5)	17	-
Investment in MCV Bonds (Note 3)	-	322
Prepayments and other	219	230
	-----	-----
	783	1,169

Non-current Assets	Postretirement benefits (Note 10)	491	466
	Nuclear decommissioning trust funds (Note 2)	165	111
	Abandoned Midland project (Note 4)	162	175
	Trunkline settlement (Note 4)	86	116
	Other	273	147
		-----	-----
		1,177	1,015
Total Assets		-----	-----
		\$6,964	\$6,848

</TABLE>

67

<TABLE>

CMS Energy Corporation

<CAPTION>

STOCKHOLDERS' INVESTMENT AND LIABILITIES In Millions

December 31		1993	1992
		-----	-----
<S>		<C>	<C>
Capitalization	Common stockholders' equity	\$ 966	\$ 727
(Note 7)	Preferred stock of subsidiary	163	163
	Long-term debt	2,405	2,725
	Non-current portion of capital leases	115	98
		-----	-----
		3,649	3,713

Current Liabilities	Current portion of long-term debt and capital leases	368	132
	Notes payable	259	215
	Accounts payable	171	201
	Accounts payable - related parties	46	47
	Accrued taxes	233	258
	MCV power purchases - settlement (Note 3)	82	81
	Accrued interest	40	50
	Accrued refunds	28	77
	Deferred income taxes (Note 5)	-	21
	Other	189	188
		-----	-----
		1,416	1,270

Non-current Liabilities	Postretirement benefits (Note 10)	540	503
	Deferred income taxes (Note 5)	509	349
	MCV power purchases - settlement (Note 3)	391	439
	Deferred investment tax credits	191	201
	Trunkline settlement (Note 4)	86	116
	Regulatory liabilities for income taxes, net (Note 5)	6	62
	Other	176	195
		-----	-----
		1,899	1,865

Total Stockholders' Investment and Liabilities \$6,964 \$6,848

=====

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

68

<TABLE>

Consolidated Statements of Long-Term Debt

CMS Energy Corporation

In Millions

<CAPTION>

December 31

1993

1992

<S>	<C>	<C>	<C>	<C>
First Mortgage Bonds	Series (%)	Due		
	13-7/8	1993	\$ -	\$ 4
	5-7/8	1996	36	36
	6	1997	50	50
	8-3/4	1997	5	11
	8-3/4	1998	248	250
	6-5/8	1998	45	45
	6-7/8	1998	43	43
	9-1/8	1998	5	8
	7-5/8	1999	48	48
	8-1/4	1999	-	55
	8-7/8	1999	200	200
	8-5/8	2000	-	50
	7-1/2	2001	57	57
	8-1/8	2001	-	57
	7-1/2	2002	62	62
	7-1/2	2002	43	43
	6-3/8	2003	300	-
	8-5/8	2003	-	75
	9	2006	-	60
	8-7/8	2007	-	85
	8-5/8	2007	-	100
	9	2008	-	68
	7-3/8	2023	300	-
			-----	-----
			1,442	1,407
Long-Term Bank Debt			469	500
Senior Deferred Coupon Notes			466	466
Pollution Control Revenue Bonds			131	133
Bank Loans			115	244
Nuclear Fuel Disposal			90	88
Senior Serial Notes			45	50
4-5/8% Debentures			26	26
Tax Exempt Bonds			22	-
Other			13	13
			-----	-----
Principal Amount Outstanding			2,819	2,927
Current Amounts			(333)	(93)
Net Unamortized Discount			(81)	(109)
			-----	-----
Total Long-Term Debt			\$2,405	\$2,725

</TABLE>

<TABLE>

The table below shows maturities and improvement fund obligations for long-term debt:

LONG-TERM DEBT MATURITIES AND OBLIGATIONS

In Millions

<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>
1994	1995	1996	1997	1998	1999	Total
First Mortgage Bonds	\$ 91	\$ 9	\$ 188	\$ -	\$ 45	\$ 333
Improvement Fund	-	8	188	-	30	226

1996	36	8	93	-	116	253
1997	50	8	-	172	37	267
1998	336	7	-	-	32	375

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

69

<TABLE>

Consolidated Statements of Preferred Stock

CMS Energy Corporation

<CAPTION>

December 31	Series	Optional Redemption Price	Number of Shares		In Millions	
			1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Consumers' Preferred Stock						
Cumulative, \$100 par value, authorized 7,500,000 shares, with no mandatory redemption						
	\$4.16	\$103.25	68,451	68,451	\$ 7	\$ 7
	4.50	110.00	373,148	373,148	37	37
	7.45	101.00	379,549	379,549	38	38
	7.68	101.00	207,565	207,565	21	21
	7.72	101.00	289,642	289,642	29	29
	7.76	102.21	308,072	308,072	31	31
Total Preferred Stock					\$163	\$163

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

70

<TABLE>

Consolidated Statements of Common Stockholders' Equity

CMS Energy Corporation

<CAPTION>

	Number of Shares	Common Stock	Other Paid-in Capital	In Millions, Except Number of Shares	
				Retained Earnings (Deficit)	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1991	80,745,032	\$1	\$1,565	\$(164)	\$1,402
Net loss				(276)	(276)
Common stock dividends declared				(38)	(38)
Net gain on retired stock			1		1
Reissuance of affiliate's preferred stock			(2)		(2)
Common stock reacquired	(1,067,697)		(30)		(30)
Common stock reissued	147,050		3		3
Balance at December 31, 1991	79,824,385	1	1,537	(478)	1,060
Net loss				(297)	(297)
Common stock dividends declared				(38)	(38)
Common stock reacquired	(9,101)		(1)		(1)
Common stock reissued	150,438		3		3
Balance at December 31, 1992	79,965,722	1	1,539	(813)	727

Net income			155	155
Common stock dividends declared			(49)	(49)
Common stock reacquired	(97,442)	(3)		(3)
Common stock issued	5,135,726	132		132
Common stock reissued	192,789	4		4

Balance at December 31, 1993 85,196,795 \$1 \$1,672 \$(707) \$ 966
=====

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

71

CMS Energy Corporation
Notes to Consolidated Financial Statements

1: Corporate Structure

CMS Energy is the parent holding company of Consumers and Enterprises. Consumers, a combination electric and gas utility company serving most of the Lower Peninsula of Michigan, is the principal subsidiary of CMS Energy. Consumers' customer base includes a mix of residential, commercial and diversified industrial customers, the largest of which is the automotive industry. Enterprises is engaged in several non-utility energy-related businesses including: 1) oil and gas exploration and production, 2) development and operation of independent power production facilities, 3) gas marketing services to utility, commercial and industrial customers, and 4) transmission and storage of natural gas.

2: Summary of Significant Accounting Policies and Other Matters

Basis of Presentation

The consolidated financial statements include CMS Energy, Consumers and Enterprises and their wholly owned subsidiaries. CMS Energy eliminates all material transactions between its consolidated companies. CMS Energy uses the equity method of accounting for investments in its companies and partnerships where it has more than a 20 percent but less than a majority ownership interest and includes these results in operating revenue. For the years ended December 31, 1993, 1992 and 1991 equity earnings (losses) were \$17 million, \$(6) million, and \$(8) million, respectively.

Gas Inventory

Consumers uses the weighted average cost method for valuing working gas inventory. Cushion gas, which is gas stored to maintain reservoir pressure for recovery of working gas, is recorded in the appropriate gas utility plant account. Consumers stores gas inventory in its underground storage facilities.

Maintenance, Depreciation and Depletion

Property repairs and minor property replacements are charged to maintenance expense. Depreciable property retired or sold plus cost of removal (net of salvage credits) is charged to accumulated depreciation. Consumers bases depreciation provisions for utility plant on straight-line and units-of-production rates approved by the MPSC. In May 1991, the MPSC approved an increase of approximately \$15 million annually in Consumers' electric and common utility plant depreciation rates. The composite depreciation rate for electric utility property was 3.4 percent for 1993 and 1992 and 3.3 percent for 1991. The composite rate for gas utility plant was 4.4 percent for 1993 and 4.3 percent for 1992 and 1991.

NOMECO follows the full-cost method of accounting and, accordingly, capitalizes its exploration and development costs, including the cost of non-productive drilling and surrendered acreage, on a country-by-country basis. The capitalized costs in each cost center are being amortized on an overall units-of-production method based on total estimated proven oil and gas reserves.

The composite rates for Consumers' common property, NOMECO's other property, and other property of CMS Energy and its subsidiaries were 4.5 percent in 1993, 4.7 percent in 1992 and 4.1 percent in 1991.

New Accounting Standards

In November 1992, the FASB issued SFAS 112, Employers' Accounting for Postemployment Benefits, which CMS Energy adopted January 1, 1994. CMS Energy pays for several postemployment benefits, the most significant being workers compensation. Because CMS Energy's postemployment benefit plans do not vest or accumulate, the standard did not materially impact CMS Energy's financial position or results of operations. For new accounting standards related to financial instruments, see Note 8.

Nuclear Fuel, Decommissioning and Other Nuclear Matters

Consumers amortizes nuclear fuel cost to fuel expense based on the quantity of heat produced for electric generation. Interest on leased nuclear fuel is expensed as incurred. Under federal law, the DOE is responsible for permanent disposal of spent nuclear fuel at costs to be paid by affected utilities under various payment options. However, in a statement released February 17, 1994, the DOE asserted that it does not have a legal obligation to accept spent nuclear fuel without an operational repository. The DOE is exploring options to offset the costs incurred by nuclear utilities in continuing to store spent nuclear fuel on site. For fuel burned after April 6, 1983, Consumers charges disposal costs to nuclear fuel expense, recovers it through electric rates and remits it to the DOE quarterly. Consumers has elected to defer payment for disposal of spent nuclear fuel burned before April 7, 1983 until the spent fuel is delivered to the DOE. As of December 31, 1993, Consumers has recorded a liability to the DOE of \$90 million, including interest, to dispose of spent nuclear fuel burned before April 7, 1983. Consumers has been recovering through electric rates the amount of this liability, excluding a portion of interest. Consumers' liability to the DOE becomes due when the DOE takes possession of Consumers' spent nuclear fuel, which was originally scheduled to occur in 1998.

In April 1993, the NRC approved the design of the dry spent fuel storage casks now being used by Consumers at Palisades. In May 1993, the Attorney General and certain other parties commenced litigation to block Consumers' use of the storage casks, alleging that the NRC had failed to comply adequately with the National Environmental Policy Act. As of mid-February 1994, the courts have declined to prevent such use and have refused to issue temporary restraining orders or stays. Several appeals relating to this matter are now pending at the U.S. Sixth Circuit Court of Appeals. Consumers loaded two dry storage casks with spent nuclear fuel in 1993 and expects to load additional casks in 1994 prior to Palisades' 1995 refueling. If Consumers is unable to continue to use the casks as planned, significant costs, including replacement power costs during any resulting plant shutdown, could be incurred.

Consumers currently estimates decommissioning costs (decontamination and dismantlement) of \$208 million and \$399 million, in 1993 dollars, for the Big Rock Point and Palisades nuclear plants, respectively. At December 31, 1993, Consumers had recorded \$171 million of decommissioning costs and classified the obligation as accumulated depreciation. In January 1987, Consumers began collecting estimated costs to decommission its two nuclear plants through a monthly surcharge to electric customers which currently totals \$45 million annually. Consumers expects to file updated decommissioning estimates with the MPSC on or before March 31, 1995. Amounts collected from electric retail customers are deposited in trust. Trust earnings are recorded as an investment with a corresponding credit included in accumulated depreciation. The total amount of the trust will be available for decommissioning Big Rock Point and Palisades at the end of their respective license periods in 2000 and 2007. Consumers believes the amounts being collected are adequate to meet its currently estimated decommissioning costs and current NRC requirements.

In November 1993, Palisades returned to service following a planned refueling and maintenance outage that had been extended due to several unanticipated repairs. The results of an NRC review of Consumers' performance at Palisades published shortly thereafter showed a decline in performance ratings for the plant. Management believes that an increased emphasis on internal assessments will improve performance at Palisades. In order to provide NRC senior management with a more in-depth assessment of plant performance, the NRC has initiated a diagnostic evaluation team inspection at Palisades. The inspection will be a broad-based evaluation of all aspects of nuclear plant operation and management. The evaluation is expected to commence in March 1994, with results of the evaluation expected to be available in May 1994. The outcome of this evaluation cannot be predicted. Similar reviews conducted at nuclear plants of other utilities in recent years have in some cases resulted in increased regulatory oversight or required actions to improve plant operations,

maintenance or condition.

Plateau Resources Ltd.

In August 1993, Consumers sold its ownership interest in Plateau to U. S. Energy Corp. As a result of the sale, approximately \$14 million of Plateau's cash and cash equivalents, other assets and liabilities, including certain future decommissioning, environmental and other contingent liabilities were transferred to U. S. Energy Corp. In view of prior write-offs, this transaction did not result in any material gains or additional losses.

Reclassifications

CMS Energy and the MCV Partnership (see Note 16) have reclassified certain prior year amounts for comparative purposes. These reclassifications did not affect the net losses for the years presented.

Related-Party Transactions

In 1993, 1992, and 1991, Consumers purchased \$52 million, \$36 million and \$26 million, respectively, of electric generating capacity and energy from affiliates of Enterprises. Affiliates of CMS Energy sold, stored and transported natural gas and provided other services to the MCV Partnership totaling approximately \$27 million, \$21 million and \$19 million for 1993, 1992 and 1991, respectively. For additional discussion of related-party transactions with the MCV Partnership and the FMLP, see Notes 3 and 16. Other related-party transactions are immaterial.

Revenue and Fuel Costs

Consumers accrues revenue for electricity and gas used by its customers but not billed at the end of an accounting period. Consumers also accrues or reduces revenue for any underrecovery or overrecovery of electric power supply costs and natural gas costs by establishing a corresponding asset or liability until Consumers bills these unrecovered costs or refunds the excess recoveries to customers after reconciliation hearings conducted before the MPSC.

Utility Regulation

Consumers accounts for the effects of regulation under SFAS 71, Accounting for the Effects of Certain Types of Regulation. As a result, the actions of regulators affect when revenues, expenses, assets and liabilities are recognized.

Other

For significant accounting policies regarding cash equivalents, see Note 14; for income taxes, see Note 5; and for pensions and other postretirement benefits, see Note 10.

3: The Midland Cogeneration Venture

The MCV Partnership, which leases and operates the MCV Facility, contracted to supply electricity and steam to The Dow Chemical Company and to sell electricity to Consumers for a 35-year period beginning in March 1990. At December 31, 1993, Consumers, through its subsidiaries, held the following assets related to the MCV: 1) CMS Midland owned a 49 percent general partnership interest in the MCV Partnership; and 2) CMS Holdings held through the FMLP a 35 percent lessor interest in the MCV Facility. In late 1993, Consumers sold its remaining \$309 million investment in the MCV Bonds.

Power Purchases from the MCV Partnership

Consumers is obligated to purchase the following amounts of contract capacity from the MCV Partnership under the PPA:

Year	1991	1992	1993	1994	1995 and thereafter
MW	806	915	1,023	1,132	1,240

During 1992 and 1991, the MPSC only allowed Consumers to recover costs of power purchased from the MCV Partnership based on delivered energy at rates less than Consumers paid for 840 MW in 1992 and 806 MW in 1991. As a result, Consumers recorded after-tax losses of \$86 million in 1992 and \$124 million in 1991.

On March 31, 1993, the MPSC approved, with modifications, the Revised Settlement Proposal which had been co-sponsored by Consumers, the MPSC staff and 10 small power and cogeneration developers. These parties accepted the Settlement Order and the MCV Partnership confirmed that it did not object to its terms. ABATE and the Attorney General have filed claims of appeal of the Settlement Order with the Court of Appeals.

The Settlement Order determined the cost of power purchased from the MCV Partnership that Consumers can recover from its electric retail customers and will significantly reduce the amount of future underrecoveries for these power costs. Effective January 1, 1993, the Settlement Order allowed Consumers to recover substantially all of the payments for its on-going purchase of 915 MW of contract capacity from the MCV Partnership. Capacity and energy purchases from the MCV Partnership above the 915 MW level can be competitively bid into Consumers' next solicitation for power or, if necessary, utilized for current power needs with a prudence review and a pricing recovery determination in annual PSCR cases. In either instance, the MPSC would determine the levels of recovery from customers for the power purchased. The Settlement Order also provides Consumers the right to remarket all of the remaining capacity to third parties. The PPA requires Consumers to pay a minimum levelized average capacity charge of 3.77 cents per kWh, a fixed energy charge and a variable energy charge based primarily on Consumers' average cost of coal consumed. The Settlement Order provided Consumers two options for the recovery that could be used for capacity charges paid to the MCV Partnership. Under the option selected, Consumers is scheduling deliveries of energy from the MCV Partnership whenever it has energy available up to hourly availability limits, or "caps," for the 915 MW of capacity authorized for recovery in the Settlement Order. Consumers can recover an average 3.62 cents per kWh capacity charge and the prescribed energy charges associated with the scheduled deliveries within the caps, whether or not those deliveries are scheduled on an economic basis. Through December 31, 1997, there is no cap applied during on-peak hours to Consumers' recovery for the purchase of capacity made available within the 915 MW authorized. Recovery for purchases during off-peak hours is capped at 80 percent in 1993, 82 percent in 1994 and 1995, 84 percent in 1996 and 1997, increasing to 88.7 percent in 1998 and thereafter at which time the 88.7 percent cap is applicable during all hours. For all economic energy deliveries above the caps to 915 MW, the option also allows Consumers to recover 1/2 cent per kWh capacity payment in addition to the corresponding energy charge.

In December 1992, Consumers recognized an after-tax loss of \$343 million for the present value of estimated future underrecoveries of power costs under the PPA as a result of the Settlement Order. This loss included management's best estimates regarding the future availability of the MCV Facility, and the effect of the future wholesale power market on the amount, timing and price at which various increments of the capacity above the MPSC-authorized level could be resold. Except for adjustments to the above loss to reflect the after-tax time value of money through accretion expense, no additional losses are expected unless actual future experience materially differs from management's estimates. Because the calculation of the 1992 loss depended in part upon estimates of future unregulated sales of energy to third parties, a more conservative or risk-free investment rate of 7 percent was used to calculate \$188 million of the total \$343 million after-tax loss. The remaining portion of the loss was calculated using an 8.5 percent discount rate reflecting Consumers' incremental borrowing rate as required by SFAS 90, Regulated Enterprises-Accounting for Abandonments and Disallowances of Plant Costs. The after-tax expense for the time value of money for the loss is estimated to be approximately \$24 million in 1994, and various lower levels thereafter, including \$22 million in 1995 and \$20 million in 1996. Although the settlement losses were recorded in 1992, the after-tax cash underrecoveries, including fixed energy charges, associated with the Settlement Order were \$59 million in 1993. Consumers believes there is and will be a market for the resale of capacity purchases from the MCV Partnership above the MPSC-authorized level. However, if Consumers is unable to sell any capacity above the current MPSC-authorized level, future additional after-tax losses and after-tax cash underrecoveries could be incurred. Consumers' estimates of its future after-tax cash underrecoveries and possible additional losses for the next five years if none of the additional capacity is sold are as follows:

	After-tax, In Millions				
	1994	1995	1996	1997	1998
Expected cash underrecoveries	\$56	\$65	\$62	\$61	\$ 8

Possible additional under-

(a) If unable to sell any capacity above the MPSC's authorized level.

The undiscounted, after-tax amount of the \$343 million loss was \$789 million. At December 31, 1993, the after-tax present value of the Settlement Order liability had been reduced to \$307 million, which reflects after-tax cash underrecoveries related to capacity totaling \$(54) million, after-tax accretion expense of \$23 million and a \$(5) million adjustment due to the 1993 corporate tax rate change (see Note 5).

The PPA, while requiring payment of a fixed energy charge, contains a "regulatory out" provision which permits Consumers to reduce the fixed energy charges payable to the MCV Partnership throughout the entire contract term if Consumers is not able to recover these amounts from its customers. In connection with the MPSC's approval of the Revised Settlement Proposal, Consumers and the MCV Partnership have commenced arbitration proceedings under the PPA to determine whether Consumers is entitled to exercise its regulatory out regarding fixed energy charges on the portion of available MCV capacity above the current MPSC-authorized levels. An arbitrator acceptable to both parties has been selected. If the arbitrator determines that Consumers cannot exercise its regulatory out, Consumers would be required to make these fixed energy payments to the MCV Partnership even though Consumers may not be recovering these costs. The arbitration proceedings will also determine who is entitled to the fixed energy amounts for which Consumers did not receive full cost recovery during the years prior to settlement. Although Consumers believes its position on arbitration is sound and intends to aggressively pursue its right to exercise the regulatory out, management cannot predict the outcome of the arbitration proceedings or any possible settlement of the matter. Accordingly, losses were recorded prior to 1993 for all fixed energy amounts at issue in the arbitration. As of December 31, 1993, approximately \$20 million has been escrowed by Consumers and is included in Consumers' temporary cash investments. In December 1993, Consumers made an irrevocable offer to pay through September 15, 2007, fixed energy charges to the MCV Partnership on all kWh delivered by the MCV Partnership to Consumers from the contract capacity in excess of 915 MW, which represents a portion of the fixed energy charges in dispute. Consumers made the offer to facilitate the sale of the remaining MCV Bonds in 1993.

The lessors of the MCV Facility have filed a lawsuit in federal district court against CMS Energy, Consumers and CMS Holdings. It alleges breach of contract, breach of fiduciary duty and negligent or willful misrepresentation relating to the MCV Partnership's failure to object to the Settlement Order in light of Consumers' interpretation of the Settlement Order, which is the subject of an arbitration between the MCV Partnership and Consumers. The action alleges damages in excess of \$1 billion and seeks injunctive relief relative to Consumers' payments of the fixed energy charge. CMS Energy and Consumers believe that at all times they and CMS Holdings have conducted themselves properly and that the action is without merit. They also believe that a significant portion of the alleged damages represent fixed energy charges in dispute in the arbitration. CMS Energy and Consumers are unable to predict the outcome of this action.

PSCR Matters: Consistent with the terms of the Settlement Order, Consumers has withdrawn its appeals of various MPSC orders issued in connection with the 1992, 1991 and 1990 PSCR cases. Consumers also agreed not to appeal any MCV-related issues raised in future orders for these plan cases and related reconciliations to the extent those issues are resolved by the Settlement Order. Consumers made refunds, including interest, of \$69 million in 1993 and \$29 million in 1992 to customers for overrecoveries in connection with the 1991 and 1990 PSCR reconciliation cases, respectively. These amounts were included in losses recorded prior to 1993. In 1992, Consumers recovered MCV power purchase costs consistent with the MPSC's 1992 plan case order, and does not anticipate that any MCV-related refunds will be required.

4: Rate Matters

Electric Rate Case

Consumers filed a request with the MPSC in May 1993 to increase its electric rates. Subsequently, as a result of changed estimates, Consumers revised its requested electric rate increase to \$133 million annually based on a 1994 test year. Consumers also requested an additional annual electric rate increase of \$38 million based on a 1995 test year. Consumers' request included increased future expenditures primarily related to capital additions, DSM programs, operation and maintenance,

higher depreciation and postretirement benefits computed under SFAS 106, Employers' Accounting for Postretirement Benefits Other than Pensions. The filing also proposed experimental incentive provisions that would either reward or penalize Consumers, based on its operating performance. In addition, Consumers would share any returns above its MPSC-authorized level with customers in exchange for the ability to earn not lower than one percentage point below its authorized level.

In March 1994, an ALJ issued a proposal for decision that recommended Consumers' 1994 final annual rate increase total approximately \$83 million, and that the incremental requested 1995 increase not be granted at this time. The ALJ's recommendation included a lower return on electric common equity, reflected reduced anticipated debt costs due to the projected availability of more favorable interest rates and proposed a lower equity ratio for Consumers' projected capitalization structure. The ALJ did, however, generally support Consumers' rate design proposal to significantly reduce the level of subsidization of residential customers by commercial and industrial customers and generally supported the performance incentive but not the shared return mechanism discussed above.

Abandoned Midland Project: In July 1984, Consumers abandoned construction of its unfinished nuclear power plant located in Midland, Michigan, and subsequently took a series of write-downs. In May 1991, Consumers began collecting \$35 million pretax annually for the next 10 years and is amortizing the assets against current income over the recovery period using an interest method. Amortization for 1993, 1992 and 1991 was \$28 million, \$28 million and \$18 million, respectively.

Consumers was not permitted to earn a return on the portion of the abandoned Midland investment for which the MPSC was allowing recovery. Therefore, under SFAS 90, the recorded losses described above included amounts that reduced the recoverable asset to the present value of future recoveries. During the remaining recovery period, part of the prior losses will be reversed to adjust the unrecovered asset to its present value and is reflected as accretion income. An after-tax total of approximately \$35 million of the prior losses remains to be included in accretion income through April 2001. Several parties, including the Attorney General, have filed claims of appeal with the Court of Appeals regarding MPSC orders issued in May and July 1991 that specified the recovery of abandoned investment.

Electric DSM: As a result of settlement discussions regarding DSM and an MPSC order in July 1991, Consumers agreed to spend \$65 million over two years on DSM programs. Based on the MPSC's determination of Consumers' effectiveness in implementing these programs, Consumers' future rate of return on common equity may be adjusted either upward by up to 1 percent or downward by up to 2 percent. This adjustment, if implemented, would be applied to Consumers' retail electric tariff rates and be in effect for one year following reconciliation hearings with the MPSC that are expected to be initiated in the first quarter of 1994. The estimated revenue effects of the potential adjustment range from an \$11 million increase to a \$22 million decrease. Consumers believes it will receive an increase on its return on common equity.

On October 1, 1993, Consumers completed the customer participation portion of these programs and as part of its current electric rate case has requested MPSC authorization to continue certain programs in 1994. Consumers has also requested recovery of DSM expenditures which exceeded the \$65 million level. Consumers is deferring program costs and amortizing the costs over the period these costs are being recovered from its customers in accordance with an accounting order issued by the MPSC in September 1992. The unamortized balance of deferred costs at December 31, 1993 and 1992 was \$71 million and \$25 million, respectively.

PSCR Issues

Consumers began a planned refueling and maintenance outage at Palisades in June 1993. Following several required, unanticipated repairs that extended the outage, the plant returned to service in early November. Recovery of replacement power costs incurred by Consumers during the outage will be reviewed by the MPSC during the 1993 PSCR reconciliation of actual costs and revenues to determine the prudence of actions taken during the outage. Any finding of delay due to imprudence could result in disallowances of a portion of replacement power costs. Net replacement power costs were approximately \$180,000 per day above the cost of fuel incurred when the plant is operating.

The Energy Act imposes an obligation on the utility industry, including Consumers, to decommission DOE uranium enrichment facilities. Consumers currently estimates its payments for decommissioning those facilities to

be \$2.4 million per year for 15 years beginning in 1992, escalating based on an inflation factor. Consumers believes these costs are recoverable from its customers under traditional regulatory policies. As of December 31, 1993, Consumers' remaining estimated liability was approximately \$34 million. Consumers has a regulatory asset of \$34 million for the expected recovery of this amount in electric rates.

GCR Issues

In connection with its 1991 GCR reconciliation case, Consumers refunded \$36 million, including interest, to its firm sales and transportation rate customers in April 1992. Consumers accrued the full amount for this refund in 1991.

The MPSC issued an order during 1993 that approved an interim settlement agreement for the 12 months ended March 31, 1993. As a result of the settlement, Consumers refunded in August 1993, to its GCR and transportation customers, approximately \$22 million, including interest. Consumers previously accrued amounts sufficient for this refund.

The MPSC, in a February 1993 order, provided that the price payable to certain intrastate gas producers by Consumers be reduced prospectively. As a result, Consumers was not allowed to recover approximately \$13 million of costs incurred prior to February 8, 1993. In 1991, Consumers accrued a loss sufficient for this issue. Future disallowances are not anticipated, unless the remaining appeals filed by the intrastate producers are successful.

In 1992, the FERC approved a settlement involving Consumers, Trunkline and certain other parties, which resolved numerous claims and proceedings concerning Trunkline liquified natural gas costs. The settlement represents significant gas cost savings for Consumers and its customers in future years. As part of the settlement, Consumers will not incur any transition costs from Trunkline as a result of FERC Order 636. In November 1992, Consumers had recorded a liability and regulatory asset for the principal amount of payments to Trunkline over a five-year period and a regulatory asset. On May 11, 1993, the MPSC approved a separate settlement agreement that provides Consumers with full recovery of these costs over a five-year period. At December 31, 1993, Consumers' remaining liability and regulatory asset was \$116 million.

Other

Certain of Consumers' direct gas suppliers have contract prices tied to the price Consumers pays Trunkline for its gas. On September 1, 1993, Consumers commenced gas purchases from Trunkline under a continuation of prior sales agreements. The current contract covers gas deliveries through October 1994 and is at a reduced price compared to prior gas sales. Some of Consumers' direct gas suppliers have claimed that the reduced Trunkline gas cost is not a proper reference price under their contracts with Consumers and that their contracts are terminable after a 12-month period. Consumers is disputing these claims. Additionally, three of these direct gas suppliers of Consumers have made filings with the FERC in Trunkline's Order 636 restructuring case seeking to preclude Trunkline's ability to make the sales to Consumers which commenced on September 1, 1993. Consumers and Trunkline vigorously opposed these filings and in December 1993, the FERC issued an order which, among other things, allowed Trunkline to continue sales of gas to Consumers under tariffs on file with the FERC.

Estimated losses for certain contingencies discussed in this note have been accrued. Resolution of these contingencies is not expected to have a material impact on the financial statements.

5: Income Taxes

CMS Energy and its subsidiaries (including Consumers) file a consolidated federal income tax return. Income taxes are generally allocated to each subsidiary based on each subsidiary's separate taxable income. In 1992, CMS Energy implemented SFAS 109, Accounting for Income Taxes. Deferred tax assets and liabilities are classified as current or noncurrent based on the classification of the related asset or liability, for all temporary differences. Consumers began practicing full deferred tax accounting for temporary differences arising after January 1, 1993 as authorized by a generic MPSC order. The generic order reduces the amount of regulatory assets and liabilities that otherwise could have arisen in future periods by allowing Consumers to reflect the income statement effect in the period temporary differences arise.

CMS Energy uses ITC to reduce current income taxes payable and defers and

amortizes ITC over the life of the related property. The AMT requires taxpayers to perform a second separate federal tax calculation based on a flat rate applied to a broader tax base. AMT is the amount by which this "broader-based" tax exceeds regular tax. Any AMT paid generally becomes a tax credit that can be carried forward indefinitely to reduce regular tax liabilities in future periods when regular taxes paid exceed the tax calculated for AMT.

On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993 increased the statutory federal tax rate from 34 percent to 35 percent effective January 1, 1993. The cumulative effect of this tax rate change has been reflected in CMS Energy's financial statements.

The significant components of income tax expense (benefit) consisted of:

Years Ended December 31	In Millions		
	1993	1992	1991(a)
-----	-----	-----	-----
Current federal income taxes	\$ 19	\$ 39	\$ 13
Deferred income taxes	67	(177)	(143)
Deferred income taxes - tax rate change	(1)	-	-
Deferred ITC, net	(10)	(8)	36
	-----	-----	-----
	\$ 75	\$ (146)	\$ (94)
	=====	=====	=====
Operating	\$ 92	\$ 22	\$ 25
Other	(17)	(168)	(119)
	-----	-----	-----
	\$ 75	\$ (146)	\$ (94)
	=====	=====	=====

(a) The 1991 provision for income taxes was before an extraordinary item that had related deferred income taxes of approximately \$7 million.

The principal components of CMS Energy's deferred tax assets (liabilities) recognized in the balance sheet are as follows:

80

December 31	In Millions	
	1993	1992
-----	-----	-----
Property	\$ (580)	\$ (521)
Unconsolidated investments	(194)	(128)
Postretirement benefits (Note 10)	(180)	(167)
Abandoned Midland project (Note 4)	(57)	(60)
Employee benefit obligations (includes postretirement benefits of \$182 and \$168) (Note 10)	204	189
MCV power purchases - settlement (Note 3)	165	177
AMT carryforward	110	83
ITC carryforward (expires 2005)	48	52
Other	(8)	5
	-----	-----
	\$ (492)	\$ (370)
	=====	=====
Gross deferred tax liabilities	\$ (1,571)	\$ (1,416)
Gross deferred tax assets	1,079	1,046
	-----	-----
	\$ (492)	\$ (370)
	=====	=====

The actual income tax expense (benefit) differs from the amount computed by applying the statutory federal tax rate to income before income taxes as follows:

Years Ended December 31	In Millions		
	1993	1992	1991
-----	-----	-----	-----
Net income (loss) before preferred dividends and extraordinary item	\$ 166	\$ (286)	\$ (252)
Income tax expense (benefit)	75	(146)	(94)
	-----	-----	-----
	241	(432)	(346)
Statutory federal income tax rate	x 35%	x 34%	x 34%
	-----	-----	-----
Expected income tax expense (benefit)	84	(147)	(118)

Increase (decrease) in taxes from:			
Capitalized overheads previously flowed through	5	5	35
Differences in book and tax depreciation not previously deferred	6	9	8
ITC amortization and utilization	(12)	(11)	(9)
Other, net	(8)	(2)	(10)
	-----	-----	-----
	\$ 75	\$ (146)	\$(94)
	=====	=====	=====

6: Short-Term Financings

Consumers has authorization from the FERC to issue or guarantee up to \$900 million of short-term debt through December 31, 1994. Consumers has a \$470 million facility that is used to finance seasonal working capital requirements and unsecured, committed lines of credit aggregating \$165 million. As of December 31, 1993, \$235 million and \$24 million were outstanding at weighted average interest rates of 4.0 percent and 3.9 percent, respectively. Further, Consumers has an established \$500 million trade receivables purchase and sale program. As of December 31, 1993 and 1992, receivables sold under the agreement totaled \$285 million and \$225 million, respectively. On February 15, 1994, Consumers increased the level of receivables sold to \$335 million.

7: Capitalization

CMS Energy

Capital Stock: CMS Energy's Articles permit it to issue up to 250 million shares of common stock at \$.01 par value and up to 5 million shares of preferred stock at \$.01 par value. Under its two and one-half year Secured Credit Facility and Indenture pursuant to which the Notes are issued, CMS Energy is permitted to pay as dividends on its common stock an amount not to exceed the total of its net income and any proceeds received from the issuance or sale of common stock as defined in the Indentures and \$40 million, provided there exists no event of default under the terms of the Secured Credit Facility or Indentures. The same formula applies to limits available to repurchase or reacquire CMS Energy stock for either the payment of dividends or repurchase of stock. In October 1993, CMS Energy issued an additional 4.6 million shares of common stock at a price of \$26 5/8. The net proceeds of \$119 million were used to reduce existing debt and for general corporate purposes.

Long-Term Debt: In October 1992, CMS Energy received proceeds of \$130 million and \$219 million from the issuance of Series A and Series B Notes, respectively. Interest will accrue and increase the principal to the face value of \$172 million for the Series A Notes and \$294 million for the Series B Notes through October 1, 1995. After such date, interest will be paid semi-annually commencing April 1, 1996, at a rate of 9.5 percent per annum for the Series A Notes and 9.875 percent per annum for the Series B Notes. In November 1992, CMS Energy entered into a \$220 million Secured Credit Facility. As of December 31, 1993, \$18 million was outstanding at a weighted average interest rate of 5.7 percent. The Notes and Secured Credit Facility are secured by a pledge of stock of Consumers, Enterprises, and NOMECCO. Additionally, under the terms of the Secured Credit Facility, CMS Energy may only have outstanding, at any one time, an aggregate of \$130 million of unsecured debt except for debt issued to refinance existing debt. The establishment of the Secured Credit Facility and the proceeds from the Notes, net of underwriting expenses, were used to retire the \$410 million one-year secured revolving credit facility.

CMS Energy filed a shelf registration statement with the SEC in January 1994 covering the issuance of up to \$250 million of unsecured debt securities. The net proceeds will be used to reduce the amount of CMS Energy Notes outstanding and for general corporate purposes. The unsecured debt securities may be offered from time to time on terms to be determined at the time of the sale.

Consumers

Capital Stock: As of December 31, 1992, Consumers effected a quasi-reorganization, an elective accounting procedure in which Consumers' accumulated deficit of \$574 million was eliminated against other paid-in capital. This action had no effect on CMS Energy's consolidated financial statements. As a result of the quasi-reorganization and subsequent accumulated earnings, Consumers paid \$133 million in common stock dividends in 1993 and also declared from 1993 earnings a \$16 million common stock dividend in January 1994. Consumers has authorization from

the MPSC and is proceeding to issue \$200 million of preferred stock in 1994.

First Mortgage Bonds: Consumers secures its first mortgage bonds by a mortgage and lien on substantially all of its property. Consumers' ability to issue and sell securities is restricted by certain provisions in its First Mortgage Bond Indenture, Articles and the need for regulatory approvals in compliance with appropriate state and federal law. In September 1993, Consumers issued, with MPSC approval, \$300 million of 6 3/8 percent first mortgage bonds, due 2003 and \$300 million of 7 3/8 percent first mortgage bonds, due 2023. Consumers used the net proceeds from the bond issuance to refund approximately \$515 million of higher interest first mortgage bonds and the balance to reduce short-term borrowings. Unamortized debt costs, premiums and discounts and call premiums on the refunded debt totaling approximately \$18 million were deferred under SFAS 71, and are being amortized over the lives of the new debt.

In February 1994, Consumers issued a call for redemption totaling approximately \$10 million. Consumers also fully redeemed two issues of first mortgage bonds totaling approximately \$91 million. These redemptions completed Consumers' commitment to the MPSC, under the 1993 authorization to issue first mortgage bonds, to refinance certain long-term debt.

Long-Term Bank Debt: Under its long-term credit agreement at December 31, 1993, Consumers was required to make 10 remaining quarterly principal payments of approximately \$47 million. As of December 31, 1993, the outstanding balance under this credit agreement totaled \$469 million with a weighted average interest rate of 4.0 percent. In January 1993, Consumers entered into an interest rate swap agreement, exchanging variable-rate interest for fixed-rate interest on the latest maturing \$250 million of the then remaining \$500 million obligation under its long-term credit agreement.

Other: Consumers has a total of \$131 million of PCRBs outstanding with a weighted average interest rate of 4.2 percent as of December 31, 1993. Consumers classifies \$101 million of PCRBs as long-term because it can refinance these amounts through irrevocable letters of credit expiring after one year.

In June 1993, Consumers entered into loan agreements in connection with the issuance of approximately \$28 million of adjustable rate demand limited obligation refunding revenue bonds, due 2010, which are secured by an irrevocable letter of credit expiring in 1996. These bonds bear an initial interest rate of 2.65 percent. Consumers also entered into loan agreements in connection with the issuance of \$30 million of 5.8 percent limited obligation refunding revenue bonds, due 2010, secured by a financial guaranty insurance policy and certain first mortgage bonds of Consumers. Proceeds of these issues were used to redeem on August 1, 1993 in advance of their maturities, approximately \$58 million of outstanding PCRBs.

NOMECO

As of December 31, 1993, NOMECO had total debt outstanding of \$122 million. Senior serial notes amounting to \$45 million with a weighted average interest rate of 9.4 percent are outstanding from a private placement. In November 1993, NOMECO amended the terms of its revolving credit agreement and increased the amount to \$110 million. At December 31, 1993, \$72 million was outstanding at a weighted average interest rate of 4.7 percent. NOMECO also has \$5 million outstanding under other credit agreements.

Enterprises

As of December 31, 1993, MOAPA had \$22 million of Clark County, Nevada, tax-exempt bonds outstanding with an interest rate of 3.35%. These bonds are backed by a letter of credit guaranteed by CMS Energy. If the letter of credit is not extended past its current expiration date of June 1, 1994, the bonds could be redeemed with the funds held in a trust account. These funds are invested in certificates of deposits and included in other noncurrent assets. The bonds were issued in 1990 for the purpose of providing partial funding for the development of a tires-to-energy solid waste disposal and resource recovery facility. In December 1993, the Nevada Public Service Commission rejected the power purchase agreement between MOAPA and the Nevada Power Company and subsequently rejected MOAPA's motion for rehearing.

8: Financial Instruments

Cash, short-term investments and current liabilities approximate their fair value due to the short-term nature of those instruments. The estimated fair value of long-term investments is based on quoted market prices where available. When specific market prices do not exist for an instrument, the fair value is based on quoted market prices of similar investments or other valuation techniques. All long-term investments in financial instruments approximate fair value. The carrying amount of long-term debt was \$2.4 billion and \$2.7 billion and the fair value of long-term debt was \$2.6 billion and \$2.8 million as of December 31, 1993 and 1992, respectively. Although the current fair value of the long-term debt, which is based on calculations made by debt pricing specialists, may be greater than the current carrying amount, settlement of the reported debt is generally not expected until maturity. The fair value of CMS Energy's off-balance sheet financial instruments is based on the amount estimated to terminate or settle the obligation. The fair value of interest rate swap agreements was \$6 million and \$1 million and guarantees/letters of credit was \$96 million and \$56 million as of December 31, 1993 and 1992, respectively (see Notes 7 and 12).

On January 1, 1994, CMS Energy adopted SFAS 115, Accounting for Certain Investments in Debt and Equity Securities, requiring accounting for investments in debt securities to be held to maturity at amortized cost; otherwise debt and marketable equity securities would be recorded at fair value, with any unrealized gains or losses included in earnings if the security is held for trading purposes or as a separate component of shareholders' equity if the security is available for sale. The implementation of this standard did not materially impact CMS Energy's financial position or results of operations.

In May 1993, the FASB issued SFAS 114, Accounting by Creditors for Impairment of a Loan, effective in 1995, requiring certain loans that are determined to be impaired be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of any collateral for a secured loan. CMS Energy does not believe this standard will have a material impact on its financial position or results of operations.

9: Executive Incentive Compensation

Under CMS Energy's Performance Incentive Stock Plan, restricted shares of common stock of CMS Energy, stock options and stock appreciation rights may be granted to key employees based on their contributions to the successful management of CMS Energy and its subsidiaries. The plan reserves for award not more than 2 percent of CMS Energy's common stock outstanding on January 1 each year, less the number of shares of restricted common stock awarded and of common stock subject to options granted under the plan during the immediately preceding four calendar years. Any forfeitures are subject to award under the plan. As of December 31, 1993, awards of up to 447,686 shares of common stock may be issued.

Restricted shares of common stock are outstanding shares with full voting and dividend rights. Performance criteria were added in 1990 based on CMS Energy's total return to shareholders. Shares of restricted common stock cannot be distributed until they are vested and the performance objectives are met. Further, the restricted stock is subject to forfeiture if employment terminates before vesting. If key employees exceed performance objectives, the plan will allow additional awards. Restricted shares vest fully if control of CMS Energy changes, as defined by the plan.

Consumers' Executive Stock Option and Stock Appreciation Rights Plan, an earlier plan approved by shareholders, remains in effect until all authorized options are granted or September 25, 1995. As of December 31, 1993, options for 43,000 shares remained to be granted.

Under both plans, for stock options and stock appreciation rights, the exercise price on each grant date equaled the closing market price on the grant date. Options are exercisable upon grant and expire up to 10 years and one month from date of grant. The status of the restricted stock granted under the Performance Incentive Stock Plan and options granted under both plans follows:

Restricted Stock	Options
-----	-----

	Number of Shares	Number of Shares	Price per Share
	-----	-----	-----
Outstanding at			
January 1, 1991	212,500	1,162,216	\$ 7.13 - \$34.25
Granted	97,000	194,000	\$ 21.13 - \$21.13
Exercised or Issued	(34,437)	(65,125)	\$ 7.13 - \$16.00
	-----	-----	-----
Outstanding at			
December 31, 1991	275,063	1,291,091	\$ 7.13 - \$34.25
Granted	101,000	215,000	\$ 17.13 - \$18.00
Exercised or Issued	(37,422)	(21,000)	\$ 13.00 - \$16.00
Canceled	(15,375)	(50,000)	\$ 20.50 - \$33.88
	-----	-----	-----
Outstanding at			
December 31, 1992	323,266	1,435,091	\$ 7.13 - \$34.25
Granted	132,000	249,000	\$ 25.13 - \$26.25
Exercised or Issued	(54,938)	(152,125)	\$ 7.13 - \$21.13
Canceled	(84,141)	(33,000)	\$ 20.50 - \$33.88
	-----	-----	-----
Outstanding at			
December 31, 1993	316,187	1,498,966	\$ 7.13 - \$34.25
	=====	=====	=====

10: Retirement Benefits

Postretirement Benefit Plans Other Than Pensions

CMS Energy and its subsidiaries adopted SFAS 106 effective as of the beginning of 1992. The standard required CMS Energy to change its accounting for the cost of health care and life insurance benefits that are provided to retirees from a pay-as-you-go (cash) method to a full accrual method. CMS Energy's non-utility subsidiaries expensed their accumulated transition obligation liability. The amount of such transition obligation is not material to the presentation of the consolidated financial statements or significant to CMS Energy's total transition obligation. Consumers recorded a liability of \$466 million for the accumulated transition obligation and a corresponding regulatory asset for anticipated recovery in utility rates.

Both the MPSC and FERC have generally adopted SFAS 106 costs for ratemaking purposes provided costs recovered through rates are placed in external funds until they are needed to pay benefits. The MPSC's generic order allows utilities three years to seek recovery of costs and provides for recovery from customers of any deferred costs incurred prior to the beginning of rate recovery of such costs. Consumers anticipates recovering its regulatory asset within 20 years. As discussed in Note 4, Consumers has requested recovery of the portion of these costs allocated to the electric business. In late 1994, Consumers plans to request recovery of the gas utility portion of these costs. CMS Energy plans to fund the benefits using external Voluntary Employee Beneficiary Associations. Funding of the health care benefits would begin when Consumers' rate recovery based on SFAS 106 begins. A portion of the life insurance benefits have previously been funded.

As of December 31, 1993, the actuary assumed that retiree health care costs increased 10.5 percent in 1994, then decreased gradually to 5.5 percent in 2000 and thereafter. The health care cost trend rate assumption significantly affects the amounts reported. For example, a 1 percentage point increase in each year would increase the accumulated postretirement benefit obligation as of December 31, 1993 by \$75 million and the aggregate of the service and interest cost components of net periodic postretirement benefit costs for 1993 by \$9 million.

For the years ended December 31, 1993 and 1992, the weighted average discount rate was 7.25 percent and 8 percent, respectively, and the expected long-term rate of return on plan assets was 8.5 percent. Net periodic postretirement benefit cost for health care benefits and life insurance benefits was \$51 million in 1993 and \$50 million in 1992. The 1993 and 1992 cost was comprised of \$13 million and \$11 million for service plus \$38 million and \$39 million for interest, respectively.

The funded status of the postretirement benefit plans is reconciled with the liability recorded at December 31 as follows:

	In Millions
	1993 1992
	----- -----

Actuarial present value of estimated benefits		
Retirees	\$ 282	\$ 265
Eligible for retirement	54	50
Active (upon retirement)	190	177
	-----	-----
Accumulated postretirement benefit obligation	526	492
Plan assets (premium deposit fund) at fair value	4	4
	-----	-----
Projected postretirement benefit obligation		
in excess of plan assets	(522)	(488)
Unrecognized prior service cost	(39)	(39)
Unrecognized net loss	41	33
	-----	-----
Recorded liability	\$ (520)	\$ (494)
	=====	=====

CMS Energy's postretirement health care plan is unfunded; the accumulated postretirement benefit obligation for that plan is \$514 million and \$482 million at December 31, 1993 and 1992, respectively. Consumers' regulatory asset is \$510 million and \$485 million at December 31, 1993 and 1992, respectively.

Supplemental Executive Retirement Plan

Certain management employees qualify under the SERP. Benefits are based on the employee's service and earnings as defined in the SERP. In 1988, a trust from which SERP benefits are paid was established and funded. Because the SERP is not a qualified plan under the Internal Revenue Code, earnings of the trust are taxable and trust assets are included in Consumers' consolidated assets. As of December 31, 1993 and 1992, trust assets at cost (which approximates market) were \$18 million and \$16 million, respectively, and were classified as other non-current assets.

Defined Benefit Pension Plan

A trustee, non-contributory, defined benefit Pension Plan covers substantially all employees. The benefits are based on an employee's years of accredited service and earnings, as defined in the plan, during an employee's five highest years of earnings. Because the plan is fully funded, no contributions were made for plan years 1991 through 1993.

Years Ended December 31	1993	1992	1991
- - - - -	-----	-----	-----
Discount rate	7.25%	8.5%	8.5%
Rate of compensation increase	4.5%	5.5%	5.5%
Expected long-term rate of return on assets	8.75%	8.75%	8.75%

Net Pension Plan and SERP costs consisted of:

	In Millions		
Years Ended December 31	1993	1992	1991
- - - - -	-----	-----	-----
Service cost	\$ 19	\$ 19	\$ 18
Interest cost	50	48	48
Actual return on plan assets	(92)	(36)	(88)
Net amortization and deferral	34	(20)	29
	-----	-----	-----
Net periodic pension cost	\$ 11	\$ 11	\$ 7
	=====	=====	=====

The funded status of the Pension Plan and SERP reconciled to the pension liability recorded at December 31 was:

	In Millions			
	Pension Plan		SERP	
	1993	1992	1993	1992
	-----	-----	-----	-----
Actuarial present value of estimated benefits				
Vested	\$ 471	\$ 349	\$ 16	\$ 11
Non-vested	56	49	-	-
	-----	-----	-----	-----
Accumulated benefit obligation	527	398	16	11
Provision for future pay increases	138	177	8	6
	-----	-----	-----	-----
Projected benefit obligation	665	575	24	17
Plan assets (primarily stocks and bonds, including \$87 in 1993 and				

\$64 in 1992 in common stock of CMS Energy) at fair value	692	631	-	-
	-----	-----	-----	-----
Projected benefit obligation less than (in excess of) plan assets	27	56	(24)	(17)
Unrecognized net (gain) loss from experience different than assumed	(56)	(76)	7	2
Unrecognized prior service cost	45	49	1	1
Unrecognized net transition (asset) obligation	(44)	(49)	1	1
Adjustment to recognize minimum liability	-	-	(1)	-
	-----	-----	-----	-----
Recorded liability	\$ (28)	\$ (20)	\$ (16)	\$ (13)
	=====	=====	=====	=====

Beginning January 1, 1986, the amortization period for the Pension Plan's unrecognized net transition asset is 16 years and 11 years for the SERP's unrecognized net transition obligation. Prior service costs are amortized on a straight-line basis over the average remaining service period of active employees.

In 1991, certain eligible employees accepted early retirement incentives. The incentives consisted of lump-sum cash payments and increased pension payments. The pretax cost of the incentives was \$25 million. Also in 1991, portions of the projected benefit obligation were settled which resulted in a pretax gain of \$25 million that offset the early retirement costs.

11: Leases

CMS Energy, Consumers, and Enterprises lease various assets, including vehicles, aircraft, construction equipment, computer equipment, nuclear fuel and buildings. Consumers' nuclear fuel capital leasing arrangement was extended an additional year and is now scheduled to expire in November 1995. The maximum amount of nuclear fuel that can be leased increased from \$55 million to \$70 million. Consumers further increased this amount in early 1994 to \$80 million. The lease provides for an additional one-year extension upon mutual agreement by the parties. Upon termination of the lease, the lessor would be entitled to a cash payment equal to its remaining investment, which was \$57 million as of December 31, 1993. Consumers is responsible for payment of taxes, maintenance, operating costs, and insurance.

Minimum rental commitments under CMS Energy's non-cancelable leases at December 31, 1993, were:

	Capital Leases	In Millions Operating Leases
	-----	-----
1994	\$ 43	\$ 9
1995	64	8
1996	16	3
1997	15	3
1998	13	3
1999 and thereafter	26	22
	-----	-----
Total minimum lease payments	177	\$ 48
		=====
Less imputed interest	27	

Present value of net minimum lease payments	150	
Less current portion	35	

Non-current portion (a)	\$115	
	=====	

(a) In January 1994, Consumers amended its nuclear fuel lease to include fuel previously owned at Big Rock Point. This is estimated to increase the non-current portion of capital leases by approximately \$6 million. Consumers recovers these charges from customers and accordingly charges payments for its capital and operating leases to operating expense. Operating lease charges, including charges to clearing and other accounts as of December 31, 1993, 1992 and 1991, were \$18 million, \$15 million and \$15 million, respectively.

Capital lease expenses for the years ended December 31, 1993, 1992 and 1991 were \$34 million, \$47 million and \$51 million, respectively.

Included in these amounts for the years ended 1993, 1992 and 1991, are nuclear fuel lease expenses of \$13 million, \$17 million and \$24 million, respectively.

12: Commitments, Contingencies and Other

Ludington Pumped Storage Plant Litigation

In 1986, the Attorney General filed a lawsuit on behalf of the State of Michigan in the Circuit Court of Ingham County, seeking damages from Consumers and Detroit Edison for alleged injuries to fishery resources because of the operation of the Ludington Pumped Storage Plant. The state sought \$148 million (including \$16 million of interest) for past injuries and \$89,000 per day for future injuries, with the latter amount to be adjusted upon installation of "adequate" fish barriers and other changed conditions.

In 1987, the Attorney General filed a second lawsuit alleging that Consumers and Detroit Edison have breached a bottomlands lease agreement with the state and asked that the lease be declared void. This complaint was consolidated with the suit described in the preceding paragraph. In 1990, both of the lawsuits were dismissed on the basis of federal preemption. In 1993, the Court of Appeals overturned the dismissal, as to damages, effectively allowing the state to continue its damages lawsuit against Consumers and Detroit Edison, but generally affirmed the lower court's ruling as to the breach of lease claim. The Court of Appeals' ruling also limited any potential damages to those occurring no earlier than 1983. Consumers, Detroit Edison and the Attorney General have filed an application for leave to appeal with the Michigan Supreme Court. Consumers and Detroit Edison are seeking to have the trial court's dismissal of the damages claim affirmed.

Each year since 1989, Consumers and Detroit Edison have complied with FERC orders by installing a seasonal barrier net from April to October at the Ludington plant site. The FERC is now considering whether the barrier net (along with other actions by Consumers, including contributions to state fish-stocking programs) would be a satisfactory permanent solution.

Environmental Matters

Consumers is a so-called "Potentially Responsible Party" at several sites being administered under Superfund. Along with Consumers, there are numerous credit-worthy, potentially responsible parties with substantial assets cooperating with respect to the individual sites. Based on information currently known by management, Consumers and CMS Energy believe that it is unlikely that their liability at any of the known Superfund sites, individually or in total, will have a material adverse effect on their financial positions or results of operations.

The State of Michigan in 1990 passed amendments to the Environmental Response Act that established a state program similar to the federal Superfund law, though broader in scope. Under this law, Consumers expects that it will ultimately incur costs at a number of sites, including some of the 23 sites that formerly housed manufactured gas plant facilities, even those in which it has a partial or no current ownership interest. It is expected that in most cases, parties other than Consumers with current or former ownership interests may also be considered liable under the law and may be required to share in the costs of any site investigations and remedial actions. There is limited knowledge of manufactured gas plant contamination at these sites at this time. However, Consumers is continuing to monitor this issue.

In addition, at the request of the DNR, Consumers prepared plans for remedial investigation/feasibility studies for three of these sites. Work plans for remedial investigation/feasibility studies for four other sites have also been prepared. The purpose of a remedial investigation/feasibility study is to define the nature and extent of contamination at a site and to determine which of several possible remedial action alternatives, including no action, may be required under the Environmental Response Act. The DNR has approved two of the three plans for remedial investigation/feasibility studies submitted and is currently reviewing the one remaining. The cost to conduct one of the approved studies will be approximately \$250,000 based on bids received. Although the actual cost of conducting the remaining two remedial investigation/feasibility studies will not be known until bids are received from contractors, Consumers currently estimates the total cost of conducting the three studies submitted to the DNR to be less than \$1 million.

The timing and extent of any further site investigation and remedial actions will depend, among other things, on requests received from the DNR and on future site usage by Consumers or other owners. Under the current schedule, Consumers anticipates the first remedial investigation/feasibility study would be completed in mid-1994. Consumers believes the results of the remedial investigation/feasibility studies will allow management to estimate a range of remedial cost estimates for the sites under study. Based on Consumers' knowledge of other utility remedial actions, remediation costs for Consumers for these sites may be substantial. In 1993, the MPSC addressed the question of recovery of investigation and remedial costs for another Michigan gas utility as part of that utility's gas rate case. In that proceeding, the MPSC determined that prudent investigation and remedial costs could be deferred and amortized over 10-year periods and prudent unamortized costs can be included for recovery in the utility's rate cases. The MPSC stated the length of the period may be reviewed from time to time, but any revisions would be prospective. Consumers and CMS Energy believe costs incurred for both investigation and any required remedial actions would be recoverable from utility customers under established regulatory policies and accordingly are not likely to materially affect their financial positions or results of operations.

Included in the 1990 amendments to the federal Clean Air Act are provisions that limit emissions of sulfur dioxide and nitrogen oxides and require enhanced emissions monitoring. All of Consumers' coal-fueled electric generating units burn low-sulfur coal and are presently operating at or near the sulfur dioxide emission limits which will be effective in 2000. Beginning in 1995, certain coal-fueled generating units will receive emissions allowances (all of Consumers' coal units will receive allowances beginning in 2000). Based on projected emissions from these units, Consumers expects to have excess allowances which may be sold or saved for future use.

The Clean Air Act's provisions require Consumers to make capital expenditures estimated to total \$74 million through 1999 for completed, in-process and possible modifications at coal-fired units based on existing and proposed regulations. Management believes that Consumers' annual operating costs will not be materially affected.

The EPA has asked a number of utilities in the Great Lakes area to voluntarily retire certain equipment containing specific levels of polychlorinated biphenyls. Consumers believes that it is largely in compliance with the EPA's petition. Consumers is continuing to study the request and has been granted an extension for responding until March 30, 1994.

Capital Expenditures

CMS Energy estimates capital expenditures, including investments in unconsolidated subsidiaries, DSM and new lease commitments, of \$792 million for 1994, \$690 million for 1995 and \$714 million for 1996.

Public Utility Holding Company Act Exemption

CMS Energy is exempt from registration under PUHCA. However, the Attorney General and the MMCG have asked the SEC to revoke CMS Energy's exemption from registration under PUHCA. In 1992, the MPSC filed a statement with the SEC recommending that CMS Energy's current exemption be revoked and a new exemption be issued conditioned upon certain reporting and operating requirements. If CMS Energy were to lose its current exemption, it would become more heavily regulated by the SEC; Consumers could ultimately be forced to divest either its electric or gas utility business; and CMS Energy would be restricted from conducting businesses that are not functionally related to the conduct of its utility business as determined by the SEC. CMS Energy is opposing this request and believes it will maintain its current exemption from registration under PUHCA.

Other

As of December 31, 1993, CMS Energy and Enterprises have guaranteed up to \$90 million in contingent obligations of unconsolidated affiliates of Enterprises' subsidiaries.

NOMECO has hedged its gas supply obligations in the years 2001 through 2006 by purchasing the economic equivalent of 10,000 MMBtu per day at a fixed, escalated price starting at \$2.82 per MMBtu in 2001. The settlement periods are each a one-year period ending December 31, 2001 through 2006 on 3.65 MMBtu. If the "floating price," essentially the then current Gulf Coast spot price, for a period is higher than the "fixed price," the seller pays NOMECO the difference, and vice versa. If a

party's exposure at any time exceeds \$2 million, that party is required to obtain a letter of credit in favor of the other party for the excess over \$2 million, to a maximum of \$10 million. At December 31, 1993, the seller had arranged a letter of credit in NOMECO's favor for \$10 million. NOMECO also periodically enters into oil and gas price hedging arrangements to mitigate its exposure to price fluctuations on the sale of crude oil and natural gas. As of December 31, 1993, the fair value of these hedge arrangements was not material.

Consumers experienced an increase in complaints during 1993 relating to so-called stray voltage. Claimants contend that stray voltage results when small electrical currents present in grounded electric systems are diverted from their intended path. Investigation by Consumers of prior stray voltage complaints disclosed that many factors, including improper wiring and malfunctioning of on-farm equipment, can lead to the stray voltage phenomenon. Consumers maintains a policy of investigating all customer calls regarding stray voltage and working with customers to address their concerns including, when necessary, modifying the configuration of the customer's hook-up to Consumers. A complaint seeking certification as a class action suit was filed against Consumers in a local county circuit court in 1993. The complaint alleges the existence of a purported class that has incurred damages of up to \$1 billion, primarily to certain livestock owned by the purported class, as a result of stray voltage from electricity being supplied by Consumers. Consumers believes the allegations to be without merit and intends to vigorously oppose the certification of the class and this suit.

In addition to the matters disclosed in these notes, Consumers and certain other subsidiaries of CMS Energy are parties to certain lawsuits and administrative proceedings before various courts and governmental agencies, arising from the ordinary course of business involving personal injury and property damage, contractual matters, environmental issues, federal and state taxes, rates, licensing and other matters.

The ultimate effect of the proceedings discussed in this note is not expected to have a material impact on CMS Energy's financial position or results of operations.

13: Jointly Owned Utility Facilities

Consumers is responsible for providing its share of financing for jointly owned facilities. The following table indicates the extent of Consumers' investment in jointly owned utility facilities:

December 31 - - - - -	In Millions	
	1993	1992
Net investment		
Ludington - 51%	\$114	\$112
Campbell Unit 3 - 93.3%	349	360
Transmission lines - various	32	33
Accumulated depreciation		
Ludington	\$ 74	\$ 71
Campbell Unit 3	210	199
Transmission lines	11	10

14: Supplemental Cash Flow Information

For purposes of the Statement of Cash Flows, all highly liquid investments with an original maturity of three months or less are considered cash equivalents. Other cash flow activities and non-cash investing and financing activities for the years ended December 31 were:

	In Millions		
	1993	1992	1991
Cash transactions			
Interest paid (net of amounts capitalized)	\$193	\$203	\$325
Income taxes paid (net of refunds)	32	19	21
Non-cash transactions			
Nuclear fuel placed under capital lease	\$ 28	\$ 30	\$ 6
Other assets placed under capital leases	30	39	21
Capital leases refinanced	42	-	-
Assumption of debt	-	15	-

Changes in other assets and liabilities as shown on the Consolidated

Statements of Cash Flows at December 31 are described below:

	In Millions		
	1993	1992	1991
Sale of receivables, net	\$ 60	\$ 25	\$ -
Accounts receivable	22	6	118
Accrued revenue	(48)	88	7
Accrued refunds	(48)	(143)	102
Inventories	(32)	23	(8)
Accounts payable	(31)	20	(70)
Tax Reform Act refund reserve	-	-	(77)
Other current assets and liabilities, net	(19)	46	(20)
Non-current deferred amounts, net	9	(28)	108
	-----	-----	-----
	\$ (87)	\$ 37	\$ 160
	=====	=====	=====

15: Reportable Segments

CMS Energy operates principally in the following five business segments: electric utility, gas utility, oil and gas exploration and production, independent power production, and gas transmission and marketing.

The Consolidated Statements of Income show operating revenue and pretax operating income by business segment. Other segment information follows:

Years Ended December 31	In Millions		
	1993	1992	1991
Depreciation, depletion and amortization	-----	-----	-----
Electric utility	\$ 241	\$ 230	\$ 172
Gas utility	73	76	70
Oil and gas exploration and production	45	38	33
Independent power production	2	2	2
Gas transmission and marketing	1	1	-
Other	3	1	6
	-----	-----	-----
	\$ 365	\$ 348	\$ 283
	=====	=====	=====
Identifiable assets			
Electric utility (a)	\$ 4,027	\$3,812	\$3,399
Gas utility	1,443	1,387	1,186
Oil and gas exploration and production	398	364	334
Independent power production	488	333	321
Gas transmission and marketing	75	60	45
Other	533	892	909
	-----	-----	-----
	\$ 6,964	\$6,848	\$6,194
	=====	=====	=====
Capital expenditures (b) (c) (d)			
Electric utility (e)	\$ 365	\$ 353	\$ 213
Gas utility	127	86	61
Oil and gas exploration and production	81	68	71
Independent power production	110	12	18
Gas transmission and marketing	14	6	17
Other	69	69	33
	-----	-----	-----
	\$ 766	\$ 594	\$ 413
	=====	=====	=====

(a) Includes abandoned Midland investment of \$162 million, \$175 million and \$287 million for 1993, 1992 and 1991, respectively.

(b) Includes capital leases for nuclear fuel and other assets (see Note 14).

(c) Includes equity investments in unconsolidated partnerships of \$108 million for 1993, \$12 million for 1992 and \$33 million for 1991.

(d) Certain prior year amounts have been adjusted for comparative purposes.

(e) Includes DSM costs of \$52 million for 1993 and \$26 million for 1992.

16: Summarized Financial Information of Significant Related Energy Supplier

Under the PPA with the MCV Partnership discussed in Note 3, Consumers' 1993 obligation to purchase electricity from the MCV Partnership was approximately 14 percent of Consumers' owned and contracted capacity. Summarized financial information of the MCV Partnership is shown below:

Statements of Income

Years Ended December 31	In Millions		
	1993	1992	1991
Operating revenue (a)	\$ 548	\$ 488	\$ 425
Operating expenses	362	315	278
Operating income	186	173	147
Other expense, net	(189)	(190)	(186)
Net loss	\$ (3)	\$ (17)	\$ (39)

Balance Sheets

December 31	In Millions	
	1993	1992
Assets		
Current assets (a)	\$ 181	\$ 165
Property, plant and equipment, net	2,073	2,124
Other assets	146	147
	\$2,400	\$2,436
Liabilities and Partners' Equity		
Current liabilities	\$ 198	\$ 189
Long-term debt and other non-current liabilities (b)	2,147	2,189
Partners' equity (c)	55	58
	\$2,400	\$2,436

(a) Revenue from Consumers totaled \$505 million, \$444 million and \$384 million for 1993, 1992 and 1991, respectively. As of December 31, 1993, 1992 and 1991, \$44 million, \$38 million and \$33 million, respectively, were receivable from Consumers.

(b) FMLP is a beneficiary of an owner trust that is the lessor in a long-term direct finance lease with the lessee, MCV Partnership. CMS Holdings holds a 46.4 percent ownership interest in FMLP (see Note 3). At December 31, 1993 and 1992, lease obligations of \$1.7 billion were owed to the owner trust of which FMLP is the sole beneficiary. CMS Holdings' share of the interest and principal portion for the 1993 lease payments was \$63 million and \$16 million, respectively, and for the 1992 lease payments was \$65 million and \$12 million, respectively. The lease payments service \$1.2 billion and \$1.3 billion in non-recourse debt outstanding as of December 31, 1993 and 1992, respectively, of the owner-trust whose beneficiary is FMLP. FMLP's debt is secured by the MCV Partnership's lease obligations, assets, and operating revenues. For 1993 and 1992, the owner-trust whose beneficiary is FMLP made debt payments of \$172 million and \$166 million, respectively, which included \$10 million and \$8 million principal and \$25 million and \$26 million interest, respectively, on the MCV Bonds held by MEC Development Corporation during part of 1991 and by Consumers through December 1993.

(c) CMS Midland's recorded investment in the MCV Partnership includes capitalized interest, which is being amortized to expense over the life of its investment in the MCV Partnership.

Arthur Andersen & Co.

Report of Independent Public Accountants

To CMS Energy Corporation:

We have audited the accompanying consolidated balance sheets and

consolidated statements of long-term debt and preferred stock of CMS ENERGY CORPORATION (a Michigan corporation) and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, common stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1993. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CMS Energy Corporation and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

As discussed in Note 5 to the consolidated financial statements, effective January 1, 1992, the Company changed its method of accounting for income taxes. Additionally, as discussed in Note 10 to the consolidated financial statements, effective January 1, 1992, the Company changed its method of accounting for postretirement benefits other than pensions.

ARTHUR ANDERSEN & Co.

Detroit, Michigan,
January 28, 1994.

97

<TABLE>

Quarterly Financial and Common Stock Information

CMS Energy Corporation

<CAPTION>

Quarters Ended	1993 (Unaudited)				1992 (Unaudited)			
	March 31	June 30	Sept. 30	Dec. 31	March 31	June 30	Sept. 30	Dec. 31
In Millions, Except Per Share Amounts								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Operating revenue (a)	\$1,046	\$742	\$758	\$936	\$973	\$681	\$618	\$874
Pretax operating income (a)	\$168	\$82	\$101	\$88	\$113	\$56	\$38	\$24
Net income (loss)	\$72	\$24	\$32	\$27	\$51	\$14	\$10	\$(372)
Earnings (loss) per average common share	\$.90	\$.30	\$.40	\$.30	\$.64	\$.17	\$.13	\$(4.66)
Dividends declared per common share	\$.12	\$.12	\$.18	\$.18	\$.12	\$.12	\$.12	\$.12
Common stock prices (b)								
High	\$20-7/8	\$25-1/2	\$27-1/2	\$27-1/8	\$22-3/4	\$21-7/8	\$17-1/2	\$18-3/8
Low	\$18-3/8	\$21-3/4	\$24-7/8	\$23	\$17-7/8	\$14-7/8	\$15-1/4	\$16-3/4

<FN>

- (a) Amounts in 1992 and March 31, 1993 were restated for comparative purposes.
- (b) Based on NYSE - Composite transactions.

</TABLE>

(This page intentionally left blank)

Consumers Power Company
1993 Financial Statements

(This page intentionally left blank)

<TABLE> Selected Financial Information <CAPTION>		Consumers Power Company				
<S>	<C>	1993 <C>	1992 <C>	1991 <C>	1990 <C>	1989 <C>
Operating revenue (in millions) (a)	(\$)	3,243	2,978	2,908	2,968	2,960
Net income (loss) (in millions) (b)	(\$)	198	(244)	(249)	(382)	352
Net income (loss) after dividends on preferred stock (in millions)	(\$)	187	(255)	(260)	(393)	334
Cash from operations (in millions)	(\$)	404	483	376	476	839
Capital expenditures (excludes assets placed under capital leases) (in millions) (a)	(\$)	451	411	279	339	408
Total assets (in millions)	(\$)	6,551	6,596	5,986	7,700	8,212
Long-term debt, excluding current maturities (in millions)	(\$)	1,839	2,079	1,846	2,944	3,036
Non-current portion of capital leases (in millions)	(\$)	106	88	57	56	79
Total preferred stock (in millions)	(\$)	163	163	163	168	187
Preferred stock with mandatory redemption (in millions)	(\$)	-	-	-	-	10
Number of preferred shareholders at year-end		7,037	7,376	7,616	7,991	8,712
Book value per common share at year-end	(\$)	15.28	14.64	17.67	20.46	25.16
Return on average common equity	(%)	14.8	(18.8)	(16.2)	(20.5)	17.2
Return on assets	(%)	4.7	(0.2)	(0.6)	(2.3)	7.1
Number of employees at year end (full time equivalents)		9,567	9,531	8,933	9,209	9,577
Electric statistics						
Sales (millions of kWh) (c)		32,764	31,601	31,813	31,743	31,375
Customers (in thousands)		1,526	1,506	1,492	1,475	1,453
Average sales rate (cents/kWh)	(cents)	6.28	5.82	5.73	5.89	5.55
Gas statistics						
Sales and transportation deliveries (bcf) (d)		389	364	339	333	303
Customers (in thousands)		1,423	1,402	1,382	1,362	1,338
Average sales rate (\$/mcf)	(\$)	4.46	4.55	4.58	4.64	4.75

<FN>

- (a) Certain prior period amounts were restated for comparative purposes.
- (b) Amount in 1991 included an extraordinary loss of \$14 million, after tax.
- (c) Includes intersystem electric sales.
- (d) Excludes off-system transportation services.

</TABLE>

102

Consumers Power Company
Management's Discussion and Analysis

Consumers is a combination electric and gas utility company serving most of the Lower Peninsula of Michigan, and is the principal subsidiary of CMS Energy, an energy holding company. Consumers' customer base includes a mix of residential, commercial and diversified industrial customers, the largest of which is the automotive industry.

Consolidated 1993 Earnings

Consolidated net income after dividends on preferred stock totaled \$187 million in 1993, compared to net losses of \$255 million in 1992 and \$260 million in 1991. The increased net income reflects the Settlement Order related to power purchases from the MCV Partnership. Earnings also reflect record setting electric sales and gas deliveries.

Cash Position, Financing and Investing

Consumers' operating cash requirements are met by its operating and financing activities. In 1993 and 1992, Consumers' cash from operations mainly resulted from its sale and transportation of natural gas and its sale and transmission of electricity. Cash from operations for 1993 primarily reflects record-setting electric sales and gas deliveries and reduced after-tax cash shortfalls resulting from Consumers' purchases of power from the MCV Partnership.

During 1992, Consumers' cash from operations increased as compared to 1991 primarily due to lower interest charges resulting from reduced levels of debt, partially offset by higher operating expenditures and reduced electric rates. In 1991, Consumers generated cash primarily from its consolidated operating and investing activities, including \$859 million of net proceeds from the sale of a majority of the MCV Bonds.

Over the last three years, Consumers has used its cash primarily to fund its extensive construction expenditures and to improve the reliability of its transmission and distribution systems. Consumers has also used its cash to retire portions of long-term debt and to pay cash dividends.

Financing Activities

As a result of the 1992 quasi-reorganization (see Note 7 to the Consolidated Financial Statements), and subsequent accumulated earnings, Consumers paid \$133 million in common stock dividends during 1993 and declared a \$16 million common stock dividend in January 1994 from 1993 earnings.

During 1993, Consumers significantly reduced its future interest charges by retiring approximately \$51 million of high-cost outstanding debt and refinancing approximately \$573 million of other debt at lower interest rates. For further information, see Note 7.

Investing Activities

Capital expenditures (excluding assets placed under capital leases of \$58 million) and deferred demand-side management costs totaled \$503 million in 1993 as compared to \$437 million in 1992. These amounts primarily represent capital investments in Consumers' electric and gas utility segments. In December 1993, Consumers sold \$309 million of MCV Bonds it held and used the net proceeds to temporarily reduce short-term borrowings and ultimately plans to reduce long-term debt and to finance its construction program.

Outlook

Consumers estimates that capital expenditures, including demand-side management and new lease commitments, related to its electric and gas utility operations will total approximately \$1.5 billion over the next

three years.

Years Ended December 31	In Millions		
	1994	1995	1996
	----	----	----
Consumers			
Construction (including DSM)	\$474	\$425	\$391
Nuclear fuel lease	46	4	45
Capital leases other than nuclear fuel	27	27	28
Michigan Gas Storage	6	5	7
	----	----	----
	\$553	\$461	\$471
	=====	=====	=====

Consumers is required to redeem or retire approximately \$741 million of long-term debt during 1994 through 1996. Cash generated by operations is expected to satisfy a substantial portion of these capital expenditures and debt retirements.

Consumers has several other available sources of credit including unsecured, committed lines of credit totaling \$165 million and a \$470 million working capital facility. Consumers has FERC authorization to issue or guarantee up to \$900 million in short-term debt through December 31, 1994. Consumers uses short-term borrowings to finance working capital, seasonal fuel inventory and to pay for capital expenditures between long-term financings. Consumers has an agreement permitting the sales of certain accounts receivable for up to \$500 million. As of December 31, 1993 and 1992, receivables sold totaled \$285 million and \$225 million, respectively. On February 15, 1994, Consumers increased the level of receivables sold to \$335 million.

In October 1993, Consumers received MPSC authorization and is proceeding to issue \$200 million of preferred stock in 1994. In February 1994, Consumers called or redeemed approximately \$101 million of first mortgage bonds.

At December 31, 1993, Consumers' capital structure consisted of approximately 32 percent common equity, 4 percent preferred stock, and 64 percent long- and short-term debt (including capital leases and notes payable). Consumers' long term goal is to achieve and maintain a capital structure consisting of approximately 37 percent common equity, 8 percent preferred stock and 55 percent debt. Management expects to achieve this structure through debt reductions, accumulated earnings, the issuance of new preferred stock and equity investments from CMS Energy.

Electric Utility Operations

Comparative Results of Operations

Electric Pretax Operating Income: The improvement in 1993 pretax operating income compared to 1992 reflects an increase of \$126 million relating to the resolution of the recoverability of MCV power purchase costs under the PPA and increased electric system sales of \$45 million, partially offset by higher costs to improve system reliability. The 1992 decrease of \$66 million from the 1991 level primarily resulted from an increased emphasis on system reliability improvements and decreased electric rates resulting from the full-year impact of a mid-1991 rate decrease.

	In Millions	
	1993	1992
	Over	Over
	(Under)	(Under)
	1992	1991
	-----	-----
Sales growth	\$ 34	\$ 11
Weather	11	(16)
Resolution of MCV power cost issues	126	-
Other regulatory issues	5	(13)
O&M, general taxes and depreciation (a)	(44)	(48)
	-----	-----
Total change	\$132	\$(66)
	=====	=====

(a) Largely caused by Consumers' system reliability improvement program.

Electric Sales: Electric system sales in 1993 totaled a record 31.7 billion kWh, a 3.8 percent increase from 1992 levels. In 1993,

residential and commercial sales increased 3.4 percent and 3.0 percent, respectively, while industrial sales increased 6.5 percent. Growth in the industrial sector was the strongest in the auto-related segments of fabricated and primary metals and transportation equipment. Electric system sales in 1992 totaled 30.5 billion kWh, essentially unchanged from the 1991 levels.

Electric Sales	Millions of kWh		
	1993	1992	1991
Residential	10,066	9,733	9,997
Commercial	8,909	8,652	8,692
Industrial	11,541	10,831	10,692
Sales for resale	1,142	1,292	1,311
System sales (a)	31,658	30,508	30,692
Total customers (000)	1,526	1,506	1,492

(a) Excludes intersystem exchanges of power with other utilities through joint dispatching for the economic benefit of customers. The level of intersystem sales has been essentially unchanged during each of the last three years.

Power Costs: Power costs for 1993 totaled \$908 million, a \$31 million increase from the corresponding 1992 period. This increase primarily reflects greater power purchases from outside sources to meet increased sales demand and to supplement decreased generation at Palisades due to an extended outage. Power costs for 1992 totaled \$877 million, a \$17 million decrease as compared to 1991.

Operation and Maintenance: Increases in other operation and maintenance expense for 1993 and 1992 reflected increased expenditures to improve electric system reliability.

Depreciation: The increased depreciation for 1993 reflects additional capital investments in plant. The 1992 increase resulted from higher depreciation rates, increased amortization of abandoned nuclear investment and increased nuclear plant decommissioning expense.

Electric Utility Rates

Power Purchases from the MCV Partnership: Consumers is obligated to purchase the following amounts of contract capacity from the MCV Partnership under the PPA:

Year	1993	1994	1995 and thereafter
MW	1,023	1,132	1,240

Since 1990, recovering capacity and fixed-energy costs for power purchased from the MCV Partnership has been a significant issue. Effective January 1, 1993, the Settlement Order allowed Consumers to recover from electric retail customers substantially all of the payments for its ongoing purchase of 915 MW of contract capacity from the MCV Partnership, significantly reducing the amount of future underrecoveries for these power costs. ABATE and the Attorney General have filed claims of appeal of the Settlement Order with the Court of Appeals.

Prior to the Settlement Order, Consumers had recorded losses for underrecoveries from 1990 through 1992. In December 1992, Consumers recognized an after-tax loss of \$343 million for the present value of estimated future underrecoveries of power costs under the PPA as a result of the Settlement Order, based on management's best estimates regarding the future availability of the MCV Facility, and the effect of the future wholesale power market on the amount, timing and price at which various increments of the capacity above the MPSC-authorized level could be resold. Except for adjustments to the above loss to reflect the after-tax time value of money through accretion expense, no additional losses are expected unless actual future experience materially differs from management's estimates. The after-tax expense for the time value of money for the \$343 million loss is estimated to be approximately \$24 million in 1994, and various lower levels thereafter, including \$22 million in 1995 and \$20 million in 1996. Although the settlement losses were recorded in 1992, the after-tax cash underrecoveries associated with the Settlement Order were \$59 million in 1993. Consumers believes there is and will be a

market for the resale of capacity purchases from the MCV Partnership above the MPSC-authorized level. If Consumers is unable to sell any capacity above the current MPSC-authorized level, future additional after-tax losses and after-tax cash underrecoveries could be incurred. Estimates for the next five years if none of the additional capacity is sold are as follows:

	After-tax, In Millions				
	1994	1995	1996	1997	1998
	----	----	----	----	----
Expected cash underrecoveries	\$56	\$65	\$62	\$61	\$ 8
Possible additional under-recoveries and losses (a)	\$14	\$20	\$20	\$22	\$72

(a) If unable to sell any capacity above the MPSC's authorized level

The PPA, while requiring payment of a fixed energy charge, contains a "regulatory out" provision which permits Consumers to reduce the fixed energy charges payable to the MCV Partnership throughout the entire contract term if Consumers is not able to recover these amounts from its customers. Consumers and the MCV Partnership have commenced arbitration proceedings under the PPA to determine whether Consumers is entitled to exercise its regulatory out regarding fixed energy charges on the portion of available MCV capacity above the current MPSC-authorized levels. An arbitrator acceptable to both parties has been selected. If the arbitrator determines that Consumers cannot exercise its regulatory out, Consumers would be required to make these fixed energy payments to the MCV Partnership. The arbitration proceedings will also determine who is entitled to the fixed energy amounts for which Consumers did not receive full cost recovery during the years prior to settlement. As of December 31, 1993, these amounts total \$26 million. Although Consumers intends to aggressively pursue its right to exercise the regulatory out, management cannot predict the outcome of the arbitration proceedings or any possible settlement of the matter. Accordingly, losses were recorded prior to 1993 for all fixed energy amounts at issue in the arbitration. In December 1993, Consumers made an irrevocable offer to pay through September 15, 2007, fixed energy charges to the MCV Partnership on all kWh delivered by the MCV Partnership to Consumers from the contract capacity in excess of 915 MW, which represents a portion of the fixed energy charges in dispute. Consumers made the offer to facilitate the sale of the remaining MCV Bonds in 1993.

The lessors of the MCV Facility have filed a lawsuit in federal district court against CMS Energy, Consumers and CMS Holdings. It alleges breach of contract, breach of fiduciary duty and negligent or willful misrepresentation relating to the MCV Partnership's failure to object to the Settlement Order in light of Consumers' interpretation of the Settlement Order, which is the subject of an arbitration between the MCV Partnership and Consumers. The action alleges damages in excess of \$1 billion and seeks injunctive relief relative to Consumers' payments of the fixed energy charge. CMS Energy and Consumers believe that at all times they and CMS Holdings have conducted themselves properly and that the action is without merit. They also believe that a significant portion of the alleged damages represent fixed energy charges in dispute in the arbitration. CMS Energy and Consumers are unable to predict the outcome of this action. For further information regarding power purchases from the MCV Partnership, see Note 3.

PSCR Matters: Consumers began a planned refueling and maintenance outage at Palisades in June 1993. Following several required, unanticipated repairs that extended the outage, the plant returned to service in early November. Recovery of replacement power costs incurred by Consumers during the outage will be reviewed by the MPSC during the 1993 PSCR reconciliation of actual costs and revenues to determine the prudence of actions taken during the outage and any associated delays. Net replacement power costs were approximately \$180,000 per day above the cost of fuel incurred when the plant is operating.

The Energy Act imposes an obligation on the utility industry, including Consumers, to decommission DOE uranium enrichment facilities. Consumers currently estimates its payments for decommissioning those facilities to be \$2.4 million per year for 15 years beginning in 1992, escalating based on an inflation factor. Consumers believes these costs are recoverable from its customers under traditional regulatory policies.

Electric Rate Case: Consumers filed a request with the MPSC in May 1993 to increase its electric rates. Subsequently, as a result of changed

estimates, Consumers revised its requested electric rate increase to \$133 million annually based on a 1994 test year. Consumers also requested an additional annual electric rate increase of \$38 million based on a 1995 test year. In March 1994, an ALJ issued a proposal for decision that recommended Consumers' 1994 final annual rate increase total approximately \$83 million, and that the incremental requested 1995 increase not be granted at this time. The ALJ's recommendation included a lower return on electric common equity, reflected reduced anticipated debt costs due to the projected availability of more favorable interest rates and proposed a lower equity ratio for Consumers' projected capitalization structure. The ALJ did, however, generally support Consumers' rate design proposal to significantly reduce the level of subsidization of residential customers by commercial and industrial customers and generally supported a performance incentive which Consumers also supported. For further information, see Note 4.

Electric Conservation Efforts

In October 1993, Consumers completed the customer participation portion of several incentive-based demand-side management programs which were designed to encourage the efficient use of energy, primarily through conservation measures. Based on the MPSC's determination of Consumers' effectiveness in implementing these programs, Consumers' future rate of return on electric common equity may be adjusted either upward by up to 1 percent or downward by up to 2 percent, for one year following reconciliation hearings with the MPSC. Consumers believes it will receive an increase on its return on common equity based on having achieved all of the agreed upon objectives. For further information, see Note 4.

Electric Capital Expenditures

Consumers estimates capital expenditures, including demand-side management and new lease commitments, related to its electric utility operations of \$396 million for 1994, \$324 million for 1995 and \$332 million for 1996.

Electric Environmental Matters and Health Concerns

The 1990 amendment of the federal Clean Air Act significantly increased the environmental constraints that utilities will operate under in the future. While the Clean Air Act's provisions will require Consumers to make certain capital expenditures in order to comply with the amendments for nitrogen oxide reductions, Consumers' generating units are presently operating at or near the sulfur dioxide emission limits which will be effective in the year 2000. Therefore, management believes that Consumers' annual operating costs will not be materially affected.

In 1990, the State of Michigan passed amendments to the Environmental Response Act, under which Consumers expects that it will ultimately incur costs at a number of sites, even those in which it has a partial or no current ownership interest. It is expected that in most cases, parties other than Consumers with current or former ownership interests may also be considered liable under the law and may be required to share in the costs of any site investigations and remedial actions. Consumers believes costs incurred for both investigation and any required remedial actions would be recoverable from its electric customers under established regulatory policies and accordingly are not likely to materially affect its financial position or results of operations.

Consumers is a so-called "Potentially Responsible Party" at several sites being administered under Superfund. Along with Consumers, there are numerous credit-worthy, potentially responsible parties with substantial assets cooperating with respect to the individual sites. Based on information currently known by management, Consumers believes that it is unlikely that its liability at any of the known Superfund sites, individually or in total, will have a material adverse effect on its financial position or results of operations.

Electric Outlook

Consumers expects economic growth, competitive rates and other factors to increase the demand for electricity within its service territory by approximately 1.8 percent per year over the next five years. For the near term, Consumers currently plans a reserve margin of 20 percent and expects to fill the additional capacity required through long- and short-term power purchases. Long-term purchased power will likely be obtained through a competitive bidding solicitation process utilizing the framework established by the MPSC in 1992. Capacity from the MCV Facility above the levels authorized by the MPSC may be offered by Consumers in connection with the solicitation.

A recent NRC review of Consumers' performance at Palisades showed a decline in performance. Management believes that an increased emphasis on internal assessments will improve performance at Palisades. To provide NRC senior management with a more in-depth assessment of plant performance, the NRC has initiated a diagnostic evaluation team inspection at Palisades. The inspection will be a broad-based evaluation of all aspects of nuclear plant operation and management which is expected to commence in March 1994, with results of the evaluation expected to be available in May 1994. The outcome of this evaluation cannot be predicted. Similar reviews conducted at nuclear plants of other utilities in recent years have in some cases resulted in increased regulatory oversight or required actions to improve plant operations, maintenance or condition.

Consumers is currently collecting \$45 million annually from electric retail customers for the future decommissioning of its two nuclear plants. Consumers believes these amounts will be adequate to meet current decommissioning cost estimates. For further information regarding nuclear decommissioning, see Note 2.

Consumers' on-site storage pool at Palisades is at capacity, and it is unlikely that the DOE will begin accepting any spent nuclear fuel by the originally scheduled date in 1998. Consumers is using NRC-approved dry casks, which are steel and concrete vaults, for temporary storage. Several appeals relating to NRC approval of the casks are now pending at the U.S. Sixth Circuit Court of Appeals. If Consumers is unable to continue to use the casks as planned, significant costs, including replacement power costs during any resulting plant shutdown, could be incurred.

Consumers has experienced an increase in complaints in 1993 relating primarily to the effect of so-called stray voltage on certain livestock. A complaint seeking certification as a class action suit has been filed against Consumers alleging significant damages, primarily related to certain livestock, which Consumers believes to be without merit (see Note 12).

Some of Consumers' larger industrial customers are exploring the possibility of constructing and operating their own on-site generating facilities. Consumers is actively working with these customers to develop rate and service alternatives that are competitive with self-generation options. Although Consumers' electric rates are competitive with other regional utilities, Consumers has on file with the FERC two open access interconnection tariffs which could have the effect of increasing competition for wholesale customers. As part of its current electric rate case, Consumers has requested that the MPSC reduce the level of rate subsidization of residential customers by commercial and industrial customers so as to further improve rate competitiveness for its largest customers.

The MPSC has completed a hearing on a proposal by ABATE to create an experimental retail wheeling tariff. Certain other parties have proposals in support of retail wheeling under development. In August 1993, an ALJ recommended that the MPSC reject the proposed experiment. An MPSC order is expected early in 1994.

Gas Utility Operations

Comparative Results of Operations

Gas Pretax Operating Income: For 1993, pretax operating income increased \$37 million compared to 1992, reflecting higher gas deliveries (both sales and transportation volumes) and more favorable regulatory recovery of gas costs related to transportation. During 1992, gas pretax operating income increased \$45 million from the 1991 level, essentially for many of the same reasons as the current period.

	In Millions	
	1993	1992
	Over	Over
	(Under)	(Under)
	1992	1991
	-----	-----
Sales growth	\$ 7	\$ 14
Weather	10	6
Regulatory recovery of gas cost	12	48
O&M, general taxes and depreciation	8	(23)
	-----	-----

Total change

\$ 37

\$ 45

=====

=====

Gas Deliveries: Gas sales and gas transported in 1993 totaled 410.6 bcf, a 6.9 percent increase from 1992. In 1992, gas sales and gas transported totaled 384.1 bcf, a 6.1 percent increase from 1991 deliveries.

Gas Deliveries	Bcf		
	1993	1992	1991
	-----	-----	-----
Residential	174.9	166.7	157.2
Commercial	55.9	53.4	50.2
Industrial	13.9	13.5	14.5
Other	.2	.2	.2
	-----	-----	-----
Gas sales	244.9	233.8	222.1
Transportation deliveries	70.5	66.4	61.5
Transportation for MCV	73.4	63.5	55.0
Off-system transportation service	21.8	20.4	23.4
	-----	-----	-----
Total deliveries	410.6	384.1	362.0
	=====	=====	=====
Total customers (000)	1,423	1,402	1,382
	=====	=====	=====

Gas Utility Rates

Consumers currently plans to file a request in 1994 with the MPSC to increase its gas rates. The request would include, among other things, costs for postretirement benefits computed under SFAS 106, Employers' Accounting for Postretirement Benefits Other than Pensions. A final order should be received approximately nine to twelve months after the request is filed.

Certain of Consumers' direct gas suppliers have contract prices tied to the price Consumers pays Trunkline for its gas. The Trunkline contract covers gas deliveries through October 1994 and is at a price reduced in September 1993. Some of Consumers' direct gas suppliers have claimed that the reduced Trunkline gas cost is not a proper reference price under their contracts with Consumers and that their contracts are terminable after a 12-month period. Consumers is disputing these claims.

In 1992, the FERC issued Order 636, which makes a number of significant changes to the structure of the services provided by interstate natural gas pipelines to be implemented by the 1993-94 winter heating season. Consumers is a significant purchaser of gas from an interstate pipeline (Trunkline) and is a major transportation customer of a number of pipelines. Management believes that Consumers will recover any transition costs it may incur and such restructuring will not have a significant impact on its financial position or results of operations.

In July 1993, Michigan Gas Storage submitted a notice of rate change with the FERC to revise its operation and maintenance expenses for 1993 and update plant costs to reflect the addition of approximately \$27 million of new plant additions in 1993 and began collecting the revised rates subject to refund and a hearing in February 1994. Hearings or settlement conferences will follow. For further information regarding gas utility rates, see Note 4.

Gas Capital Expenditures

Consumers estimates capital expenditures, including new lease commitments, related to its gas utility operations of \$99 million for 1994, \$88 million for 1995 and \$81 million for 1996.

Gas Environmental Matters

Under the Environmental Response Act, Consumers expects that it will ultimately incur costs at a number of sites, including some of the 23 sites that formerly housed manufactured gas plant facilities, even those in which it has a partial or no current ownership interest. It is expected that in most cases, parties other than Consumers with current or former ownership interests may also be considered liable under the law and may be required to share in the costs of any site investigations and remedial actions. There is limited knowledge of manufactured gas plant contamination at these sites at this time. However, Consumers is continuing to monitor this issue.

In addition, at the request of the DNR, Consumers prepared plans for remedial investigation/feasibility studies for three of these sites. Work plans for remedial investigation/feasibility studies for four other sites have also been prepared. The DNR has approved two of the three plans for remedial investigation/feasibility studies submitted and is currently reviewing the one remaining. Consumers currently estimates the total cost of conducting the three studies submitted to the DNR to be less than \$1 million.

The timing and extent of any further site investigation and remedial actions will depend, among other things, on requests received from the DNR and on future site usage by Consumers or other owners. Under the current schedule, Consumers anticipates the first remedial investigation/feasibility study would be completed in mid-1994. Consumers believes the results of the remedial investigation/feasibility studies will allow management to estimate a range of remedial cost estimates for the sites under study, which may be substantial. In 1993, the MPSC addressed the question of recovery of investigation and remedial costs for another Michigan gas utility as part of that utility's gas rate case. In that proceeding, the MPSC determined that prudent investigation and remedial costs could be deferred and amortized over 10-year periods and prudent unamortized costs can be included for recovery in the utility's rate cases. Consumers believes costs incurred for both investigation and any required remedial actions would be recoverable from gas utility customers under established regulatory policies and accordingly are not likely to materially affect its financial position or results of operations.

Gas Outlook

In 1993, Consumers purchased approximately 85 percent of its required gas supply under long-term contracts, and the balance on the spot market. Trunkline supplied approximately 41 percent of the total requirement. Consumers expects gas supply reliability to be ensured through long-term supply contracts, with purchases in the short-term spot market when economically beneficial. Management believes that Consumers' ability to purchase gas during the off-season and store it in its extensive underground storage facilities will continue to help provide customers with low-cost, competitive gas rates.

Consumers anticipates growth in gas deliveries of approximately 0.6 percent per year over the next five years. Management believes that environmental benefits, along with the federal requirements included in the Energy Act, create an opportunity for growth in the natural gas vehicle industry.

Other

Other Income: The 1993 other income level reflects lower Midland-related losses than experienced in 1992. The 1992 loss included a \$343 million charge related to the Settlement Order. The 1991 loss included \$294 million, related to an MPSC order received in 1991 that allowed Consumers to recover only \$760 million of remaining abandoned Midland investment, and a \$92 million loss related to the cancellation of the CMS Debentures.

Public Utility Holding Company Act Exemption: CMS Energy is exempt from registration under PUHCA. However, the Attorney General and the MMCG have asked the SEC to revoke CMS Energy's exemption from registration under PUHCA. On April 15, 1992, the MPSC filed a statement with the SEC recommending that CMS Energy's current exemption be revoked and a new exemption be issued conditioned upon certain reporting and operating requirements. If CMS Energy were to lose its current exemption, it would become more heavily regulated by the SEC; Consumers could ultimately be forced to divest either its electric or gas utility business; and CMS Energy would be restricted from conducting businesses that are not functionally related to the conduct of its utility business as determined by the SEC. CMS Energy is opposing this request and believes it will maintain its current exemption from registration under PUHCA.

112

<TABLE>			
Consolidated Statements of Income	Consumers Power Company		
<CAPTION>	In Millions		
Years Ended December 31	1993	1992	1991

<S>		<C>	<C>	<C>
Operating Revenue	Electric	\$2,077	\$1,863	\$1,849
	Gas	1,160	1,126	1,061
	Other	6	(11)	(2)
Total operating revenue		3,243	2,978	2,908
Operating Expenses	Operation			
	Fuel for electric generation	293	305	308
	Purchased power - related parties	467	460	442
	Purchased and interchange power	148	112	144
	Cost of gas sold	678	673	677
	Other	516	492	471
Total operation		2,102	2,042	2,042
	Maintenance	203	201	169
	Depreciation, depletion and amortization	316	307	242
	General taxes	187	179	174
Total operating expenses		2,808	2,729	2,627
Pretax Operating Income (Loss)	Electric	286	154	220
	Gas	146	109	64
	Other	3	(14)	(3)
Total pretax operating income		435	249	281
Income Taxes		116	51	48
Net Operating Income		319	198	233
Other Income (Deductions)	MCV Bond income	32	34	45
	Dividends from affiliates	16	16	13
	Accretion income (Note 4)	14	15	24
	Accretion expense (Note 3)	(36)	-	-
	Loss on MCV power purchases - settlement (Note 3)	-	(520)	-
	Write-down of abandoned Midland project costs (Note 4)	-	-	(398)
	Income from contractual arrangements (Note 16)	-	-	129
	Loss on exchange of related party debentures (Note 16)	-	-	(125)
	Other income taxes, net	25	178	123
	Other, net	1	(1)	33
Total other income (deductions)		52	(278)	(156)
Interest Charges	Interest on long-term debt	152	150	249
	Other interest	22	15	64
	Capitalized interest	(1)	(1)	(1)
Net interest charges		173	164	312
Net Income (Loss) Before Extraordinary Item		198	(244)	(235)
Extraordinary Item, Early Redemption of Debt, Net		-	-	(14)
Net Income (Loss)		198	(244)	(249)
Preferred Stock Dividends		11	11	11
Net Income (Loss) after Dividends on Preferred Stock		\$ 187	\$ (255)	\$ (260)

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

113

<TABLE>

Consolidated Statements of Cash Flows

Consumers Power Company

In Millions

<CAPTION>

Years Ended December 31

1993 1992 1991

<S>

	<C>	<C>	<C>
Cash Flows From Operating Activities	\$ 198	\$ (244)	\$ (249)
Net income (loss)			
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	292	298	275

	Nuclear decommissioning	54	50	15
	Deferred income taxes	59	(172)	(173)
	Deferred investment tax credit	(9)	(7)	33
	Accretion expense (Note 3)	36	-	-
	Accretion income - abandoned Midland project (Note 4)	(14)	(15)	(24)
	MCV power purchases - settlement (Note 3)	(84)	-	-
	Loss on MCV power purchases - settlement (Note 3)	-	520	-
	Write-down of abandoned Midland project costs	-	-	398
	Income from contractual arrangements	-	-	(129)
	Loss on exchange of related party debentures	-	-	125
	MCV Bond income	-	-	(42)
	Changes in other assets and liabilities (Note 14)	(125)	50	121
	Other	(3)	3	26
		-----	-----	-----
	Net cash provided by operating activities	404	483	376
		-----	-----	-----
Cash Flows From	Capital expenditures (excludes assets placed under			
Investing Activities	capital leases of \$58 in 1993, \$69 in 1992 and			
	\$27 in 1991) (Note 14)	(451)	(411)	(279)
	Investments in nuclear decommissioning trust funds	(54)	(50)	(15)
	Deferred demand-side management costs	(52)	(26)	-
	Cost to retire property, net	(32)	(14)	(18)
	Sale of subsidiary (Note 2)	(14)	-	-
	Other	(2)	(1)	(2)
	Proceeds from Midland-related assets (Note 3)	322	10	1,024
	Proceeds from sale of property	1	12	5
	Proceeds from loan to affiliate	-	50	-
	Proceeds from Bechtel settlement	-	46	-
		-----	-----	-----
	Net cash provided by (used in) investing activities	(282)	(384)	715
		-----	-----	-----
Cash Flows From	Proceeds from bonds (Note 7)	644	-	-
Financing Activities	Increase (decrease) in notes payable, net	44	(79)	(40)
	Retirement of bonds (Note 7)	(640)	(12)	(606)
	Payment of common stock dividends	(133)	-	(75)
	Repayment of bank loans	(31)	-	(310)
	Payment of capital lease obligations	(24)	(35)	(38)
	Payment of preferred stock dividends	(11)	(11)	(11)
	Retirement of other long-term debt	(1)	-	-
	Proceeds from bank loans	-	60	-
	Retirement of preferred stock	-	-	(4)
		-----	-----	-----
	Net cash used in financing activities	(152)	(77)	(1,084)
		-----	-----	-----
Net Increase (Decrease) in Cash and Temporary Cash Investments		(30)	22	7
		-----	-----	-----
	Cash and temporary cash investments			
	Beginning of year	70	48	41
		-----	-----	-----
	End of year	\$ 40	\$ 70	\$ 48
		=====	=====	=====

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

114

<TABLE>

Consolidated Balance Sheets

Consumers Power Company

<CAPTION>

ASSETS

In Millions

December 31		1993	1992
<S>		<C>	<C>
Plant (At original cost)	Electric	\$5,347	\$5,076
	Gas	1,837	1,728
	Other	253	228
		-----	-----
		7,437	7,032
	Less accumulated depreciation, depletion		
	and amortization (Note 2)	3,550	3,348
		-----	-----
		3,887	3,684
	Construction work-in-progress	248	252
		-----	-----
		4,135	3,936
		-----	-----
Investments	Stock of affiliates (Note 16)	291	291

	First Midland Limited Partnership (Notes 3 and 17)	213	208
	Midland Cogeneration Venture Limited Partnership (Notes 3 and 17)	67	68
	Other	6	6
		-----	-----
		577	573
		-----	-----
Current Assets	Cash and temporary cash investments at cost, which approximates market (Note 3)	40	70
	Accounts receivable and accrued revenue, less allowances of \$4 in 1993 and \$5 in 1992 (Note 6)	110	142
	Accounts receivable - related parties	12	11
	Inventories at average cost		
	Gas in underground storage	228	204
	Materials and supplies	73	70
	Generating plant fuel stock	41	37
	Deferred income taxes (Note 5)	17	-
	Investment in MCV Bonds (Note 3)	-	322
	Prepayments and other	205	217
		-----	-----
		726	1,073
		-----	-----
Non-current Assets	Postretirement benefits (Note 10)	485	460
	Nuclear decommissioning trust funds (Note 2)	165	111
	Abandoned Midland project (Note 4)	162	175
	Trunkline settlement (Note 4)	86	116
	Other	215	152
		-----	-----
		1,113	1,014
		-----	-----
Total Assets		\$6,551	\$6,596
		=====	=====

/TABLE

115

<TABLE>

<CAPTION>

STOCKHOLDERS' INVESTMENT AND LIABILITIES

Consumers Power Company

In Millions

December 31		1993	1992
<S>		<C>	<C>
Capitalization (Note 7)	Common stockholder's equity		
	Common stock	\$ 841	\$ 841
	Paid-in-capital	391	391
	Retained earnings since December 31, 1992	54	-
		-----	-----
		1,286	1,232
	Preferred stock	163	163
	Long-term debt	1,839	2,079
	Non-current portion of capital leases	106	88
		-----	-----
		3,394	3,562
		-----	-----

Current Liabilities	Current portion of long-term debt and capital leases	355	123
	Notes payable	259	215
	Accounts payable	148	174
	Accounts payable - related parties	49	47
	Accrued taxes	171	232
	MCV power purchases - settlement (Note 3)	82	81
	Accrued interest	39	48
	Accrued refunds	28	77
	Deferred income taxes (Note 5)	-	24
	Other	183	184
		-----	-----
		1,314	1,205
		-----	-----

Non-current Liabilities	Postretirement benefits (Note 10)	527	494
	Deferred income taxes (Note 5)	485	329
	MCV power purchases - settlement (Note 3)	391	439
	Deferred investment tax credit	190	199
	Trunkline settlement (Note 4)	86	116
	Regulatory liabilities for income taxes, net (Note 5)	6	62
	Other	158	190
		-----	-----

Commitments and Contingencies (Notes 2, 3, 4, 11 and 12)

Total Stockholders' Investment and Liabilities \$6,551 \$6,596

<FN>
The accompanying notes are an integral part of these statements.

</TABLE>

116

<TABLE>
Consolidated Statements of Long-Term Debt
<CAPTION>

Consumers Power Company
In Millions

December 31			1993	1992
<S>	<C>	<C>	<C>	<C>
First Mortgage Bonds	Series (%)	Due		
	13-7/8	1993	\$ -	\$ 4
	5-7/8	1996	36	36
	6	1997	50	50
	8-3/4	1997	5	11
	8-3/4	1998	248	250
	6-5/8	1998	45	45
	6-7/8	1998	43	43
	9-1/8	1998	5	8
	7-5/8	1999	48	48
	8-1/4	1999	-	55
	8-7/8	1999	200	200
	8-5/8	2000	-	50
	7-1/2	2001	57	57
	8-1/8	2001	-	57
	7-1/2	2002	62	62
	7-1/2	2002	43	43
	6-3/8	2003	300	-
	8-5/8	2003	-	75
	9	2006	-	60
	8-7/8	2007	-	85
	8-5/8	2007	-	100
	9	2008	-	68
	7-3/8	2023	300	-
			1,442	1,407
Long-Term Bank Debt			469	500
Pollution Control Revenue Bonds			131	133
Nuclear Fuel Disposal			90	88
4-5/8% Debentures			26	26
Other			12	12
Principal Amount Outstanding			2,170	2,166
Current Amounts			(321)	(85)
Net Unamortized Discount			(10)	(2)
Total Long-Term Debt			\$1,839	\$2,079

</TABLE>
<TABLE>
The table below shows maturities and improvement fund obligations for long-term debt:

LONG-TERM DEBT MATURITIES AND OBLIGATIONS					In Millions
<CAPTION>	First Mortgage Bonds	Improvement Fund	Long-Term Bank Debt	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>
1994	\$ 91	\$9	\$188	\$ 33	\$321
1995	-	8	188	1	197
1996	36	8	93	102	239

1997	50	8	-	1	59
1998	336	7	-	2	345

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

117

<TABLE>

Consolidated Statements of Preferred Stock

Consumers Power Company

<CAPTION>

December 31	Series	Optional Redemption Price	Number of Shares		In Millions	
			1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Preferred Stock						
Cumulative, \$100 par value, authorized 7,500,000 shares, with no mandatory redemption	\$4.16	\$103.25	68,451	68,451	\$ 7	\$ 7
	4.50	110.00	373,148	373,148	37	37
	7.45	101.00	379,549	379,549	38	38
	7.68	101.00	207,565	207,565	21	21
	7.72	101.00	289,642	289,642	29	29
	7.76	102.21	308,072	308,072	31	31
Total Preferred Stock					\$163	\$163

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

118

<TABLE>

Consolidated Statements of Common Stockholder's Equity

Consumers Power Company

<CAPTION>

	Number of Shares	Common Stock	Other Paid-in Capital	In Millions, Except Number of Shares	
				Retained Earnings (Deficit)	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1991	84,108,789	\$841	\$ 864	\$ 16	\$1,721
Net loss				(249)	(249)
Cash dividends declared:					
Common stock				(75)	(75)
Preferred stock				(11)	(11)
Increase in preferred stock of affiliate (Note 16)			100		100
Net gain on retired stock			1		1
Balance at December 31, 1991	84,108,789	841	965	(319)	1,487
Net loss				(244)	(244)
Preferred stock dividends declared				(11)	(11)
Quasi-reorganization (Note 7)			(574)	574	-
Balance at December 31, 1992	84,108,789	841	391	-	1,232
Net income				198	198
Cash dividends declared:					
Common stock				(133)	(133)
Preferred stock				(11)	(11)
Balance at December 31, 1993	84,108,789	841	\$ 391	\$ 54	\$1,286

<FN>

The accompanying notes are an integral part of these statements.

</TABLE>

Consumers Power Company
Notes to Consolidated Financial Statements

1: Corporate Structure

Consumers is a combination electric and gas utility company serving most of the Lower Peninsula of Michigan, and is the principal subsidiary of CMS Energy, an energy holding company. Consumers' customer base includes a mix of residential, commercial and diversified industrial customers, the largest of which is the automotive industry.

2: Summary of Significant Accounting Policies and Other Matters

Basis of Presentation

The consolidated financial statements include Consumers and its wholly owned subsidiaries. Consumers eliminates all material transactions between its consolidated companies. Consumers uses the equity method of accounting for investments in its companies and partnerships where it has more than a 20 percent but less than a majority ownership interest.

Gas Inventory

Consumers uses the weighted average cost method for valuing working gas inventory. Cushion gas, which is gas stored to maintain reservoir pressure for recovery of working gas, is recorded in the appropriate gas utility plant account. Consumers stores gas inventory in its underground storage facilities.

Maintenance, Depreciation and Depletion

Property repairs and minor property replacements are charged to maintenance expense. Depreciable property retired or sold plus cost of removal (net of salvage credits) is charged to accumulated depreciation. Consumers bases depreciation provisions for utility plant on straight-line and units-of-production rates approved by the MPSC. In May 1991, the MPSC approved an increase of approximately \$15 million annually in Consumers' electric and common utility plant depreciation rates. The composite depreciation rate for electric utility property was 3.4 percent for 1993 and 1992 and 3.3 percent for 1991. The composite rate for gas utility plant was 4.4 percent for 1993 and 4.3 percent for 1992 and 1991. The composite rate for other plant and property was 4.7 percent for 1993, 5.8 percent for 1992 and 3.7 percent for 1991.

New Accounting Standards

In November 1992, the FASB issued SFAS 112, Employers' Accounting for Postemployment Benefits, which Consumers adopted January 1, 1994. Consumers pays for several postemployment benefits, the most significant being workers compensation. Because Consumers' postemployment benefit plans do not vest or accumulate, the standard did not materially impact Consumers' financial position or results of operations. For new accounting standards related to financial instruments, see Note 8.

Nuclear Fuel, Decommissioning and Other Nuclear Matters

Consumers amortizes nuclear fuel cost to fuel expense based on the quantity of heat produced for electric generation. Interest on leased nuclear fuel is expensed as incurred. Under federal law, the DOE is responsible for permanent disposal of spent nuclear fuel at costs to be paid by affected utilities under various payment options. However, in a statement released February 17, 1994, the DOE asserted that it does not have a legal obligation to accept spent nuclear fuel without an operational repository. The DOE is exploring options to offset the costs incurred by nuclear utilities in continuing to store spent nuclear fuel on site. For fuel burned after April 6, 1983, Consumers charges disposal costs to nuclear fuel expense, recovers it through electric rates and remits it to the DOE quarterly. Consumers has elected to defer payment for disposal of spent nuclear fuel burned before April 7, 1983 until the spent fuel is delivered to the DOE. As of December 31, 1993, Consumers has recorded a liability to the DOE of \$90 million, including interest, to dispose of spent nuclear fuel burned before April 7, 1983. Consumers has been recovering through electric rates the amount of this liability, excluding a portion of interest. Consumers' liability to the DOE becomes due when the DOE takes possession of Consumers' spent nuclear fuel, which was originally scheduled to occur in 1998.

In April 1993, the NRC approved the design of the dry spent fuel storage casks now being used by Consumers at Palisades. In May 1993, the Attorney General and certain other parties commenced litigation to block Consumers' use of the storage casks, alleging that the NRC had failed to comply adequately with the National Environmental Policy Act. As of mid-February 1994, the courts have declined to prevent such use and have refused to issue temporary restraining orders or stays. Several appeals relating to this matter are now pending at the U.S. Sixth Circuit Court of Appeals. Consumers loaded two dry storage casks with spent nuclear fuel in 1993 and expects to load additional casks in 1994 prior to Palisades' 1995 refueling. If Consumers is unable to continue to use the casks as planned, significant costs, including replacement power costs during any resulting plant shutdown, could be incurred.

Consumers currently estimates decommissioning costs (decontamination and dismantlement) of \$208 million and \$399 million, in 1993 dollars, for the Big Rock Point and Palisades nuclear plants, respectively. At December 31, 1993, Consumers had recorded \$171 million of decommissioning costs and classified the obligation as accumulated depreciation. In January 1987, Consumers began collecting estimated costs to decommission its two nuclear plants through a monthly surcharge to electric customers which currently totals \$45 million annually. Consumers expects to file updated decommissioning estimates with the MPSC on or before March 31, 1995. Amounts collected from electric retail customers are deposited in trust. Trust earnings are recorded as an investment with a corresponding credit included in accumulated depreciation. The total amount of the trust will be available for decommissioning Big Rock Point and Palisades at the end of their respective license periods in 2000 and 2007. Consumers believes the amounts being collected are adequate to meet its currently estimated decommissioning costs and current NRC requirements.

In November 1993, Palisades returned to service following a planned refueling and maintenance outage that had been extended due to several unanticipated repairs. The results of an NRC review of Consumers' performance at Palisades published shortly thereafter showed a decline in performance ratings for the plant. Management believes that an increased emphasis on internal assessments will improve performance at Palisades. In order to provide NRC senior management with a more in-depth assessment of plant performance, the NRC has initiated a diagnostic evaluation team inspection at Palisades. The inspection will be a broad-based evaluation of all aspects of nuclear plant operation and management. The evaluation is expected to commence in March 1994, with results of the evaluation expected to be available in May 1994. The outcome of this evaluation cannot be predicted. Similar reviews conducted at nuclear plants of other utilities in recent years have in some cases resulted in increased regulatory oversight or required actions to improve plant operations, maintenance or condition.

Plateau Resources Ltd.

In August 1993, Consumers sold its ownership interest in Plateau to U. S. Energy Corp. As a result of the sale, approximately \$14 million of Plateau's cash and cash equivalents, other assets and liabilities, including certain future decommissioning, environmental and other contingent liabilities were transferred to U. S. Energy Corp. In view of prior write-offs, this transaction did not result in any material gains or additional losses.

Reclassifications

Consumers and the MCV Partnership (see Note 17) have reclassified certain prior year amounts for comparative purposes. These reclassifications did not affect the net losses for the years presented.

Revenue and Fuel Costs

Consumers accrues revenue for electricity and gas used by its customers but not billed at the end of an accounting period. Consumers also accrues or reduces revenue for any underrecovery or overrecovery of electric power supply costs and natural gas costs by establishing a corresponding asset or liability until Consumers bills these unrecovered costs or refunds the excess recoveries to customers after reconciliation hearings conducted before the MPSC.

Utility Regulation

Consumers accounts for the effects of regulation under SFAS 71, Accounting for the Effects of Certain Types of Regulation. As a result, the actions of regulators affect when revenues, expenses, assets and liabilities are

recognized.

Other

For significant accounting policies regarding cash equivalents, see Note 14; for income taxes, see Note 5; and for pensions and other postretirement benefits, see Note 10.

3: The Midland Cogeneration Venture

The MCV Partnership, which leases and operates the MCV Facility, contracted to supply electricity and steam to The Dow Chemical Company and to sell electricity to Consumers for a 35-year period beginning in March 1990. At December 31, 1993, Consumers, through its subsidiaries, held the following assets related to the MCV: 1) CMS Midland owned a 49 percent general partnership interest in the MCV Partnership; and 2) CMS Holdings held through the FMLP a 35 percent lessor interest in the MCV Facility. In late 1993, Consumers sold its remaining \$309 million investment in the MCV Bonds.

Power Purchases from the MCV Partnership

Consumers is obligated to purchase the following amounts of contract capacity from the MCV Partnership under the PPA:

Year	1991	1992	1993	1994	1995 and thereafter
MW	806	915	1,023	1,132	1,240

During 1992 and 1991, the MPSC only allowed Consumers to recover costs of power purchased from the MCV Partnership based on delivered energy at rates less than Consumers paid for 840 MW in 1992 and 806 MW in 1991. As a result, Consumers recorded after-tax losses of \$86 million in 1992 and \$124 million in 1991.

On March 31, 1993, the MPSC approved, with modifications, the Revised Settlement Proposal which had been co-sponsored by Consumers, the MPSC staff and 10 small power and cogeneration developers. These parties accepted the Settlement Order and the MCV Partnership confirmed that it did not object to its terms. ABATE and the Attorney General have filed claims of appeal of the Settlement Order with the Court of Appeals.

The Settlement Order determined the cost of power purchased from the MCV Partnership that Consumers can recover from its electric retail customers and will significantly reduce the amount of future underrecoveries for these power costs. Effective January 1, 1993, the Settlement Order allowed Consumers to recover substantially all of the payments for its ongoing purchase of 915 MW of contract capacity from the MCV Partnership. Capacity and energy purchases from the MCV Partnership above the 915 MW level can be competitively bid into Consumers' next solicitation for power or, if necessary, utilized for current power needs with a prudence review and a pricing recovery determination in annual PSCR cases. In either instance, the MPSC would determine the levels of recovery from customers for the power purchased. The Settlement Order also provides Consumers the right to remarket all of the remaining capacity to third parties.

The PPA requires Consumers to pay a minimum levelized average capacity charge of 3.77 cents per kWh, a fixed energy charge and a variable energy charge based primarily on Consumers' average cost of coal consumed. The Settlement Order provided Consumers two options for the recovery that could be used for capacity charges paid to the MCV Partnership. Under the option selected, Consumers is scheduling deliveries of energy from the MCV Partnership whenever it has energy available up to hourly availability limits, or "caps," for the 915 MW of capacity authorized for recovery in the Settlement Order. Consumers can recover an average 3.62 cents per kWh capacity charge and the prescribed energy charges associated with the scheduled deliveries within the caps, whether or not those deliveries are scheduled on an economic basis. Through December 31, 1997, there is no cap applied during on-peak hours to Consumers' recovery for the purchase of capacity made available within the 915 MW authorized. Recovery for purchases during off-peak hours is capped at 80 percent in 1993, 82 percent in 1994 and 1995, 84 percent in 1996 and 1997, increasing to 88.7 percent in 1998 and thereafter at which time the 88.7 percent cap is applicable during all hours. For all economic energy deliveries above the caps to 915 MW, the option also allows Consumers to recover 1/2 cent per kWh capacity payment in addition to the corresponding energy charge.

In December 1992, Consumers recognized an after-tax loss of \$343 million

for the present value of estimated future underrecoveries of power costs under the PPA as a result of the Settlement Order. This loss included management's best estimates regarding the future availability of the MCV Facility, and the effect of the future wholesale power market on the amount, timing and price at which various increments of the capacity above the MPSC-authorized level could be resold. Except for adjustments to the above loss to reflect the after-tax time value of money through accretion expense, no additional losses are expected unless actual future experience materially differs from management's estimates. Because the calculation of the 1992 loss depended in part upon estimates of future unregulated sales of energy to third parties, a more conservative or risk-free investment rate of 7 percent was used to calculate \$188 million of the total \$343 million after-tax loss. The remaining portion of the loss was calculated using an 8.5 percent discount rate reflecting Consumers' incremental borrowing rate as required by SFAS 90, Regulated Enterprises-Accounting for Abandonments and Disallowances of Plant Costs. The after-tax expense for the time value of money for the loss is estimated to be approximately \$24 million in 1994, and various lower levels thereafter, including \$22 million in 1995 and \$20 million in 1996. Although the settlement losses were recorded in 1992, the after-tax cash underrecoveries, including fixed energy charges, associated with the Settlement Order were \$59 million in 1993. Consumers believes there is and will be a market for the resale of capacity purchases from the MCV Partnership above the MPSC-authorized level. However, if Consumers is unable to sell any capacity above the current MPSC-authorized level, future additional after-tax losses and after-tax cash underrecoveries could be incurred. Consumers' estimates of its future after-tax cash underrecoveries and possible additional losses for the next five years if none of the additional capacity is sold are as follows:

	After-tax, In Millions				
	1994	1995	1996	1997	1998
	----	----	----	----	----
Expected cash underrecoveries	\$56	\$65	\$62	\$61	\$ 8
Possible additional under-recoveries and losses (a)	\$14	\$20	\$20	\$22	\$72

(a) If unable to sell any capacity above the MPSC's authorized level

The undiscounted, after-tax amount of the \$343 million loss was \$789 million. At December 31, 1993, the after-tax present value of the Settlement Order liability had been reduced to \$307 million, which reflects after-tax cash underrecoveries related to capacity totaling \$(54) million, after-tax accretion expense of \$23 million and a \$(5) million adjustment due to the 1993 corporate tax rate change (see Note 5).

The PPA, while requiring payment of a fixed energy charge, contains a "regulatory out" provision which permits Consumers to reduce the fixed energy charges payable to the MCV Partnership throughout the entire contract term if Consumers is not able to recover these amounts from its customers. In connection with the MPSC's approval of the Revised Settlement Proposal, Consumers and the MCV Partnership have commenced arbitration proceedings under the PPA to determine whether Consumers is entitled to exercise its regulatory out regarding fixed energy charges on the portion of available MCV capacity above the current MPSC-authorized levels. An arbitrator acceptable to both parties has been selected. If the arbitrator determines that Consumers cannot exercise its regulatory out, Consumers would be required to make these fixed energy payments to the MCV Partnership even though Consumers may not be recovering these costs. The arbitration proceedings will also determine who is entitled to the fixed energy amounts for which Consumers did not receive full cost recovery during the years prior to settlement. Although Consumers believes its position on arbitration is sound and intends to aggressively pursue its right to exercise the regulatory out, management cannot predict the outcome of the arbitration proceedings or any possible settlement of the matter. Accordingly, losses were recorded prior to 1993 for all fixed energy amounts at issue in the arbitration. As of December 31, 1993, approximately \$20 million has been escrowed by Consumers and is included in Consumers' temporary cash investments. In December 1993, Consumers made an irrevocable offer to pay through September 15, 2007, fixed energy charges to the MCV Partnership on all kWh delivered by the MCV Partnership to Consumers from the contract capacity in excess of 915 MW, which represents a portion of the fixed energy charges in dispute. Consumers made the offer to facilitate the sale of the remaining MCV Bonds in 1993.

The lessors of the MCV Facility have filed a lawsuit in federal district court against CMS Energy, Consumers and CMS Holdings. It alleges breach of contract, breach of fiduciary duty and negligent or willful

misrepresentation relating to the MCV Partnership's failure to object to the Settlement Order in light of Consumers' interpretation of the Settlement Order, which is the subject of an arbitration between the MCV Partnership and Consumers. The action alleges damages in excess of \$1 billion and seeks injunctive relief relative to Consumers' payments of the fixed energy charge. CMS Energy and Consumers believe that at all times they and CMS Holdings have conducted themselves properly and that the action is without merit. They also believe that a significant portion of the alleged damages represent fixed energy charges in dispute in the arbitration. CMS Energy and Consumers are unable to predict the outcome of this action.

PSCR Matters: Consistent with the terms of the Settlement Order, Consumers has withdrawn its appeals of various MPSC orders issued in connection with the 1992, 1991 and 1990 PSCR cases. Consumers also agreed not to appeal any MCV-related issues raised in future orders for these plan cases and related reconciliations to the extent those issues are resolved by the Settlement Order. Consumers made refunds, including interest, of \$69 million in 1993 and \$29 million in 1992 to customers for overrecoveries in connection with the 1991 and 1990 PSCR reconciliation cases, respectively. These amounts were included in losses recorded prior to 1993. In 1992, Consumers recovered MCV power purchase costs consistent with the MPSC's 1992 plan case order, and does not anticipate that any MCV-related refunds will be required.

4: Rate Matters

Electric Rate Case

Consumers filed a request with the MPSC in May 1993 to increase its electric rates. Subsequently, as a result of changed estimates, Consumers revised its requested electric rate increase to \$133 million annually based on a 1994 test year. Consumers also requested an additional annual electric rate increase of \$38 million based on a 1995 test year. Consumers' request included increased future expenditures primarily related to capital additions, demand-side management programs, operation and maintenance, higher depreciation and postretirement benefits computed under SFAS 106, Employers' Accounting for Postretirement Benefits Other than Pensions. The filing also proposed experimental incentive provisions that would either reward or penalize Consumers, based on its operating performance. In addition, Consumers would share any returns above its MPSC-authorized level with customers in exchange for the ability to earn not lower than one percentage point below its authorized level.

In March 1994, an ALJ issued a proposal for decision that recommended Consumers' 1994 final annual rate increase total approximately \$83 million, and that the incremental requested 1995 increase not be granted at this time. The ALJ's recommendation included a lower return on electric common equity, reflected reduced anticipated debt costs due to the projected availability of more favorable interest rates and proposed a lower equity ratio for Consumers' projected capitalization structure. The ALJ did, however, generally support Consumers' rate design proposal to significantly reduce the level of subsidization of residential customers by commercial and industrial customers and generally supported the performance incentive but not the shared return mechanism discussed above.

Abandoned Midland Project: In July 1984, Consumers abandoned construction of its unfinished nuclear power plant located in Midland, Michigan, and subsequently took a series of write-downs. In May 1991, Consumers began collecting \$35 million pretax annually for the next 10 years and is amortizing the assets against current income over the recovery period using an interest method. Amortization for 1993, 1992 and 1991 was \$28 million, \$28 million and \$18 million, respectively.

Consumers was not permitted to earn a return on the portion of the abandoned Midland investment for which the MPSC was allowing recovery. Therefore, under SFAS 90, the recorded losses described above included amounts that reduced the recoverable asset to the present value of future recoveries. During the remaining recovery period, part of the prior losses will be reversed to adjust the unrecovered asset to its present value, and is reflected as accretion income. An after-tax total of approximately \$35 million of the prior losses remains to be included in accretion income through April 2001. Several parties, including the Attorney General, have filed claims of appeal with the Court of Appeals regarding MPSC orders issued in May and July 1991 that specified the recovery of abandoned investment.

Electric Demand-side Management: As a result of settlement discussions regarding demand-side management and an MPSC order in July 1991, Consumers

agreed to spend \$65 million over two years on demand-side management programs. Based on the MPSC's determination of Consumers' effectiveness in implementing these programs, Consumers' future rate of return on common equity may be adjusted either upward by up to 1 percent or downward by up to 2 percent. This adjustment, if implemented, would be applied to Consumers' retail electric tariff rates and be in effect for one year following reconciliation hearings with the MPSC that are expected to be initiated in the first quarter of 1994. The estimated revenue effects of the potential adjustment range from an \$11 million increase to a \$22 million decrease. Consumers believes it will receive an increase on its return on common equity based on having achieved all of the agreed upon objectives.

On October 1, 1993, Consumers completed the customer participation portion of these programs and as part of its current electric rate case has requested MPSC authorization to continue certain programs in 1994. Consumers has also requested recovery of demand-side management expenditures which exceeded the \$65 million level. Consumers is deferring program costs and amortizing the costs over the period these costs are being recovered from its customers in accordance with an accounting order issued by the MPSC in September 1992. The unamortized balance of deferred costs at December 31, 1993 and 1992 was \$71 million and \$25 million, respectively.

PSCR Issues

Consumers began a planned refueling and maintenance outage at Palisades in June 1993. Following several required, unanticipated repairs that extended the outage, the plant returned to service in early November. Recovery of replacement power costs incurred by Consumers during the outage will be reviewed by the MPSC during the 1993 PSCR reconciliation of actual costs and revenues to determine the prudence of actions taken during the outage. Any finding of delay due to imprudence could result in disallowances of a portion of replacement power costs. Net replacement power costs were approximately \$180,000 per day above the cost of fuel incurred when the plant is operating.

The Energy Act imposes an obligation on the utility industry, including Consumers, to decommission DOE uranium enrichment facilities. Consumers currently estimates its payments for decommissioning those facilities to be \$2.4 million per year for 15 years beginning in 1992, escalating based on an inflation factor. Consumers believes these costs are recoverable from its customers under traditional regulatory policies. As of December 31, 1993, Consumers' remaining estimated liability was approximately \$34 million. Consumers has a regulatory asset of \$34 million for the expected recovery of this amount in electric rates.

GCR Issues

In connection with its 1991 GCR reconciliation case, Consumers refunded \$36 million, including interest, to its firm sales and transportation rate customers in April 1992. Consumers accrued the full amount for this refund in 1991.

The MPSC issued an order during 1993 that approved an interim settlement agreement for the 12 months ended March 31, 1993. As a result of the settlement, Consumers refunded in August 1993, to its GCR and transportation customers, approximately \$22 million, including interest. Consumers previously accrued amounts sufficient for this refund.

The MPSC, in a February 1993 order, provided that the price payable to certain intrastate gas producers by Consumers be reduced prospectively. As a result, Consumers was not allowed to recover approximately \$13 million of costs incurred prior to February 8, 1993. In 1991, Consumers accrued a loss sufficient for this issue. Future disallowances are not anticipated, unless the remaining appeals filed by the intrastate producers are successful.

In 1992, the FERC approved a settlement involving Consumers, Trunkline and certain other parties, which resolved numerous claims and proceedings concerning Trunkline liquified natural gas costs. The settlement represents significant gas cost savings for Consumers and its customers in future years. As part of the settlement, Consumers will not incur any transition costs from Trunkline as a result of FERC Order 636. In November 1992, Consumers had recorded a liability and regulatory asset for the principal amount of payments to Trunkline over a five-year period and a regulatory asset. On May 11, 1993, the MPSC approved a separate settlement agreement that provides Consumers with full recovery of these costs over a five-year period. At December 31, 1993, Consumers' remaining liability and regulatory asset was \$116 million.

Other

Certain of Consumers' direct gas suppliers have contract prices tied to the price Consumers pays Trunkline for its gas. On September 1, 1993, Consumers commenced gas purchases from Trunkline under a continuation of prior sales agreements. The current contract covers gas deliveries through October 1994 and is at a reduced price compared to prior gas sales. Some of Consumers' direct gas suppliers have claimed that the reduced Trunkline gas cost is not a proper reference price under their contracts with Consumers and that their contracts are terminable after a 12-month period. Consumers is disputing these claims. Additionally, three of these direct gas suppliers of Consumers have made filings with the FERC in Trunkline's Order 636 restructuring case seeking to preclude Trunkline's ability to make the sales to Consumers which commenced on September 1, 1993. Consumers and Trunkline vigorously opposed these filings and in December 1993, the FERC issued an order which, among other things, allowed Trunkline to continue sales of gas to Consumers under tariffs on file with the FERC.

Estimated losses for certain contingencies discussed in this note have been accrued. Resolution of these contingencies is not expected to have a material impact on the financial statements.

5: Income Taxes

Consumers and its subsidiaries file a consolidated federal income tax return with CMS Energy. Income taxes are generally allocated to each company based on each company's separate taxable income. Consumers' accrued federal income tax benefits from CMS Energy were \$49 million and \$3 million as of December 31, 1993 and 1992, respectively. In 1992, Consumers implemented SFAS 109, Accounting for Income Taxes. Deferred tax assets and liabilities are classified as current or noncurrent based on the classification of the related asset or liability, for all temporary differences. Consumers began practicing full deferred tax accounting for temporary differences arising after January 1, 1993, as authorized by a generic MPSC order. The generic order reduces the amount of regulatory assets and liabilities that otherwise could have arisen in future periods by allowing Consumers to reflect the income statement effect in the period temporary differences arise.

Consumers uses ITC to reduce current income taxes payable and defers and amortizes ITC over the life of the related property. The AMT requires taxpayers to perform a second separate federal tax calculation based on a flat rate applied to a broader tax base. AMT is the amount by which this "broader-based" tax exceeds regular tax. Any AMT paid generally becomes a tax credit that can be carried forward indefinitely to reduce regular tax liabilities in future periods when regular taxes paid exceed the tax calculated for AMT.

On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993 increased the statutory federal tax rate from 34 percent to 35 percent effective January 1, 1993. The cumulative effect of this tax rate change has been reflected in Consumers' financial statements.

The significant components of income tax expense (benefit) consisted of:

Years Ended December 31	In Millions		
	1993	1992	1991 (a)
Current federal income taxes	\$ 41	\$ 52	\$ 58
Deferred income taxes	61	(172)	(166)
Deferred income taxes - tax rate change	(2)	-	-
Deferred ITC, net	(9)	(7)	33
	\$ 91	\$ (127)	\$ (75)
Operating	\$ 116	\$ 51	\$ 48
Other	(25)	(178)	(123)
	\$ 91	\$ (127)	\$ (75)

(a) The 1991 provision for income taxes was before an extraordinary item that had related deferred income taxes of approximately \$7 million.

The principal components of Consumers' deferred tax assets (liabilities) recognized in the balance sheet are as follows:

December 31 -----	In Millions	
	1993	1992
Property	\$ (518)	\$ (458)
Unconsolidated investments	(184)	(129)
Postretirement benefits (Note 10)	(178)	(165)
Abandoned Midland project (Note 4)	(57)	(60)
Employee benefit obligations (includes postretirement benefits of \$178 and \$165) (Note 10)	200	186
MCV power purchases - settlement (Note 3)	165	177
AMT carryforward	64	51
ITC carryforward (expires 2005)	48	49
Other	(8)	(4)
	-----	-----
	\$ (468)	\$ (353)
	=====	=====
Gross deferred tax liabilities	\$ (1,319)	\$ (1,228)
Gross deferred tax assets	851	875
	-----	-----
	\$ (468)	\$ (353)
	=====	=====

The actual income tax expense (benefit) differs from the amount computed by applying the statutory federal tax rate to income before income taxes as follows:

Years Ended December 31	In Millions		
	1993	1992	1991
Net income (loss) before extraordinary item	\$ 198	\$ (244)	\$ (235)
Income tax expense (benefit)	91	(127)	(75)
	-----	-----	-----
	289	(371)	(310)
Statutory federal income tax rate	x 35%	x 34%	x 34%
	-----	-----	-----
Expected income tax expense (benefit)	101	(126)	(105)
Increase (decrease) in taxes from:			
Capitalized overheads previously flowed through	5	5	35
Differences in book and tax depreciation not previously deferred	6	9	8
ITC amortization and utilization	(10)	(10)	(7)
Affiliated companies' dividends	(6)	(5)	(5)
Other, net	(5)	-	(1)
	-----	-----	-----
	\$ 91	\$ (127)	\$ (75)
	=====	=====	=====

6: Short-Term Financings

Consumers has authorization from the FERC to issue or guarantee up to \$900 million of short-term debt through December 31, 1994. Consumers has a \$470 million facility that is used to finance seasonal working capital requirements and unsecured, committed lines of credit aggregating \$165 million. As of December 31, 1993, \$235 million and \$24 million were outstanding at weighted average interest rates of 4.0 percent and 3.9 percent, respectively. Further, Consumers has an established \$500 million trade receivables purchase and sale program. As of December 31, 1993 and 1992, receivables sold under the agreement totaled \$285 million and \$225 million, respectively. On February 15, 1994, Consumers increased the level of receivables sold to \$335 million.

7: Capitalization

Capital Stock

As of December 31, 1992, Consumers effected a quasi-reorganization, an elective accounting procedure in which Consumers' accumulated deficit of \$574 million was eliminated against other paid-in capital. The fair values of Consumers' assets and liabilities at the date of the quasi-reorganization were determined by management to approximate their carrying values and no material adjustments to the historical bases were made. This action was approved by Consumers' Board of Directors and did not require shareholder approval. As a result of the quasi-reorganization and subsequent accumulated earnings, Consumers paid \$133 million in common stock dividends in 1993 and also declared from 1993 earnings a \$16 million common stock dividend in January 1994. Consumers has authorization from

the MPSC and is proceeding to issue \$200 million of preferred stock in 1994.

First Mortgage Bonds

Consumers secures its first mortgage bonds by a mortgage and lien on substantially all of its property. Consumers' ability to issue and sell securities is restricted by certain provisions in its First Mortgage Bond Indenture, Articles and the need for regulatory approvals in compliance with appropriate state and federal law. In September 1993, Consumers issued, with MPSC approval, \$300 million of 6 3/8 percent first mortgage bonds, due 2003 and \$300 million of 7 3/8 percent first mortgage bonds, due 2023. Consumers used the net proceeds from the bond issuance to refund approximately \$515 million of higher interest first mortgage bonds and the balance to reduce short-term borrowings. Unamortized debt costs, premiums and discounts and call premiums on the refunded debt totaling approximately \$18 million were deferred under SFAS 71, and are being amortized over the lives of the new debt.

In February 1994, Consumers issued a call for redemption totaling approximately \$10 million. Consumers also fully redeemed two issues of first mortgage bonds totaling approximately \$91 million. These redemptions completed Consumers' commitment to the MPSC, under the 1993 authorization to issue first mortgage bonds, to refinance certain long-term debt.

Long-Term Bank Debt

Under its long-term credit agreement at December 31, 1993, Consumers was required to make 10 remaining quarterly principal payments of approximately \$47 million. As of December 31, 1993, the outstanding balance under this credit agreement totaled \$469 million with a weighted average interest rate of 4.0 percent. In January 1993, Consumers entered into an interest rate swap agreement, exchanging variable-rate interest for fixed-rate interest on the latest maturing \$250 million of the then remaining \$500 million obligation under its long-term credit agreement.

Other

Consumers has a total of \$131 million of PCRBs outstanding with a weighted average interest rate of 4.2 percent as of December 31, 1993. Consumers classifies \$101 million of PCRBs as long-term because it can refinance these amounts through irrevocable letters of credit expiring after one year.

In June 1993, Consumers entered into loan agreements in connection with the issuance of approximately \$28 million of adjustable rate demand limited obligation refunding revenue bonds, due 2010, which are secured by an irrevocable letter of credit expiring in 1996. These bonds bear an initial interest rate of 2.65 percent. Consumers also entered into loan agreements in connection with the issuance of \$30 million of 5.8 percent limited obligation refunding revenue bonds, due 2010, secured by a financial guaranty insurance policy and certain first mortgage bonds of Consumers. Proceeds of these issues were used to redeem on August 1, 1993 in advance of their maturities, approximately \$58 million of outstanding PCRBs.

8: Financial Instruments

Cash, short-term investments and current liabilities approximate their fair value due to the short-term nature of those instruments. The estimated fair value of long-term investments is based on quoted market prices where available. When specific market prices do not exist for an instrument, the fair value is based on quoted market prices of similar investments or other valuation techniques. All long-term investments in financial instruments, except as shown below, approximate fair value. Although the current fair value of the long-term debt, which is based on calculations made by debt pricing specialists, may be greater than the current carrying amount, settlement of the reported debt is generally not expected until maturity. The estimated fair values of Consumers' financial instruments are as follows:

Years Ended December 31	In Millions			
	1993		1992	
-----	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investment in stock				

of affiliates	\$ 291	\$ 323	\$ 291	\$ 303
Long-term debt	1,839	1,984	2,079	2,123

The fair value of Consumers' off-balance sheet financial instruments is based on the amount estimated to terminate or settle the obligation:

Years Ended December 31	In Millions	
	1993	1992
	-----	-----
	Fair Value	Fair Value
Interest rate swaps (Note 7)	\$ 5	\$ -
Guarantees	7	7

On January 1, 1994, Consumers adopted SFAS 115, Accounting for Certain Investments in Debt and Equity Securities, requiring accounting for investments in debt securities to be held to maturity at amortized cost; otherwise debt and marketable equity securities would be recorded at fair value, with any unrealized gains or losses included in earnings if the security is held for trading purposes or as a separate component of shareholders' equity if the security is available for sale. The implementation resulted in an increase in assets of \$30 million in January 1994 with a corresponding increase in stockholders' equity of \$20 million, net of tax.

In May 1993, the FASB issued SFAS 114, Accounting by Creditors for Impairment of a Loan, effective in 1995, requiring certain loans that are determined to be impaired be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of any collateral for a secured loan. Consumers does not believe this standard will have a material impact on its financial position or results of operations.

9: Executive Incentive Compensation

Consumers participates in CMS Energy's Performance Incentive Stock Plan. Under the plan, restricted shares of common stock of CMS Energy, stock options and stock appreciation rights may be granted to key employees based on their contributions to the successful management of CMS Energy and its subsidiaries. The plan reserves for award not more than 2 percent of CMS Energy's common stock outstanding on January 1 each year, less the number of shares of restricted common stock awarded and of common stock subject to options granted under the plan during the immediately preceding four calendar years. Any forfeitures are subject to award under the plan. As of December 31, 1993, awards of up to 447,686 shares of common stock may be issued.

Restricted shares of common stock are outstanding shares with full voting and dividend rights. Performance criteria were added in 1990 based on CMS Energy's total return to shareholders. Shares of restricted common stock cannot be distributed until they are vested and the performance objectives are met. Further, the restricted stock is subject to forfeiture if employment terminates before vesting. If key employees exceed performance objectives, the plan will allow additional awards. Restricted shares vest fully if control of CMS Energy changes, as defined by the plan.

Consumers' Executive Stock Option and Stock Appreciation Rights Plan, an earlier plan approved by shareholders, remains in effect until all authorized options are granted or September 25, 1995. As of December 31, 1993, options for 43,000 shares remained to be granted.

Under both plans, for stock options and stock appreciation rights, the exercise price on each grant date equaled the closing market price on the grant date. Options are exercisable upon grant and expire up to 10 years and one month from date of grant. The status of the restricted stock granted under the Performance Incentive Stock Plan and options granted under both plans follows. The number of shares presented also includes shares for employees of CMS Energy and non-utility affiliates.

	Restricted Stock		Options	
	Number of Shares	Number of Shares	Number of Shares	Price per Share
	-----	-----	-----	-----
Outstanding at January 1, 1991	212,500	1,162,216	\$ 7.13 -	\$34.25

Granted	97,000	194,000	\$ 21.13 - \$21.13
Exercised or Issued	(34,437)	(65,125)	\$ 7.13 - \$16.00
	-----	-----	-----
Outstanding at			
December 31, 1991	275,063	1,291,091	\$ 7.13 - \$34.25
Granted	101,000	215,000	\$ 17.13 - \$18.00
Exercised or Issued	(37,422)	(21,000)	\$ 13.00 - \$16.00
Canceled	(15,375)	(50,000)	\$ 20.50 - \$33.88
	-----	-----	-----
Outstanding at			
December 31, 1992	323,266	1,435,091	\$ 7.13 - \$34.25
Granted	132,000	249,000	\$ 25.13 - \$26.25
Exercised or Issued	(54,938)	(152,125)	\$ 7.13 - \$21.13
Canceled	(84,141)	(33,000)	\$ 20.50 - \$33.88
	-----	-----	-----
Outstanding at			
December 31, 1993	316,187	1,498,966	\$ 7.13 - \$34.25
	=====	=====	=====

10: Retirement Benefits

Postretirement Benefit Plans Other Than Pensions

Consumers adopted SFAS 106 effective as of the beginning of 1992. The standard required Consumers to change its accounting for the cost of health care and life insurance benefits that are provided to retirees from a pay-as-you-go (cash) method to a full accrual method. Accordingly, Consumers recorded a liability of \$466 million for the accumulated transition obligation and a corresponding regulatory asset for anticipated recovery in utility rates.

Both the MPSC and FERC have generally adopted SFAS 106 costs for ratemaking purposes provided costs recovered through rates are placed in external funds until they are needed to pay benefits. The MPSC's generic order allows utilities three years to seek recovery of costs and provides for recovery from customers of any deferred costs incurred prior to the beginning of rate recovery of such costs. Consumers anticipates recovering its regulatory asset within 20 years. As discussed in Note 4, Consumers has requested recovery of the portion of these costs allocated to the electric business. In late 1994, Consumers plans to request recovery of the gas utility portion of these costs. Consumers plans to fund the benefits using external Voluntary Employee Beneficiary Associations. Funding of the health care benefits would begin when Consumers' rate recovery based on SFAS 106 begins. A portion of the life insurance benefits have previously been funded.

As of December 31, 1993, the actuary assumed that retiree health care costs increased 10.5 percent in 1994 then decreased gradually to 5.5 percent in 2000 and thereafter. The health care cost trend rate assumption significantly affects the amounts reported. For example, a 1 percentage point increase in each year would increase the accumulated postretirement benefit obligation as of December 31, 1993 by \$75 million and the aggregate of the service and interest cost components of net periodic postretirement benefit costs for 1993 by \$9 million.

For the years ended December 31, 1993 and 1992, the weighted average discount rate was 7.25 percent and 8 percent, respectively, and the expected long-term rate of return on plan assets was 8.5 percent. Net periodic postretirement benefit cost for health care benefits and life insurance benefits was \$51 million in 1993 and \$49 million in 1992. The 1993 and 1992 cost was comprised of \$13 million and \$10 million for service plus \$38 million and \$39 million for interest, respectively.

The funded status of the postretirement benefit plans is reconciled with the liability recorded at December 31 as follows:

	In Millions	
	1993	1992
	-----	-----
Actuarial present value of estimated benefits		
Retirees	\$ 281	\$ 264
Eligible for retirement	54	50
Active (upon retirement)	187	175
	-----	-----
Accumulated postretirement benefit obligation	522	489
Plan assets (premium deposit fund) at fair value	4	4
	-----	-----
Projected postretirement benefit obligation		
in excess of plan assets	(518)	(485)

Unrecognized net loss from experience different than assumed	8	-
	-----	-----
Recorded liability and regulatory asset	\$ (510)	\$ (485)
	=====	=====

Consumers' postretirement health care plan is unfunded; the accumulated postretirement benefit obligation for that plan is \$510 million and \$478 million at December 31, 1993 and 1992, respectively.

Supplemental Executive Retirement Plan

Certain management employees qualify under the SERP. Benefits are based on the employee's service and earnings as defined in the SERP. In 1988, a trust from which SERP benefits are paid was established and funded. Because the SERP is not a qualified plan under the Internal Revenue Code, earnings of the trust are taxable and trust assets are included in Consumers' consolidated assets. As of December 31, 1993 and 1992, trust assets at cost (which approximates market) were \$16 million and \$14 million, respectively, and were classified as other non-current assets.

Defined Benefit Pension Plan

A trustee, non-contributory, defined benefit Pension Plan covers substantially all employees. The benefits are based on an employee's years of accredited service and earnings, as defined in the plan, during an employee's five highest years of earnings. Because the plan is fully funded, no contributions were made for plan years 1991 through 1993. Amounts presented for the Pension Plan include amounts for CMS Energy and non-utility affiliates, which are not distinguishable from nor are they significant when compared with the plan's total amounts.

Years Ended December 31	1993	1992	1991
	-----	-----	-----
Discount rate	7.25%	8.5%	8.5%
Rate of compensation increase	4.5%	5.5%	5.5%
Expected long-term rate of return on assets	8.75%	8.75%	8.75%

Net Pension Plan and SERP costs consisted of:

Years Ended December 31	In Millions		
	1993	1992	1991
	-----	-----	-----
Service cost	\$ 19	\$ 19	\$ 18
Interest cost	49	47	48
Actual return on plan assets	(92)	(36)	(88)
Net amortization and deferral	34	(20)	28
	-----	-----	-----
Net periodic pension cost	\$ 10	\$ 10	\$ 6
	=====	=====	=====

The funded status of the Pension Plan and SERP reconciled to the pension liability recorded at December 31 was:

	In Millions			
	Pension Plan		SERP	
	1993	1992	1993	1992
	-----	-----	-----	-----
Actuarial present value of estimated benefits				
Vested	\$ 471	\$ 349	\$ 12	\$ 10
Non-vested	56	49	-	-
	-----	-----	-----	-----
Accumulated benefit obligation	527	398	12	10
Provision for future pay increases	138	177	5	5
	-----	-----	-----	-----
Projected benefit obligation	665	575	17	15
Plan assets (primarily stocks and bonds, including \$87 in 1993 and \$64 in 1992 in common stock of CMS Energy) at fair value	692	631	-	-
	-----	-----	-----	-----
Projected benefit obligation less than (in excess of) plan assets	27	56	(17)	(15)
Unrecognized net (gain) loss from experience different than assumed	(56)	(76)	5	2
Unrecognized prior service cost	45	49	-	1
Unrecognized net transition (asset) obligation	(44)	(49)	1	1

Recorded liability	-----	-----	-----	-----
	\$ (28)	\$ (20)	\$ (11)	\$ (11)
	=====	=====	=====	=====

Beginning January 1, 1986, the amortization period for the Pension Plan's unrecognized net transition asset is 16 years and 11 years for the SERP's unrecognized net transition obligation. Prior service costs are amortized on a straight-line basis over the average remaining service period of active employees.

In 1991, certain eligible employees accepted early retirement incentives. The incentives consisted of lump-sum cash payments and increased pension payments. The pretax cost of the incentives was \$25 million. Also in 1991, portions of the projected benefit obligation were settled which resulted in a pretax gain of \$25 million that offset the early retirement costs.

11: Leases

Consumers leases various assets, including vehicles, aircraft, construction equipment, computer equipment, nuclear fuel and buildings. Consumers' nuclear fuel capital leasing arrangement was extended an additional year and is now scheduled to expire in November 1995. The maximum amount of nuclear fuel that can be leased increased from \$55 million to \$70 million. Consumers further increased this amount in early 1994 to \$80 million. The lease provides for an additional one-year extension upon mutual agreement by the parties. Upon termination of the lease, the lessor would be entitled to a cash payment equal to its remaining investment, which was \$57 million as of December 31, 1993. Consumers is responsible for payment of taxes, maintenance, operating costs, and insurance.

Minimum rental commitments under Consumers' non-cancelable leases at December 31, 1993, were:

	Capital Leases	In Millions Operating Leases
	-----	-----
1994	\$ 40	\$ 7
1995	57	6
1996	16	2
1997	15	2
1998	13	2
1999 and thereafter	26	21
	-----	-----
Total minimum lease payments	167	\$ 40
		=====
Less imputed interest	27	

Present value of net minimum lease payments	140	
Less current portion	34	

Non-current portion (a)	\$106	
	=====	

(a) In January 1994, Consumers amended its nuclear fuel lease to include fuel previously owned at Big Rock Point. This is estimated to increase the non-current portion of capital leases by approximately \$6 million.

Consumers recovers these charges from customers and accordingly charges payments for its capital and operating leases to operating expense. Operating lease charges, including charges to clearing and other accounts as of December 31, 1993, 1992 and 1991, were \$8 million, \$12 million and \$12 million, respectively.

Capital lease expenses for the years ended December 31, 1993, 1992 and 1991 were \$32 million, \$44 million and \$48 million, respectively. Included in these amounts for the years ended 1993, 1992 and 1991, are nuclear fuel lease expenses of \$13 million, \$17 million and \$24 million, respectively.

12: Commitments and Contingencies

Ludington Pumped Storage Plant Litigation

In 1986, the Attorney General filed a lawsuit on behalf of the State of Michigan in the Circuit Court of Ingham County, seeking damages from Consumers and Detroit Edison for alleged injuries to fishery resources because of the operation of the Ludington Pumped Storage Plant. The state sought \$148 million (including \$16 million of interest) for past injuries and \$89,000 per day for future injuries, with the latter amount to be adjusted upon installation of "adequate" fish barriers and other changed conditions.

In 1987, the Attorney General filed a second lawsuit alleging that Consumers and Detroit Edison have breached a bottomlands lease agreement with the state and asked that the lease be declared void. This complaint was consolidated with the suit described in the preceding paragraph. In 1990, both of the lawsuits were dismissed on the basis of federal preemption. In 1993, the Court of Appeals overturned the dismissal, as to damages, effectively allowing the state to continue its damages lawsuit against Consumers and Detroit Edison, but generally affirmed the lower court's ruling as to the breach of lease claim. The Court of Appeals' ruling also limited any potential damages to those occurring no earlier than 1983. Consumers, Detroit Edison and the Attorney General have filed an application for leave to appeal with the Michigan Supreme Court. Consumers and Detroit Edison are seeking to have the trial court's dismissal of the damages claim affirmed.

Each year since 1989, Consumers and Detroit Edison have complied with FERC orders by installing a seasonal barrier net from April to October at the Ludington plant site. The FERC is now considering whether the barrier net (along with other actions by Consumers, including contributions to state fish-stocking programs) would be a satisfactory permanent solution.

Environmental Matters

Consumers is a so-called "Potentially Responsible Party" at several sites being administered under Superfund. Along with Consumers, there are numerous credit-worthy, potentially responsible parties with substantial assets cooperating with respect to the individual sites. Based on information currently known by management, Consumers believes that it is unlikely that its liability at any of the known Superfund sites, individually or in total, will have a material adverse effect on its financial position or results of operations.

The State of Michigan in 1990 passed amendments to the Environmental Response Act that established a state program similar to the federal Superfund law, though broader in scope. Under this law, Consumers expects that it will ultimately incur costs at a number of sites, including some of the 23 sites that formerly housed manufactured gas plant facilities, even those in which it has a partial or no current ownership interest. It is expected that in most cases, parties other than Consumers with current or former ownership interests may also be considered liable under the law and may be required to share in the costs of any site investigations and remedial actions. There is limited knowledge of manufactured gas plant contamination at these sites at this time. However, Consumers is continuing to monitor this issue.

In addition, at the request of the DNR, Consumers prepared plans for remedial investigation/feasibility studies for three of these sites. Work plans for remedial investigation/feasibility studies for four other sites have also been prepared. The purpose of a remedial investigation/feasibility study is to define the nature and extent of contamination at a site and to determine which of several possible remedial action alternatives, including no action, may be required under the Environmental Response Act. The DNR has approved two of the three plans for remedial investigation/feasibility studies submitted and is currently reviewing the one remaining. The cost to conduct one of the approved studies will be approximately \$250,000 based on bids received. Although the actual cost of conducting the remaining two remedial investigation/feasibility studies will not be known until bids are received from contractors, Consumers currently estimates the total cost of conducting the three studies submitted to the DNR to be less than \$1 million.

The timing and extent of any further site investigation and remedial actions will depend, among other things, on requests received from the DNR and on future site usage by Consumers or other owners. Under the current schedule, Consumers anticipates the first remedial investigation/feasibility study would be completed in mid-1994. Consumers believes the results of the remedial investigation/feasibility studies will allow management to estimate a range of remedial cost estimates for the sites under study. Based on Consumers' knowledge of other utility remedial actions, remediation costs for Consumers for these sites may be

substantial. In 1993, the MPSC addressed the question of recovery of investigation and remedial costs for another Michigan gas utility as part of that utility's gas rate case. In that proceeding, the MPSC determined that prudent investigation and remedial costs could be deferred and amortized over 10-year periods and prudent unamortized costs can be included for recovery in the utility's rate cases. The MPSC stated the length of the period may be reviewed from time to time, but any revisions would be prospective. Consumers believes costs incurred for both investigation and any required remedial actions would be recoverable from its customers under established regulatory policies and accordingly are not likely to materially affect its financial position or results of operations.

Included in the 1990 amendments to the federal Clean Air Act are provisions that limit emissions of sulfur dioxide and nitrogen oxides and require enhanced emissions monitoring. All of Consumers' coal-fueled electric generating units burn low-sulfur coal and are presently operating at or near the sulfur dioxide emission limits which will be effective in 2000. Beginning in 1995, certain coal-fueled generating units will receive emissions allowances (all of Consumers' coal units will receive allowances beginning in 2000). Based on projected emissions from these units, Consumers expects to have excess allowances which may be sold or saved for future use.

The Clean Air Act's provisions require Consumers to make capital expenditures estimated to total \$74 million through 1999 for completed, in-process and possible modifications at coal-fired units based on existing and proposed regulations. Management believes that Consumers' annual operating costs will not be materially affected.

The EPA has asked a number of utilities in the Great Lakes area to voluntarily retire certain equipment containing specific levels of polychlorinated biphenyls. Consumers believes that it is largely in compliance with the EPA's petition. Consumers is continuing to study the request and has been granted an extension for responding until March 30, 1994.

Capital Expenditures

Consumers estimates capital expenditures, including demand-side management and new lease commitments, of \$553 million for 1994, \$461 million for 1995 and \$471 million for 1996.

Public Utility Holding Company Act Exemption

CMS Energy is exempt from registration under PUHCA. However, the Attorney General and the MMCG have asked the SEC to revoke CMS Energy's exemption from registration under PUHCA. In 1992, the MPSC filed a statement with the SEC recommending that CMS Energy's current exemption be revoked and a new exemption be issued conditioned upon certain reporting and operating requirements. If CMS Energy were to lose its current exemption, it would become more heavily regulated by the SEC; Consumers could ultimately be forced to divest either its electric or gas utility business; and CMS Energy would be restricted from conducting businesses that are not functionally related to the conduct of its utility business as determined by the SEC. CMS Energy is opposing this request and believes it will maintain its current exemption from registration under PUHCA.

Other

Consumers experienced an increase in complaints during 1993 relating to so-called stray voltage. Claimants contend that stray voltage results when small electrical currents present in grounded electric systems are diverted from their intended path. Investigation by Consumers of prior stray voltage complaints disclosed that many factors, including improper wiring and malfunctioning of on-farm equipment, can lead to the stray voltage phenomenon. Consumers maintains a policy of investigating all customer calls regarding stray voltage and working with customers to address their concerns including, when necessary, modifying the configuration of the customer's hook-up to Consumers. A complaint seeking certification as a class action suit was filed against Consumers in a local county circuit court in 1993. The complaint alleges the existence of a purported class that has incurred damages of up to \$1 billion, primarily to certain livestock owned by the purported class, as a result of stray voltage from electricity being supplied by Consumers. Consumers believes the allegations to be without merit and intends to vigorously oppose the certification of the class and this suit.

In addition to the matters disclosed in these notes, Consumers and certain of its subsidiaries are parties to certain lawsuits and administrative

proceedings before various courts and governmental agencies, arising from the ordinary course of business involving personal injury and property damage, contractual matters, environmental issues, federal and state taxes, rates, licensing and other matters.

The ultimate effect of the proceedings discussed in this note is not expected to have a material impact on Consumers' financial position or results of operations.

13: Jointly Owned Utility Facilities

Consumers is responsible for providing its share of financing for the jointly owned facilities. The following table indicates the extent of Consumers' investment in jointly owned utility facilities:

December 31	In Millions	
	1993	1992
- -----	----	----
Net investment		
Ludington - 51%	\$114	\$112
Campbell Unit 3 - 93.3%	349	360
Transmission lines - various	32	33
Accumulated depreciation		
Ludington	\$ 74	\$ 71
Campbell Unit 3	210	199
Transmission lines	11	10

138

14: Supplemental Cash Flow Information

For purposes of the Statement of Cash Flows, all highly liquid investments with an original maturity of three months or less are considered cash equivalents. Other cash flow activities and non-cash investing and financing activities for the years ended December 31 were:

	In Millions		
	1993	1992	1991
	-----	-----	-----
Cash transactions			
Interest paid (net of amounts capitalized)	\$177	\$176	\$308
Income taxes paid (net of refunds)	90	6	30
Non-cash transactions			
Nuclear fuel placed under capital lease	\$ 28	\$ 30	\$ 6
Other assets placed under capital leases	30	39	21
Capital leases refinanced	42	-	-
Assumption of debt	-	15	-
Return of Midland related assets (Note 16)	-	-	(92)
Increased value of investment in Enterprises' preferred stock (Note 16)	-	-	100

Changes in other assets and liabilities as shown on the Consolidated Statements of Cash Flows at December 31 are described below:

	In Millions		
	1993	1992	1991
	-----	-----	-----
Sale of receivables, net	\$ 60	\$ 25	\$ -
Accounts receivable	19	30	66
Accrued revenue	(48)	91	7
Inventories	(32)	24	(8)
Accounts payable	(25)	21	(83)
Accrued refunds	(48)	(143)	102
Tax Reform Act refund reserve	-	-	(77)
Other current assets and liabilities, net	(59)	38	(56)
Non-current deferred amounts, net	8	(36)	170
	-----	-----	-----
	\$ (125)	\$ 50	\$ 121
	=====	=====	=====

15: Reportable Segments

The Consolidated Statements of Income show operating revenue and pretax operating income by segments. These amounts include earnings (losses) from

investments accounted for by the equity method of \$6 million, \$(10) million and \$(2) million for 1993, 1992 and 1991, respectively. Other segment information follows:

Years Ended December 31 -----	In Millions		
	1993 -----	1992 -----	1991 -----
Depreciation, depletion and amortization			
Electric	\$ 241	\$ 230	\$ 172
Gas	73	76	70
Other	2	1	-
	-----	-----	-----
	\$ 316	\$ 307	\$ 242
	=====	=====	=====
Identifiable assets			
Electric (a)	\$4,027	\$3,812	\$3,399
Gas	1,443	1,387	1,186
Other (b)	1,081	1,397	1,401
	-----	-----	-----
	\$6,551	\$6,596	\$5,986
	=====	=====	=====
Capital expenditures (c)			
Electric (d)	\$ 365	\$ 353	\$ 213
Gas	127	86	61
Other	69	67	32
	-----	-----	-----
	\$ 561	\$ 506	\$ 306
	=====	=====	=====

(a) Includes abandoned Midland investment of \$162 million, \$175 million and \$287 million for 1993, 1992 and 1991, respectively.

(b) Reclassified 1992 and 1991 to include independent power production, which is no longer significant enough for Consumers to report separately. Also, other was reduced by the sale of \$309 million of MCV Bonds (see Note 3).

(c) Includes capital leases for nuclear fuel and other assets (see Note 14).

(d) Includes DSM costs of \$52 million for 1993 and \$26 million for 1992.

16: Related-Party Transactions

Consumers has an investment of \$250 million in 10 shares of the preferred stock of Enterprises, an affiliate company of Consumers. Prior to a 1991 amendment to Enterprises' Articles, it was to have redeemed on July 1, 1991 and in each of the next four years, two shares of its preferred stock held by Consumers at a redemption price equal to \$25 million per share. Because of the amendment, the dividend rate increased and the first mandatory redemption date became August 1, 1997. The asset value and other paid-in capital of Consumers were increased \$100 million as a result of the amendment. In addition, Consumers has an investment in approximately 3 million shares of CMS Energy common stock totaling \$42 million at December 31, 1993. As a result of these two investments, Consumers received dividends on affiliates' common and preferred stock totaling \$16 million in 1993 and 1992 and \$13 million in 1991.

In March 1990, Consumers' subsidiary, MGL and Consumers' parent, CMS Energy, entered into an agreement where MGL exchanged its investment in several subsidiaries that held Midland-related assets for CMS Debentures issued by CMS Energy. Consumers recorded the earnings on the CMS Debentures as income from contractual arrangements. In December 1991, the subsidiaries were returned to Consumers and the CMS Debentures were cancelled to comply with various regulatory and court orders. On July 27, 1991, Consumers stopped recording income on the CMS Debentures when it became probable the return would be required. The return resulted in a net after-tax loss of approximately \$92 million because the book value of the subsidiaries was less than the CMS Debentures' book value.

Consumers purchases a portion of its gas from an affiliate, NOMECO. The amounts of purchases for the years ended 1993, 1992 and 1991 were \$3 million, \$3 million and \$20 million, respectively. In 1993, 1992 and 1991, Consumers purchased \$52 million, \$36 million and \$26 million, respectively, of electric generating capacity and energy from affiliates of Enterprises. Consumers and its subsidiaries sold, stored and transported natural gas and provided other services to the MCV Partnership

totaling approximately \$14 million for 1993, 1992 and 1991, respectively. For additional discussion of related-party transactions with the MCV Partnership and the FMLP, see Notes 3 and 17. Other related-party transactions are immaterial.

17: Summarized Financial Information of Significant Related Energy Supplier

Under the PPA with the MCV Partnership discussed in Note 3, Consumers' 1993 obligation to purchase electricity from the MCV Partnership was approximately 14 percent of Consumers' owned and contracted capacity. Summarized financial information of the MCV Partnership is shown below:

Statements of Income

Years Ended December 31 -----	In Millions		
	1993	1992	1991
Operating revenue (a)	\$ 548	\$ 488	\$ 425
Operating expenses	362	315	278
Operating income	186	173	147
Other expense, net	(189)	(190)	(186)
Net loss	\$ (3)	\$ (17)	\$ (39)
	=====	=====	=====

Balance Sheets

December 31 -----	In Millions	
	1993	1992
Assets		
Current assets (a)	\$ 181	\$ 165
Property, plant and equipment, net	2,073	2,124
Other assets	146	147
	-----	-----
	\$2,400	\$2,436
	=====	=====
Liabilities and Partners' Equity		
Current liabilities	\$ 198	\$ 189
Long-term debt and other non-current liabilities (b)	2,147	2,189
Partners' equity (c)	55	58
	-----	-----
	\$2,400	\$2,436
	=====	=====

(a) Revenue from Consumers totaled \$505 million, \$444 million and \$384 million for 1993, 1992 and 1991, respectively. As of December 31, 1993, 1992 and 1991, \$44 million, \$38 million and \$33 million, respectively, were receivable from Consumers.

(b) FMLP is a beneficiary of an owner trust that is the lessor in a long-term direct finance lease with the lessee, MCV Partnership. CMS Holdings holds a 46.4 percent ownership interest in FMLP (see Note 3). At December 31, 1993 and 1992, lease obligations of \$1.7 billion were owed to the owner trust of which FMLP is the sole beneficiary. CMS Holdings' share of the interest and principal portion for the 1993 lease payments was \$63 million and \$16 million, respectively, and for the 1992 lease payments was \$65 million and \$12 million, respectively. The lease payments service \$1.2 billion and \$1.3 billion in non-recourse debt outstanding as of December 31, 1993 and 1992, respectively, of the owner-trust whose beneficiary is FMLP. FMLP's debt is secured by the MCV Partnership's lease obligations, assets, and operating revenues. For 1993 and 1992, the owner-trust whose beneficiary is FMLP made debt payments of \$172 million and \$166 million, respectively, which included \$10 million and \$8 million principal and \$25 million and \$26 million interest, respectively, on the MCV Bonds held by MEC Development Corporation during part of 1991 and by Consumers through December 1993.

(c) CMS Midland's recorded investment in the MCV Partnership includes capitalized interest, which is being amortized to expense over the life of its investment in the MCV Partnership.

Report of Independent Public Accountants

To Consumers Power Company:

We have audited the accompanying consolidated balance sheets and consolidated statements of long-term debt and preferred stock of CONSUMERS POWER COMPANY (a Michigan corporation and wholly owned subsidiary of CMS Energy Corporation) and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, common stockholder's equity, and cash flows for each of the three years in the period ended December 31, 1993. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Consumers Power Company and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

As discussed in Note 5 to the consolidated financial statements, effective January 1, 1992, the Company changed its method of accounting for income taxes. As discussed in Note 10 to the consolidated financial statements, effective January 1, 1992, the Company changed its method of accounting for postretirement benefits other than pensions. Additionally, as discussed in Note 7 to the consolidated financial statements, the Company effected a quasi-reorganization on December 31, 1992.

ARTHUR ANDERSEN & Co.

Detroit, Michigan,
January 28, 1994.

143

<TABLE>
Quarterly Financial Information
<CAPTION>

Consumers Power Company

In Millions

Quarters Ended	1993 (Unaudited)				1992 (Unaudited)			
	March 31	June 30	Sept. 30	Dec. 31	March 31	June 30	Sept. 30	Dec. 31
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Operating revenue (a)	\$987	\$681	\$702	\$873	\$941	\$644	\$576	\$817
Pretax operating income (a)	\$156	\$74	\$101	\$104	\$116	\$53	\$34	\$46
Net income (loss)	\$78	\$26	\$45	\$49	\$63	\$23	\$8	\$(338)
Preferred stock dividends	\$3	\$3	\$3	\$2	\$3	\$3	\$3	\$2
Net income (loss) after preferred stock dividends	\$75	\$23	\$42	\$47	\$60	\$20	\$5	\$(340)

<FN>
(a) Amounts in 1992 and March 31, 1993 were restated for comparative purposes.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS
ON ACCOUNTING AND FINANCIAL DISCLOSURE.

CMS Energy

None for CMS Energy.

Consumers

None for Consumers.

PART III
(ITEMS 10., 11., 12. and 13.)

CMS Energy

CMS Energy's definitive Proxy Statement, except for the organization and compensation committee report contained therein, is incorporated by reference herein. See also Item 1. BUSINESS for information pursuant to Item 10.

Consumers

Consumers' definitive Proxy Statement, except for the organization and compensation committee report contained therein, is incorporated by reference herein. See also Item 1. BUSINESS for information pursuant to Item 10.

PART IV
ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES
AND REPORTS ON FORM 8-K.

- (a) (1) Financial Statements and Reports of Independent Public Accountants for CMS Energy and Consumers are listed in Item 8 in the Index to Financial Statements, and are incorporated by reference herein.
- (a) (2) Financial Statement Schedules and Reports of Independent Public Accountants for CMS Energy and Consumers are listed after the Exhibits in the Index to Financial Statement Schedules, and are incorporated by reference herein.
- (a) (3) Exhibits for CMS Energy and Consumers are listed after Item (c) below and are incorporated by reference herein.
- (b) Reports on Form 8-K for CMS Energy and Consumers.

CMS Energy

Current reports dated September 29, 1993, as amended by Form 8-K/A, Amendment No. 1, dated October 22, 1993, and dated December 10, 1993 covering matters reported pursuant to Item 5. Other Events. and Item 7. Financial Statements and Exhibits., and current reports dated December 28, 1993 and March 4, 1994 covering matters reported pursuant to Item 5. Other Events.

Consumers

Current reports dated September 21, 1993 and December 10, 1993 covering matters reported pursuant to Item 5. Other Events. and Item 7. Financial Statements and Exhibits., and dated December 28, 1993 and March 4, 1994 covering matters reported pursuant to Item 5. Other Events.

- (c) Exhibits, including those incorporated by reference (see also Exhibit volume).

The following exhibits are applicable to CMS Energy and Consumers except where otherwise indicated "CMS ONLY":

CMS Energy
and Consumers
Exhibit Numbers
- - - - -

- (1)-(2) - Not applicable.
- (3) (a) (CMS ONLY) - Articles of Incorporation of CMS Energy Corporation, as Amended. (Designated in CMS Energy Corporation's Form S-8 dated June 30, 1989, File No 1-9513, as Exhibit (4).)
- (3) (b) (CMS ONLY) - Copy of the By-Laws of CMS Energy Corporation.
- (3) (c) - Restated Articles of Incorporation of Consumers Power Company.
- (3) (d) - Copy of By-Laws of Consumers Power Company.
- (4) (a) - Composite Working Copy of Indenture dated as of September 1, 1945, between Consumers Power Company and Chemical Bank (successor to Manufacturers Hanover Trust Company), as Trustee, including therein indentures supplemental thereto through the Forty-third Supplemental Indenture dated as of May 1, 1979. (Designated in Consumers Power Company's Registration No 2-65973 as Exhibit (b) (1)-4.)

Indentures Supplemental thereto:

Sup	Ind/Dated as of	Consumers Power Company File Reference	Exhibit
-----	-----	-----	-----
44th	11/15/79	Reg No 2-65973	(b) (1)-7
45th	01/15/80	Reg No 2-68900	(b) (1)-5
46th	01/15/80	Reg No 2-69704	(4) (b)
47th	06/15/80	Form 10-K for year end Dec 31, 1980, File No 1-5611	(4) (b)
48th	03/15/81	Reg No 2-73741	(4) (b)
49th	11/01/81	Reg No 2-75542	(4) (b)
50th	03/01/82	Form 10-K for year end Dec 31, 1981, File No 1-5611	(4) (b)
51st	08/10/82	Reg No 2-78842	(4) (f)
52nd	08/31/82	Reg No 2-79390	(4) (f)
53rd	12/01/82	Reg No 2-81077	(4) (f)
54th	05/01/83	Reg No 2-84172	(4) (e)
55th	09/15/83	Reg No 2-86751	(4) (e)
56th	10/15/83	Reg No 2-87735	(4) (e)
57th	03/01/84	Reg No 2-89215	(4) (e)
58th	07/16/84	Form 10-Q for quarter ended June 30, 1984, File No 1-5611	(4) (f)
59th	10/01/84	Reg No 2-93438	(4) (c)
60th	06/01/85	Form 10-Q for quarter ended June 30, 1985, File No 1-5611	(4) (f)
61st	10/15/86	Reg No 33-9732	(4) (e)
63rd	04/15/87	Form 10-Q for quarter ended June 30, 1987 File No 1-5611	(4) (f)
64th	06/15/87	Form 10-Q for quarter ended June 30, 1987 File No 1-5611	(4) (g)
65th	02/15/88	Form 8-K dated Feb 18, 1988 File No 1-5611	(4)
66th	04/15/88	Form 10-Q for quarter ended March 31, 1988 File No 1-5611	(4) (d)
67th	11/15/89	Reg No 33-31866	(4) (d)
68th	06/15/93	Reg No 33-41126	(4) (c)

- (4) (b) (CMS ONLY) - Indenture between CMS Energy Corporation and NBD Bank, National Association, 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, National Association, 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, National Association, as Trustee. (Designated in CMS Energy's Form 8-K dated October 1, 1992, File No. 1-9513, as Exhibit (4).)
- (5)-(9) - Not applicable.
- (10) (a) - Credit Agreement dated as of May 1, 1989 among Consumers Power Company, the Co-Managers, as defined therein, the Banks, as defined therein, the Lenders, as defined therein, and Citibank, NA, as Agent, and the Exhibits thereto. (Designated in Consumers Power Company's Form 10-Q for the quarter ended March 31, 1989, File No 1-5611, as Exhibit (19).)
- Letter amendment dated as of December 11, 1991. (Designated in Consumers Power Company's Form 10-K for the year ended December 30, 1991, File No. 1-5611, as Exhibit (3) (d).)
- (10) (b) (CMS ONLY) - Amended and Restated Credit Agreement dated as of November 30, 1992 as Amended and Restated as of October 15, 1993, among CMS Energy Corporation, the Banks, the Co-Agents, the Documentation Agent and the Operational Agent, all as defined therein, and the Exhibits thereto.
- (10) (c) - Employment Agreement dated as of August 1, 1990 among Consumers Power Company, CMS Energy Corporation and William T. McCormick, Jr. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10) (c).)
- (10) (d) - Employment contract effective as of March 1, 1987 among CMS Energy Corporation, Consumers Power Company and S. Kinnie Smith, Jr. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1987, File No 1-5611, as Exhibit (10) (g).)
- (10) (e) - Employment Agreement effective as of June 15, 1988 among Consumers Power Company, CMS Energy Corporation and Victor J. Fryling. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1988, File No 1-5611, as Exhibit (10) (i).)
- (10) (f) - Employment Agreement dated May 26, 1989 between Consumers Power Company and Michael G. Morris. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1990, File No 1-5611, as Exhibit (10) (f).)
- (10) (g) - Employment Agreement dated May 26, 1989

between Consumers Power Company and David A. Mikelonis. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1991, File No. 1-5611, as Exhibit 10(h).)

- (10) (h) - Employment Agreement dated May 26, 1989 among Consumers Power Company, CMS Energy Corporation and John W. Clark. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10) (f).)
- (10) (i) - Employment Agreement dated March 25, 1992 between Consumers Power Company and Alan M. Wright. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1992, File No. 1-5611, as Exhibit 10(j).)
- (10) (j) - Employment Agreement dated March 25, 1992 between Consumers Power Company and Paul A. Elbert. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1992, File No. 1-5611, as Exhibit 10(k).)
- (10) (k) - Consumers Power Company's Executive Stock Option and Stock Appreciation Rights Plan effective December 1, 1989. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1990, File No 1-5611, as Exhibit (10) (g).)
- (10) (l) - CMS Energy Corporation's Performance Incentive Stock Plan effective as of December 1, 1989. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10) (h).)
- (10) (m) - CMS Deferred Salary Savings Plan effective January 1, 1994.
- (10) (n) - Consumers Power Company's Annual Executive Incentive Compensation Plan effective February 1993, as amended March 1994.
- (10) (o) - Consumers Power Company's Supplemental Executive Retirement Plan effective November 1, 1990.
- (10) (p) - Senior Trust Indenture, Leasehold Mortgage and Security Agreement dated as of June 1, 1990 between The Connecticut National Bank and United States Trust Company of New York. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 4.1.)

Indenture Supplemental thereto:

Supplement No. 1 dated as of June 1, 1990. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 4.2.)
- (10) (q) - Collateral Trust Indenture dated as of June 1, 1990 among Midland Funding Corporation I, Midland Cogeneration Venture Limited Partnership and United States Trust Company of New York, Trustee. (Designated in CMS Energy Corporation's Form 10-Q for the quarter ended June 30, 1990, File No 1-9513, as Exhibit (28) (b).)

Indenture Supplemental thereto:

Supplement No 1 dated as of June 1, 1990. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed

- (10) (r) - Amended and Restated Investor Partner Tax Indemnification Agreement dated as of June 1, 1990 among Investor Partners, CMS Midland Holdings Corporation as Indemnitor and CMS Energy Corporation as Guarantor. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10) (v).)
- (10) (s) - Environmental Agreement dated as of June 1, 1990 made by CMS Energy Corporation to The Connecticut National Bank and Others. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10) (y) and Form 10-Q for the quarter ended September 30, 1991, File No 1-9513, as Exhibit (19) (d).)**
- (10) (t) - Indemnity Agreement dated as of June 1, 1990 made by CMS Energy Corporation to Midland Cogeneration Venture Limited Partnership. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10) (z).)**
- (10) (u) - Environmental Agreement dated as of June 1, 1990 made by CMS Energy Corporation to United States Trust Company of New York, Meridian Trust Company, each Subordinated Collateral Trust Trustee and Holders from time to time of Senior Bonds and Subordinated Bonds and Participants from time to time in Senior Bonds and Subordinated Bonds. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10) (aa).)**
- (10) (v) - Amended and Restated Participation Agreement dated as of June 1, 1990 among Midland Cogeneration Venture Limited Partnership, Owner Participant, The Connecticut National Bank, United States Trust Company, Meridian Trust Company, Midland Funding Corporation I, Midland Funding Corporation II, MEC Development Corporation and Institutional Senior Bond Purchasers. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 4.13.)

Amendment No 1 dated as of July 1, 1991.
(Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1991, File No. 1-5611, as Exhibit (10) (w).)
- (10) (w) - Power Purchase Agreement dated as of July 17, 1986 between Midland Cogeneration Venture Limited Partnership and Consumers Power Company. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.4.)

Amendments thereto:

Amendment No 1 dated September 10, 1987.
(Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.5.)

Amendment No 2 dated March 18, 1988.
(Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.6.)

Amendment No 3 dated August 28, 1989.
(Designated in Midland Cogeneration Venture

Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.7.)

Amendment No 4A dated May 25, 1989.

(Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.8.)

- (10) (x) - Request for Approval of Settlement Proposal to Resolve MCV Cost Recovery Issues and Court Remand, filed with the Michigan Public Service Commission on July 7, 1992, MPSC Case No. U-10127. (Designated in CMS Energy Corporation's and Consumers Power Company's Forms 10-K for the year ended December 31, 1991 as amended by Form 8 dated July 15, 1992 as Exhibit (28).)
- (10) (y) - Settlement Proposal Filed on July 7, 1992 as Revised on September 8, 1992 by Filing with the Michigan Public Service Commission. (Designated in CMS Energy Corporation's and Consumers Power Company's Forms 8-K dated September 8, 1992 as Exhibit (28).)
- (10) (z) - Michigan Public Service Commission Order Dated March 31, 1993, Approving with Modifications the Settlement Proposal Filed on July 7, 1992, as Revised on September 8, 1992. (Designated in CMS Energy Corporation's and Consumers Power Company's Forms 10-K for the year ended December 31, 1992 as Exhibit (10) (cc).)
- (10) (aa) - Unwind Agreement dated as of December 10, 1991 by and among CMS Energy Corporation, Midland Group, Ltd., Consumers Power Company, CMS Midland, Inc., MEC Development Corp. and CMS Midland Holdings Company. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1991, File No. 1-5611, as Exhibit (10) (y).)
- (10) (bb) - Stipulated AGE Release Amount Payment Agreement dated as of June 1, 1990, among CMS Energy Corporation, Consumers Power Company and The Dow Chemical Company. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1991, File No. 1-5611, as Exhibit (10) (z).)
- (10) (cc) - Parent Guaranty dated as of June 14, 1990 from CMS Energy Corporation to MCV, each of the Owner Trustees, the Indenture Trustees, the Owner Participants and the Initial Purchasers of Senior Bonds in the MCV Sale Leaseback transaction, and MEC Development. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1991, File No. 1-5611, as Exhibit (10) (aa).)**
- (11)-(12) - Not applicable.
- (13) - Not Applicable.
- (14)-(20) - Not applicable.
- (21) (a) (CMS ONLY) - Subsidiaries of CMS Energy Corporation.
- (21) (b) - Subsidiaries of Consumers Power Company.
- (22) - Not applicable.
- (23) - Consents of experts and counsel.
- (24) - Powers of Attorney.
- (25)-(28) - Not applicable.

*Five copies of this exhibit have been signed by, or on behalf of, each of

five Owner Participants. With regard to each of the agreements, each copy is substantially identical in all material respects except as to the parties thereto. Therefore, pursuant to Instruction 2, Item 601(a) of Regulation S-K, CMS Energy Corporation and Consumers Power Company are filing a copy of only one such document.

** Obligations of only CMS Holdings and CMS Midland, second tier subsidiaries of Consumers, and of CMS Energy but not of Consumers.

Exhibits listed above which have heretofore been filed with the Securities and Exchange Commission pursuant to various acts administered by the Commission, and which were designated as noted above, are hereby incorporated herein by reference and made a part hereof with the same effect as if filed herewith.

153

Index to Financial Statement Schedules

Schedule		Page
V	Property, Plant and Equipment 1993, 1992 and 1991:	
	CMS Energy Corporation	154
	Consumers Power Company	157
VI	Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment 1993, 1992 and 1991:	
	CMS Energy Corporation	160
	Consumers Power Company	163
VIII	Valuation and Qualifying Accounts and Reserves 1993, 1992 and 1991:	
	CMS Energy Corporation	166
	Consumers Power Company	167
IX	Short-Term Borrowings 1993, 1992 and 1991:	
	CMS Energy Corporation	168
	Consumers Power Company	169
X	Supplementary Income Statement Information 1993, 1992 and 1991:	
	CMS Energy Corporation	170
	Consumers Power Company	171
Report of Independent Public Accountants		
	CMS Energy Corporation	172
	Consumers Power Company	173

Schedules other than those listed above are omitted because they are either not required, not applicable or the required information is shown in the financial statements or notes thereto.

Columns omitted from schedules filed have been omitted because the information is not applicable.

154

<TABLE>

CMS ENERGY CORPORATION
Schedule V - Property, Plant and Equipment
Year Ended December 31, 1993
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period	Additions at cost	Retirements	Other Changes Add (Deduct)	Balance at End of Period

<S> Electric Utility	<C>	<C>	<C>	<C>	<C>

Consumers Power Company:					
Intangible	\$ 2	\$ -	\$ -	\$ -	\$ 2
Steam production	1,363	22	13	1 (a)	1,373
Nuclear production	665	53	5	(5) (a)	708
Nuclear fuel	195	4	-	-	199
Nuclear fuel under capital lease	148	28	-	-	176
Hydro production	170	13	1	-	182
Other production	37	-	-	-	37
Transmission	685	22	5	(1) (a)	701
Distribution	1,682	157	16	-	1,823
General	61	8	-	-	69
Capital leases	55	41 (b)	35	(9) (a)	52
Plant held for future use	13	12	-	-	25

Total electric utility	5,076	360	75	(14)	5,347

Gas Utility					
Consumers Power Company:					
Intangible	2	-	-	-	2
Natural gas production	9	-	-	-	9
Underground storage	169	4	-	-	173
Transmission	178	15	2	-	191
Distribution	1,117	73	7	-	1,183
General	26	5	-	-	31
Capital leases	16	7 (b)	13	-	10
Plant held for future use	142	1	-	-	143

	1,659	105	22	-	1,742
Michigan Gas Storage Company	69	27	1	-	95

Total gas utility	1,728	132	23	-	1,837

Other					
NOMECO Oil and Gas Company	768	81	-	(4) (a) (c)	845
Consumers Power Company - Other	147	40	-	3 (a)	190
Consumers Power Company - Capital leases	81	24 (b)	42	-	63
CMS Generation Company	2	2	-	11 (d)	15
CMS Energy Corporation	13	-	-	(1) (e)	12
Jackson Pipeline Company	10	-	-	-	10 (f)
CMS Arcadia Land Management Company	8	-	-	-	8
Antrim Limited Partnership	8	-	-	-	8 (f)
CMS Gas Transmission Company	3	4	-	-	7 (f)
CMS Utility Services, Inc.	4	-	-	-	4
Other	1	1	-	-	2

Total other	1,045	152	42	9	1,164

Total plant	7,849	644	140	(5)	8,348

Construction Work in Progress					
Consumers Power Company	248	(3)	-	1 (a)	246
Antrim Limited Partnership	-	9	-	-	9
Michigan Gas Storage Company	4	(2)	-	-	2

	252	4	-	1	257

Total plant including work in progress	\$8,101	\$ 648	\$ 140	\$ (4)	\$8,605
	=====				

<FN>

- | | |
|---|---|
| (a) Reclassifications of accounts | (d) Plant additions due to acquired ownership |
| (b) Refinanced: Electric \$22, Gas \$5 and Other \$15 | (e) Lease amortization |
| (c) Write-off of pre-discovery foreign expenditures | (f) Non-utility gas plant and property |

</TABLE>

155

<TABLE>

CMS ENERGY CORPORATION
Schedule V - Property, Plant and Equipment
Year Ended December 31, 1992
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period	Additions at cost	Retirements	Other Changes Add (Deduct)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 2	\$ -	\$ -	\$ -	\$ 2
Steam production	1,355	22	11	(3) (a)	1,363
Nuclear production	619	48	2	-	665
Nuclear fuel	191	4	-	-	195
Nuclear fuel under capital lease	118	30	-	-	148
Hydro production	165	5	-	-	170
Other production	37	-	-	-	37
Transmission	660	29	7	3 (a)	685
Distribution	1,569	130	11	(6) (b)	1,682
General	54	7	-	-	61
Capital leases	40	22	8	1 (a)	55
Plant held for future use	13	-	-	-	13
Total electric utility	4,823	297	39	(5)	5,076
Gas Utility					
Consumers Power Company:					
Intangible	2	-	-	-	2
Natural gas production	14	-	4	(1) (a)	9
Underground storage	168	1	-	-	169
Transmission	178	3	3	-	178
Distribution	1,050	62	(4)	1 (a)	1,117
General	23	3	-	-	26
Capital leases	25	3	12	-	16
Plant held for future use	141	1	-	-	142
	1,601	73	15	-	1,659
Michigan Gas Storage Company	65	4	-	-	69
Total gas utility	1,666	77	15	-	1,728
Other					
NOMECO Oil and Gas Company	702	68	-	(2) (c)	768
Consumers Power Company - Other	120	31	3	(1) (a)	147
Consumers Power Company - Capital leases	74	14	7	-	81
CMS Energy Corporation	14	-	-	(1) (d)	13
Jackson Pipeline Company	10	-	-	-	10 (g)
Antrim Limited Partnership	-	8	-	-	8 (g)
CMS Arcadia Land Management Company	8	-	-	-	8
CMS Utility Services, Inc.	4	-	-	-	4
CMS Gas Transmission Company	-	3	-	-	3 (g)
CMS Generation Company	-	-	-	2 (e)	2
Other	1	1	1	-	1
Total other	933	125	11	(2)	1,045
Total plant	7,422	499	65	(7)	7,849
Construction Work in Progress					
Consumers Power Company	190	59	-	(1) (f)	248
Antrim Limited Partnership	4	(4)	-	-	-
Michigan Gas Storage Company	2	2	-	-	4
	196	57	-	(1)	252
Total plant including work in progress	\$7,618	\$ 556	\$ 65	\$ (8)	\$8,101

<FN>

- | | |
|--|---|
| (a) Reclassifications of accounts | (e) Plant additions due to acquired ownership |
| (b) Sale of facilities to Michigan Public Power Agency | (f) Write-off of PSI transmission line |
| (c) Write-off of prediscovery foreign expenditures | (g) Non-utility gas plant and property |
| (d) Lease amortization | |

</TABLE>

156

<TABLE>

CMS ENERGY CORPORATION
Schedule V - Property, Plant and Equipment

Year Ended December 31, 1991
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period	Additions at cost	Retirements	Other Changes Add (Deduct)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 2	\$ -	\$ -	\$ -	\$ 2
Steam production	1,357	9	11	-	1,355
Nuclear production	508	113	2	-	619
Nuclear fuel	191	-	-	-	191
Nuclear fuel under capital lease	112	6	-	-	118
Hydro production	165	-	-	-	165
Other production	37	-	-	-	37
Transmission	656	13	1	(8) (a)	660
Distribution	1,490	95	15	(1) (a)	1,569
General	40	13	-	1 (a)	54
Capital leases	40	8	8	-	40
Plant held for future use	13	-	-	-	13
Total electric utility	4,611	257	37	(8)	4,823
Gas Utility					
Consumers Power Company:					
Intangible	2	-	-	-	2
Natural gas production	17	-	1	(2) (a)	14
Underground storage	166	5	2	(1) (b)	168
Transmission	178	1	1	-	178
Distribution	1,009	45	4	-	1,050
General	22	1	-	-	23
Capital leases	27	2	4	-	25
Plant held for future use	142	-	1	-	141
	1,563	54	13	(3)	1,601
Michigan Gas Storage Company	65	-	-	-	65
Total gas utility	1,628	54	13	(3)	1,666
Other					
NOMECO Oil and Gas Company	639	71	-	(8) (c)	702
Consumers Power Company - Other	101	13	2	8 (a)	120
Consumers Power - Capital leases	71	11	8	-	74
CMS Energy Corporation	14	1	-	(1) (d)	14
Jackson Pipeline Company	10	-	-	-	10 (e)
CMS Arcadia Land Management Company	8	-	-	-	8
CMS Utility Services, Inc.	3	1	-	-	4
Other	-	-	-	1 (a)	1
Total other	846	97	10	-	933
Total plant	7,085	408	60	(11)	7,422
Construction Work in Progress					
Consumers Power Company	224	(33)	-	(1) (a)	190
Antrim Limited Partnership	-	4	-	-	4
Michigan Gas Storage Company	1	1	-	-	2
	225	(28)	-	(1)	196
Total plant including work in progress	\$7,310	\$ 380	\$ 60	\$ (12)	\$7,618

<FN>

- | | |
|---|--|
| (a) Reclassifications of accounts | (d) Lease amortization |
| (b) Northville base gas removal | (e) Non-utility gas plant and property |
| (c) Write-off of pre-discovery foreign expenditures | |

</TABLE>

157

<TABLE>

CONSUMERS POWER COMPANY

Schedule V - Property, Plant and Equipment
Year Ended December 31, 1993
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period <C>	Additions at cost <C>	Retirements <C>	Other Changes Add (Deduct) <C>	Balance at End of Period <C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 2	\$ -	\$ -	\$ -	\$ 2
Steam production	1,363	22	13	1 (a)	1,373
Nuclear production	665	53	5	(5) (a)	708
Nuclear fuel	195	4	-	-	199
Nuclear fuel under capital lease	148	28	-	-	176
Hydro production	170	13	1	-	182
Other production	37	-	-	-	37
Transmission	685	22	5	(1) (a)	701
Distribution	1,682	157	16	-	1,823
General	61	8	-	-	69
Capital leases	55	41 (b)	35	(9) (a)	52
Plant held for future use	13	12	-	-	25
Total electric utility	5,076	360	75	(14)	5,347
Gas Utility					
Consumers Power Company:					
Intangible	2	-	-	-	2
Natural gas production	9	-	-	-	9
Underground storage	169	4	-	-	173
Transmission	178	15	2	-	191
Distribution	1,117	73	7	-	1,183
General	26	5	-	-	31
Capital leases	16	7 (b)	13	-	10
Plant held for future use	142	1	-	-	143
	1,659	105	22	-	1,742
Michigan Gas Storage Company	69	27	1	-	95
Total gas utility	1,728	132	23	-	1,837
Other					
Consumers Power Company					
Capital leases	81	24 (b)	42	-	63
Other	147	40	-	3 (a)	190
Total other	228	64	42	3	253
Total plant	7,032	556	140	(11)	7,437
Construction Work in Progress					
Consumers Power Company					
	248	(3)	-	1 (a)	246
Michigan Gas Storage Company					
	4	(2)	-	-	2
Total Construction Work in Progress	252	(5)	-	1	248
Total plant including work in progress	\$7,284	\$ 551	\$ 140	\$ (10)	\$7,685

<FN>

(a) Reclassifications of accounts

(b) Refinanced: Electric \$22
Gas 5
Other 15

\$42
=====

</TABLE>

158

<TABLE>

CONSUMERS POWER COMPANY
Schedule V - Property, Plant and Equipment
Year Ended December 31, 1992
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period	Additions at cost	Retirements	Other Changes Add (Deduct)	Balance at End of Period
----------------	--------------------------------------	----------------------	-------------	-------------------------------	--------------------------------

<S>	<C>	<C>	<C>	<C>	<C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 2	\$ -	\$ -	\$ -	\$ 2
Steam production	1,355	22	11	(3) (a)	1,363
Nuclear production	619	48	2	-	665
Nuclear fuel	191	4	-	-	195
Nuclear fuel under capital lease	118	30	-	-	148
Hydro production	165	5	-	-	170
Other production	37	-	-	-	37
Transmission	660	29	7	3 (a)	685
Distribution	1,569	130	11	(6) (b)	1,682
General	54	7	-	-	61
Capital leases	40	22	8	1 (a)	55
Plant held for future use	13	-	-	-	13
Total electric utility	4,823	297	39	(5)	5,076
Gas Utility					
Consumers Power Company:					
Intangible	2	-	-	-	2
Natural gas production	14	-	4	(1) (a)	9
Underground storage	168	1	-	-	169
Transmission	178	3	3	-	178
Distribution	1,050	62	(4)	1 (a)	1,117
General	23	3	-	-	26
Capital leases	25	3	12	-	16
Plant held for future use	141	1	-	-	142
Total gas utility	1,601	73	15	-	1,659
Michigan Gas Storage Company	65	4	-	-	69
Total gas utility	1,666	77	15	-	1,728
Other					
Consumers Power Company					
Capital leases	74	14	7	-	81
Other	120	31	3	(1) (a)	147
Total other	194	45	10	(1)	228
Total plant	6,683	419	64	(6)	7,032
Construction Work in Progress					
Consumers Power Company	190	59	-	(1) (c)	248
Michigan Gas Storage Company	2	2	-	-	4
Total Construction Work in Progress	192	61	-	(1)	252
Total plant including work in progress	\$6,875	\$ 480	\$ 64	\$ (7)	\$7,284

<FN>

- (a) Reclassifications of accounts
(b) Sale of facilities to Michigan Public Power Agency
(c) Write-off of PSI transmission line

/TABLE

159

<TABLE>

CONSUMERS POWER COMPANY
Schedule V - Property, Plant and Equipment
Year Ended December 31, 1991
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period	Additions at cost	Retirements	Other Changes Add (Deduct)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 2	\$ -	\$ -	\$ -	\$ 2
Steam production	1,357	9	11	-	1,355
Nuclear production	508	113	2	-	619
Nuclear fuel	191	-	-	-	191
Nuclear fuel under capital lease	112	6	-	-	118
Hydro production	165	-	-	-	165
Other production	37	-	-	-	37

Transmission	656	13	1	(8) (a)	660
Distribution	1,490	95	15	(1) (a)	1,569
General	40	13	-	1 (a)	54
Capital leases	40	8	8	-	40
Plant held for future use	13	-	-	-	13
<hr/>					
Total electric utility	4,611	257	37	(8)	4,823
<hr/>					
Gas Utility					
Consumers Power Company:					
Intangible	2	-	-	-	2
Natural gas production	17	-	1	(2) (a)	14
Underground storage	166	5	2	(1) (b)	168
Transmission	178	1	1	-	178
Distribution	1,009	45	4	-	1,050
General	22	1	-	-	23
Capital leases	27	2	4	-	25
Plant held for future use	142	-	1	-	141
<hr/>					
Michigan Gas Storage Company	1,563	54	13	(3)	1,601
	65	-	-	-	65
<hr/>					
Total gas utility	1,628	54	13	(3)	1,666
<hr/>					
Other					
Consumers Power Company					
Capital leases	71	11	8	-	74
Other	101	13	2	8 (a)	120
<hr/>					
Total other	172	24	10	8	194
<hr/>					
Total plant	6,411	335	60	(3)	6,683
<hr/>					
Construction Work in Progress					
Consumers Power Company					
	224	(33)	-	(1) (a)	190
Michigan Gas Storage Company					
	1	1	-	-	2
<hr/>					
Total Construction Work in Progress	225	(32)	-	(1)	192
<hr/>					
Total plant including work in progress	\$6,636	\$ 303	\$ 60	\$ (4)	\$6,875

<FN>

- (a) Reclassifications of accounts
(b) Northville base gas removal

</TABLE>

160

<TABLE>

CMS ENERGY CORPORATION
Schedule VI - Accumulated Depreciation, Depletion, and Amortization
of Property, Plant and Equipment
Year Ended December 31, 1993
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period	Additions charged to costs and expenses	Retirements, Removal Costs and Salvage	Other Changes Add (Deduct)	Balance at End of Period
<hr/>					
<S>	<C>	<C>	<C>	<C>	<C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 1	\$ -	\$ -	\$ -	\$ 1
Steam production	704	32	18	-	718
Nuclear production	161	30	8	-	183
Nuclear decommissioning trust	111	47	-	7 (a)	165
Nuclear fuel	188	5	-	(1) (b)	192
Nuclear fuel under capital lease	111	10	-	-	121
Hydro production	73	3	5	-	71
Other production	32	1	-	-	33
Transmission	236	18	5	-	249
Distribution	643	75	30	-	688
General	15	3	1	-	17
Capital leases	16	28	35	-	9

Total electric utility	2,291	252	102	6	2,447
Gas Utility					
Consumers Power Company:					
Intangible	1	-	-	-	1
Natural gas production	9	-	-	-	9
Underground storage	55	3	-	-	58
Transmission	105	8	1	-	112
Distribution	604	52	13	-	643
General	9	1	-	-	10
Capital leases	8	8	13	-	3
Plant held for future use	139	3	-	-	142
	930	75	27	-	978
Michigan Gas Storage Company	52	1	2	-	51
Total gas utility	982	76	29	-	1,029
Other					
NOMECO Oil and Gas Company	422	45	-	(1) (b)	466
Consumers Power Company	75	68	41	(28) (c)	74
CMS Utility Services, Inc.	2	1	-	-	3
CMS Energy Corporation	1	-	-	-	1
Jackson Pipeline Company	1	-	-	-	1
Antrim Limited Partnership	-	1	-	-	1
Other	1	-	1	-	-
Total other	502	115	42	(29)	546
Total provision for accumulated depreciation, depletion and amortization	\$3,775	\$ 443	\$ 173	\$ (23)	\$4,022

<FN>

- (a) Decommissioning trust funds
(b) Write-off of foreign drilling expenditures
(c) Reclassifications of accounts

</TABLE>

161

<TABLE>

CMS ENERGY CORPORATION
Schedule VI - Accumulated Depreciation, Depletion, and Amortization
of Property, Plant and Equipment
Year Ended December 31, 1992
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period	Additions charged to costs and expenses	Retirements, Removal Costs and Salvage	Other Changes Add (Deduct)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 1	\$ -	\$ -	\$ -	\$ 1
Steam production	689	32	15	(2) (a)	704
Nuclear production	136	29	4	-	161
Nuclear decommissioning trust	62	44	-	5 (b)	111
Nuclear fuel	185	5	-	(2) (a)	188
Nuclear fuel under capital lease	95	16	-	-	111
Hydro production	72	3	2	-	73
Other production	31	1	-	-	32
Transmission	218	17	1	3 (a)	236
				(1) (c)	
Distribution	598	69	22	(2) (a)	643
General	12	3	-	-	15
Capital leases	18	6	8	-	16
Total electric utility	2,117	225	52	1	2,291
Gas Utility					

Consumers Power Company:					
Intangible	1	-	-	-	1
Natural gas production	9	3	-	(3) (a)	9
Underground storage	52	3	-	-	55
Transmission	105	5	1	(4) (a)	105
Distribution	557	49	2	-	604
General	9	1	1	-	9
Capital leases	14	6	12	-	8
Plant held for future use	129	10	-	-	139
	876	77	16	(7)	930
Michigan Gas Storage Company					
	51	1	-	-	52
Total gas utility	927	78	16	(7)	982
Other					
NOMECO Oil and Gas Company	387	37	-	(2) (d)	422
Consumers Power Company	63	47	8	(27) (a)	75
CMS Utility Services, Inc.	1	1	-	-	2
CMS Energy Corporation	1	-	-	-	1
Jackson Pipeline Company	-	1	-	-	1
Other	1	1	1	-	1
Total other	453	87	9	(29)	502
Total provision for accumulated depreciation, depletion and amortization	\$3,497	\$ 390	\$ 77	\$ (35)	\$3,775

<FN>

- (a) Reclassifications of accounts
- (b) Decommissioning trust funds
- (c) Sale of property to Michigan Public Power Agency
- (d) Write-off of foreign drilling expenditures

</TABLE>

162

<TABLE>

CMS ENERGY CORPORATION
Schedule VI - Accumulated Depreciation, Depletion, and Amortization
of Property, Plant and Equipment
Year Ended December 31, 1991
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period	Additions charged to costs and expenses	Retirements, Removal Costs and Salvage	Other Changes Add (Deduct)	Balance at End of Period
<S>					
	<C>	<C>	<C>	<C>	<C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 1	\$ -	\$ -	\$ -	\$ 1
Steam production	662	36	10	1 (a)	689
Nuclear production	120	22	6	-	136
Nuclear decommissioning trust	47	12	-	3 (b)	62
Nuclear fuel	181	5	-	(1) (a)	185
Nuclear fuel under capital lease	74	21	-	-	95
Hydro production	68	4	-	-	72
Other production	30	1	-	-	31
Transmission	205	15	1	(1) (a)	218
Distribution	562	61	24	(1) (a)	598
General	12	1	1	-	12
Capital leases	21	5	8	-	18
Total electric utility	1,983	183	50	1	2,117
Gas Utility					
Consumers Power Company:					
Intangible	1	-	-	-	1
Natural gas production	11	1	1	(2) (a)	9
Underground storage	51	3	2	-	52
Transmission	100	5	1	1 (a)	105

Distribution	519	47	9	-	557
General	7	1	-	1 (a)	9
Capital leases	13	6	5	-	14
Plant held for future use	120	9	-	-	129
	822	72	18	-	876
Michigan Gas Storage Company	51	1	1	-	51
Total gas utility	873	73	19	-	927
Other					
NOMECO Oil and Gas Company	362	33	-	(8) (c)	387
Consumers Power Company	57	33	7	(20) (a)	63
Other	2	1	-	-	3
Total other	421	67	7	(28)	453
Total provision for accumulated depreciation, depletion and amortization	\$3,277	\$ 323	\$ 76	\$ (27)	\$3,497

<FN>

- (a) Reclassifications of accounts
(b) Decommissioning trust funds
(c) Write-off of foreign drilling expenditures

</TABLE>

163

<TABLE>

CONSUMERS POWER COMPANY
Schedule VI - Accumulated Depreciation, Depletion and Amortization
of Property, Plant, and Equipment
Year Ended December 31, 1993
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period <C>	Additions charged to costs and expenses <C>	Retirements, Removal Costs and Salvage <C>	Other Changes Add (Deduct) <C>	Balance at End of Period <C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 1	\$ -	\$ -	\$ -	\$ 1
Steam production	704	32	18	-	718
Nuclear production	161	30	8	-	183
Nuclear decommissioning trust	111	47	-	7 (a)	165
Nuclear fuel	188	5	-	(1) (b)	192
Nuclear fuel under capital lease	111	10	-	-	121
Hydro production	73	3	5	-	71
Other production	32	1	-	-	33
Transmission	236	18	5	-	249
Distribution	643	75	30	-	688
General	15	3	1	-	17
Capital leases	16	28	35	-	9
Total electric utility	2,291	252	102	6	2,447
Gas Utility					
Consumers Power Company:					
Intangible	1	-	-	-	1
Natural gas production	9	-	-	-	9
Underground storage	55	3	-	-	58
Transmission	105	8	1	-	112
Distribution	604	52	13	-	643
General	9	1	-	-	10
Capital leases	8	8	13	-	3
Plant held for future use	139	3	-	-	142
Michigan Gas Storage Company	52	1	2	-	51
Total gas utility	982	76	29	-	1,029
Other					
Consumers Power Company	75	68	41	(28) (b)	74

Total other	75	68	41	(28)	74

Total provision for accumulated depreciation, depletion and amortization	\$3,348	\$ 396	\$ 172	\$ (22)	\$3,550
=====					

<FN>
(a) Decommissioning trust funds
(b) Reclassifications of accounts

</TABLE>

164

<TABLE>

CONSUMERS POWER COMPANY
Schedule VI - Accumulated Depreciation, Depletion and Amortization
of Property, Plant, and Equipment
Year Ended December 31, 1992
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period <C>	Additions charged to costs and expenses <C>	Retirements, Removal Costs and Salvage <C>	Other Changes Add (Deduct) <C>	Balance at End of Period <C>
Electric Utility					
Consumers Power Company:					
Intangible	\$ 1	\$ -	\$ -	\$ -	\$ 1
Steam production	689	32	15	(2) (a)	704
Nuclear production	136	29	4	-	161
Nuclear decommissioning trust	62	44	-	5 (b)	111
Nuclear fuel	185	5	-	(2) (a)	188
Nuclear fuel under capital lease	95	16	-	-	111
Hydro production	72	3	2	-	73
Other production	31	1	-	-	32
Transmission	218	17	1	3 (a)	236
				(1) (c)	236
Distribution	598	69	22	(2) (a)	643
General	12	3	-	-	15
Capital leases	18	6	8	-	16

Total electric utility	2,117	225	52	1	2,291

Gas Utility					
Consumers Power Company:					
Intangible	1	-	-	-	1
Natural gas production	9	3	-	(3) (a)	9
Underground storage	52	3	-	-	55
Transmission	105	5	1	(4) (a)	105
Distribution	557	49	2	-	604
General	9	1	1	-	9
Capital leases	14	6	12	-	8
Plant held for future use	129	10	-	-	139

	876	77	16	(7)	930
Michigan Gas Storage Company	51	1	-	-	52

Total gas utility	927	78	16	(7)	982

Other					
Consumers Power Company	63	47	8	(27) (a)	75

Total other	63	47	8	(27)	75

Total provision for accumulated depreciation, depletion and amortization	\$3,107	\$ 350	\$ 76	\$ (33)	\$3,348
=====					

<FN>
(a) Reclassifications of accounts
(b) Decommissioning trust funds
(c) Sale of property to Michigan Public Power Agency

</TABLE>

165

<TABLE>

CONSUMERS POWER COMPANY

Schedule VI - Accumulated Depreciation, Depletion and Amortization
of Property, Plant, and Equipment
Year Ended December 31, 1991
(Millions of Dollars)

<CAPTION>

Classification	Balance at Beginning of Period <C>	Additions charged to costs and expenses <C>	Retirements, Removal Costs and Salvage <C>	Other Changes Add (Deduct) <C>	Balance at End of Period <C>
<S>					
Electric Utility					
Consumers Power Company:					
Intangible	\$ 1	\$ -	\$ -	\$ -	\$ 1
Steam production	662	36	10	1 (a)	689
Nuclear production	120	22	6	-	136
Nuclear decommissioning trust	47	12	-	3 (b)	62
Nuclear fuel	181	5	-	(1) (a)	185
Nuclear fuel under capital lease	74	21	-	-	95
Hydro production	68	4	-	-	72
Other production	30	1	-	-	31
Transmission	205	15	1	(1) (a)	218
Distribution	562	61	24	(1) (a)	598
General	12	1	1	-	12
Capital leases	21	5	8	-	18
Total electric utility	1,983	183	50	1	2,117
Gas Utility					
Consumers Power Company:					
Intangible	1	-	-	-	1
Natural gas production	11	1	1	(2) (a)	9
Underground storage	51	3	2	-	52
Transmission	100	5	1	1 (a)	105
Distribution	519	47	9	-	557
General	7	1	-	1 (a)	9
Capital leases	13	6	5	-	14
Plant held for future use	120	9	-	-	129
	822	72	18	-	876
Michigan Gas Storage Company	51	1	1	-	51
Total gas utility	873	73	19	-	927
Other					
Consumers Power Company	57	33	7	(20) (a)	63
Total other	57	33	7	(20)	63
Total provision for accumulated depreciation, depletion and amortization	\$2,913	\$ 289	\$ 76	\$ (19)	\$3,107

<FN>

- (a) Reclassifications of accounts
(b) Decommissioning trust funds

</TABLE>

166

<TABLE>

CMS ENERGY CORPORATION
Schedule VIII - Valuation and Qualifying Accounts and Reserves
Years Ended December 31, 1993, 1992 and 1991
(Millions of Dollars)

<CAPTION>

Description	Balance at Beginning of Period <C>	Charged to Expense <C>	Charged to other Accounts <C>	Deductions <C>	Balance at End of Period <C>
<S>					
Accumulated provision for uncollectible accounts (substantially all Consumers Power Company):					

1993	\$5	\$ 9	-	\$10 (a)	\$4
1992	\$5	\$11	-	\$11 (a)	\$5
1991	\$4	\$17	-	\$16 (a)	\$5

Reserve for rights to additional MCV Bonds:

1993	-	-	-	-	-
1992	\$366	-	-	\$366	-
1991	\$366	-	-	-	\$366

<FN>

- (a) Accounts receivable written off including net uncollectible amounts of \$8 in 1993, \$10 in 1992, and \$15 in 1991 charged directly to operating expense and credited to accounts receivable.

</TABLE>

167

<TABLE>

CONSUMERS POWER COMPANY
Schedule VIII - Valuation and Qualifying Accounts and Reserves
Years Ended December 31, 1993, 1992 and 1991
(Millions of Dollars)

<CAPTION>

Description	Balance at Beginning of Period	Charged to Expense	Charged to other Accounts	Deductions	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Accumulated provision for uncollectible accounts:					
1993	\$5	\$ 9	-	\$10 (a)	\$4
1992	\$5	\$11	-	\$11 (a)	\$5
1991	\$4	\$17	-	\$16 (a)	\$5

Reserve for rights to additional MCV Bonds:

1993	-	-	-	-	-
1992	\$366	-	-	\$366	-
1991	-	-	\$366 (b)	-	\$366

Reserve for rights to additional CMS Energy Debentures:

1993	-	-	-	-	-
1992	-	-	-	-	-
1991	\$236	-	-	\$236	-

<FN>

- (a) Accounts receivable written off including net uncollectible amounts of \$8 in 1993, \$10 in 1992, and \$15 in 1991 charged directly to operating expense and credited to accounts receivable.
- (b) Rights to additional MCV Bonds were transferred to Consumers Power in December, 1991 from MEC Development Corp.

</TABLE>

<TABLE>

CMS ENERGY CORPORATION
Schedule IX - Short-Term Borrowings
Years Ended December 31, 1993, 1992 and 1991
(Millions of Dollars)

<CAPTION>

Category of Aggregate Short-Term Borrowings	Balance at End of Period	Weighted Average Interest Rate	Maximum (Daily) Amount Outstanding During the Period	Average (Daily) Amount Outstanding During the Period	Weighted (Daily) Average Interest Rate During the Period
<S>	<C>	<C>	<C>	<C>	<C>
Year Ended December 31, 1993					
Consumers Power Company:					
Bankers' acceptance drafts	\$ -	-	\$219	\$ 65	3.9%
Bank advances	235	4.0%	\$394	\$143	4.0%
Committed bank lines	24	3.9%	\$165	\$ 69	3.8%

	\$259				
	=====				
Year Ended December 31, 1992					
CMS Energy Corporation:					
Credit Agreement	-	-	\$414	\$357	5.4%
Consumers Power Company:					
Bankers' acceptance drafts	\$115	4.2%	\$149	\$ 68	4.3%
Bank advances	35	4.2%	\$181	\$ 32	4.4%
Committed bank lines	65	4.6%	\$215	\$ 84	4.3%

	\$215				
	=====				
Year Ended December 31, 1991					
CMS Energy Corporation:					
Credit Agreement	\$414	6.5%	\$450	\$ 23	7.1%
Consumers Power Company:					
Bankers' acceptance drafts	73	5.7%	\$201	\$ 61	6.2%
Bank advances	181	5.7%	\$181	\$122	7.5%
Committed bank lines	40	6.5%	\$212	\$ 78	6.7%

	294				

Jackson Pipeline Company:					
Note payable	-	-	\$ 10	\$ 4	9.1%
	\$708				
	=====				

</TABLE>

<TABLE>

CONSUMERS POWER COMPANY
Schedule IX - Short-Term Borrowings
Years Ended December 31, 1993, 1992 and 1991
(Millions of Dollars)

<CAPTION>

Category of Aggregate Short-Term Borrowings	Balance at End of Period	Weighted Average Interest Rate	Maximum (Daily) Amount Outstanding During the Period	Average (Daily) Amount Outstanding During the Period	Weighted (Daily) Average Interest Rate During the Period
<S>	<C>	<C>	<C>	<C>	<C>
Year Ended December 31, 1993					
Consumers Power Company:					

Bankers' acceptance drafts	\$ -	-	\$219	\$ 65	3.9%
Bank advances	235	4.0%	\$394	\$143	4.0%
Committed bank lines	24	3.9%	\$165	\$ 69	3.8%

\$259
=====

Year Ended December 31, 1992

Consumers Power Company:

Bankers' acceptance drafts	\$115	4.2%	\$149	\$68	4.3%
Bank advances	35	4.2%	\$181	\$32	4.4%
Committed bank lines	65	4.6%	\$215	\$84	4.3%

\$215
=====

Year Ended December 31, 1991

Consumers Power Company:

Bankers' acceptance drafts	\$ 73	5.7%	\$201	\$ 61	6.2%
Bank advances	181	5.7%	\$181	\$122	7.5%
Committed bank lines	40	6.5%	\$212	\$ 78	6.7%

\$294
=====

</TABLE>

170

<TABLE>

CMS ENERGY CORPORATION
Schedule X - Supplementary Income Statement Information
Years Ended December 31, 1993, 1992 and 1991
(Millions of Dollars)

<CAPTION>

Item (a)	Charged to Expense		
	1993	1992	1991
<S>	<C>	<C>	<C>
Real and personal property taxes	\$139	\$137	\$128
Royalties	46	42	49

<FN>

(a) "Other items" are either less than 1% of total operating revenue or are disclosed in the Consolidated Statements of Income.

</TABLE>

171

<TABLE>

CONSUMERS POWER COMPANY
Schedule X - Supplementary Income Statement Information
Years Ended December 31, 1993, 1992 and 1991
(Millions of Dollars)

<CAPTION>

Item (a)	Charged to Expense		
	1993	1992	1991
<S>	<C>	<C>	<C>
Real and personal property taxes	\$138	\$136	\$128

<FN>

(a) "Other items" are either less than 1% of total operating revenue or are disclosed in the Consolidated Statements of Income.

</TABLE>

Arthur Andersen & Co.

Report of Independent Public Accountants

To CMS Energy Corporation:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements included in CMS Energy Corporation's 1993 Annual Report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 28, 1994. Our audit was made for the purpose of forming an opinion on those basic consolidated financial statements taken as a whole. The schedules listed in Item 14(a) are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN & Co.

Detroit, Michigan,
January 28, 1994.

173

Arthur Andersen & Co.

Report of Independent Public Accountants

To Consumers Power Company:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements included in Consumers Power Company's 1993 Annual Report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 28, 1994. Our audit was made for the purpose of forming an opinion on those basic consolidated financial statements taken as a whole. The schedules listed in Item 14(a) are the responsibility of the Company's management and are presented for the purpose of complying with the Securities and Exchange Commission's rules and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN & Co.

Detroit, Michigan,
January 28, 1994.

174

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, CMS Energy Corporation has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 18th day of March 1994.

CMS ENERGY CORPORATION

By William T. McCormick, Jr.

William T. McCormick, Jr.
Chairman of the Board
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of CMS Energy Corporation and in the capacities and on the 18th day of March 1994.

Signature	Title
-----	-----
(i) Principal executive officer:	
William T. McCormick, Jr.	Chairman of the Board, Chief Executive Officer and Director

William T. McCormick, Jr.	
(ii) Principal financial officer:	
A M Wright	Senior Vice President and Chief Financial Officer

Alan M. Wright	
(iii) Controller or principal accounting officer:	
P. D. Hopper	Vice President, Controller and Chief Accounting Officer

Preston D. Hopper	
(iv) A majority of the Directors including those named above:	
	Director

James J. Duderstadt	

175

Signature	Title
-----	-----
Victor J. Fryling	Director

Victor J. Fryling	
Earl D. Holton*	Director

Earl D. Holton	
Lois A. Lund*	Director

Lois A. Lund	

Frank H. Merlotti*

Director

Frank H. Merlotti

W. U. Parfet*

Director

William U. Parfet

Percy A. Pierre*

Director

Percy A. Pierre

T. F. Russell*

Director

Thomas F. Russell

S. Kinnie Smith, Jr.*

Director

S. Kinnie Smith, Jr.

Director

Robert D. Tuttle

Kenneth Whipple*

Director

Kenneth Whipple

John B. Yasinsky*

Director

John B. Yasinsky

* By Thomas A. McNish

Thomas A. McNish, Attorney-in-Fact

176

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Consumers Power Company has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 18th day of March 1994.

CONSUMERS POWER COMPANY

By William T. McCormick, Jr.

William T. McCormick, Jr.
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of Consumers Power Company and in the capacities and on the 18th day of March 1994.

Signature

Title

(i) Principal executive officer:

President and

Michael G. Morris

Chief Executive Officer

Michael G. Morris

(ii) Principal financial officer:

A M Wright

Senior Vice President and
Chief Financial Officer

Alan M. Wright

(iii) Controller or principal
accounting officer:

Dennis DaPra

Vice President and
Controller

Dennis DaPra

(iv) A majority of the Directors
including those named above:

Director

James J. Duderstadt

177

Signature

Title

Victor J. Fryling

Director

Victor J. Fryling

Earl D. Holton*

Director

Earl D. Holton

Lois A. Lund*

Director

Lois A. Lund

William T. McCormick, Jr.

Director

William T. McCormick, Jr.

Frank H. Merlotti*

Director

Frank H. Merlotti

W. U. Parfet*

Director

William U. Parfet

Percy A. Pierre*

Director

Percy A. Pierre

T. F. Russell*

Director

Thomas F. Russell

S. Kinnie Smith, Jr.*

Director

S. Kinnie Smith, Jr.

Director

Robert D. Tuttle

Kenneth Whipple*

Director

Kenneth Whipple

John B. Yasinsky*

Director

John B. Yasinsky

*By Thomas A. McNish

Thomas A. McNish, Attorney-in-Fact

EXHIBIT (3) (b)

EXHIBIT (3) (b)

CMS ENERGY CORPORATION

BYLAWS

ARTICLE I: LOCATION OF OFFICES

- - - - -

Section 1 - Registered Office: The registered office of CMS Energy

Corporation, (the "Corporation") shall be at such place in the City of Jackson, County of Jackson, Michigan, or elsewhere in the State of Michigan, as the Board of Directors may from time to time designate.

Section 2 - Other Offices: The Corporation may have and maintain other offices within or without the State of Michigan.

ARTICLE II: CORPORATE SEAL

- - - - -

Section 1 - Corporate Seal: The Corporation shall have a corporate seal bearing the name of the Corporation. The form of the corporate seal may be altered by the Board of Directors.

ARTICLE III: FISCAL YEAR

- - - - -

Section 1 - Fiscal Year: The fiscal year of the Corporation shall begin with the first day of January and end with the thirty-first day of December of each year.

ARTICLE IV: SHAREHOLDERS' MEETINGS

- - - - -

Section 1 - Annual Meetings: An annual meeting of the shareholders for election of Directors and for such other business as may come before the meeting shall be held at the registered office of the Corporation or at such other place within or without the State of Michigan, at 10:00 AM, Eastern Daylight Saving Time, or at such other time on the fourth Friday in April of each year or upon such other day as the Board of Directors may designate, but in no event shall such date be more than 90 days after the fourth Friday in April.

Section 2 - Special Meetings: Special meetings of the shareholders may be called by the Board of Directors or by the Chairman of the Board. Such meetings shall be held at the registered office of the Corporation or at such other place within or without the State of Michigan as the Board of Directors may designate.

Section 3 - Notices: Except as otherwise provided by law, written notice of any meeting of the shareholders shall be given, either personally or by mail to each shareholder of record entitled to vote at such meeting, not less than ten days nor more than sixty days prior to date of the meeting, at their last known address as the same appears on the stock records of the Corporation. Written notice shall be considered given when deposited, with postage thereon prepaid, in a post office or official depository under the control of the United States postal service. Such notice shall specify the time and place of holding the meeting, the purpose or

purposes for which such meeting is called, and the record date fixed for the determination of shareholders entitled to notice of and to vote at such meeting. The Board of Directors shall fix a record date for determining shareholders entitled to notice of and to vote at such meeting. The Board of Directors shall fix a record date for determining shareholders entitled to notice of and to vote at a meeting of shareholders, which record date shall not be more than sixty days nor less than ten days before the date of the meeting. Such record date shall apply to any adjournment of the meeting unless the Board of Directors shall fix a new record date for purposes of the adjourned meeting.

No notice of an adjourned meeting shall be necessary if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the adjourned meeting only such business may be transacted as might have been transacted at the original meeting. If, after an adjournment, the Board of Directors shall fix a new record date for the adjourned meeting, a notice of the adjourned meeting shall be mailed, in conformity with the provisions of the first paragraph of this Section 3, to each shareholder of record on the new record date entitled to vote at the adjourned meeting.

Section 4 - Quorum: Except as otherwise provided by law or by the Articles of Incorporation of the Corporation, the holders of the shares of stock of the Corporation entitled to cast a majority of the votes at a meeting shall constitute a quorum for the transaction of business at the meeting, but a lesser number may convene any meeting and, by a majority vote of the shares present at the meeting, may adjourn the same from time to time until a quorum shall be present.

Section 5 - Voting: Shareholders may vote at all meetings in person or by proxy in writing, but all proxies shall be filed with the Secretary of the meeting before being voted upon.

Subject to the provisions of the Articles of Incorporation of the Corporation at all meetings of the shareholders of the Corporation each holder of Common Stock shall be entitled on all questions to one vote for each share of stock held by such holder, and a majority of the votes cast by the holders of shares entitled to vote thereon shall be sufficient for the adoption of any question presented, unless otherwise provided by law or by the Articles of Incorporation of the Corporation.

Section 6 - Inspectors: In advance of any meeting of shareholders the Board of Directors shall appoint one or more inspectors to act at such meeting or any adjournment thereof. The inspectors shall have such powers and duties as are provided by law.

ARTICLE V: DIRECTORS

Section 1 - Number: The Board of Directors of the Company shall consist of two members and an alternate of each, if desirable, or as many members or alternates as shall be fixed from time to time by resolution of the Board of Directors.

Section 2 - Election: Each shareholder shall elect annually one Director and an alternate Director, if desirable, at the annual meeting of the shareholders.

Section 3 - Term of Office: Subject to the provisions of the Articles of Incorporation of the Company and unless otherwise provided by law, the Directors shall hold office from the date of their election until the next succeeding annual meeting and until their successors are elected and shall qualify.

Section 4 - Vacancies: Any vacancy or vacancies in the Board of Directors arising from any cause may be filled by appointment by the responsible Shareholder. An increase in the number of members shall be construed as creating a vacancy.

Section 5 - Fees: Except as otherwise provided by law, the Board of Directors, by affirmative vote of all Directors then in office, may establish reasonable compensation for Directors for services to the Company as Directors, and may from time to time review and adjust such compensation in an amount the Board may deem reasonable.

ARTICLE VI: DIRECTORS' MEETINGS

Section 1 - Organization Meeting: As soon as possible after their election, the Board of Directors shall meet and organize and may also transact other business.

Section 2 - Other Meetings: Meetings of the Board of Directors may be held at any time upon call of the Secretary made at the direction of the Chairman of the Board, the President, or a Director.

Section 3 - Place of Meeting: All meetings of Directors shall be held at such place within or without the State of Michigan as may be designated in the call therefore.

Section 4 - Notice: A reasonable notice of all meetings, in writing or otherwise, shall be given to each Director or sent to the Director's residence or place of business; provided, however, that no notice shall be required for an organization meeting if held on the same day as the shareholders' meeting at which Directors were elected.

No notice of the holding of an adjourned meeting shall be necessary.

Notice of all meetings shall specify the time and place of holding the meeting and unless otherwise stated any and all business may be transacted at any such meeting.

Notice of the time, place and purpose of any meeting may be waived in writing either before or after the holding thereof.

Section 5 - Quorum: At all meetings of the Board of Directors a majority of the Board then in office shall constitute a quorum but a majority of the Directors present may convene and adjourn any such meeting from time to time until a quorum shall be present; provided, that if the Board shall consist of ten and not more than fifteen, then five members shall constitute a quorum; and if the Board shall consist of more than fifteen, then seven members shall constitute a quorum.

Section 6 - Voting: All questions coming before any meeting of the Board of Directors for action shall be decided by a majority vote of the Directors present at such meeting, unless otherwise provided by law, the Articles of Incorporation of the Corporation or by these Bylaws.

Section 7 - Participation by Communications Equipment: A Director or a member of a Committee designated by the Board of Directors may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting by such means shall constitute presence in person at the meeting.

Section 8 - Action Without Meeting: Any action required or permitted to be taken pursuant to authorization voted at a meeting of the Board of Directors or a Committee thereof, may be taken without a meeting if, before or after the action, all members of the Board or of the Committee consent thereto in writing. The written consents shall be filed with the minutes of the proceedings of the Board or Committee, and the consents shall have the same effect as a vote of the Board or Committee for all purposes.

ARTICLE VII: EXECUTIVE AND OTHER COMMITTEES

Section 1 - Number and Qualifications: By resolution passed by a majority of the whole Board, the Board of Directors may from time to time designate one or more of their number to constitute an Executive or any other Committee of the Board, as the Board of Directors may from time to time determine to be desirable, and may

fix the number of and designate the Chairman of each such Committee. Except as otherwise provided by law, the powers of each such Committee shall be as defined in the resolution or resolutions of the Board of Directors relating to the authorization of such Committee, and may include, if such resolution or resolutions so provide, the power and authority to declare a dividend or to authorize issuance of shares of stock of the Corporation.

Section 2 - Appointment: The appointment of members of each such Committee, or other action respecting any Committee, may take place at any meeting of the Directors.

Section 3 - Term of Office: The members of each Committee shall hold office at the pleasure of the Board of Directors.

Section 4 - Vacancies: Any vacancy or vacancies in any such Committee arising from any cause shall be filled by resolution passed by a majority of the whole Board of Directors. By like vote the Board may designate one or more Directors to serve as alternate members of a Committee, who may replace an absent or disqualified member at a meeting of a Committee; provided, however, in the absence or disqualification of a member of a Committee, the members of the Committee present at a meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act in the place of the absent or disqualified member.

Section 5 - Minutes: Except as provided in Section 2 of Article X hereof or as otherwise determined by the Board of Directors, each such Committee shall make a written report or recommendation following its meetings or keep minutes of all its meetings.

Section 6 - Quorum: At all meetings of any duly authorized Committee of the Board of Directors, a majority of the members of such Committee shall constitute a quorum but a majority of the members present may convene and adjourn any such meeting from time to time until a quorum shall be present; provided, that with respect to any Committee of the Board other than the Executive Committee, if the membership of such Committee is four or less, then two members of such Committee shall constitute a quorum and one member may convene and adjourn any such meeting from time to time until a quorum shall be present.

ARTICLE VIII: OFFICERS

- - - - -

Section 1 - Election: The officers shall be chosen by the Board of Directors. The Corporation shall have a Chairman of the Board, a President, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time determine, who shall have respectively such duties and authority as may be provided by

these Bylaws or as may be provided by resolution of the Board of Directors not inconsistent herewith. Any two or more of such offices may be held by the same persons but no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, by the Articles of Incorporation of the Corporation or by these Bylaws to be executed, acknowledged or verified by two or more officers.

Section 2 - Qualifications: The Chairman of the Board, the President and Vice Chairmen, if any, shall be chosen from among the Board of Directors, but the other officers need not be members of the Board.

Section 3 - Vacancies: Any vacancy or vacancies among the officers arising from any cause shall be filled by the Board of Directors. In case of the absence of any officer of the Corporation or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate, for the time being, the powers or duties, or any of them, of any officer to any other officer or to any Director.

Section 4 - Term of Office: Each officer of the Corporation shall hold office until a successor is chosen and qualified, or until the officer's resignation or removal. Any officer appointed by the Board of Directors may be removed at any time by the Board of Directors with or without cause.

Section 5 - Compensation: The compensation of the officers shall be fixed by the Board of Directors.

ARTICLE IX: AGENTS

- - - - -

Section 1 - Resident Agent: The Corporation shall have and continuously maintain a resident agent, which may be either an individual resident in the State of Michigan whose business office is identical with the Corporation's registered office or a Michigan corporation or a foreign corporation authorized to transact business in Michigan and having a business office identical with the Corporation's registered office. The Board of Directors shall appoint the resident agent.

Section 2 - Other Agents: The Board of Directors may appoint such other agents as may in their judgment be necessary for the proper conduct of the business of the Corporation.

ARTICLE X: POWERS AND DUTIES

- - - - -

Section 1 - Directors: The business and affairs of the Corporation shall be managed by the Board of Directors which shall have and

exercise all of the powers and authority of the Corporation except as otherwise provided by law, by the Articles of Incorporation of the Corporation or by these Bylaws.

Section 2 - Executive Committee: In the interim between meetings of the Board of Directors the Executive Committee shall have and exercise all the powers and authority of the Board of Directors except as otherwise provided by law. The Executive Committee shall meet from time to time on the call of the Chairman of the Board or the Chairman of the Committee. The Secretary shall keep minutes in sufficient detail to advise fully the Board of Directors of the actions taken by the Committee and shall submit copies of such minutes to the Board of Directors for its approval or other action at its next meeting.

Section 3 - Chairman of the Board: The Chairman of the Board shall be the chief executive officer of the Corporation and, subject to the supervision of the Board of Directors and of the Executive Committee, shall have general charge of the business and affairs of the Corporation; shall preside at all meetings of Directors and shareholders; and shall perform and do all acts and things incident to the position of Chairman of the Board, and such other duties as may be assigned from time to time by the Board of Directors or the Executive Committee.

Unless otherwise provided by the Board or the Executive Committee, the Chairman of the Board shall have full power and authority on behalf of the Corporation to execute any shareholders' consents and to attend and act and to vote in person or by proxy at any meetings of shareholders of any corporation in which the Corporation may own stock and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock and which, as the owner thereof, the Corporation might have possessed and exercised if present. If the Chairman of the Board shall not exercise such powers, or in the absence or inability to act of the Chairman, the President may exercise such powers. In the absence or inability to act of the President, a Vice Chairman, if any, may exercise such powers. In the absence or inability to act of a Vice Chairman, any Vice President may exercise such powers. The Board of Directors or Executive Committee by resolution from time to time may confer like powers upon any other person or persons.

Section 4 - President: The President shall be the chief operating officer of the Corporation; shall perform and do all acts and things incident to such position and such other duties as may be assigned from time to time by the Board of Directors, the Executive Committee or the Chairman of the Board; in the absence of the Chairman of the Board and a Vice Chairman, shall preside at meetings of Directors; and in the absence of the Chairman of the Board shall preside at meetings of shareholders.

Section 5 - Vice Chairman: A Vice Chairman, if any, shall perform such of the duties of the Chairman of the Board or the President on behalf of the Corporation as may be respectively assigned from time to time by the Board of Directors, the Executive Committee, the Chairman of the Board or the President; in the absence of the Chairman of the Board shall preside at meetings of Directors; and in the absence of the Chairman of the Board and the President shall preside at meetings of shareholders.

Section 6 - Vice Presidents: Vice Presidents, if any, shall perform such of the duties of the Chairman of the Board or the President or the Vice Chairman, if any, on behalf of the Corporation as may be respectively assigned to them from time to time by the Board of Directors, the Executive Committee, the Chairman of the Board or the President or a Vice Chairman. The Board of Directors or Executive Committee may designate one or more of the Vice Presidents as Executive Vice President or Senior Vice President.

Section 7 - Controller: Subject to the control of the Board of Directors, the Executive Committee, the Chairman of the Board, the President and the Vice President having general charge of accounting, the Controller, if any, shall have charge of the supervision of the accounting system of the Corporation, including the preparation and filing of all tax returns and financial reports required by law to be made to any and all public authorities and officials; and shall perform such other duties as may be assigned, from time to time, by the Board of Directors, the Executive Committee, the Chairman of the Board, the President, a Vice Chairman, if any, or Vice President having general charge of accounting.

Section 8 - Treasurer: It shall be the duty of the Treasurer to have the care and custody of all the funds and securities, including the investment thereof, of the Corporation which may come into Treasurer's hands, and to endorse checks, drafts and other instruments for the payment of money for deposit or collection when necessary or proper and to deposit the same to the credit of the Corporation in such bank or banks or depository as may be designated, may endorse all commercial documents requiring endorsements for or on behalf of the Corporation, may sign all receipts and vouchers for the payments made to the Corporation, shall render an account of transactions to the Board of Directors or the Executive Committee as often as the Board or the Committee shall require, and shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors, the Executive Committee, the Chairman of the Board, the President and a Vice Chairman, if any.

Section 9 - Secretary: The Secretary shall record the minutes of

all meetings of the Board of Directors, of the Executive Committee, of the shareholders and of any Committees of the Board of Directors which keep formal minutes; shall attend to the giving and serving of all notices of the Corporation; shall prepare or cause to be prepared the list of shareholders required to be produced at any meeting; shall attest the seal of the Corporation upon all contracts and instruments executed under such seal, shall affix or cause to be affixed the seal of the Corporation thereto and to all certificates of shares of the capital stock, shall have charge of the stock records of the Corporation, and shall, in general, perform all the duties of Secretary, subject to the control of the Board of Directors, the Executive Committee, the Chairman of the Board, the President and a Vice Chairman, if any.

Section 10 - General Counsel: The General Counsel, if any, shall have charge of all matters of a legal nature involving the Corporation.

Section 11 - Assistant Controllers,
Assistant Secretaries and
Assistant Treasurers: An Assistant Controller, an Assistant Secretary or an Assistant Treasurer, if any, shall, in the absence or inability to act or at the request of the Controller, Secretary or Treasurer, respectively, perform the duties of the Controller or Secretary or Treasurer, respectively, and shall perform such other duties as may from time to time be assigned by the Board of Directors, the Executive Committee, the Chairman of the Board, the President or a Vice Chairman, if any. The performance of any such duty shall be conclusive evidence of right to act.

Section 12 - Principal Financial Officer and
Principal Accounting Officer: The Board of Directors or the Executive Committee may from time to time designate officers of the Corporation to be the Principal Financial Officer and the Principal Accounting Officer of the Corporation.

ARTICLE XI: STOCK

Section 1 - Stock Certificates: The shares of stock of the Corporation shall be represented by certificates which shall be numbered and shall be entered on the stock records of the Corporation and registered as they are issued. Each certificate shall state on its face that the Corporation is formed under the laws of Michigan, the name of the person or persons to whom issued, the number and class of shares and the designation of the series the certificate represents, and the par value of each share represented by the certificate; shall be signed by the Chairman of the Board or a Vice Chairman or the President or one of the Vice Presidents and by the Treasurer or an Assistant Treasurer or the

Secretary or an Assistant Secretary; and shall be sealed with the seal of the Corporation or a facsimile thereof. When such certificates are countersigned by a transfer agent or registered by a registrar, the signatures of any such Chairman of the Board, Vice Chairman, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be facsimiles. In case any officer, who shall have signed or whose facsimile signature shall have been placed on any such certificate, shall cease to be such officer of the Corporation before such certificate shall have been issued by the Corporation, such certificate may nevertheless be issued by the Corporation with the same effect as if the person, who signed such certificate or whose facsimile signature shall have been placed thereon, were such officer of the Corporation at the date of issue.

Each certificate shall set forth on its face or back or state that the Corporation will furnish to a shareholder upon request and without charge a full statement of the designations, relative rights, preferences and limitations of the shares of stock of each class authorized to be issued and of each series so far as the same have been prescribed and the authority of the Board of Directors to designate and prescribe the relative rights, preferences and limitations of other series.

Section 2 - Stock Records: The shares of stock of the Corporation shall be transferable on the stock records of the Corporation in person or by proxy duly authorized and upon surrender and cancellation of the old certificates therefore.

The Board of Directors may fix a date preceding the date fixed for any meeting of the shareholders or any dividend payment date or the date for the allotment of rights or the date when any change, conversion or exchange of stock shall go into effect or the date for any other action, as the record date for the determination of the shareholders entitled to notice of and to vote at such meeting or to receive payment of such dividend or to receive such allotment of rights or to exercise such rights in respect of any such change, conversion or exchange of stock or to take such other action, as the case may be, notwithstanding any transfer of shares on the records of the Corporation or otherwise after any such record date fixed as aforesaid. The record date so fixed by the Board shall not be more than sixty nor less than ten days before the date of the meeting of the shareholders, nor more than sixty days before any other action. If the Board of Directors does not fix a date of record, as aforesaid, the record date shall be as provided by law.

Section 3 - Stock - Preferred and Common: The Preferred Stock, and the Common Stock of the Corporation shall consist of shares having a par value of \$.01 per share.

The designations, relative rights, preferences, limitations and voting powers, or restrictions, or qualifications of the shares of Preferred Stock and Common Stock shall be as set forth in the Articles of Incorporation of the Corporation.

Section 4 - Replacing Certificates: In case of the alleged loss, theft or destruction of any certificate of shares of stock and the submission of proper proof thereof, a new certificate may be issued in lieu thereof upon delivery to the Corporation by the owner or legal representative of a bond of indemnity against any claim that may be made against the Corporation on account of such alleged lost, stolen or destroyed certificate or such issuance of a new certificate.

ARTICLE XII: AUTHORIZED SIGNATURES

Section 1 - Authorized Signatures: All checks, drafts and other negotiable instruments issued by the Corporation shall be made in the name of the Corporation and shall be signed manually or signed by facsimile signature by such one of the officers of the Corporation or such other person as the Chairman of the Board may from time to time designate.

ARTICLE XIII: AMENDMENTS OF BYLAWS

Section 1 - Amendments, How Effected: These Bylaws may be amended or repealed, or new Bylaws may be adopted, either by the majority vote of the votes cast by the shareholders entitled to vote thereon or by the majority vote of the Directors then in office at any meeting of the Directors.

July 1, 1993

EXHIBIT (3) (c)

EXHIBIT (3) (c)

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF COMMERCE
CORPORATION DIVISION
LANSING, MICHIGAN

RESTATED ARTICLES OF INCORPORATION
(Profit Corporation)

These Restated Articles of Incorporation are executed pursuant

to the provisions of Sections 641 through 651, Act 284, Public Acts of 1972, as amended, (the "Act"). These Restated Articles of Incorporation were duly adopted on February 25, 1994 by the Board of Directors of Consumers Power Company, without a vote of the shareholders, in accordance with provisions of Section 642 of the Act. These Restated Articles of Incorporation only restate and integrate and do not further amend the provisions of the Articles of Incorporation as heretofore amended and there is no material discrepancy between those provisions and the provisions of these Restated Articles.

The present name of the corporation is Consumers Power Company. The former name of the corporation was Consumers Power Company of Michigan.

Consumers Power Company is the successor to a corporation of the same name which was organized in Maine in 1910 and did business in Michigan from 1915 to 1968.

The date of filing the original Articles of Incorporation in Michigan was January 22, 1968.

RESTATED ARTICLES OF INCORPORATION

The following restated Articles of Incorporation supersede the original Articles as amended and shall be the Articles of Incorporation of the corporation.

ARTICLE I

The name of the corporation is CONSUMERS POWER COMPANY (hereinafter called the "Company").

ARTICLE II

The purposes for which the Company is formed are as follows:

(a) To generate, manufacture, produce, gather, purchase, store, transmit, distribute, transform, use, sell and supply electric energy or gas, either artificial or natural, or both electric energy and gas, to the public generally, and to public utilities, natural gas companies and to any and all other entities (whether governmental, public or private); and generally to carry on the electric business or the gas business, or both businesses, as a public utility.

(b) To generate, manufacture, produce, purchase, transmit, distribute, transform, use, sell and supply hot water, steam, heat, power and energy, or any or all thereof, to the public generally, and to any and all other entities (whether governmental, public or private); and generally to carry on any or all of such businesses as a public utility.

(c) To acquire by lease, purchase, grant, donation, devise, bequest or otherwise, all such lands, easements, royalties, leaseholds,

flowage rights, water power and other property, real, personal or mixed, tangible or intangible, and any interest therein, wherever the same may be located and whether within or without the State of Michigan, as may be necessary, incidental or appropriate to the carrying out of any of its purposes, and to hold, convey, mortgage or lease, with or without any of its franchises, corporate or otherwise, any of the foregoing.

(d) To dam any stream or streams, lake or other body of water, and excavate, construct, maintain, repair and improve any existing stream, lake, reservoir, body of water, or canal, or which it may excavate and construct, with water power appurtenant thereto; to flood, flow and submerge land and property by any means whatsoever, including but not limited to, the construction of the necessary dams or other facilities in any canal, or in creeks, streams, reservoirs, lakes or other bodies of water or watercourses, natural or artificial; to excavate, construct, improve, maintain, repair, remove and replace reservoirs, dams, dikes and other facilities; and to condemn all lands, easements, rights of way, waterpowers, flowage rights, gas royalties, natural gas leaseholds, royalty interests, and other property, and any and all interests therein, to the extent authorized, and subject to the limitations imposed by the laws of the State of Michigan or of any other State applicable thereto.

(e) To explore for, mine, produce, gather, purchase, store, transmit, distribute, refine, sell and supply natural gas, oil and other hydrocarbons.

(f) To sell appliances and carry on an appliance business.

(g) To carry on any and all other businesses and perform any and all other acts incident to or appropriate in connection with any of the foregoing.

(h) To guarantee, subscribe for, purchase, invest in, own, hold or otherwise acquire, sell, assign, transfer, mortgage, pledge or otherwise dispose of, the shares of the capital stock of, or any bonds, securities or evidences of indebtedness created by, or any other evidences of interest in, any other corporation or corporations or other entity of the District of Columbia or of the State of Michigan or any other State, country, nation or government so far as permitted by the laws applicable thereto, and while the owner thereof to exercise all the rights, powers and privileges of ownership, including the right to vote thereon or with respect thereto and to receive all dividends or payments thereon, so far as permitted by the laws applicable thereto; to lend money to or aid in any lawful manner whatsoever any corporation or other entity now existing or hereafter formed whose shares of capital stock, bonds, securities or evidences of indebtedness, or other evidences of interest therein, are held or are in any manner guaranteed by the Company; and to do any and all lawful acts and things to protect, preserve, improve or enhance the value of any such shares of capital stock, bonds, securities, evidences of indebtedness or other interests.

(i) To acquire, purchase, hold, sell and transfer shares of its own capital stock, bonds and other evidences of indebtedness to the extent and in the manner authorized by, and subject to any requirements of, the laws applicable thereto.

(j) To borrow money and issue, sell or pledge bonds, promissory notes, bills of exchange, debentures and other obligations and evidences of indebtedness, whether secured by mortgage, pledge or otherwise, or unsecured.

(k) To make contributions of money, property, services or otherwise for public welfare, including, among other things, charitable, scientific, educational and religious purposes.

(l) To conduct its business in the State of Michigan, other States, the District of Columbia, the territories and colonies of the United States and in foreign countries and the territories and colonies thereof and to have one or more offices within or without the State of Michigan.

(m) To have and to exercise all such powers as may be conferred by the laws of the State of Michigan applicable to the Company or to corporations engaged in the State of Michigan in any business which may be carried on by the Company.

The foregoing clauses shall be construed both as purposes and powers, but no recitation, expression or declaration of specific or special purposes or powers hereinabove enumerated shall be deemed to be exclusive, it being hereby expressly declared that all purposes and powers not inconsistent therewith or with the laws of the State of Michigan applicable to the Company are hereby included, and the Company shall possess all such incidental and other powers as are reasonably necessary, appropriate or convenient to the accomplishment of any of the foregoing purposes or powers, either alone or in association with other corporations, associations, firms, individuals or entities (whether governmental, public or private), to the same extent and as fully as individuals might or could do, as principals, agents, contractors or otherwise.

ARTICLE III

The street and mailing address of the registered office is 212 West Michigan Avenue, Jackson, Michigan 49201.

The name of the resident agent at the registered office is T. A. McNish.

ARTICLE IV

The total number of shares of all classes of stock which the Company shall have authority to issue is 188,500,000: 23,500,000 shares

of preferred stock, 7,500,000 of which are of the par value of \$100 per share and are of a class designated Preferred Stock, and 16,000,000 shares of which are of no par value and are of a class designated Class A Preferred Stock; 40,000,000 shares are of the par value of \$1 per share and are of a class designated Preference Stock; and 125,000,000 shares are of the par value of \$10 per share and are of a class designated Common Stock.

ARTICLE V

A director shall not be personally liable to the Company 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 Company or its shareholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) for a violation of Section 551(1) of the Michigan Business Corporation Act, and (iv) any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article V, 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 Company for or with respect to any acts or omissions of such director occurring prior to such amendment, repeal or modification.

ARTICLE VI

Each director and each officer of the Company shall be indemnified by the Company 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 Company. Such right of indemnification is not exclusive of any other rights to which such director or officer may be entitled under any now or hereafter existing statute, any other provision of these Articles, bylaw, agreement, vote of shareholders or otherwise. If the Business Corporation Act of the State of Michigan is amended after approval by the shareholders of this Article VI to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company 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 VI by the shareholders of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

ARTICLE VII

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

PREFERRED STOCK
Preferred Stock Issuable in Series

The shares of Preferred Stock may be divided into and issued in series. Each such series shall be so designated as to distinguish the shares thereof from the shares of all other series and classes, and all shares of the Preferred Stock shall be identical, except as to the following relative rights and preferences, as to which there may be variations between different series:

- (a) The rate of dividend;
- (b) The price at which shares may be redeemed, such price to be not less than \$100 or more than \$115 per share, plus accrued dividends to the date of redemption;
- (c) The amount payable upon shares in event of involuntary liquidation, which amount shall not be less than \$100 per share or more than \$115 per share, plus accrued dividends;
- (d) The amount payable upon shares in event of voluntary liquidation, which amount shall not be less than \$100 per share or more than \$115 per share, plus accrued dividends;
- (e) The terms and conditions, if any, on which shares shall be by their terms convertible into or exchangeable for shares of any other class of stock of the Company over which the Preferred Stock has preference as to payment of dividends and as to assets;
- (f) Subject to the rights and preferences of shares of Preferred Stock set forth under the heading "General Provisions", the terms and conditions of a sinking or purchase fund, if any, for the redemption or purchase of such shares.

No change shall be made in any of the rights and preferences of any series of Preferred Stock at the time outstanding in those respects in which the shares thereof vary from the shares of other series of Preferred Stock at the time outstanding without the affirmative vote in favor thereof of the holders of at least 66-2/3% of the shares of such series of Preferred Stock at the time outstanding, in addition to such other vote, if any, as may be required for such change under the applicable provisions of these Articles or of the Michigan General Corporation Act.

Series Established By Articles

There are hereby established six series of Preferred Stock designated, respectively, as \$4.50 Preferred Stock, \$4.16 Preferred Stock, \$7.45 Preferred Stock, \$7.72 Preferred Stock, \$7.76 Preferred Stock and \$7.68 Preferred Stock.

\$4.50 Preferred Stock

The rights and preferences of the shares of \$4.50 Preferred Stock in those respects in which the shares thereof may vary from the shares of other series are as follows:

- (a) The rate of dividend is \$4.50 per annum;
- (b) The price at which shares may be redeemed is \$110 per share, plus accrued dividends to the date of redemption;
- (c) The amount payable in event of involuntary liquidation is \$100 per share, plus accrued dividends;
- (d) The amount payable in event of voluntary liquidation is \$105 per share, plus accrued dividends;
- (e) Shares are not, by their terms, convertible or exchangeable;
- (f) Shares are not, by their terms, entitled to the benefit of any sinking or purchase fund.

\$4.16 Preferred Stock

The rights and preferences of the shares of \$4.16 Preferred Stock in those respects in which the shares thereof may vary from the shares of other series are as follows:

- (a) The rate of dividend is \$4.16 per annum;
- (b) The price at which shares may be redeemed is \$103.25 per share, plus accrued dividends to the date of redemption;
- (c) The amount payable in event of involuntary liquidation is \$100 per share, plus accrued dividends;

- (d) The amount payable in event of voluntary liquidation is \$101 per share, plus accrued dividends;
- (e) Shares are not, by their terms, convertible or exchangeable;
- (f) Shares are not, by their terms, entitled to the benefit of any sinking or purchase fund.

\$7.45 Preferred Stock

The rights and preferences of the shares of \$7.45 Preferred Stock in those respects in which the shares thereof may vary from the shares of other series are as follows:

- (a) The rate of dividend is \$7.45 per annum;
- (b) The price at which shares may be redeemed is \$108 per share if redeemed prior to April 1, 1978; \$106 per share if redeemed thereafter and prior to April 1, 1981; \$103 per share if redeemed thereafter and prior to April 1, 1986; and at \$101 per share thereafter, plus, in each case, accrued dividends to the date of redemption; provided, however, that prior to April 1, 1978 none of the shares may be redeemed if such redemption is a part of or in anticipation of any refunding operation involving the application, directly or indirectly, of borrowed funds or the proceeds of an issue of any stock ranking prior to or on a parity with the \$7.45 Preferred Stock if such borrowed funds have an interest rate or cost to the Company (computed in accordance with generally accepted financial practice), or such stock has a dividend rate or cost to the Company (so computed), less than \$7.45 per annum;
- (c) The amount payable in event of involuntary liquidation is \$100 per share, plus accrued dividends;
- (d) The amount payable in event of voluntary liquidation is \$100 per share, plus accrued dividends;
- (e) Shares are not, by their terms, convertible or exchangeable;
- (f) Shares are not, by their terms, entitled to the benefit of any sinking or purchase fund.

\$7.72 Preferred Stock

The rights and preferences of the shares of \$7.72 Preferred Stock in those respects in which the shares thereof may vary from the shares of other series are as follows:

- (a) The rate of dividend is \$7.72 per annum;
- (b) The price at which shares may be redeemed is \$108 per share if redeemed prior to July 1, 1977; \$106 per share if redeemed thereafter and prior to July 1, 1982; \$103 per share if redeemed thereafter and prior to July 1, 1987; and at \$101 per share thereafter, plus, in each case, accrued dividends to the date of redemption; provided, however, that prior to July 1, 1977 none of the shares may be redeemed if such redemption is a part of or in anticipation of any refunding operation involving the application, directly or indirectly, of borrowed funds or the proceeds of an issue of any stock ranking prior to or on a parity with the \$7.72 Preferred Stock if such borrowed funds have an interest rate or cost to the Company (computed in accordance with generally accepted financial practice), or such stock has a dividend rate or cost to the Company (so computed), less than 7.72% per annum;
- (c) The amount payable in event of involuntary liquidation is \$100 per share, plus accrued dividends;
- (d) The amount payable in event of voluntary liquidation is \$100 per share, plus accrued dividends;
- (e) Shares are not, by their terms, convertible or exchangeable;
- (f) Shares are not, by their terms, entitled to the benefit of any sinking or purchase fund.

\$7.76 Preferred Stock

The rights and preferences of the shares of \$7.76 Preferred Stock in those respects in which the shares thereof may vary from the shares of other series are as follows:

- (a) The rate of dividend is \$7.76 per annum;
- (b) The price at which shares may be redeemed is \$109.19 per share if redeemed prior to June 1, 1978; \$107.25

per share if redeemed thereafter and prior to June 1, 1983; \$105.31 per share if redeemed thereafter and prior to June 1, 1988; and at \$102.21 per share thereafter, plus, in each case, accrued dividends to the date of redemption; provided, however, that prior to June 1, 1978 none of the shares may be redeemed if such redemption is for the purpose or in anticipation of refunding such share through the use, directly or indirectly, of funds borrowed by the Company, or through the use, directly or indirectly, of funds derived through the issuance by the Company of stock ranking prior to or on a parity with the \$7.76 Preferred Stock as to dividends or assets, if such borrowed funds have an effective interest cost to the Company (computed in accordance with generally accepted financial practice) or such stock has an effective dividend cost to the Company (so computed) of less than 7.7439% per annum;

- (c) The amount payable in event of involuntary liquidation is \$100 per share, plus accrued dividends;
- (d) The amount payable in the event of voluntary liquidation is \$101.43 per share, plus accrued dividends;
- (e) Shares are not, by their terms, convertible or exchangeable;
- (f) Shares are not, by their terms, entitled to the benefit of any sinking or purchase fund.

\$7.68 Preferred Stock

The rights and preferences of the shares of \$7.68 Preferred Stock in those respects in which the shares thereof may vary from the shares of other series are as follows:

- (a) The rate of dividend is \$7.68 per annum;
- (b) The price at which shares may be redeemed is \$108 per share if redeemed prior to November 1, 1978; \$106 per share if redeemed thereafter and prior to November 1, 1983; \$103 per share if redeemed thereafter and prior to November 1, 1988; and at \$101 per share thereafter, plus, in each case, accrued dividends to the date of redemption; provided, however, that prior to November 1, 1978 none of the shares may be redeemed if such redemption is for the purpose or in anticipation of

refunding such share through the use, directly or indirectly, of funds borrowed by the Company, or through the use, directly or indirectly, of funds derived through the issuance by the Company of stock ranking prior to or on a parity with the \$7.68 Preferred Stock as to dividends or assets, if such borrowed funds have an effective interest cost to the Company (computed in accordance with generally accepted financial practice) or such stock has an effective dividend cost to the Company (so computed), of less than 7.68% per annum;

- (c) The amount payable in event of involuntary liquidation is \$100 per share, plus accrued dividends;
- (d) The amount payable in event of voluntary liquidation is \$100 per share, plus accrued dividends;
- (e) Shares are not, by their terms, convertible or exchangeable;
- (f) Shares are not, by their terms, entitled to the benefit of any sinking or purchase fund.

Authority of Board of Directors as to Other Series

To the extent that series of Preferred Stock have not been established and variations in the relative rights and preferences as between series have not been fixed and determined as hereinbefore set forth in these Articles, authority is vested in the Board of Directors of the Company to divide the shares of Preferred Stock into and to establish series of Preferred Stock, to fix and determine within the limitations hereinabove set forth in these Articles the relative rights and preferences of the shares of any series so established, to issue and sell any and all of the authorized and unissued shares of Preferred Stock as shares of any series thereof established by these Articles or by action of the Board of Directors pursuant hereto, and to create a sinking or purchase fund for the redemption or purchase of shares of any series without the necessity of providing a sinking or purchase fund for any other series, and in the event that the Company shall acquire, by purchase or redemption or otherwise, any issued shares of its Preferred Stock of any series, the Board of Directors may resell or convert and sell or otherwise dispose of, in their discretion, any shares so acquired as shares of the same series or of any other duly created series of Preferred Stock.

CLASS A PREFERRED STOCK Class A Preferred Stock Issuable in Series

The shares of Class A Preferred Stock may be divided into and issued in series. Each such series shall be so designated as to distinguish the shares thereof from the shares of all other series and classes, and all shares of the Class A Preferred Stock shall be identical, except as to the following relative rights and preferences, as to which there may be variations between different series:

- (a) The rate of dividend;
- (b) The price at which shares may be redeemed;
- (c) The amount payable upon shares in event of involuntary liquidation;
- (d) The amount payable upon shares in event of voluntary liquidation;
- (e) The voting rights of the holders of such series, if any; provided that such holders of all series shall have the voting rights hereinafter specified in these Articles;
- (f) The terms and conditions, if any, on which shares shall be by their terms convertible into or exchangeable for any other securities; and
- (g) The terms and conditions of a sinking or purchase fund, if any, for the redemption or purchase of such shares.

No change shall be made in any of the rights and preferences of any series of Class A Preferred Stock at the time outstanding in those respects in which the shares thereof vary from the shares of other series of Class A Preferred Stock at the time outstanding without the affirmative vote in favor thereof of the holders of at least 66-2/3% of the shares of such series of Class A Preferred Stock at the time outstanding, in addition to such other vote, if any, as may be required for such change under the applicable provisions of these Articles or of the Michigan Business Corporation Act.

Authority of Board of Directors As to Other Series

To the extent that series of Class A Preferred Stock have not been established and variations in the relative rights and preferences as between series have not been fixed and determined as hereinbefore set forth in these Articles, authority is vested in the Board of Directors of the Company to divide the shares of Class A Preferred Stock into and to establish series of Class A Preferred Stock, to fix and determine the relative rights and preferences of the shares of any series so

established, to issue and sell any and all of the authorized and unissued shares of Class A Preferred Stock as shares of any series thereof established by these Articles or by action of the Board of Directors pursuant hereto, and to create a sinking or purchase fund for the redemption or purchase of shares of any series without the necessity of providing a sinking or purchase fund for any other series, and in the event that the Company shall acquire, by purchase or redemption or otherwise, any issued shares of its Class A Preferred Stock of any series, the Board of Directors may resell or convert and sell or otherwise dispose of, in their discretion, any shares so acquired as shares of the same series or of any other duly created series of Class A Preferred Stock.

PREFERRED STOCK AND CLASS A PREFERRED STOCK
General Provisions

In these General Provisions, the Company's Preferred Stock, par value \$100 per share, is referred to as the "Preferred Stock"; the Company's Class A Preferred Stock is referred to as the "Class A Preferred Stock"; and the Preferred Stock and Class A Preferred Stock are together referred to as the "Company Preferred Stock".

(A) The holders of the Company Preferred Stock of each series shall be entitled to receive dividends, payable when and as declared by the Board of Directors, at such rates as shall be determined for the respective series thereof from the first day of the current dividend period within which such stock shall have been originally issued except that, as to any share of Company Preferred Stock originally issued subsequent to December 31, 1972, from the date upon which such share shall have been originally issued, before any dividends shall be declared or paid upon or set apart for the Common Stock or any other stock of the Company not having preference over the Company Preferred Stock as to payment of dividends. Such dividends shall be cumulative so that if for any dividend period or periods dividends shall not have been paid or declared and set apart for payment upon all outstanding Company Preferred Stock at the rates determined for the respective series, the deficiency shall be fully paid, or declared and set apart for payment, before any dividends shall be declared or paid upon the Common Stock or any other stock of the Company not having preference over the Company Preferred Stock as to payment of dividends. Dividends shall not be declared and set apart for payment, or paid, on the Company Preferred Stock of any one series, for any dividend period, unless dividends have been or are contemporaneously declared and set apart for payment or paid on all series of the Company Preferred Stock for all dividend periods terminating on the same or an earlier date. As to all series of the Company Preferred Stock, the term "dividend period" shall mean any of the four calendar quarters in each year commencing, respectively, the first day of January, April, July and October and the first days of each such calendar quarter shall be the dividend payment dates for the regular quarterly dividends payable for the

preceding dividend period on such series.

(B) When full cumulative dividends as aforesaid upon all series of the Company Preferred Stock then outstanding for all past dividend periods and for the current dividend periods shall have been paid or declared and set apart for payment, the Board of Directors may declare dividends on the Common Stock or any other stock over which the Company Preferred Stock has a preference as to payment of dividends, and no holders of any series of the Company Preferred Stock as such shall be entitled to share therein; provided, however, that no dividends (other than dividends paid in or presently thereafter repaid to the Company for or as a capital contribution with respect to stock over which the Company Preferred Stock has preference as to payment of dividends and as to assets) shall be paid or any other distribution of assets made, by purchase of shares or otherwise, on Common Stock or on any other stock over which the Company Preferred Stock has preference as to payment of dividends or as to assets except out of earned surplus of the Company available for distribution to stock over which the Company Preferred Stock has preference as to payment of dividends and as to assets, or if, at the time of declaration thereof or the making of such distribution there shall not remain to the credit of earned surplus account (after deducting therefrom the amount of such dividends and distribution), an amount at least equal to (i) \$7.50 per share on all then outstanding shares of the Preferred Stock, (ii) in respect to the Class A Preferred Stock 7.5% of the aggregate amount established by the Board of Directors to be payable on the shares of each series thereof in the event of involuntary liquidation of the Company, and (iii) \$7.50 per share on all then outstanding shares of all other stock over which the Company Preferred Stock does not have preference as to the payment of dividends and as to assets.

So long as any shares of the Company Preferred Stock are outstanding, the payment of dividends on the Common Stock (other than dividends payable in Common Stock) and the making of any distribution of assets to holders of Common Stock by purchase of shares or otherwise (each of such actions being herein embraced within the term "payment of Common Stock dividends") shall be subject to the following limitations (except as such payments may be approved or permitted by subsequent order of the Securities and Exchange Commission or any successor thereto or any other Federal governmental agency having the same or similar jurisdiction, or, in the event that the Company ceases to be subject to the jurisdiction of said Commission or of any successor thereto or of any such other Federal governmental agency, except as such payments may be permitted in accordance with a waiver of such limitations which shall have been approved by the affirmative vote in favor thereof of the holders of at least 66-2/3% of the shares of Preferred Stock and Class A Preferred Stock (voting as separate classes) at the time outstanding):

- (a) If and so long as the ratio of the aggregate of the par value of, or stated capital represented by, the outstanding shares of Common Stock (including premiums

on the Common Stock but excluding premiums on the Company Preferred Stock) and of the surplus of the Company to the total capitalization and surplus of the Company at the end of a period of twelve consecutive calendar months within the fourteen calendar months immediately preceding the calendar month in which the proposed payment of Common Stock dividends is to be made (which period is hereinafter referred to as the "base period"), adjusted to reflect the proposed payment of Common Stock dividends (which ratio is hereinafter referred to as the "capitalization ratio"), is less than 20%, the payment of Common Stock dividends, including the proposed payment, during the twelve calendar months period ending with and including the calendar month in which the proposed payment is to be made shall not exceed 50% of the net income of the Company available for the payment of dividends on the Common Stock during the base period;

- (b) If and so long as the capitalization ratio is 20% or more but less than 25%, the payment of Common Stock dividends, including the proposed payment, during the twelve calendar months period ending with and including the calendar month in which the proposed payment is to be made shall not exceed 75% of the net income of the Company available for the payment of dividends on the Common Stock during the base period;
- (c) Except to the extent permitted under paragraphs (a) and (b) above, the Company shall not make any payment of Common Stock dividends which would reduce the capitalization ratio to less than 25%.

For the purpose of the foregoing provisions, the following terms shall have the following meanings:

- (1) The term "net income of the Company available for the payment of dividends on the Common Stock" shall mean for any base period the balance remaining after deducting from the total gross revenues of the Company from all sources during such period the following:
 - (a) All operating expenses and taxes, including charges to income for general taxes and for federal and state taxes measured by income, for retirement or depreciation reserve and for amortization or other disposition of amounts, if any, classified as amounts in excess of original cost of utility plant; (b) the amount, if any, by which the aggregate of the charges to income during the period in question for repairs,

maintenance and provision for depreciation is less than the maintenance and replacement requirement embodied in the Indenture, or any indenture supplemental thereto, succeeding the same or in substitution therefor; (c) all interest charges and other income deductions, including charges to income for amortization of debt discount, premium and expense and of the Company Preferred Stock premium and expense; and (d) all dividends applicable to the period in question on stock having preference over the Common Stock as to the payment of dividends.

- (2) The term "total capitalization" shall mean the aggregate of the principal amount of all outstanding indebtedness of the Company maturing more than twelve months after the date of determination of total capitalization, plus the par value of, or stated capital represented by, the outstanding shares of all classes of stock of the Company, including any premiums on capital stock.
- (3) The term "surplus" shall include capital surplus, earned surplus and any other surplus of the Company, adjusted to eliminate any amounts which may then be classified by the Company on its books as amounts in excess of the original cost of utility plant and which are not provided for by reserve and any items set forth on the asset side of the balance sheet of the Company as a result of accounting convention, such as unamortized debt discount and expense and the Company Preferred Stock expense, unless any such amount or item, as the case may be, is being amortized or is being provided for by reserve.

(C) Upon any dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, the holders of the Company Preferred Stock of each series, without any preference of the shares of any series of the Company Preferred Stock over the shares of any other series of the Company Preferred Stock, shall be entitled to receive out of the assets of the Company, whether capital, surplus or other, before any distribution of the assets to be distributed shall be made to the holders of Common Stock or of any other stock not having preference as to assets over the Company Preferred Stock, the amount determined to be payable on the shares of such series in the event of voluntary or involuntary liquidation, as the case may be. In case the assets shall not be sufficient to pay in full the amounts determined to be payable on all the shares of the Company Preferred Stock in the event of voluntary or involuntary liquidation, as the case

may be, then the assets available for such payment shall be distributed to the extent available as follows: first, to the payment, pro rata, of \$100 per share on each share of Preferred Stock outstanding irrespective of series and the amount established by the Board of Directors to be payable on each outstanding share of each series of Class A Preferred Stock in the event of involuntary liquidation; second, to the payment of the accrued dividends on such shares, such payment to be made pro rata in accordance with the amount of accrued dividends on each such share; and, third, to the payment of any amounts in excess of \$100 per share of the Preferred Stock outstanding and the difference between the amount established by the Board of Directors to be payable on the outstanding shares of each series of Class A Preferred Stock in the event of voluntary liquidation and the amount similarly determined to be payable on such shares in the event of involuntary liquidation, plus accrued dividends which shall have been determined to be payable on the shares of any series in the event of voluntary or involuntary liquidation, as the case may be, such payment also to be made pro rata in accordance with the amounts, if any, so payable on each such share. After payment to the holders of the Company Preferred Stock of the full preferential amounts hereinbefore provided for, the holders of the Company Preferred Stock as such shall have no right or claim to any of the remaining assets of the Company, either upon any distribution of such assets or upon dissolution, liquidation or winding up, and the remaining assets to be distributed, if any, upon a distribution of such assets or upon dissolution, liquidation or winding up, may be distributed among the holders of the Common Stock or of any other stock over which the Company Preferred Stock has preference as to assets. Without limiting the right of the Company to distribute its assets or to dissolve, liquidate or wind up in connection with any sale, merger, or consolidation, the sale of all the property of the Company to, or the merger or consolidation of the Company into or with any other corporation shall not be deemed to be a distribution of assets or a dissolution, liquidation or winding up for the purposes of this paragraph.

(D) At the option of the Board of Directors of the Company, the Company may redeem any series of the Company Preferred Stock determined to be redeemable, or any part of any series, at any time at the redemption price determined for such series; provided, however, that not less than thirty nor more than sixty days previous to the date fixed for redemption a notice of the time and place thereof shall be given to the holders of record of the Company Preferred Stock so to be redeemed, by mail or publication, in such manner as may be prescribed by the By-laws of the Company or by resolution of the Board of Directors; and, provided, further, that in every case of redemption of less than all of the outstanding shares of any one series of the Company Preferred Stock, the

shares of such series to be redeemed shall be chosen by lot in such manner as may be prescribed by resolution of the Board of Directors. At any time after notice of redemption has been given in the manner prescribed by the By-laws of the Company or by resolution of the Board of Directors to the holders of stock so to be redeemed, the Company may deposit, or may cause its nominee to deposit, the aggregate redemption price with some bank or trust company named in such notice, payable on the date fixed for redemption as aforesaid and in the amounts aforesaid to the respective orders of the holders of the shares so to be redeemed, on endorsement to the Company or its nominee, or otherwise, as may be required, and upon surrender of the certificates for such shares. Upon the deposit of said money as aforesaid, or, if no such deposit is made, upon said redemption date (unless the Company defaults in making payment of the redemption price as set forth in such notice), such holders shall cease to be shareholders with respect to said shares, and from and after the making of said deposit, or, if no such deposit is made, after the redemption date (the Company not having defaulted in making payment of the redemption price as set forth in such notice), the said holders shall have no interest in or claim against the Company, or its nominee, with respect to said shares, but shall be entitled only to receive said moneys on the date fixed for redemption as aforesaid from said bank or trust company, or if no such deposit is made, from the Company, without interest thereon, upon endorsement, if required, and surrender of the certificates as aforesaid.

If such deposit shall be made by a nominee of the Company as aforesaid, such nominee shall upon such deposit become the owner of the shares with respect to which such deposit was made and certificates of stock may be issued to such nominee in evidence of such ownership.

In case the holder of any such Company Preferred Stock shall not, within six years after said deposit, claim the amount deposited as above stated for the redemption thereof, the Depositary shall upon demand pay over to the Company such amounts so deposited and the Depositary shall thereupon be relieved from all responsibility to the holder thereof.

Nothing herein contained shall limit any legal right of the Company to purchase any shares of the Company Preferred Stock.

(E) So long as any shares of the Preferred Stock are outstanding, the Company shall not, without the affirmative vote in favor thereof of the holders of at least 66-2/3% of the shares of the Preferred Stock (voting together as a single class) at the time outstanding, adopt an amendment to these Articles if such amendment would either (i) authorize or create any class of stock preferred as to dividends or assets over the Preferred Stock or (ii) change any of the rights and preferences of the then outstanding Preferred Stock; provided, however, that nothing in this paragraph contained shall authorize the adoption of any amendment of these Articles by the vote of the holders of a less number of shares of the Preferred Stock, or of any other class of stock, or of all classes of stock, than is required for such amendment by the laws of the State of Michigan at the time applicable thereto.

(F) So long as any shares of Class A Preferred Stock are outstanding, the Company shall not, without the affirmative vote in favor thereof of the holders of at least 66-2/3% of the shares of Class A Preferred Stock at the time outstanding (voting together as a single class) adopt an amendment to these Articles if such amendment would either (i) authorize or create any class of stock preferred as to dividends or assets over the Class A Preferred Stock or (ii) change any of the rights and preferences of the then outstanding Class A Preferred Stock; provided, however, that nothing in this paragraph contained shall authorize the adoption of any amendment of these Articles by the vote of the holders of a lesser number of shares of Class A Preferred Stock, or of any other class of stock, or of all classes of stock, than is required for such amendment by the laws of the State of Michigan at the time applicable thereto.

(G) So long as any shares of the Company Preferred Stock are outstanding, the Company shall not, without the affirmative vote in favor thereof of the holders of at least 66-2/3% of the shares of the Preferred Stock and Class A Preferred Stock (voting as separate classes) at the time outstanding,

(a) issue, sell or otherwise dispose of any shares of the Company Preferred Stock or issue, sell or otherwise dispose of any stock over which the Company Preferred Stock does not have preference as to the payment of dividends and as to assets, unless, in any such case, (i) the net income of the Company available for the payment of dividends for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the issuance, sale or disposition of such stock (including, in any case in which such stock is to be issued, sold or otherwise disposed of in connection with the acquisition of new property, the net income of the property to be so acquired, computed on the same basis as the net income of the Company available for the payment of dividends) is at least equal to two times the annual dividend requirements on all outstanding shares of the Company Preferred Stock and of all stock over which the Company Preferred Stock does not have preference as to the payment of dividends and as to assets, including the shares proposed to be issued, and (ii) the gross income of the Company available for the payment of interest for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the issuance, sale or disposition of such stock (including, in any case in which such stock is to be issued, sold or otherwise disposed of in connection with the acquisition of new property, the gross income of the property to be so acquired, computed on the same basis as the gross income of the Company available for the payment of interest) is at least equal to one and one-half times the aggregate of the annual interest requirements (adjusted by provision for

amortization of debt discount and expense or of premium on debt, as the case may be) on all outstanding indebtedness of the Company and the annual dividend requirements (adjusted by provision for amortization of the Company Preferred Stock premium and expense) on all outstanding shares of the Company Preferred Stock and of all stock over which the Company Preferred Stock does not have preference as to the payment of dividends and as to assets, including the shares proposed to be issued; or

(b) issue, sell or otherwise dispose of any shares of the Company Preferred Stock or issue, sell or otherwise dispose of any stock over which the Company Preferred Stock does not have preference as to the payment of dividends and as to assets, unless, in any such case, the aggregate of the par value of, or stated capital represented by, the outstanding shares of Common Stock and of the surplus of the Company (paid-in, earned and other, if any) shall be not less than the aggregate amount payable in the event of involuntary liquidation upon all outstanding shares of the Company Preferred Stock and of all stock over which the Company Preferred Stock does not have preference as to the payment of dividends and as to assets, including the shares proposed to be issued, provided that no portion of the surplus of the Company utilized to satisfy the foregoing requirement shall be available for dividends or other distributions of assets, by purchase of shares or otherwise, on Common Stock or on any other stock over which the Company Preferred Stock has preference as to the payment of dividends and as to assets until shares of the Company Preferred Stock or of stock over which the Company Preferred Stock does not have preference as to the payment of dividends and as to assets are retired and then only to the extent of the amount payable in the event of involuntary liquidation upon such shares or until and then only to the extent that the par value of, or stated capital represented by, the outstanding shares of Common Stock shall have been increased.

For the purpose of the foregoing provisions, the following terms shall have the following meanings:

- (1) The term "net income of the Company available for the payment of dividends" shall mean the balance remaining after deducting from the total gross revenues of the Company from all sources the following: (a) all operating expenses and taxes, including charges to income for general taxes and for federal and state taxes measured by income, for retirement or depreciation reserve and for amortization or other disposition of amounts, if any, classified as amounts in excess of original cost of utility plant, (b) the

amount, if any, by which the aggregate of the charges to income during the period in question for repairs, maintenance and provision for depreciation is less than the maintenance and replacement requirement embodied in the Indenture, or any indenture supplemental thereto, succeeding the same or in substitution therefor, and (c) all interest charges and other income deductions, including charges to income for the amortization of debt discount, premium and expense and of the Company Preferred Stock premium and expense.

- (2) The term "gross income of the Company available for the payment of interest" shall mean the balance remaining after deducting from the total gross revenues of the Company from all sources the following: (a) all operating expenses and taxes, including charges to income for general taxes and for federal and state taxes measured by income, for retirement or depreciation reserve and for amortization or other disposition of amounts, if any, classified as amounts in excess of original cost of utility plant and (b) the amount, if any, by which the aggregate of the charges to income during the period in question for repairs, maintenance and provision for depreciation is less than the maintenance and replacement requirement embodied in the Indenture, or any indenture supplemental thereto, succeeding the same or in substitution therefor.
- (3) The term "accrued dividends" shall be deemed to mean in respect of any share of any series of the Company Preferred Stock as of any given date, the amount, if any, by which the product of the rate of dividend per annum, determined upon the shares of such series, multiplied by the number of years and any fractional part of a year which shall have elapsed from the date after which dividends on such stock became cumulative to such given date, exceeds the total dividends actually paid on such stock and the dividends declared and set apart for payment. Accumulations of dividends shall not bear interest.

The term "outstanding", whenever used herein with respect to shares of the Company Preferred Stock or of any other class of stock which are by their terms redeemable, or with respect to bonds or other evidences of indebtedness shall not include any such shares or bonds or evidences of indebtedness which have been called for redemption in accordance with the provisions applicable thereto, of which call for redemption notice shall have been given, as required by such provisions and for the redemption of which a sum of money sufficient to pay the amount payable on such redemption shall have been deposited with a bank or trust company, irrevocably in trust for such purpose, or any bonds or other evidences of

indebtedness for the payment of which at maturity provision has been made in a similar manner.

The term "capital represented by" whenever used herein with respect to shares of stock of the Company shall mean at any time the amount paid in on or contributed, transferred or otherwise then held and recorded or accounted for, as permitted by the provisions of law applicable thereto, as capital with respect to said shares.

COMMON STOCK

Each share of Common Stock of the Company shall be equal to every other share of said stock in every respect. The entire consideration received for shares of Common Stock shall be capital.

VOTING POWERS GENERALLY

At all meetings of the shareholders of the Company, the holders of the Preferred Stock and the holders of Common Stock shall be entitled on all questions to one vote for each share of stock held by them respectively, regardless of class.

Whenever and as often as four quarterly dividends payable on the Company Preferred Stock of any series shall be in default, in whole or in part, the holders of the Company Preferred Stock of all series shall have the exclusive right, voting separately and as a single class, to vote for and to elect the smallest number of directors which shall constitute a majority of the then authorized number of directors of the Company, and, in all matters other than the election of directors, each holder of one or more shares of the Company Preferred Stock shall be entitled to one vote for each such share of stock held. In the event of defaults entitling the holders of Company Preferred Stock to elect a majority of the directors as aforesaid, the holders of the Common Stock shall, subject to the prior rights of the holders of the Preference Stock, have the exclusive right, voting separately and as a class, to vote for and to elect the greatest number of directors which shall constitute a minority of the then authorized number of directors of the Company, and, in all matters other than the election of directors, each holder of Common Stock shall be entitled to one vote for each such share of stock held. The right of the holders of the Company Preferred Stock to elect a majority of the directors, however, shall cease when all defaults in the payment of dividends on their stock shall have been cured, and such dividends shall be declared and paid out of any funds legally available therefor as soon as, in the judgment of the Board of Directors, is reasonably practicable. The terms of office of all persons who may be directors of the Company at the time when the right to elect a majority of the directors shall accrue to the holders of the Company Preferred Stock, as herein provided, shall terminate upon the election of their successors at a meeting of the shareholders of the Company then entitled to vote. Such election shall be held at the next annual meeting of shareholders or may be held at a special meeting of shareholders, which shall be held upon notice as

provided in the By-laws of the Company for a special meeting of the shareholders, at the request in writing of the holders of not less than 1,000 shares of the then outstanding Company Preferred Stock entitled to vote addressed to the Secretary of the Company at its principal business office. Any vacancy in the Board of Directors occurring during any period that the Company Preferred Stock shall have elected representatives on the Board shall be filled by a majority vote of the remaining directors (or the one director) representing the class of stock theretofore represented by the director causing the vacancy. Upon the termination of such exclusive right of the holders of the Company Preferred Stock to elect a majority of the directors of the Company, the terms of office of all the directors of the Company shall terminate upon the election of their successors at a meeting of the shareholders of the Company then entitled to vote. Such election shall be held at the next annual meeting of shareholders or may be held at a special meeting of shareholders, which shall be held upon notice as provided in the By-laws of the Company for a special meeting of the shareholders, at the request in writing of the holders of not less than 1,000 shares of the then outstanding Common Stock addressed to the Secretary of the Company at its principal business office.

At all meetings of the shareholders held for the purpose of electing directors during such times as the holders of the Company Preferred Stock shall have the exclusive right to elect a majority of the directors of the Company, the presence in person or by proxy of the holders of a majority of the outstanding shares of Common Stock shall be required to constitute a quorum of such class for the election of directors, and the presence in person or by proxy of the holders of a majority of the outstanding shares of the Company Preferred Stock shall be required to constitute a quorum of such class for the election of directors; provided, however, that the absence of a quorum of the holders of stock of either class shall not prevent the election at any such meeting, or adjournment thereof, of directors by the other class if the necessary quorum of the holders of stock of such class is present in person or by proxy at such meeting; and provided, further, that, in the absence of a quorum of the holders of stock of either class, a majority of those holders of such stock who are present in person or by proxy shall have the power to adjourn the election of those directors to be elected by that class from time to time without notice, other than announcement at the meeting, until the requisite amount of holders of stock of such class shall be present in person or by proxy.

At all elections of directors, shareholders will be entitled to as many votes as shall equal the number of their shares of stock multiplied by the number of directors to be elected for whom such shareholders may vote, and they may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as they may see fit.

For the purposes of the foregoing provisions, the Company Preferred Stock of all series shall be deemed to be a single class.

PRE-EMPTIVE RIGHTS

The holders of shares of Preferred Stock, Class A Preferred Stock, or of Common Stock shall have no pre-emptive rights to subscribe for or purchase any additional issues of shares of the capital stock of the Company of any class now or hereafter authorized or any 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.

PREFERENCE STOCK Preference Stock Issuable in Series

The shares of Preference Stock may be divided into and issued in series. Each such series shall be so designated as to distinguish the shares thereof from the shares of all other series and classes, and all shares of the Preference Stock shall be identical, except as to the following relative rights and preferences, as to which there may be variations between different series:

- (a) The rate of dividend;
- (b) The price at which shares may be redeemed;
- (c) The amount payable upon shares in event of involuntary liquidation;
- (d) The amount payable upon shares in event of voluntary liquidation;
- (e) The terms and conditions, if any, on which shares shall be by their terms convertible into or exchangeable for shares of any other class of stock of the Company;
- (f) The terms and conditions of a sinking or purchase fund, if any, for the redemption or purchase of such shares.

No change shall be made in any of the rights and preferences of any series of Preference Stock at the time outstanding in those respects in which the shares thereof vary from the shares of other series of Preference Stock at the time outstanding without the affirmative vote in favor thereof of the holders of at least 66-2/3% of the shares of such series of Preference Stock at the time outstanding, in addition to such other vote, if any, as may be required for such change under the applicable provisions of these Articles or of the laws of the State of Michigan at the time applicable thereto.

PREFERENCE STOCK

Authority of Board of Directors as to Other Series

To the extent that series of Preference Stock have not been established and variations in the relative rights and preferences as between series have not been fixed and determined in these Articles, authority is vested in the Board of Directors of the Company to divide the shares of Preference Stock into and to establish series of Preference Stock, to fix and determine the relative rights and preferences of the shares of any series so established, to issue and sell any and all of the authorized and unissued shares of Preference Stock as shares of any series thereof established by action of the Board of Directors pursuant hereto, and to create a sinking or purchase fund for the redemption or purchase of shares of any series without the necessity of providing a sinking or purchase fund for any other series.

PREFERENCE STOCK

General Provisions

The following provisions shall apply to all shares of the Preference Stock irrespective of series:

(A) The shares of Preference Stock shall be subordinate to the Preferred Stock but in preference to the Common Stock as to the payment of dividends. The holders of the Preference Stock of each series shall be entitled to receive dividends, payable when and as declared by the Board of Directors, at such rates as shall be determined for the respective series, from the date upon which such share shall have been originally issued, before any dividends shall be declared or paid upon or set apart for the Common Stock or any other stock of the Company not having preference over the Preference Stock as to payment of dividends. Such dividends shall be cumulative so that if for any dividend period or periods dividends shall not have been paid or declared and set apart for payment upon all outstanding Preference Stock at the rates determined for the respective series, the deficiency shall be fully paid, or declared and set apart for payment, before any dividends shall be declared or paid upon the Common Stock or any other stock of the Company not having preference over the Preference Stock as to payment of dividends. Dividends shall not be declared and set apart for payment, or paid, on the Preference Stock of any one series, for any dividend period, unless dividends have been or are contemporaneously declared and set apart for payment or paid on the Preference Stock of all series for all dividend periods terminating on the same or an earlier date. As to all series

of Preference Stock, the term "dividend period" shall mean any of the four calendar quarters in each year commencing, respectively, the first day of January, April, July and October and the first days of each such calendar quarter shall be the dividend payment dates for the regular quarterly dividends payable for the preceding dividend period of such series.

(B) When full cumulative dividends as aforesaid upon the Preference Stock of all series then outstanding for all past dividend periods and for the current dividend periods shall have been paid or declared and set apart for payment, the Board of Directors may declare dividends on the Common Stock or any other stock over which the Preference Stock has a preference as to payment of dividends, and no holders of any series of the Preference Stock as such shall be entitled to share therein.

(C) The shares of Preference Stock shall be subordinate to the Preferred Stock but in preference to the Common Stock upon any dissolution, liquidation or winding up of the Company, whether voluntary or involuntary. Upon any such dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, the holders of Preference Stock of each series, without any preference of the shares of any series of Preference Stock over the shares of any other series of Preference Stock, shall be entitled to receive out of the assets of the Company, whether capital, surplus or other, before any distribution of the assets to be distributed shall be made to the holders of Common Stock or of any other stock not having preference as to assets over the Preference Stock, the amount determined to be payable on the shares of such series in the event of voluntary or involuntary liquidation, as the case may be. In case the assets shall not be sufficient to pay in full the amounts determined to be payable on all the shares of Preference Stock in the event of voluntary or involuntary liquidation, as the case may be, then the assets available for such payment shall be distributed ratably among the holders of the Preference Stock of all series in accordance with the amounts determined to be payable on the shares of each series, in the event of voluntary or involuntary liquidation, as the case may be, in proportion to the full preferential amounts to which they are respectively entitled. After payment to the holders of the Preference Stock of the full preferential amounts hereinbefore provided for, the holders of the Preference Stock as such shall have no right or claim to any of the remaining assets of the Company, either upon any distribution of such assets or upon dissolution, liquidation or winding up, and the remaining assets to be distributed, if any, upon a distribution of such assets or upon dissolution, liquidation or winding up, may be

distributed among the holders of the Common Stock or of any other stock over which the Preference Stock has preference as to assets. Without limiting the right of the Company to distribute its assets or to dissolve, liquidate or wind up in connection with any sale, merger, or consolidation, the sale of all the property of the Company to, or the merger or consolidation of the Company into or with any other corporation shall not be deemed to be a distribution of assets or a dissolution, liquidation or winding up for the purposes of this paragraph.

(D) At the option of the Board of Directors of the Company, the Company may redeem any series of Preference Stock determined to be redeemable, or any part of any series, at any time at the redemption price determined for such series; provided, however, that not less than thirty nor more than sixty days previous to the date fixed for redemption a notice of the time and place thereof shall be given to the holders of record of the Preference Stock so to be redeemed, by mail or publication, in such manner as may be prescribed by the By-laws of the Company or by resolution of the Board of Directors; and, provided, further, that in every case of redemption of less than all of the outstanding shares of any one series of Preference Stock, the shares of such series to be redeemed shall be chosen by lot in such manner as may be prescribed by resolution of the Board of Directors. At any time after notice of redemption has been given in the manner prescribed by the By-laws of the Company or by resolution of the Board of Directors to the holders of stock so to be redeemed, the Company may deposit, or may cause its nominee to deposit, the aggregate redemption price with some bank or trust Company named in such notice, payable on the date fixed for redemption as aforesaid and in the amounts aforesaid to the respective orders of the holders of the shares so to be redeemed, on endorsement to the Company or its nominee, or otherwise, as may be required, and upon surrender of the certificates for such shares. Upon the deposit of said money as aforesaid, or, if no such deposit is made, upon said redemption date (unless the Company defaults in making payment of the redemption price as set forth in such notice), such holders shall cease to be shareholders with respect to said shares and from and after the making of said deposit, or, if no such deposit is made, after the redemption date (the Company not having defaulted in making payment of the redemption price as set forth in such notice), the said holders shall have no interest in or claim against the Company, or its nominee, with respect to said shares, but shall be entitled only to receive said moneys on the date fixed for redemption as aforesaid from said bank or trust Company, or if no such deposit is made, from the Company, without interest thereon, upon endorsement, if required, and

surrender of the certificates as aforesaid.

If such deposit shall be made by a nominee of the Company as aforesaid, such nominee shall upon such deposit become the owner of the shares with respect to which such deposit was made and certificates of stock may be issued to such nominee in evidence of such ownership.

In case the holder of any such Preference Stock shall not, within six years after said deposit, claim the amount deposited as above stated for the redemption thereof, the Depositary shall upon demand pay over to the Company such amounts so deposited and the Depositary shall thereupon be relieved from all responsibility to the holder thereof.

Nothing herein contained shall limit any legal right of the Company to purchase any shares of the Preference Stock.

(E-1) So long as any shares of the Preference Stock are outstanding, the Company shall not, without the affirmative vote in favor thereof of the holders of at least 66-2/3% of the shares of Preference Stock at the time outstanding, adopt an amendment to these Articles if such amendment would either (i) authorize or create, or increase the authorized amount of, any class of stock, other than shares of the Preferred Stock (whether now or hereafter authorized), which is entitled to dividends or assets in priority to the Preference Stock or (ii) change any of the rights and preferences of the then outstanding Preference Stock.

(E-2) So long as any shares of the Preference Stock are outstanding, the Company shall not, without the affirmative vote in favor thereof of the holders of at least a majority of the shares of Preference Stock at the time outstanding, adopt an amendment to these Articles if such amendment would either (i) increase the authorized amount of Preference Stock or (ii) authorize or create, or increase the authorized amount of, any class of stock, which is entitled to dividends or assets on a parity with the Preference Stock, provided; however, that nothing in this paragraph or in paragraph E-1 above contained shall authorize the adoption of any amendment of these Articles by the vote of the holders of a less number of shares of Preference Stock, or of any other class of stock, or of all classes of stock, than is required for such amendment by the laws of the State of Michigan at the time applicable thereto.

PREFERENCE STOCK Voting Powers

The holders of Preference Stock shall not have any right to vote for the election of directors or for any other purpose, except as otherwise provided by law, as set forth in the two immediately preceding paragraphs and as set forth below. Whenever and as often as six quarterly dividends payable on the Preference Stock of any series shall be in default, in whole or in part, the holders of the Preference Stock of all series shall have the exclusive right, voting separately and as a single class, to vote for and to elect two directors, subject to the prior rights of the holders of the Preferred Stock. In the event of defaults entitling the Preference Stock to elect two directors as aforesaid, the holders of the Common Stock shall have the exclusive right, voting separately and as a class, to elect the remaining number of directors of the Company, subject to the prior rights of the holders of the Preferred Stock. The right of the holders of the Preference Stock to elect two directors, however, shall cease when all defaults in the payment of dividends on their stock shall have been cured, and such dividends shall be declared and paid out of any funds legally available therefor as soon as, in the judgment of the Board of Directors, is reasonably practicable. The terms of office of all persons who may be directors of the Company at the time when the right to elect two directors shall accrue to the holders of the Preference Stock, as herein provided, shall terminate upon the election of their successors at a meeting of the shareholders of the Company then entitled to vote. Such election shall be held at the next annual meeting of shareholders or may be held at a special meeting of shareholders, which shall be held upon notice as provided in the By-laws of the Company for a special meeting of the shareholders, at the request in writing of the holders of not less than 1,000 shares of the then outstanding Preference Stock addressed to the Secretary of the Company at its principal business office. Any vacancy in the Board of Directors occurring during any period when the Preference Stock shall have elected representatives on the Board shall be filled by a majority vote of the remaining directors (or the one director) representing the class of stock theretofore represented by the director causing the vacancy. In the event of simultaneous vacancies among directors elected by the holders of the Preference Stock, an election, pursuant to the provisions of this paragraph, will be held. Upon the termination of such exclusive right of the holders of the Preference Stock to elect two directors of the Company, the terms of office of all the directors of the Company shall terminate upon the election of their successors at a meeting of the shareholders of the Company then entitled to vote. Such election shall be held at the next annual meeting of shareholders or may be held at a special meeting of shareholders, which shall be held upon notice as provided in the By-laws of the Company for a special meeting of the shareholders at the request in writing of the holders of not less than 1,000 shares of the then outstanding Common Stock addressed to the Secretary of the Company at its principal business office.

At all meetings of the shareholders held for the purpose of electing directors during such times as the holders of the Preference

Stock shall have the exclusive right to elect two of the directors of the Company, the presence in person or by proxy of the holders of a majority of the outstanding shares of Common Stock shall be required to constitute a quorum of such class for the election of directors, and the presence in person or by proxy of the holders of a majority of the outstanding shares of Preference Stock of all series shall be required to constitute a quorum of such class for the election of directors; provided, however, that the absence of a quorum of the holders of stock of either class shall not prevent the election at any such meeting, or adjournment thereof, of directors by the other class if the necessary quorum of the holders of stock of such class is present in person or by proxy at such meeting; and provided, further, that, in the absence of a quorum of the holders of stock of either class, a majority of those holders of such stock who are present in person or by proxy shall have the power to adjourn the election of those directors to be elected by that class from time to time without notice, other than announcement at the meeting, until the requisite amount of holders of stock of such class shall be present in person or by proxy.

At all elections of directors, each shareholder will be entitled to as many votes as shall equal the number of his shares of stock multiplied by the number of directors to be elected for whom such shareholder may vote, and he may cast all of such votes for a single director or may distribute them between the two directors to be voted for, as he may see fit.

For the purposes of the foregoing provisions, the Preference Stock of all series shall be deemed to be a single class.

PREFERENCE STOCK
Pre-emptive Rights

The holders of shares of Preference Stock shall have no pre-emptive rights to subscribe for or purchase any additional issues of shares of the capital stock of the Company of any class now or hereafter authorized or any 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.

ARTICLE VIII

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

Signed on February 28, 1994

By /s/William T. McCormick, Jr.

William T. McCormick, Jr.
Chairman of the Board

STATE OF MICHIGAN)
) SS.
COUNTY OF JACKSON)

On this 28th day of February 1994 before me appeared William T. McCormick, Jr., to me personally known, who, being by me duly sworn, did say that he is Chairman of the Board of Consumers Power Company, who executed the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said officer acknowledged said instrument to be the free act and deed of said corporation.

/s/Renne E. Stephens

Renne E. Stephens
Notary Public for Jackson
County, State of Michigan.
My commission expires
April 4, 1994.

EXHIBIT (3) (d)

EXHIBIT (3) (d)

CONSUMERS POWER COMPANY

BYLAWS

ARTICLE I: LOCATION OF OFFICES

Section 1 - Registered Office: The registered office of Consumers Power Company, (the "Company") shall be at such place in the City of Jackson, County of Jackson, Michigan, or elsewhere in the State of Michigan, as the Board of Directors may from time to time designate.

Section 2 - Other Offices: The Company may have and maintain other offices within or without the State of Michigan.

ARTICLE II: CORPORATE SEAL

Section 1 - Corporate Seal: The Company shall have a corporate seal bearing the name of the Company. The form of the corporate seal may be altered by the Board of Directors.

ARTICLE III: FISCAL YEAR

Section 1 - Fiscal Year: The fiscal year of the Company shall begin with the first day of January and end with the thirty-first day of December of each year.

ARTICLE IV: SHAREHOLDERS' MEETINGS

Section 1 - Annual Meetings: An annual meeting of the shareholders for election of Directors and for such other business as may come before the meeting shall be held at the registered office of the Company or at such other place within or without the State of Michigan, at 10:00 AM, Eastern Daylight Saving Time, or at such other time on the fourth Friday in April of each year or upon such other date as the Board of Directors may designate, but in no event shall such date be more than ninety days after the fourth Friday in April.

Section 2 - Special Meetings: Special meetings of the shareholders may be called by the Board of Directors or by the Chairman of the Board. Such meetings shall be held at the registered office of the Company or at such other place within or without the State of Michigan as the Board of Directors may designate.

Section 3 - Notices: Except as otherwise provided by law, written notice of any meeting of the shareholders shall be given, either personally or by mail to each shareholder of record entitled to vote at such meeting, not less than ten days nor more than sixty days prior to date of the meeting, at their last known address as the same appears on the stock records of

the Company. Written notice shall be considered given when deposited, with postage thereon prepaid, in a post office or official depository under the control of the United States postal service. Such notice shall specify the time and place of holding the meeting, the purpose or purposes for which such meeting is called, and the record date fixed for the determination of shareholders entitled to notice of and to vote at such meeting. The Board of Directors shall fix a record date for determining shareholders entitled to notice of and to vote at a meeting of shareholders, which record date shall not be more than sixty days nor less than ten days before the date of the meeting. Such record date shall apply to any adjournment of the meeting unless the Board of Directors shall fix a new record date for purposes of the adjourned meeting.

No notice of an adjourned meeting shall be necessary if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the adjourned meeting only such business may be transacted as might have been transacted at the original meeting. If, after an adjournment, the Board of Directors shall fix a new record date for the adjourned meeting, a notice of the adjourned meeting shall be mailed, in conformity with the provisions of the first paragraph of this Section 3, to each shareholder of record on the new record date entitled to vote at the adjourned meeting.

Section 4 - Quorum: Except as otherwise provided by law or by the Articles of Incorporation of the Company, the holders of the shares of stock of the Company entitled to cast a majority of the votes at a meeting shall constitute a quorum for the transaction of business at the meeting, but a lesser number may convene any meeting and, by a majority vote of the shares present at the meeting, may adjourn the same from time to time until a quorum shall be present.

Section 5 - Voting: Shareholders may vote at all meetings in person or by proxy in writing, but all proxies shall be filed with the Secretary of the meeting before being voted upon.

The voting powers of the shares of Preferred Stock, Class A Preferred Stock, Preference Stock and Common Stock shall be as provided by law or set forth in the Articles of Incorporation of the Company.

Section 6 - Inspectors: In advance of any meeting of shareholders the Board of Directors shall appoint one or more inspectors to act at such meeting or any adjournment thereof. The inspectors shall have such powers and duties as are provided by law.

ARTICLE V: DIRECTORS

Section 1 - Number: The Board of Directors of the Company shall consist of not less than seven nor more than seventeen members, as fixed from time to time by resolution of the Board of Directors.

Section 2 - Election: The Directors shall be elected annually at the annual meeting of the shareholders or at any adjournment thereof.

Section 3 - Term of Office: Subject to the provisions of the Articles of Incorporation of the Company and unless otherwise provided by law, the Directors shall hold office from the date of their election until the next succeeding annual meeting and until their successors are elected and shall qualify.

Section 4 - Vacancies: Any vacancy or vacancies in the Board of Directors arising from any cause may be filled by the affirmative vote of a majority of the Directors then in office although less than a quorum. An increase in the number of members shall be construed as creating a vacancy.

ARTICLE VI: DIRECTORS' MEETINGS

Section 1 - Organization Meeting: As soon as possible after their election, the Board of Directors shall meet and organize and may also transact other business.

Section 2 - Other Meetings: Meetings of the Board of Directors may be held at any time upon call of the Secretary or an Assistant Secretary made at the direction of the Chairman of the Board, the President, a Vice Chairman, if any, or a Vice President.

Section 3 - Place of Meeting: All meetings of Directors shall be held at such place within or without the State of Michigan as may be designated in the call therefor.

Section 4 - Notice: A reasonable notice of all meetings, in writing or otherwise, shall be given to each Director or sent to the Director's residence or place of business; provided, however, that no notice shall be required for an organization meeting if held on the same day as the shareholders' meeting at which the Directors were elected.

No notice of the holding of an adjourned meeting shall be necessary.

Notice of all meetings shall specify the time and place of

holding the meeting and unless otherwise stated any and all business may be transacted at any such meeting.

Notice of the time, place and purpose of any meeting may be waived in writing either before or after the holding thereof.

Section 5 - Quorum: At all meetings of the Board of Directors a majority of the Board then in office shall constitute a quorum but a majority of the Directors present may convene and adjourn any such meeting from time to time until a quorum shall be present; provided, that if the Board shall consist of ten and not more than fifteen, then five members shall constitute a quorum; and if the Board shall consist of more than fifteen, then seven members shall constitute a quorum.

Section 6 - Voting: All questions coming before any meeting of the Board of Directors for action shall be decided by a majority vote of the Directors present at such meeting, unless otherwise provided by law, the Articles of Incorporation of the Company or by these Bylaws.

Section 7 - Participation by Communications Equipment: A Director or a member of a Committee designated by the Board of Directors may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting by such means shall constitute presence in person at the meeting.

Section 8 - Action Without Meeting: Any action required or permitted to be taken pursuant to authorization voted at a meeting of the Board of Directors or a Committee thereof, may be taken without a meeting if, before or after the action, all members of the Board or of the Committee consent thereto in writing. The written consents shall be filed with the minutes of the proceedings of the Board or Committee, and the consents shall have the same effect as a vote of the Board or Committee for all purposes.

ARTICLE VII: EXECUTIVE AND OTHER COMMITTEES

Section 1 - Number and Qualifications: By resolution passed by a majority of the whole Board, the Board of Directors may from time to time designate one or more of their number to constitute an Executive or any other Committee of the Board, as the Board of Directors may from time to time determine to be desirable, and may fix the number of and designate the Chairman of each such Committee. Except as otherwise provided by law, the powers of each such Committee shall be as defined in the resolution or resolutions of the Board of Directors relating to the

authorizations of such Committee, and may include, if such resolution or resolutions so provide, the power and authority to declare a dividend or to authorize issuance of shares of stock of the Company.

Section 2 - Appointment: The appointment of members of each such Committee, or other action respecting any Committee, may take place at any meeting of the Directors.

Section 3 - Term of Office: The members of each Committee shall hold office at the pleasure of the Board of Directors.

Section 4 - Vacancies: Any vacancy or vacancies in any such Committee arising from any cause shall be filled by resolution passed by a majority of the whole Board of Directors. By like vote the Board may designate one or more Directors to serve as alternate members of a Committee, who may replace an absent or disqualified member at a meeting of a Committee; provided, however, in the absence or disqualification of a member of a Committee, the members of the Committee present at a meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act in the place of the absent or disqualified member.

Section 5 - Minutes: Except as provided in Section 2 of Article X hereof or as otherwise determined by the Board of Directors, each such Committee shall make a written report or recommendation following its meetings or keep minutes of all its meetings.

Section 6 - Quorum: At all meetings of any duly authorized Committee of the Board of Directors, a majority of the members of such Committee shall constitute a quorum but a majority of the members present may convene and adjourn any such meeting from time to time until a quorum shall be present; provided, that with respect to any Committee of the Board other than the Executive Committee, if the membership of such Committee is four or less, then two members of such Committee shall constitute a quorum and one member may convene and adjourn any such meeting from time to time until a quorum shall be present.

ARTICLE VIII: OFFICERS

Section 1 - Election: The officers shall be chosen by the Board of Directors. The Company shall have a Chairman of the Board, a President, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time determine, who shall have respectively such duties and authority as may be provided by these Bylaws or as may be provided by resolution of

the Board of Directors not inconsistent herewith. Any two or more of such offices may be held by the same person but no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, by the Articles of Incorporation of the Company or by these Bylaws to be executed, acknowledged or verified by two or more officers.

Section 2 - Qualifications: The Chairman of the Board and Vice Chairman, if any, shall be chosen from among the Board of Directors, but the other officers need not be members of the Board.

Section 3 - Vacancies: Any vacancy or vacancies among the officers arising from any cause shall be filled by the Board of Directors. In case of the absence of any officer of the Company or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate, for the time being, the powers or duties, or any of them, of any officer to any other officer or to any Director.

Section 4 - Term of Office: Each officer of the Company shall hold office until the officer's successor is chosen and qualified, or until the officer's resignation or removal. Any officer appointed by the Board of Directors may be removed at any time by the Board of Directors with or without cause.

Section 5 - Compensation: The compensation of the officers shall be fixed by the Board of Directors.

ARTICLE IX: AGENTS

- - - - -

Section 1 - Resident Agent: The Company shall have and continuously maintain a resident agent, which may be either an individual resident in the State of Michigan whose business office is identical with the Company's registered office or a Michigan corporation or a foreign corporation authorized to transact business in Michigan and having a business office identical with the Company's registered office. The Board of Directors shall appoint the resident agent.

Section 2 - Other Agents: The Board of Directors may appoint such other agents as may in their judgment be necessary for the proper conduct of the business of the Company.

ARTICLE X: POWERS AND DUTIES

- - - - -

Section 1 - Directors: The business and affairs of the Company shall be managed by the Board of Directors which shall have and

exercise all of the powers and authority of the Company except as otherwise provided by law, by the Articles of Incorporation of the Company or by these Bylaws.

Section 2 - Executive Committee: In the interim between meetings of the Board of Directors the Executive Committee shall have and exercise all the powers and authority of the Board of Directors except as otherwise provided by law. The Executive Committee shall meet from time to time on the call of the Chairman of the Board or the Chairman of the Committee. The Secretary shall keep minutes in sufficient detail to advise fully the Board of Directors of the actions taken by the Committee and shall submit copies of such minutes to the Board of Directors for its approval or other action at its next meeting.

Section 3 - Chairman of the Board: The Chairman of the Board shall preside at all meetings of Directors and shareholders; shall perform and do all acts and things incident to the position of Chairman of the Board; and shall perform such other duties as may be assigned from time to time by the Board of Directors or the Executive Committee.

Unless otherwise provided by the Board or the Executive Committee, the Chairman of the Board shall have full power and authority on behalf of the Company to execute any shareholders' consents and to attend and act and to vote in person or by proxy at any meetings of shareholders of any corporation in which the Company may own stock and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock and which, as the owner thereof, the Company might have possessed and exercised if present. If the Chairman of the Board shall not exercise such powers, or in the absence or inability to act of the Chairman, the President may exercise such powers. In the absence or inability to act of the President, a Vice Chairman, if any, may exercise such powers. In the absence or inability to act of a Vice Chairman, any Vice President may exercise such powers. The Board of Directors or Executive Committee by resolution from time to time may confer like powers upon any other person or persons.

Section 4 - President: The President shall be the chief executive officer of the Company and, subject to the supervision of the Board of Directors and of the Executive Committee, shall have general charge of the business and affairs of the Company; shall perform and do all acts and things incident to such position; and shall perform such other duties as may be assigned from time to time by the Board of Directors, the Executive Committee or the Chairman of the Board. In the absence of the Chairman of the Board and a Vice Chairman, the President shall preside at meetings of Directors. In the absence of the

Chairman of the Board, the President shall preside at meetings of shareholders.

Section 5 - Vice Chairman: The Vice Chairman, if any, shall perform such of the duties of the Chairman of the Board or the President on behalf of the Company as may be respectively assigned from time to time by the Board of Directors, the Executive Committee, the Chairman of the Board or the President. In the absence of the Chairman of the Board, the Vice Chairman shall preside at meetings of Directors. In the absence of the Chairman of the Board and the President, the Vice Chairman shall preside at meetings of shareholders.

Section 6 - Vice Presidents: Vice Presidents, if any, shall perform such of the duties of the Chairman of the Board or the President or the Vice Chairman, if any, on behalf of the Company as may be respectively assigned from time to time by the Board of Directors, the Executive Committee, the Chairman of the Board or the President or a Vice Chairman. The Board of Directors or Executive Committee may designate one or more of the Vice Presidents as Executive Vice President or Senior Vice President.

Section 7 - Controller: Subject to the Board of Directors, the Executive Committee, the Chairman of the Board, the President and the Vice President having general charge of accounting, the Controller, if any, shall have charge of the supervision of the accounting system of the Company, including the preparation and filing of all tax returns and financial reports required by law to be made to any and all public authorities and officials; and shall perform such other duties as may be assigned, from time to time, by the Board of Directors, the Executive Committee, the Chairman of the Board, the President, a Vice Chairman, if any, or Vice President having general charge of accounting.

Section 8 - Treasurer: It shall be the duty of the Treasurer to have the care and custody of all the funds and securities, including the investment thereof, of the Company which may come into the Treasurer's hands, and to endorse checks, drafts and other instruments for the payment of money for deposit or collection when necessary or proper and to deposit the same to the credit of the Company in such bank or banks or depository as the Treasurer may designate, and the Treasurer may endorse all commercial documents requiring endorsements for or on behalf of the Company. The Treasurer may sign all receipts and vouchers for the payments made to the Company; shall render an account of transactions to the Board of Directors or the Executive Committee as often as the Board or the Committee shall require; and shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors, the Executive Committee, the Chairman of the Board, the President and a Vice Chairman, if any.

Section 9 - Secretary: The Secretary shall act as custodian of and keep the minutes of all meetings of the Board of Directors, of the Executive Committee, of the shareholders and of any Committees of the Board of Directors which keep formal minutes; shall attend to the giving and serving of all notices of the Company; shall prepare or cause to be prepared the list of shareholders required to be produced at any meeting; shall attest the seal of the Company upon all contracts and instruments executed under such seal and shall affix or cause to be affixed the seal of the Company thereto and to all certificates of shares of the capital stock; shall have charge of the stock records of the Company and such other books and papers as the Board of Directors, the Executive Committee, the Chairman of the Board, the President or a Vice Chairman, if any, may direct; and shall, in general, perform all the duties of Secretary, subject to the control of the Board of Directors, the Executive Committee, the Chairman of the Board, the President and a Vice Chairman, if any.

Section 10 - General Counsel: The General Counsel, if any, shall have charge of all matters of a legal nature involving the Company.

Section 11 - Assistant Controllers,
Assistant Secretaries and
Assistant Treasurers: An Assistant Controller, an Assistant Secretary or an Assistant Treasurer, if any, shall, in the absence or inability to act or at the request of the Controller, Secretary or Treasurer, respectively, perform the duties of the Controller or Secretary or Treasurer, respectively, and shall perform such other duties as may from time to time be assigned by the Board of Directors, the Executive Committee, the Chairman of the Board, the President or a Vice Chairman, if any. The performance of any such duty shall be conclusive evidence of their right to act.

Section 12 - Principal Financial Officer and
Principal Accounting Officer: The Board of Directors or the Executive Committee may from time to time designate officers of the Company to be the Principal Financial Officer and the Principal Accounting Officer of the Company.

ARTICLE XI: STOCK
- - - - -

Section 1 - Stock Certificates: The shares of stock of the Company shall be represented by certificates which shall be numbered and shall be entered on the stock records of the Company and registered as they are issued. Each certificate shall state on its face that the Company is formed under the

laws of Michigan, the name of the person or persons to whom issued, the number and class of shares and the designation of the series the certificate represents, and the par value of each share represented by the certificate; shall be signed by the Chairman of the Board or a Vice Chairman or the President or one of the Vice Presidents and also may be signed by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary; and shall be sealed with the seal of the Company or a facsimile thereof. When such certificates are countersigned by a transfer agent or registered by a registrar, the signatures of any such Chairman of the Board, Vice Chairman, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be facsimiles. In case any officer, who shall have signed or whose facsimile signature shall have been placed on any such certificate, shall cease to be such officer of the Company before such certificate shall have been issued by the Company, such certificate may nevertheless be issued by the Company with the same effect as if the person, who signed such certificate or whose facsimile signature shall have been placed thereon, were such officer of the Company at the date of issue.

Each certificate shall set forth on its face or back or state that the Company will furnish to a shareholder upon request and without charge a full statement of the designations, relative rights, preferences and limitations of the shares of stock of each class authorized to be issued and of each series so far as the same have been prescribed and the authority of the Board of Directors to designate and prescribe the relative rights, preferences and limitations of other series.

Section 2 - Stock Records: The shares of stock of the Company shall be transferable on the stock records of the Company in person or by proxy duly authorized and upon surrender and cancellation of the old certificates therefor.

The Board of Directors may fix a date preceding the date fixed for any meeting of the shareholders or any dividend payment date or the date for the allotment of rights or the date when any change, conversion or exchange of stock shall go into effect or the date for any other action, as the record date for the determination of the shareholders entitled to notice of and to vote at such meeting or to receive payment of such dividend or to receive such allotment of rights or to exercise such rights in respect of any such change, conversion or exchange of stock or to take such other action, as the case may be, notwithstanding any transfer of shares on the records of the Company or otherwise after any such record date fixed as aforesaid. The record date so fixed by the Board shall not be more than sixty nor less than ten days before the date of the meeting of the shareholders, nor more than sixty days before any other action. If the Board of Directors does not fix a date of

record, as aforesaid, the record date shall be as provided by law.

Section 3 - Stock - Preferred, Class A Preferred, Preference and Common: The Preferred Stock, Class A Preferred Stock, Preference Stock and Common Stock of the Company shall consist of shares having a par value of \$100, no par value, \$1 and \$10 per share, respectively.

The designations, relative rights, preferences, limitations and voting powers, or restrictions, or qualifications of the shares of Preferred Stock, Class A Preferred Stock, Preference Stock and Common Stock shall be as set forth in the Articles of Incorporation of the Company.

Section 4 - Replacing Certificates: In case of the alleged loss, theft or destruction of any certificate of shares of stock and the submission of proper proof thereof, a new certificate may be issued in lieu thereof upon delivery to the Company by the owner or the owner's legal representative of a bond of indemnity against any claim that may be made against the Company on account of such alleged lost, stolen or destroyed certificate or such issuance of a new certificate.

ARTICLE XII: AUTHORIZED SIGNATURES

Section 1 - Authorized Signatures: All checks, drafts and other negotiable instruments issued by the Company shall be made in the name of the Company and shall be signed manually or signed by facsimile signature by such one of the officers of the Company or such other person as the Chairman of the Board may from time to time designate.

ARTICLE XIII: AMENDMENTS OF BYLAWS

Section 1 - Amendments, How Effected: These Bylaws may be amended or repealed, or new Bylaws may be adopted, either by the majority vote of the votes cast by the shareholders entitled to vote thereon or by the majority vote of the Directors then in office at any meeting of the Directors.

February 25, 1994

EXHIBIT (10) (b)

EXHIBIT (10) (b)

[EXECUTION COPY]

\$220,000,000

AMENDED AND RESTATED
CREDIT AGREEMENT

Dated as of November 30, 1992,
As Amended and Restated as of October 15, 1993

Among

CMS ENERGY CORPORATION
as Borrower

and

THE BANKS NAMED HEREIN
as Banks

and

CITIBANK, N.A. and
UNION BANK
as Co-Agents

TABLE OF CONTENTS

Section

Page

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

1.01.Certain Defined Terms 2
1.02.Computation of Time Periods 21
1.03.Accounting Terms 21

ARTICLE II
COMMITMENTS

2.01.The Commitments 22
2.02.Fees 22
2.03.Reduction of the Commitments 23
2.04.Computations of Outstandings 23

ARTICLE III
ADVANCES

3.01.Advances 24
3.02.Conversion of Advances 25
3.03.Interest Periods 26
3.04.Other Terms Relating to the
 Making and Conversion of Advances 26
3.05.Repayment of Advances 29

ARTICLE IV
LETTERS OF CREDIT

4.01.LC Banks 30
4.02.Letters of Credit 31
4.03.LC Bank Fees 32
4.04.Reimbursement to LC Banks 32
4.05.Obligations Absolute 33
4.06.Liability of LC Banks and the Lenders 34

ARTICLE V
PAYMENTS, COMPUTATIONS AND YIELD PROTECTION

5.01.Payments and Computations 35
5.02.Interest Rate Determination 37
5.03.Prepayments 37
5.04.Yield Protection 38
 (a)Increased Costs 38
 (b)Eurodollar Reserves 38
 (c)Breakage 39
 (d)Capital 39
 (e)Notices 40
 (f)Survival of Obligations 40
5.05.Sharing of Payments, Etc 41

5.06.Taxes	41
----------------------	----

ARTICLE VI
CONDITIONS PRECEDENT

6.01.Conditions Precedent to Commitment Closing	43
6.02.Conditions Precedent to Financial Closing .	45
6.03.Conditions Precedent to Each Extension of Credit	46
6.04.Reliance on Certificates	48

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

7.01.Representations and Warranties of the Borrower	48
---	----

ARTICLE VIII
COVENANTS OF THE BORROWER

8.01.Affirmative Covenants	52
8.02.Negative Covenants	55
8.03.Reporting Obligations	61

ARTICLE IX
DEFAULTS

9.01.Events of Default	65
9.02.Remedies	67

ARTICLE X
THE AGENTS

10.01.Authorization and Action	68
10.02.Agents' Reliance, Etc.	69
10.03.Citibank, Union Bank and Affiliates	69
10.04.Lender Credit Decision	70
10.05.Indemnification	70
10.06.Successor Agents	70
10.07.Lenders and Agents Bound by Collateral Agency and Intercreditor Agreement and Pledge Agreements	71

ARTICLE XI
MISCELLANEOUS

11.01.Amendments, Etc.	72
11.02.Notices, Etc.	73
11.03.No Waiver of Remedies	73
11.04.Costs, Expenses and Indemnification	73
11.05.Right of Set-Off	75
11.06.Binding Effect	76
11.07.Assignments and Participation	76

11.08. Confidentiality	81
11.09. Waiver of Jury Trial	82
11.10. Governing Law	82
11.11. Relation of the Parties; No Beneficiary . .	82
11.12. Effectiveness; Reference to and Effect on the Loan Documents	82
11.13. Execution in Counterparts	83
11.14. Survival of Agreement	83

Exhibits

- EXHIBIT 3.01- Form of Notice of Borrowing
- EXHIBIT 3.02- Form of Notice of Conversion
- EXHIBIT 5.03- Form of Cash Collateral Agreement
- EXHIBIT 6.02A- Form of Note
- EXHIBIT 6.02C- Form of Opinion of Sidley & Austin, counsel for
the Loan Parties
- EXHIBIT 6.02D- Form of Opinion of Porter & Travers, counsel to
the Agents
- EXHIBIT 6.02E- Form of Opinion of Loomis, Ewert, Ederer,
Parsley, Davis & Gotting, P.C., special Michigan
counsel for the Loan Parties
- EXHIBIT 11.07- Form of Lender Assignment

Schedules

- SCHEDULE I Applicable Lending Offices
- SCHEDULE II Permitted Debt

AMENDED AND RESTATED
CREDIT AGREEMENT

Dated as of November 30, 1992,
As Amended and Restated as of October 15, 1993

THIS AMENDED AND RESTATED 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) Citibank, N.A. ("Citibank") and Union Bank ("Union Bank"),
as co-agents (individually a "Co-Agent" and collectively
the "Co-Agents") for the Lenders hereunder,

- (iv) Citibank, as documentation agent (the "Documentation Agent") for the Lenders hereunder, and
- (v) Union Bank, as operational agent (the "Operational Agent") for the Lenders hereunder.

PRELIMINARY STATEMENTS

The Borrower, the Banks, the Co-Agents, the Documentation Agent and the Operational Agent have entered into the Existing Agreement (as hereinafter defined), under which the Banks have agreed to provide the credit facilities described therein in the amounts and on the terms therein set forth.

The Borrower has requested that the Existing Agreement be amended in order to enable the Borrower to cause letters of credit to be issued for its account thereunder, and to provide the Borrower with certain additional rights. The Banks have agreed to such amendments, and have determined that such amendments could best be effected by amending and restating the Existing Agreement in its entirety.

As is the case with the Existing Agreement, the parties hereto acknowledge and agree that, upon the effectiveness of this amendment and restatement of the Existing Agreement, 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; provided, that the foregoing in no way limits the rights and remedies of the Documentation Agent and the Lenders under the Borrower Pledge Agreement (as hereinafter defined) with respect to the Pledged Collateral thereunder (which includes the common stock of Consumers), as the same shall continue to secure the Obligations (as defined in the Borrower Pledge Agreement).

Accordingly, the parties hereto hereby agree that the Existing Agreement is amended and restated in its entirety 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 (such meanings to be applicable to the singular and plural forms of the terms defined):

"Act 144" means Act 144 of the Michigan Public Acts of 1909, as amended (Michigan Compiled Laws Section 460.301 et seq.), and any successor statute, together with the rules and regulations thereunder, in each case as in effect from time to time.

"Advance" means an Advance by a Lender to the Borrower pursuant to Section 3.01 (or deemed made pursuant to Section 4.04(d)), and refers to a Base Rate Advance or a Eurodollar Rate Advance (each of which shall be a "Type" of Advance). All Advances 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 Advance by such Lender until repaid or next Converted.

"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 Co-Agents, the Operational Agent, the Documentation Agent or the Collateral Agent; and "Agents" means any or all of the foregoing.

"Alternate Base Rate" means a fluctuating interest rate per annum equal at all times to the highest of:

(a) the rate of interest announced publicly by Union Bank in Los Angeles, California, from time to time, as the Union Bank Reference Rate;

(b) 1/2 of one percent per annum above the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average being determined weekly by the Operational Agent on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by the Operational Agent from three New York certificate of deposit dealers of recognized standing selected by the Operational Agent, in either case adjusted to the nearest 1/4 of one percent or, if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent; and

(c) 1/2 of one percent per annum above the Federal Funds Rate.

Each change in the Alternate Base Rate shall take effect concurrently with any change in such base rate, moving average, or Federal Funds Rate.

"Applicable Lending Office" means, with respect to each Lender,

(i) such Lender's Domestic Lending Office, in the case of a Base Rate Advance, and (ii) such Lender's Eurodollar Lending Office, in the case of a Eurodollar Rate Advance.

"Applicable Margin" means, on any date for a Base Rate Advance or a Eurodollar Rate Advance, the percentage per annum set forth below the column entitled "Base Rate" or "Eurodollar Rate", as appropriate, opposite the period during which such date occurs:

Period	Base Rate	Eurodollar Rate
Prior to the Step-Down Date	1.00%	2.00%
From and after the Step-Down Date	0.25%	1.25%

"Applicable Rate" means:

(i) in the case of each Base Rate Advance, 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 in effect from time to time; and

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

"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, less such Lender's Percentage of the Excess Debt Reduction.

"Available Commitments" means the aggregate of the Lenders' Available Commitments hereunder.

"Base Rate Advance" means an Advance that bears interest as provided in Section 3.05(b) (i).

"Borrower Pledge Agreement" means the Amended and Restated Stock Pledge Agreement, dated as of October 8, 1992, as amended and restated as of November 30, 1992, from the Borrower to the Collateral Agent (on behalf of the Lenders and the Noteholders).

"Borrowing" means a borrowing consisting of Advances 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 Advances of a particular Type may be referred to as being a Borrowing of such "Type". All Advances 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, Los Angeles, California, Chicago, Illinois and Detroit, Michigan, and, if the applicable Business Day relates to any Eurodollar Rate Advance, on which dealings are carried on in the London interbank market.

"Cash Collateral Agreement" means the Cash Collateral Agreement, dated as of October 15, 1993, between the Borrower and the Operational Agent, for the benefit of the Lenders, substantially in the form of Exhibit 5.03.

"Collateral" means, collectively, the "Pledged Collateral" under each of the Pledge Agreements.

"Collateral Agency and Intercreditor Agreement" means the Collateral Agency and Intercreditor Agreement, dated as of October 8, 1992, among NBD Bank, National Association (in its capacity as Trustee for the Noteholders), the Borrower, the Collateral Agent and the Operational Agent.

"Collateral Agent" has the meaning assigned to that term in the Collateral Agency and Intercreditor Agreement.

"Collateral Release Date" means the first date (during the absence of an Unmatured Default or Event of Default) by which both of the following events shall have occurred:

(i) the Senior Notes shall (A) be rated the Required Rating or higher by (1) any three of D&P, Fitch, Moody's and S&P, or (2) both Moody's and S&P, and (B) not be watchlisted for potential downgrade by any of the rating agencies utilized to satisfy the condition set forth in clause (A), above; and

(ii) Consumers shall have a consolidated retained earnings balance, as computed in accordance with generally accepted accounting principles consistently applied, in excess of \$18 million for each of the preceding three consecutive calendar months.

"Commitment" means, for each Lender, the obligation of such Lender to make Advances 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 or, if such Lender has entered into one or more Lender Assignments, set forth for such Lender in the Register maintained by the Documentation 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 \$220 million.

"Commitment Closing" means the time at which each of the conditions precedent enumerated in Section 6.01 shall have been fulfilled to the satisfaction of the Lenders, the Co-Agents and the Borrower. All transactions contemplated by the Commitment Closing shall take place on or before November 30, 1992, at the offices of Porter & Travers, 120 West 45th Street, New York, New York 10036, at 10:00 A.M., or such other place or time as the parties hereto may mutually agree.

"Confidential Information" has the meaning assigned to that term in Section 11.08.

"Consolidated Capital" means, at any date of determination, the sum of (a) Consolidated Debt, (b) consolidated equity of the common stockholders of the Borrower and the Consolidated Subsidiaries, (c) consolidated equity of the preference stockholders of the Borrower and the Consolidated Subsidiaries and (d) consolidated equity of the preferred stockholders of the Borrower and the Consolidated Subsidiaries, in each case determined at such date in accordance with generally accepted accounting principles; provided that, solely for purposes of determining the Borrower's compliance with the covenant contained in Section 8.01(i) for the fiscal year ended December 31, 1992, there shall not be deducted from Consolidated Capital any extraordinary write-offs (not to exceed \$220 million) taken by the Borrower for such fiscal year with respect to MCV cost recovery issues; and provided further, that, solely for purposes of determining the Borrower's compliance with the covenant contained in Section 8.01(i) during the fiscal year ending December 31, 1993, there shall not be deducted from Consolidated Capital any write-offs (not to exceed \$240 million) taken by the Borrower for the fiscal year ended December 31, 1992 with respect to MCV cost recovery issues.

"Consolidated Debt" means, at any date of determination, the aggregate Debt of the Borrower and the Consolidated Subsidiaries determined on a consolidated basis in accordance with generally accepted accounting principles, provided that, for purposes of this definition, (i) Debt shall not include any obligation of the Guarantor and the Consolidated Subsidiaries to the extent to which the obligation to pay, whether for property, services or otherwise, has not yet arisen and (ii) clause (v) of the definition of "Support Obligations" shall only include any potential liquidated damage payments provided for in respect of the obligations referred to therein.

"Consolidated Subsidiary" means any Subsidiary whose accounts are or are required to be consolidated with the accounts of the

Borrower in accordance with generally accepted accounting principles.

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

"Conversion", "Convert" or "Converted" refers to a conversion of Advances of one Type into Advances of another Type, or to the selection of a new, or the renewal of the same, Interest Period for Advances, as the case may be, pursuant to Section 3.02. "D&P" means Duff & Phelps, Inc. or any successor thereto.

"Debt" means, for any Person, 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 generally accepted accounting principles, 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, and (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, and including, without limitation, (x) Guaranty Obligations and (y) any accumulated funding deficiency (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) for a Plan.

"Default Rate" means a rate per annum equal at all times to the higher of (i) 2% per annum above the higher, from time to time, of (A) the Applicable Rate for Eurodollar Rate Advances immediately prior to such Default Rate becoming applicable and (B) the Applicable Rate in effect from time to time for Base Rate Advances, and (ii) the highest rate per annum payable pursuant to the Indenture with respect to any principal amount of the Senior Notes that is not paid when due.

"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 Operational

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, (i) be entitled to receive payments hereunder without deduction or withholding of any United States Federal income taxes (as contemplated by Section 5.06) and (ii) not be incurring any losses, costs or expenses of the type for which such Person could demand payment under Section 5.04(a) or (d) (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 Lender shall, in addition, be acceptable to any LC Bank based upon its then-existing credit criteria and (D) any Person described in clause (d), above, shall, in addition, be acceptable to the Co-Agents.

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

"Enterprises Pledge Agreement" means the Amended and Restated Stock Pledge Agreement, dated as of October 8, 1992, as amended and restated as of November 30, 1992, from Enterprises to the Collateral Agent (on behalf of the Lenders and the Noteholders).

"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.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"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 Operational Agent.

"Eurodollar Rate" means, for each Interest Period for each Eurodollar Rate Advance made as part of the same Borrowing, an interest rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance made as part of such Borrowing and for a period equal to such Interest Period. The Eurodollar Rate for the Interest Period for each Eurodollar Rate Advance made as part of the same Borrowing shall be determined by the Operational Agent on the basis of applicable rates furnished to and received by the Operational Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Sections 3.04(c) and 5.02.

"Eurodollar Rate Advance" means an Advance that bears interest as provided in Section 3.05(b) (ii).

"Eurodollar Reserve Percentage" of any Lender for each Interest Period for each Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under Regulation D or other regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Event of Default" has the meaning specified in Section 9.01.

"Excess Debt Reduction" means, on any date of determination, the excess of (i) the aggregate principal amount (or its equivalent) of all Debt then outstanding pursuant to Section 8.02(b) (vi), over (ii) \$130 million.

"Existing Agreement" means the Credit Agreement, dated as of November 30, 1992, among the Borrower, the Banks, the Co-Agents, the Documentation Agent and the Operational Agent, as in effect immediately prior to the effectiveness of this Agreement.

"Extension of Credit" means (i) the making of a Borrowing, (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. For purposes of this Agreement, a Conversion shall not constitute an Extension of Credit.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Operational Agent from three Federal funds brokers of recognized standing selected by the Operational Agent.

"Fee Letter" has the meaning assigned to that term in Section 2.02(d).

"Financial Closing" means the time at which each of the conditions precedent enumerated in Section 6.02 have been fulfilled to the satisfaction of the Lenders, the Co-Agents and the Borrower. All transactions contemplated by the Financial Closing shall take place on or before November 30, 1992, at the offices of Porter & Travers, 120 West 45th Street, New York, New York 10036, at 10:00 A.M., or such other time as the parties hereto may mutually agree.

"Fitch" means Fitch's Investors Services or any successor thereto.

"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 any Loan Party, (ii) the grant and perfection of any Lien contemplated by the Security Documents or (iii) the exercise by any Agent (on behalf of the Lenders or the Noteholders) of any right or remedy provided for under any Security Document.

"Guarantor" means Enterprises.

"Guaranty" means the Guaranty, dated as of November 30, 1992, by Enterprises in favor of the Documentation Agent and the Lenders.

"Guaranty Obligations" means (i) direct or indirect guaranties in respect of, and obligations to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, Debt of any Person and (ii) other guaranty or similar obligations in respect of the performance of others, including, without limitation, Support Obligations.

"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.

"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, and the Second Supplemental Indenture, dated as of October 1, 1992, as said Indenture may be further amended or otherwise modified from time to time in accordance with its terms.

"Interest Period" has the meaning assigned to that term in Section 3.03.

"LC Bank" means a Lender or other financial institution designated by the Borrower, and acceptable to the Documentation Agent and the Operational Agent, in accordance with Section 4.01(a), as the issuer of a Letter of Credit pursuant to an LC Bank Agreement. It is understood and agreed that each Lender shall be deemed to be acceptable to the Documentation Agent and the Operational Agent for such purposes.

"LC Bank Agreement" means an agreement between an LC Bank and the Borrower, in form and substance satisfactory to the Documentation Agent and the Operational Agent, providing for the issuance of one or more Letters of Credit, in form and substance satisfactory to the Documentation Agent and the Operational Agent,

in support of a general corporate activity of the Borrower.

"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).

"Lender Assignment" means an assignment and agreement entered into by a Lender and an Eligible Assignee, and accepted by the Documentation Agent, in substantially the form of Exhibit 11.07.

"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 LC Bank.

"Letter of Credit" means a letter of credit issued by an LC 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 LC Bank Agreement to which it relates.

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

"Loan Documents" means this Agreement, the Notes, the Security Documents, the Collateral Agency and Intercreditor Agreement, the Fee Letter, the Cash Collateral Agreement, the LC Bank Agreement(s) and all other agreements, instruments and documents now or hereafter executed and/or delivered pursuant hereto or thereto.

"Loan Party" means each of the Borrower and the Guarantor.

"Majority Lenders" means, on any date of determination, Lenders that, collectively, on such date (i) have Percentages in the aggregate of at least 66-2/3% and (ii) if the Commitments have been terminated, hold at least 66-2/3% of the then aggregate unpaid principal amount of the Advances owing to Lenders. Any determination of those Lenders constituting the Majority Lenders shall be made by the Co-Agents and shall be conclusive and binding on all parties absent manifest error.

"MCV" means the Midland Cogeneration Venture Limited Partnership.

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

"Net Refinancing Proceeds" means the excess of (i) the gross proceeds from any refinancing of the Senior Notes permitted by Section 8.02(b)(iii) over (ii) the sum of (A) the aggregate principal amount of the Senior Notes being refinanced and (B) customary underwriting commissions, auditing and legal fees, printing costs, rating agency fees and other customary and reasonable fees and expenses incurred by the Borrower in connection with such refinancing, but only to the extent that such excess proceeds do not constitute permitted Debt under Section 8.02(b)(vi).

"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 generally accepted accounting principles consistently applied.

"1991 Credit Agreement" means the Credit Agreement, dated as of December 12, 1991, as amended, among the Borrower, the Lenders named therein, Citibank and Union Bank, as Co-Agents, Citibank, as Documentation Agent, and Union Bank, as Operational Agent.

"Nomeco" means NOMEKO Oil & Gas Co., a Michigan corporation, all of whose capital stock is on the date hereof owned by Enterprises.

"Note" means a promissory note of the Borrower payable to the order of a Lender, in substantially the form of Exhibit 6.02A.

"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).

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

"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 Commitments on such date, and multiplying the quotient so obtained by 100%.

"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, 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.

"Pledge Agreements" means, collectively, the Borrower Pledge Agreement and the Enterprises Pledge Agreement.

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

"Reference Banks" means Citibank, Union Bank and The Toronto-Dominion Bank, or any additional or substitute Lenders as may be selected from time to time to act as Reference Banks hereunder by the Operational Agent, the Majority Lenders and the Borrower.

"Register" has the meaning specified in Section 11.07(c).

"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 Advances owing to Lenders and (ii) if no Advances 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 Co-Agents and shall be conclusive and binding on all parties absent manifest error.

"Required Rating" means, with respect to D&P, Fitch and S&P, BBB- and, with respect to Moody's, Baa3.

"Restricted Subsidiary" means (i) Enterprises, (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, and (iii) any other Subsidiary of the Borrower that is from time to time designated a Restricted Subsidiary by the Borrower's Board of Directors, provided that (A) no such Subsidiary may be so designated a Restricted Subsidiary if, upon or immediately after giving effect to such designation, (1) an Unmatured Default or Event of Default shall have occurred and be continuing or (2) the Borrower and its Restricted Subsidiaries would be prohibited by Section 8.02(b) from incurring any additional Debt, (B) such designated Restricted Subsidiary must be organized under the laws of the United States of America or any State thereof, (C) more than 80% of the outstanding capital stock having ordinary voting power of such designated Restricted Subsidiary must be directly owned by B the Borrower or another Restricted Subsidiary and (D) such designated Restricted Subsidiary must be included in the consolidated financial statements of the Borrower.

"S&P" means Standard & Poor's Corporation or any successor thereto.

"Security Documents" means the Pledge Agreements, the Guaranty and the Cash Collateral Agreement.

"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 Series A Senior Deferred Coupon Notes Due 1997 and the Series B Senior Deferred Coupon Notes Due 1999 issued by the Borrower pursuant to the Indenture.

"Step-Down Date" means the later to occur of (i) the first anniversary of the date of the Financial Closing and (ii) the Collateral Release Date.

"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.

"Support Obligations" means any obligation, contingent or otherwise, of any 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, or (v) to perform, or arrange for the performance of, any non-monetary obligations or non-funded debt payment obligations (including, without limitation, guaranties of capacity support payments under power purchase or other similar arrangements) of the primary obligor.

"Tax Sharing Agreement" means the Agreement for the Allocation of Income Tax Liabilities and Benefits, dated as of January 1, 1990, 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) May 31, 1995 and (ii) the date of termination or reduction in whole of the Commitments pursuant to Section 2.03 or 9.02.

"Trustee" has the meaning assigned to that term in the Indenture.

"Type" has the meaning assigned to such term (i) in the definition of "Advance" when used in such context and (ii) in the definition of "Borrowing" when used in such context.

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

"Unsecured Notes" means any and all general unsecured term notes issued by the Borrower from time to time. Proceeds from the issuance of Unsecured Notes will be used for retirement of the Borrower's higher cost debt securities and for general corporate purposes.

"Unsecured Note Debt" means, collectively, all principal indebtedness of the Borrower now or hereafter existing under the Unsecured 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 Unsecured Notes or the documentation pursuant to which the Unsecured Notes are issued.

SECTION 1.02. Computation of Time Periods. 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".

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).

ARTICLE II COMMITMENTS

SECTION 2.01. The Commitments. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower and to participate in the issuance of Letters of Credit (and the LC Outstandings thereunder) during the period from the date of the Financial Closing 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 Advances, 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 Operational Agent for the account of each Lender a commitment fee on the average daily amount of such Lender's Available Commitment (without taking into account such Lender's Percentage of the Excess Debt Reduction on any date of determination) at the rate of 0.375% per annum, 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, 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 Operational Agent for the account of each Lender a participation fee equal to 1.00% of such Lender's Commitment, such fee to be payable on the date of the Commitment Closing, in the case of each Bank, and on the effective date specified in the Lender Assignment pursuant to which it became a Lender, in the case of each other Lender.

(c) The Borrower agrees to pay to the Operational Agent for the account of each Lender a commission on the average daily aggregate amount of the LC Outstandings from the date hereof until the Termination Date at a rate per annum equal to the Applicable Margin with respect to Eurodollar Rate Advances from time to time, payable quarterly in arrears on the last day of each January, April, July and October, commencing on October 31, 1993, and on the Termination Date.

(d) In addition to the fees provided for in subsections (a), (b) and (c), above, the Borrower shall pay to the Operational Agent, for the account of the Co-Agents, such other fees as are provided for in that certain letter agreement between the Borrower and the Co-Agents (the "Fee Letter") entered into separately herefrom and dated November 30, 1992.

SECTION 2.03. Reduction of the Commitments. (a) The Borrower may, upon at least five Business Days' notice to each Co-Agent, 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) On each date that the Borrower repurchases Senior Notes from any Noteholder as the result of a Change in Control (as defined in the Indenture), the Commitments of the Lenders shall automatically be ratably reduced by an amount equal in the aggregate to the product of (i) the Commitments on such date (after giving effect to all Extensions of Credit to be made on such date and the application of the proceeds thereof) and (ii) the percentage obtained by dividing (A) the aggregate principal amount of such Senior Notes being repurchased by (B) the aggregate principal amount of the Senior Note Debt then outstanding.

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 Advances outstanding on such date 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. References to the unused portion of the Commitments shall refer to the excess, if any, of the Commitments over the principal amount outstanding hereunder; and references to the unused portion of any Lender's Commitment shall refer to such Lender's Percentage of the unused Commitments.

ARTICLE III

ADVANCES

SECTION 3.01. Advances. (a) The Borrower may request a Borrowing (other than a Conversion) by delivering a notice (a "Notice of Borrowing") to the Operational Agent no later than 12:00 noon (New York City time) on the fourth Business Day or, in the case of Base Rate Advances, on the first Business Day, prior to the date of the proposed Borrowing. The Operational Agent shall give each Lender prompt notice of each Notice of Borrowing. Each Notice of Borrowing shall be in substantially the form of Exhibit 3.01 and shall specify the requested (i) date of such Borrowing, (ii) Type of Advances to be made in connection with such Borrowing and (iii) Interest Period, if any, for such Advances. Each proposed Borrowing shall conform to the requirements of Sections 3.03 and 3.04.

(b) Each Lender shall, before 12:00 noon (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Operational Agent at the Operational Agent's address referred to in Section 11.02, in same day funds, such Lender's Percentage of such Borrowing. After the Operational Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article VI, the Operational Agent will make such funds available to the Borrower at the Operational Agent's aforesaid address. Notwithstanding the foregoing, unless the Operational Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Operational Agent such Lender's Percentage of such Borrowing, the Operational Agent may assume that such Lender has made such Percentage available to the Operational Agent on the date of such Borrowing in accordance with the first sentence of this subsection (b), and the Operational 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 Operational 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 Operational 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 Operational Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances made in connection with such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. Within the limits of each Lender's Available Commitment hereunder and subject to the other terms and conditions set forth in this Agreement for the making of Advances, the Borrower may request (and the Lenders shall honor) one or more additional Borrowings from the performing Lenders to fund such repayment to the Operational Agent. If a non-performing Lender shall repay to the Operational Agent such corresponding amount in full (with interest as above provided), (x) the Operational Agent shall apply such corresponding amount and interest to the repayment to the Operational Agent (or repayment of Advances made to fund such repayment to the

Operational Agent), and shall make any remainder available to the Borrower and (y) such amount so repaid shall be deemed to constitute such Lender's Advance, made as part of such Borrowing for purposes of this Agreement as if funded concurrently with the other Advances 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 Operational Agent of Percentages, Commitments and payments hereunder shall be made without regard to the Commitments, or outstanding Advances, of such non-performing Lender, and any amounts paid to the Operational Agent for the account of such non-performing Lender shall be held by the Operational Agent in trust for such 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 Advance 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 Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 3.02. Conversion of Advances. The Borrower may from time to time Convert any Advance (or portion thereof) of any Type to one or more Advances of the same or any other Type by delivering a notice of such Conversion (a "Notice of Conversion") to the Operational Agent no later than 12:00 noon (New York City time) on (x) the fourth Business Day prior to the date of any proposed Conversion into a Eurodollar Rate Advance and (y) the first Business Day prior to the date of any proposed Conversion into a Base Rate Advance. The Operational Agent shall give each Lender prompt notice of each Notice of Conversion. Each Notice of Conversion shall be in substantially the form of Exhibit 3.02 and shall specify the requested (i) date of such Conversion, (ii) Type of, and Interest Period, if any, applicable to, the Advances (or portions thereof) proposed to be Converted, (iii) Type of Advances to which such Advances (or portions thereof) are proposed to be Converted, (iv) initial Interest Period, if any, to be applicable to the Advances resulting from such Conversion and (v) aggregate amount of Advances (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 Advance and the date of payment in full of such Advance shall be divided into successive periods of months or days ("Interest Periods") for purposes of computing interest applicable thereto. The initial Interest Period for each such Advance shall begin on the day such Advance is made, and each subsequent Interest Period shall begin on the last day of the immediately preceding Interest Period for such Advance. 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 that ends after the Termination Date; and

(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.

SECTION 3.04. Other Terms Relating to the Making and Conversion of Advances. (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 the product of (A) \$1,000,000 and (B) the number of Lenders existing at the time of such Borrowing, 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 Advances 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 1991 Credit Agreement as of the date of the Financial Closing;

(ii) the Borrower may request that more than one Borrowing be made on the same day;

(iii) at no time shall more than ten different Borrowings comprising Eurodollar Rate Advances be outstanding hereunder;

(iv) no Eurodollar Rate Advance may be Converted on a date other than the last day of the Interest Period applicable to such Advance unless the corresponding amounts, if any, payable to the Lenders pursuant to Section 5.04(c) 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 Advances or fail, in any Notice of Conversion that has been timely given, to select the duration of any Interest Period for Advances to be Converted into Eurodollar Rate Advances in accordance with Section 3.03, such Advances shall, on the last day of the then existing Interest Period therefor, automatically Convert into, or remain as, as the case may be, Base Rate Advances; and

(vi) if, on the date of any proposed Conversion, any Event of Default or Unmatured Default shall have occurred and be continuing, all Advances then outstanding shall, on such date, automatically Convert into, or remain as, as the case may be, Base Rate Advances.

(b) If any Lender shall notify the Operational 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 Advances hereunder, (i) to the extent that any such notice shall be given at least three Business Days before the date of any requested Borrowing, the right of the Borrower to select Eurodollar Rate Advances 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 Advances, and (ii) if the maintenance of Eurodollar Rate Advances 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 Advances 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 Operational 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 Commitments, Advances, participation and other rights and obligations hereunder to an Eligible Assignee), the Operational Agent shall deliver notice thereof to the Borrower and the Lenders and such suspension shall terminate.

(c) If (i) only one, or none, of the Reference Banks furnishes timely information to the Operational Agent for determining the Eurodollar Rate for Eurodollar Rate Advances to be made in connection with any proposed Borrowing or (ii) the Majority Lenders shall, at least one Business Day before the date of any requested Borrowing, notify the Operational Agent that the Eurodollar Rate for Eurodollar Rate Advances to be made in connection with such Borrowing will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Borrowing, the right of the Borrower to select Eurodollar Rate Advances for such Borrowing and any subsequent Borrowing shall be suspended until the Operational Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist, and each Advance to be made or Converted in connection with such Borrowing shall be a Base Rate Advance.

(d) If any Lender shall have delivered a notice to the Operational 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 3.01(c) or Section 4.04(c), the Borrower or the Co-Agents may demand that such Lender assign in accordance with Section 11.07, to one or more Eligible Assignees designated by the Borrower or the Co-Agents, all (but not less than all) of such Lender's Commitment, Advances, participation and other rights and obligations hereunder; provided that any such demand by the Borrower during the continuance of an Event of Default or Unmatured Default shall be ineffective without the consent of the Majority Lenders. If, within 30 days following any such demand by the Co-Agents 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 Co-Agents shall have failed to designate any such Eligible Assignee, then such demand by the Borrower or the Co-Agents 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 11.07 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 Operational Agent).

(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 Advances, 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, without limitation, 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 Advance to be made by such Lender when such Advance, as a result of such failure, is not made on such date.

SECTION 3.05. Repayment of Advances. (a) Principal. The Borrower shall repay the principal amount of the Advances on the Termination Date. (b) Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the Applicable Rate for such Advance (except as otherwise provided in this subsection (b)), payable as follows:

(i) Base Rate Advances. If such Advance is a Base Rate Advance, 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 Base Rate Advance and on the date such

Base Rate Advance 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 Advances. If such Advance is a Eurodollar Rate Advance, interest thereon shall be payable on the last day of such Interest Period and, if the Interest Period for such Advance 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 LETTERS OF CREDIT

SECTION 4.01. LC Banks. (a) Subject to the terms and conditions hereof, the Borrower may from time to time identify and arrange for one or more financial institutions to act as LC Banks hereunder. Any such designation by the Borrower shall be notified to the Documentation Agent and the Operational Agent at least five Business Days prior to the first date upon which the Borrower proposes that such LC Bank issue its first Letter of Credit, so as to provide adequate time for such proposed LC Bank to be approved by such Agents hereunder. In that regard, the Borrower agrees to use its best efforts to so identify and arrange for Lenders to serve in such capacity, provided that nothing contained herein shall be deemed to require any Lender to agree to act as an LC Bank, if it does not so desire. Within two Business Days following the receipt of any such designation of a proposed LC Bank (other than any Lender so designated), the Documentation Agent and the Operational Agent shall notify the Borrower as to whether such designee is acceptable to such Agents.

(b) The aggregate amount of all LC Outstandings in respect of all Letters of Credit outstanding on any date of determination shall not exceed an amount equal to 50% of the then aggregate amount of the Commitments.

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 Business Days' prior written notice thereof to the Operational Agent (which shall promptly distribute copies thereof to the Lenders) and the relevant LC 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 Termination Date), (ii) the proposed stated amount of such Letter of Credit (which shall not be less than \$250,000) 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 LC Bank Agreement. Each Request for Issuance shall be irrevocable unless modified or rescinded by the Borrower not less than two days prior to the proposed date of issuance (or effectiveness) specified therein. Not later than 12:00 noon (New York City time) 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 LC Bank Agreement, such LC Bank shall issue (or extend, amend or modify) such Letter of Credit and provide notice and a copy thereof to the Operational Agent, which shall promptly furnish copies thereof to the Lenders.

(b) Each Lender severally agrees with such LC 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 LC Bank and each Lender of such participation in such amount.

SECTION 4.03. LC Bank Fees. The Borrower shall pay directly to each LC Bank the letter of credit fees, if any, specified to be paid pursuant to the terms of the LC Bank Agreement to which such LC Bank is a party at the times, and in the manner, specified in such LC Bank Agreement.

SECTION 4.04. Reimbursement to LC Banks. (a) The Borrower hereby agrees to pay to the Operational Agent for the account of each LC Bank, on demand made by such LC Bank to the Borrower and the Operational Agent, on and after each date on which such LC Bank shall pay any amount under the Letter of Credit issued by such LC Bank, a sum equal to the amount so paid plus interest on such amount from the date so paid by such LC Bank until repayment to such LC Bank in full at a fluctuating interest rate per annum equal at all times to the interest rate hereunder for Base Rate Advances.

(b) If any LC Bank shall not have been reimbursed in full for any payment made by such LC Bank under the Letter of Credit issued by such LC Bank on the date of such payment, such LC Bank shall give the Operational Agent and each Lender prompt notice thereof (an "LC Payment Notice") no later than 12:00 noon (New York City time) on the Business Day immediately succeeding the date of such payment by such LC Bank. Each Lender severally agrees to purchase a participation in the reimbursement obligation of the Borrower to such LC Bank under subsection (a), above, by paying to the Operational Agent for the account of such LC Bank an amount equal to such Lender's Percentage of such unreimbursed amount paid by such LC Bank, plus interest on such amount at a rate per annum equal to the Federal Funds Rate from the date of such payment by such LC Bank to the

date of payment to such LC Bank by such Lender. Each such payment by a Lender shall be made not later than 3:00 P.M. (New York City time) on the later to occur of (i) the Business Day immediately following the date of such payment by such LC Bank and (ii) the Business Day on which such Lender shall have received an LC Payment Notice from such LC Bank. Each Lender's obligation to make each such payment to the Operational Agent for the account of such LC Bank shall be several and shall not be affected by the occurrence or continuance of an Unmatured 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 Operational Agent for the account of an LC 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 Operational Agent for the account of an LC Bank in accordance with subsection (b), above, within five Business Days after the LC Payment Notice relating thereto, then, for so long as such failure shall continue, such LC Bank shall be deemed, for purposes of Section 5.05 and Article IX hereof and the Security Documents, to be a Lender hereunder owed an Advance in an amount equal to the outstanding principal amount due and payable by such Lender to the Operational Agent for the account of such LC Bank pursuant to subsection (b), above.

(d) Each participation purchased by a Lender under subsection (b), above, shall constitute a Base Rate Advance deemed made by such Lender to the Borrower on the date of such payment by the relevant LC Bank under the Letter of Credit issued by such LC Bank (irrespective of the Borrower's noncompliance, if any, with the conditions precedent for Advances hereunder); and all such payments by the Lenders in respect of any one such payment by such LC 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 Advance 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, without limitation, 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 LC 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 LC Bank under the Letter of Credit issued by such LC 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 LC 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 LC 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 LC 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 LC Bank, and such LC 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 LC Bank's wilful misconduct or gross negligence, including such LC Bank's wilful 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 LC Bank may accept sight drafts and accompanying certificates presented under the Letter of Credit issued by such LC 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 LC Bank's wilful 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 wilful misconduct of any LC 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 11:00 A.M. (New York City time) on the day when due in U.S. Dollars to the Operational Agent at its address referred to in Section 11.02 in same day funds; any payment received after 2:00 P.M. (New York City time) shall be deemed to have been received at the start of business on the next succeeding Business Day, unless the Operational Agent shall have received from, or on behalf of, the Borrower a Federal Reserve reference number with respect to such payment before 3:00 P.M. (New York City time). The Operational 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 Operational Agent on the date such payment was received by the Operational Agent, the Operational 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 Rate, from the date of such payment by the Borrower to the Operational Agent to the date of payment in full by the Operational Agent to such Lender of such unpaid amount. Upon the Operational 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 Operational Agent shall make all payments hereunder and under the 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 Operational Agent, each Lender and each LC Bank, if and to the extent payment owed to the Operational Agent, such Lender or such LC Bank, as the case may be, is not made when due hereunder (or, in the case of a Lender, under the Note held by such Lender), to charge from time to time against any or all of the Borrower's accounts with the Operational Agent, such Lender or such LC Bank, as the case may be, any amount so due.

(c) All computations of interest based on the Alternate Base Rate and of fees payable pursuant to Section 2.02(a) shall be made by the Operational 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 Eurodollar Rate and the Federal Funds Rate) shall be made by the Operational 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 Operational 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 Advances 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 Operational 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 Operational Agent may assume that the Borrower has made such payment in full to the Operational Agent on such date, and the Operational 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 Operational Agent, such Lender shall repay to the Operational 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 Operational Agent, at the Federal Funds Rate.

(f) Any amount payable by the Borrower hereunder or under any of the 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.

SECTION 5.02. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Operational Agent timely information for the purpose of determining the Eurodollar Rate for each Interest Period. If any one or more of the Reference Banks shall not furnish such timely information to the Operational Agent for the purpose of determining any such interest rate, the Operational Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks, subject to Section 3.04(b).

(b) The Operational Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Operational Agent for purposes of Section 3.05(b)(i) or (ii), and the Eurodollar Rate, if any, furnished by each Reference Bank for the purpose of determining the applicable interest rate under Section 3.05(b)(ii).

SECTION 5.03. Prepayments. The Borrower shall have no right to prepay any principal amount of any Advances other than as provided in subsections (a) and (b), below.

(a) The Borrower may, upon at least five Business Days' notice to the Operational Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, the Borrower shall, prepay the outstanding principal amounts of Advances 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 Advances, any amount payable to the Lenders pursuant to Section 5.04(c); provided, however, that each partial prepayment shall be in an aggregate principal amount not less than the product of (x) \$1,000,000 and (y) the number of Lenders existing at the time of such prepayment.

(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 under this Agreement as shall be necessary in order that such aggregate principal amount outstanding 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 Advances, any amount payable to the Lenders pursuant to Section 5.04(c). Any prepayments required by this subsection (b) shall be applied to outstanding Base Rate Advances up to the full amount thereof before they are applied, first, to outstanding Eurodollar Rate Advances 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 Advances, or of participating in the issuance, maintenance or funding of any Letter of Credit, or (B) the cost to any LC Bank of issuing or maintaining any Letter of Credit, then the Borrower shall from time to time, upon demand by such Lender or LC Bank, as the case may be (with a copy of such demand to the Operational Agent), pay to the Operational Agent for the account of such Lender or LC Bank, as the case may be, additional amounts sufficient to compensate such Lender or LC 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 Operational Agent by such

Lender or such LC Bank, as the case may be, shall constitute such demand and shall be conclusive and binding for all purposes, absent manifest error.

(b)Eurodollar Reserves. The Borrower shall pay to the Operational Agent for the account of each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and notified to the Borrower and the Operational Agent. A certificate as to the amount of such additional interest, submitted to the Borrower and the Operational Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(c)Breakage. If, due to any prepayment pursuant to Section 5.03, an acceleration of maturity of the Advances pursuant to Section 9.01, or any other reason, any Lender receives payments of principal of any Eurodollar Rate Advance other than on the last day of the Interest Period relating to such Advance, or if the Borrower shall Convert any Eurodollar Rate Advances on any day other than the last day of the Interest Period therefor, the Borrower shall, promptly after demand by such Lender (with a copy of such demand to the Operational Agent), pay to the Operational 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 or Conversion, including, without limitation, 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 Advance. For purposes of this subsection (c), 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 Operational Agent by such Lender, shall constitute such demand and shall be conclusive and binding for all purposes, absent manifest error.

(d)Capital. If any Lender or LC 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 LC Bank, whether directly, or indirectly as a result of commitments of any corporation controlling such Lender or LC Bank (but without duplication), and (ii) the amount of such capital is increased by or based upon (1) the existence of such Lender's or LC Bank's commitment to lend or issue or participate in any

Letter of Credit hereunder, or (2) the participation in or issuance or maintenance of any Letter of Credit or Advance and (3) other similar such commitments, then, upon demand by such Lender or LC Bank, the Borrower shall immediately pay to the Operational Agent for the account of such Lender or LC Bank from time to time as specified by such Lender or LC Bank additional amounts sufficient to compensate such Lender or LC Bank in the light of such circumstances, to the extent that such Lender or LC 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 Operational Agent by such Lender or LC Bank, shall be conclusive and binding for all purposes, absent manifest error.

(e) 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), (c) or (d) 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 (i) subsection (a), (c) or (d), above, more than 90 days prior to the date that such Lender notifies the Borrower in writing thereof, and (ii) subsection (b), above, more than 180 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.

(f) Survival of Obligations. Subject to subsection (e), 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 LC 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 Advances owing to it (other than pursuant to Section 5.04) in excess of its ratable share of payments obtained by all the Lenders on account of the Advances of such Lenders, such Lender shall forthwith purchase from the other Lenders such participation in the Advances 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 Operational 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 LC 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, LC 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, LC 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, LC 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, LC Bank and Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes and any Other Taxes imposed by any jurisdiction on amounts payable under this Section 5.06) paid by such Lender, LC 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 30 days from the date such Lender, LC Bank or Agent (as the case may be) makes written demand therefor; provided, that such Lender, LC 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, LC Bank or Agent (as the case may be) shall have been required to pay such amount.

(d) Within 30 days after the date of any payment of Taxes, the Borrower will furnish to the Documentation 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 Operational Agent duly completed copies of such form or forms prescribed by the 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 Operational Agent, such Lender will deliver to the Borrower and the Operational Agent 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 Operational Agent the form or forms referred to in the two preceding sentences further undertakes to deliver to the Borrower and the Operational Agent 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 Operational 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 Commitment Closing. The Commitments of the Lenders to make, or to participate in, as the case may be, Extensions of Credit under Article III hereof shall not become effective until the following conditions precedent shall have been fulfilled:

(a) The Documentation Agent shall have received the following, each dated the date of the Commitment Closing (unless otherwise specified below), in form and substance satisfactory to the Lenders and in sufficient copies for each Lender:

(i) Certified copies of the resolutions of the Board of Directors of the Borrower authorizing the Borrower to enter into this Agreement, the Notes 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, the Notes 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, the Notes 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 Co-Agents.

(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 1991 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) Such other approvals, opinions and documents as any Lender, through the Documentation Agent, may reasonably request as to the legality, validity, binding effect or enforceability of this Agreement and the other Loan Documents to which the Borrower is, or is to be, a party, or the financial condition, results of operations, properties or business, of the Borrower and its Consolidated Subsidiaries.

(b) The following statements shall be true and the Documentation Agent shall have received a certificate of a duly authorized officer of the Borrower, dated the date of the Commitment Closing and in sufficient

copies for each Lender, stating that:

(i) the representations and warranties set forth in Section 7.01 of this Agreement are true and correct on and as of the date of the Commitment Closing as though made on and as of such date, and (ii) no event has occurred and is continuing that constitutes an Unmatured Default or an Event of Default.

(c) The Borrower shall have paid all fees under or referenced in Section 2.02 hereof, to the extent then due and payable.

(d) The Commitment Closing shall have occurred on or prior to November 30, 1992. It is acknowledged that all conditions precedent set forth in this Section 6.01 were fulfilled, and the Commitment Closing occurred, on November 30, 1992.

SECTION 6.02. Conditions Precedent to Financial Closing. The obligation of each Lender to make its initial Extension of Credit is subject to the fulfillment of the conditions precedent that the Documentation 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 the Notes) in sufficient copies for each Lender:

(i) A Note, payable to the order of each Lender then party hereto, duly executed by the Borrower.

(ii) The Security Documents duly executed by the respective parties named therein as guarantors, grantors or pledgors, together with evidence of the completion of all other actions as may be necessary or, in the opinion of the Co-Agents and counsel for the Co-Agents, desirable to perfect the security interests and liens created by the Security Documents.

(iii) The Fee Letter, duly executed by the Borrower.

(iv) Certified copies of (A) the resolutions of the Board of Directors of Enterprises authorizing Enterprises to enter into the Loan Documents to which it is a party and (B) all other corporate or similar action required to authorize the execution, delivery and performance thereof on behalf of Enterprises.

(v) A certificate of the Secretary or Assistant Secretary of Enterprises certifying the names and true signatures of (A) the officers of Enterprises authorized to sign the Loan Documents to which it is a party and all other documents to be delivered in connection herewith or therewith on behalf of Enterprises and (B) the representatives of Enterprises authorized to sign notices to be provided under the Loan Documents to which it is a party, which representatives shall be acceptable to the Co-Agents.

(vi) A certified copy of Schedule II hereto, in form and substance reasonably satisfactory to the Co-Agents.

(vii) Favorable opinions of:

(A) Sidley & Austin, counsel for the Loan Parties, in substantially the form of Exhibit 6.02C and as to such other matters as the Majority Lenders, through the Documentation Agent, may reasonably request;

(B) Porter & Travers, counsel to the Agents, in substantially the form of Exhibit 6.02D and as to such other matters as the Majority Lenders, through the Documentation Agent, may reasonably request; and

(C) Loomis, Ewert, Ederer, Parsley, Davis & Gotting, P.C., special Michigan counsel for the Loan Parties, in substantially the form of Exhibit 6.02E and as to such other matters as the Majority Lenders, through the Documentation Agent, may reasonably request.

It is acknowledged that all conditions precedent set forth in this Section 6.02 (other than the execution and delivery of the Cash Collateral Agreement) were fulfilled, and the Financial Closing occurred, on November 30, 1992.

SECTION 6.03. Conditions Precedent to Each Extension of Credit. The obligation of each Lender or LC 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 LC 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)(i) and (e)(ii) thereof), in Section 4 of each of the Pledge Agreements, in Section 7 of the Cash Collateral Agreement and in Section 6 of the Guaranty (other than those contained in subsections (f)(i) and (f)(ii) thereof) 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;

(ii) solely with respect to the initial Extension of Credit, the representations and warranties contained in Section 7.01(e)(i) and (ii) hereof and in Section 6(f)(i) and (ii) of the Guaranty are correct on and as of the date of such Extension of Credit, before and after giving effect to such Extension of Credit and the application of the proceeds thereof, as though made on and as of such date;

(iii) with respect to each Extension of Credit other than the initial Extension of Credit, since September 30, 1992, except as disclosed in the Borrower's Current Reports on Form 8-K filed with the Securities and Exchange Commission on March 31, 1993 and April 6, 1993, (A) there has been no material adverse change in 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 in the Guarantor's ability to perform its obligations under the Guaranty, and (B) there has been no order or decision issued by any Federal or state regulatory authority which would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Borrower; and

(iv) no Unmatured 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 Documentation Agent shall have received such other approvals, opinions and documents as any Lender or LC Bank, through the Documentation 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 6.04. Reliance on Certificates. The Lenders, the LC Banks and each Agent shall be entitled to rely conclusively upon the certificates delivered from time to time by officers of the Borrower and the other Loan Parties as to the names, incumbency, authority and signatures of the respective persons named therein until such time as the Documentation Agent may receive a replacement certificate, in form acceptable to the Documentation Agent, from an officer of such Person identified to the Documentation 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)The Borrower, each of its Restricted Subsidiaries and Consumers 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, 1991, 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 & Co. included in the Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 (as revised and amended pursuant to Forms 8 dated April 29, 1992, July 15, 1992 and August 17, 1992), and the unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at September 30, 1992 and the related unaudited consolidated statements of income, retained earnings and cash flows for the 9-month period then ended, copies of each of which have been furnished to each Lender, fairly present (subject, in the case of such balance sheets and statements of income for the 9 months ended September 30, 1992, 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 September 30, 1992, except as disclosed in the Borrower's Quarterly Report on Form 10-Q for the period ended September 30, 1992, there has been no material adverse change in the business, financial condition or results of operations of the Borrower and its Subsidiaries, considered as a whole, or in 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. (iii) The Borrower has no material liabilities or obligations except as reflected in the foregoing financial statements and in Schedule II hereto, 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 Quarterly Report on Form 10-Q for the period ended September 30, 1992, 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 Majority 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 Majority Lenders in writing from time to time.

(i) None of the material properties, business or operations of the Borrower, Consumers or any Restricted Subsidiary are materially adversely affected by any fire, explosion, accident, strike, lockout or other labor disputes, 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).

(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 generally accepted accounting principles.

(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 100% of the outstanding shares of common stock of Consumers and Enterprises.

(m)Nomeco is a Subsidiary of Enterprises, and Enterprises owns 100% of the outstanding shares of common stock thereof, except for such shares sold, transferred or otherwise disposed of after the Collateral Release Date pursuant to any transaction permitted by Section 8(h)(iii) of the Guaranty.

(n)The pro forma statements of sources and uses of funds previously delivered by the Borrower to the Co-Agents are based upon assumptions that the Borrower believes were reasonable at the time such statements were delivered, and all other financial information previously delivered by the Borrower to the Co-Agents are true and correct in all material respects as at the dates and for the periods indicated therein.

(o)The executed and delivered Security Documents create valid, perfected, first priority Liens in the Collateral 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 of Governors of the Federal Reserve System), and no proceeds of any Advance 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 (i) to acquire any equity security of a class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934 or (ii) in contravention of Act 144.

(s)The Borrower is not engaged in, and will not engage in, any of the public utility activities that are the subject of Act 144.

(t) 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 of Governors of the Federal Reserve System).

ARTICLE VIII
COVENANTS OF THE BORROWER

SECTION 8.01. Affirmative Covenants. So long as any 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 generally accepted accounting principles.

(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 without limitation 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) the Co-Agents and their respective 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) the Co-Agents, 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 Unmatured Default shall have occurred and be continuing, at the expense of the Co-Agents, each of the Lenders, 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 generally accepted accounting principles consistently applied.

(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 all proceeds of the initial Extension of Credit to the repayment in full and termination of all outstanding obligations under the 1991 Credit Agreement, whether for principal, interest, fees, or otherwise (and, in furtherance thereof, the Borrower hereby expressly and irrevocably authorizes the Operational 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 a ratio of Consolidated Debt to Consolidated Capital of 0.75 to 1 or less, and cause Enterprises to maintain a ratio of Consolidated Debt to Consolidated Capital of 0.55 to 1 or less.

(j) Performance of Indenture Covenants. The Borrower and its

Subsidiaries shall comply with all covenants and similar obligations set forth in the Indenture and all other documents evidencing the Senior Note Debt and any refinancings or restructurings thereof (it being understood and agreed that all such covenants and obligations are hereby incorporated herein by reference in favor of the Lenders and the Agents and that no amendment, modification or waiver of any such covenant or obligation which may be agreed to by the Trustee, any Noteholder or any other Person shall be deemed to constitute an amendment, modification or waiver of such covenant or obligation as so incorporated, except as otherwise agreed by the Required Lenders).

(k) 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 Documentation Agent may reasonably request in order to give effect fully to the interests and properties purported to be covered by the Security 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 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 Majority 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, without limitation, capital stock of any of its 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) 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 permitted

by Section 8.02(b)(vi), provided that the aggregate amount of pledges or deposits securing such Support Obligations shall not exceed \$20 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) Debt. Create, incur, assume or suffer to exist, or permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist, any Debt other than:

(i) Debt hereunder and under the other Loan Documents;

(ii) Guaranty Obligations (A) arising by reason of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of the Borrower's or such Restricted Subsidiary's business, and (B) in the form of indemnities in respect of unfiled mechanics' liens and Liens permitted under Section 8.02(a)(iii);

(iii) the Senior Note Debt and any refinancings thereof; provided, however, that (A) any Net Refinancing Proceeds shall immediately upon the receipt thereof by the Borrower be applied by the Borrower pursuant to Section 2.03(a) and 5.03(a)(ii) to reduce permanently the Commitments; (B) with respect to any debentures, notes, bonds or other debt securities that are to be issued in connection with any refinancing of the Senior Notes and that are to be secured by the Collateral (as defined in the Collateral Agency and Intercreditor Agreement), the Lenders shall, in accordance with Section 11.01, have consented to the issuance of such debentures,

notes, bonds or other debt securities prior to the date of issuance thereof; (C) any Trustee with respect to any of the debentures, notes, bonds or other debt securities referred to in clause (B), above, shall have agreed, in a writing in form and substance satisfactory to the Documentation Agent, to be bound by the terms and conditions of the Collateral Agency and Intercreditor Agreement; and (D) in connection with any such refinancing, the maturity thereof shall be no sooner than 91 days after the then-scheduled Termination Date;

(iv) Debt set forth in Schedule II hereto;

(v) the Unsecured Note Debt (in addition to any Unsecured Note Debt incurred by the Borrower pursuant to clause (iii), above, or clause (vi), below) in an aggregate amount not to exceed \$10 million at any one time outstanding; and

(vi) other Debt (up to \$20 million of which may be secured by pledges and deposits as provided in Section 8.02(a)(ii)) in an aggregate amount not to exceed the sum of \$130 million and the then aggregate amount of the Available Commitments of the Lenders (determined immediately prior to the incurrence of any such Debt) at any one time outstanding.

(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 \$10,000,000.

(d) Investments in Other Persons. Upon the occurrence and during the continuance of an Unmatured Default or an Event of Default, 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 Unmatured 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, 1992 shall not have exceeded the sum of (A) \$40,000,000, (B) 100% of Consolidated Net Income (as defined in the Indenture) accrued during the period (treated as one accounting period) from September 30, 1992 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) received by the Borrower from any issuance or sale of, or contribution with respect to, its capital stock subsequent to the date of the Indenture; 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)), 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 Unmatured 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 Co-Agents 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), (ii) terminate, or permit any ERISA Affiliate to terminate,

any Plan so as to result in any material (in the opinion of the Majority 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 Majority Lenders) risk of such a termination by the PBGC of any 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 Nomeco 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) Nomeco may merge with or into Enterprises or the Borrower; (3) after the Collateral Release Date, Nomeco 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 an Unmatured 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; and (5) subject to the terms of the Borrower Pledge Agreement, Consumers may merge with any other Person, provided that, immediately after giving effect thereto, (A) no event shall occur and be continuing which constitutes an Unmatured Default or an Event of Default, (B) Consumers is the surviving corporation, and (C) Consumers' Net Worth shall be equal to or greater than its Net Worth immediately prior to such merger.

(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 (i) to give effect to a transaction permitted by subsection (h), above, and (ii) Enterprises may sell, lease, transfer, assign, or otherwise dispose of all or any substantial part of its assets (A) to give effect to a sale, transfer or other disposition of the common stock of Nomeco after the Collateral Release Date pursuant to any transaction permitted by Section 8(h)(iii) of the Guaranty and (B) to any other Restricted Subsidiary (in each case subject to compliance with Section 7(h) of the Guaranty immediately after giving effect to any such transaction).

(j) Maintenance of Ownership of Subsidiaries. Except as permitted under the Pledge Agreements, 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, and Section 8(h)(iii) of the Guaranty.

(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 Note shall remain unpaid, any Letter of Credit shall remain outstanding or any Lender shall have any Commitment, the Borrower will, unless the Majority Lenders shall otherwise consent in writing, furnish to 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 Unmatured 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 Unmatured 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 of the Borrower and its Subsidiaries as at the end of such quarter and consolidated statements of income and retained earnings and of cash flows of the Borrower and its Subsidiaries 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 generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 7.01(e), together with (A) a schedule in form satisfactory to the Majority Lenders of the computations used by

the Borrower in determining compliance with the covenant contained in Section 8.01(i), and (B) a certificate of said officer stating that no Unmatured Default or Event of Default has occurred and is continuing or, if an Unmatured 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 & Co. or another nationally-recognized independent public accounting firm, together with a schedule in form satisfactory to the Majority Lenders of the computations used by such accounting firm in determining, as of the end such fiscal year, compliance with the covenant contained in Section 8.01(i);

(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 of the Borrower as at the end of such quarter and statements of income and retained earnings and of cash flows of the Borrower 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 generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 7.01(e);

(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 generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 7.01(e);

(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, copies of all proxy statements, financial statements and reports which the Borrower sends to its public security holders (if any), and copies of all regular, periodic and special reports, and all registration statements and periodic or special reports, if any, 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;

(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;

(m) promptly upon their becoming available, copies of each report or statement required to be provided to the Trustee or any Noteholder pursuant to the Indenture, to the extent such reports or statements are not otherwise required to be delivered pursuant to this Section 8.03; and

(n) 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 Majority Lenders may from time to time reasonably request in writing.

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 after the applicable grace period and notice requirement (if any), the Co-Agents and the Lenders shall be entitled to exercise the remedies set forth in Section 9.02:

(a) The Borrower shall fail to pay any principal of, or interest on, any Note when due; or

(b) Any representation or warranty made by or on behalf of any Loan Party 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) or (j) or in Section 8.02 hereof, or the Guarantor shall fail to perform or observe any term or covenant on its part to be performed or observed contained in Sections 7(h), 7(j) or 8 of the Guaranty (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 Documentation Agent, for a period of 10 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) Any Loan Party, any Restricted Subsidiary or Consumers shall

fail to pay any of its Debt (including any interest or premium thereon but excluding Debt evidenced by the Notes) (i) aggregating, in the case of each Loan Party and each Restricted Subsidiary, \$3,000,000 or more or, in the case of Consumers, \$10,000,000 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) Any Loan Party, 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 any Loan Party, 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 any Loan Party, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including without limitation the entry of an order for relief against such Loan Party, a Restricted Subsidiary or Consumers or the appointment of a receiver, trustee, custodian or other similar official for such Loan Party, such Restricted Subsidiary or Consumers or any of its property) shall occur; or (iii) any Loan Party, 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 \$3,000,000 shall be rendered against any Loan Party 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 10 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 any Loan Party shall so assert in writing; or

(i) The Security Documents after delivery under Article VI hereof 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 valid and perfected first priority Liens (to the extent purported to be granted by such documents) in any of the Collateral; or

(j) At any time any LC 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 LC 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 LC 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.

SECTION 9.02. Remedies. If any Event of Default has occurred and is continuing, then the Co-Agents 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 Advances (other than Advances under Section 4.04 hereof) and of any LC Bank to issue a Letter of Credit to be terminated, whereupon the same shall forthwith terminate, (ii) declare the Notes, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Notes, 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 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 Security Documents or otherwise available to the Co-Agents 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 Advances and of any LC Bank to issue any Letter of Credit shall automatically be terminated and (B) the Notes, 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 Co-Agents pursuant to this Section 9.02 shall affect (i) the obligation of any LC Bank to make any payment under any Letter of Credit issued by such LC 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. Each Lender and LC Bank hereby appoints and authorizes each of the Agents to take such action as agent on its behalf and to exercise such powers under this Agreement and the Collateral Agency and Intercreditor Agreement as are delegated to such Agents by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. The Operational Agent is hereby expressly authorized on behalf of each Lender and each LC Bank, without hereby limiting any implied authority, to receive on behalf of each of the Lenders any payment of principal of, or interest on, the Notes and all other amounts accrued thereunder or hereunder paid to the Operational Agent, and promptly to distribute in accordance with Section 5.01(a) to each Lender its proper share of all payments so received. Each Agent is hereby expressly authorized on behalf of each Lender and each LC Bank, without hereby limiting any implied authority, to distribute to each Lender copies of all notices, agreements and other materials as provided for in this Agreement and any other Loan Document received by such Agent. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes) or the Collateral Agency and Intercreditor Agreement, the Agents shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders, all LC Banks and all holders of Notes; provided, however, that the Agents shall not be required to take any action that exposes any Agent to personal liability or that is contrary to this Agreement or applicable law. Each Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 10.02. Agents' Reliance, Etc. Neither any Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with any Loan Document, except for its or their own gross negligence or wilful misconduct. Without limitation of the generality of the foregoing: (i) each Agent may treat the payee of any Note as the holder thereof until the Documentation Agent receives and accepts a Lender Assignment entered into by the Lender which is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 11.07; (ii) each Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) the Agents make no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations made in or in connection with any Loan Document; (iv) no Agent shall have any duty to ascertain or to inquire as to the performance

or observance of any of the terms, covenants or conditions of any Loan Document on the part of the Borrower or to inspect any property (including the books and records) of the Borrower; (v) no Agent shall be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document; and (vi) no Agent shall incur liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram, cable, telex, telecopy or other teletransmission) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 10.03. Citibank, Union Bank and Affiliates. With respect to its Commitment and the Note issued to it, each of Citibank and Union Bank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not an Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank and Union Bank each in its individual capacity. Citibank and Union Bank and their respective Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, any of its Subsidiaries, its Affiliates and any Person who may do business with or own securities of the Borrower or any such Subsidiary or Affiliate, all as if Citibank and Union Bank were not an Agent and without any duty to account therefor to the Lenders.

SECTION 10.0E. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agents or any other Lender and based on the financial information referred to in Section 7.01(e) and such other 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 the Agents 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 this Agreement.

SECTION 10.05. Indemnification. The Lenders agree to indemnify the Agents (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the Notes then held by each of them (or if no Notes are at the time outstanding or if any Notes are held by Persons which are not Lenders, 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 the Agents in any way relating to or arising out of this Agreement or any action taken or omitted by the Agents 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 the Agents' gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to

reimburse the Agents 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, 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.

SECTION 10.06. Successor Agents. Each Agent (other than the Collateral Agent, whose resignation and removal is governed by Section 6(k) of the Collateral Agency and Intercreditor Agreement) may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Majority Lenders, with any such resignation or removal to become effective only upon the appointment of a successor Agent in such capacity, pursuant to this Section 10.06. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor Agent in such capacity which shall be a Lender or another commercial bank or trust company reasonably acceptable to the Borrower organized under the laws of the United States, or of any State thereof. If no successor Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent in such capacity, which shall be a Lender or shall be another commercial bank or trust company organized under the laws of the United States or of any State thereof reasonably acceptable to the Borrower. Upon the acceptance of any appointment as an Agent hereunder by a successor Agent and the execution and delivery by the Borrower and the successor Agent of an agreement relating to the fees to be paid to the successor Agent under Section 2.02(c) hereof in connection with its acting as an Agent hereunder, such successor Agent shall thereupon 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 under this Agreement. After any retiring Agent's resignation or removal hereunder as an Agent, the provisions of this Article X shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent in such capacity under this Agreement.

SECTION 10.07. Lenders, LC Banks and Agents Bound by Collateral Agency and Intercreditor Agreement and Pledge Agreements. The Borrower, the Lenders, each LC Bank and the Agents hereby agree and acknowledge that (a) this Agreement constitutes a "Replacement Facility" under the Collateral Agency and Intercreditor Agreement and the Pledge Agreements and (b) the obligations of the Borrower now or hereafter existing under this Agreement, the Notes and the other Loan Documents, whether for principal, interest, fees, expenses or otherwise, constitute "Bank Debt" under the Collateral Agency and Intercreditor Agreement and that such obligations are subject to the provisions thereof. In furtherance of the

foregoing, (i) each Lender and LC Bank agrees to be bound by the terms and conditions of the Collateral Agency and Intercreditor Agreement and of each of the Pledge Agreements and that it shall constitute a "Lender" for all purposes thereunder, (ii) each of the Operational Agent, the Documentation Agent and the Co-Agents agrees to be bound by the terms and conditions thereof and that it shall constitute a "Co-Agent" or "Agent", as the case may be, for all purposes thereunder and (iii) each 1991 Lender agrees that the Borrower Pledge Agreement and the Enterprises Pledge Agreement (as such terms are defined in the 1991 Credit Agreement) were, immediately prior to the effectiveness of this Agreement, amended and restated in the forms of Exhibits 6.02F and 6.02G hereto, respectively. Any capitalized terms contained in the Collateral Agency and Intercreditor Agreement or in either Pledge Agreement and not otherwise defined therein, or defined by reference to the 1991 Credit Agreement, shall have the meaning specified in this Agreement.

ARTICLE XI
MISCELLANEOUS

SECTION 11.01. Amendments, Etc. Subject to Sections 2(h) and 10 of the Collateral Agency and Intercreditor Agreement, 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 Majority 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, the Notes, any Applicable Margin or any fees or other amounts payable hereunder (other than fees payable to the Operational Agent pursuant to Section 2.02(c)), (iv) postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder (other than fees payable to the Operational Agent pursuant to Section 2.02(c)), (v) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, 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 Section 2.03(b) or this Section 11.01, or (viii) release any collateral or change any provision of any Security Document providing for the release of collateral; 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 Note. Any request from the Borrower for any amendment, waiver or consent under this Section 11.01 shall be addressed to the Documentation 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., with a copy to Doris F. Galvin, Director of Treasury and Assistant Treasurer, 212 West Michigan Avenue, Jackson, Michigan 49201; (ii) if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; (iii) if to any LC Bank, at its address specified in the LC 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; (v) if to the Operational Agent, at its address at 445 South Figueroa Street, 15th Floor, Los Angeles, California 90071, Attention: Utilities Department Head; and (vi) if to the Documentation Agent, at its address at 399 Park Avenue, New York, New York 10043, Attention: Utilities Department Head; 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 LC Bank or any Agent to exercise, and no delay in exercising, any right hereunder or under any Note 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 pay on demand (i) all reasonable costs and expenses of each Agent (including, without limitation, reasonable fees and expenses of counsel to the Agents and of special Michigan counsel to the Lenders) in connection with (A) the preparation, 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) all reasonable costs and expenses of each Agent and, on and after the date upon which the Notes become or are 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, without limitation, 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 enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder.

(b) The Borrower hereby agrees to indemnify and hold each Lender, each Agent, each LC Bank and their respective officers, directors, employees, professional advisors and affiliates (each, an "Indemnified Person") harmless from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding) which any of them may incur or which may be claimed against any of them by any Person:

(i) by reason of or in connection with the execution, delivery or performance of any of the Loan Documents or any transaction contemplated thereby, or the use by the Borrower of the proceeds of any Extension of Credit;

(ii) in connection with any documentary taxes, assessments or charges made by any governmental authority by reason of the execution and delivery of any of the Loan Documents; or

(iii) in connection with or resulting from the utilization, storage, disposal, treatment, generation, transportation, release or ownership of any Hazardous Substance (i) at, upon or under any property of the Borrower or any of its Affiliates or (ii) by or on behalf of the Borrower or any of its Affiliates at any time and in any place;

provided, however, that nothing contained in this subsection (b) shall constitute a relinquishment or waiver of the Borrower's rights to any independent claim that the Borrower may have against any Indemnified Person for such Indemnified Person's gross negligence or wilful 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.

(c) The Borrower's other obligations under this Section 11.04 shall survive the repayment of all amounts owing to the Lenders, the LC 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 Co-Agents to declare the Notes due and payable pursuant to the provisions of Section 9.02, each Lender and LC 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 LC 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 Note held by such Lender or the LC Bank Agreement to which such LC Bank is a party, as the case may be, irrespective of whether or not such Lender or LC Bank shall have made any demand under this Agreement or such Note or such LC Bank Agreement and although such obligations may be unmatured. Each Lender and LC Bank agrees to notify promptly the Borrower after any such set-off and application made by such Lender or LC 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 LC Bank under this Section 11.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender and LC 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 wilful 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 Documentation 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 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, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or 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 \$10,000,000 and shall be an integral multiple of \$5,000,000, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Documentation Agent (with a copy to the Operational Agent), for its acceptance and recording in the Register, a Lender Assignment, together

with any Note or Notes subject to such assignment and a processing and recordation fee of \$2,500. 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 (iii), above, shall not apply if an Event of Default shall have occurred and be continuing and the Co-Agents shall have declared all Advances to be immediately due and payable hereunder. The Documentation 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 Advances 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 Co-Agents shall have declared all

Advances 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 Documentation 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 Advances 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 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 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 any Note or Notes subject to such assignment, the Documentation Agent shall, if such Lender Assignment has been completed and is in substantially the form of Exhibit 11.07, (i) accept such Lender Assignment, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Documentation Agent in exchange for the surrendered Note or Notes a new Note to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it pursuant to such Lender Assignment and, if the assigning Lender has retained a Commitment hereunder, a new Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Lender Assignment and shall otherwise be in substantially the form of Exhibit 6.02A.

(e) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under the Loan Documents (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, 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 Note for all purposes of this Agreement, and (iv) the Borrower, the Agents 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.

(f) 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.

(g) If any Lender (or any bank or other entity to which such Lender has sold a participation) shall make any demand for payment under Section 5.04(a) or (d), then 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 Agents (which approval shall not be unreasonably withheld) and provided that no Event of Default or Unmatured Default shall then have occurred and be continuing, demand that such Lender assign 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 Advances owing to it within the period ending on the later to occur of such 30th day and the last day of the longest of the then current Interest Periods for such Advances. 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 Advances, then such demand by the Borrower shall become ineffective; it being understood for purposes of this subsection (g) 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 (i) shall agree to such assignment by entering into a Lender Assignment with such Lender and (ii) shall offer compensation to such Lender in an amount equal to all amounts then owing by the Borrower to such Lender hereunder and under the Note 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. In addition, in the case of any amount demanded for payment by any Lender (or such a participant) pursuant to Section 5.04(a) or (d), the Borrower may, in the case of any such Lender, with the approval of the Agents (which approval shall not be unreasonably withheld) and provided that no Event of Default or Unmatured 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 Advances 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 the Note 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 hereof (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 Advances of all Lenders then outstanding does not exceed the then remaining Commitments of the Lenders. Notwithstanding anything set forth above in this subsection (g) 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 Advances or terminate and prepay the Commitment and Advances 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 Advances 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.

(h) 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 Advances owing to it to any Federal Reserve Bank (and its transferees) as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System 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 Loan Parties have furnished and will from time to time furnish to the Agents 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 such Loan Party, 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 such Loan Party may otherwise instruct. It is understood, however, that the foregoing will not restrict the Recipient's ability to freely exchange such Confidential Information 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 prospective participant's 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 (i) by a regulatory agency or otherwise in connection with an examination of the Recipient's records by appropriate authorities, (ii) pursuant to court order, subpoena or other legal process or (iii) otherwise, as required by law; in the event of any required disclosure under clause (ii) or (iii), 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 LC 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. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York. The Borrower, the Lenders, the LC 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 and, in the case of the Pledge Agreements and the Collateral Agency and Intercreditor Agreement, the Noteholders.

SECTION 11.12. Effectiveness; Reference to and Effect on the Loan Documents. (a) This Amended and Restated Credit Agreement shall become effective as of the date first above written when and if (i) the consent attached hereto shall have been executed and delivered by Enterprises, (ii) counterparts of this Agreement shall have been executed by the each of the Lenders, the Agents and the Borrower and (iii) the Documentation Agent shall have received (A) an opinion of counsel for the Loan Parties, in form, scope and substance satisfactory to the Co-Agents, (B) the Cash

Collateral Agreement, duly executed by the Borrower, and (C) a certificate of a duly authorized officer of the Borrower (the statements in which shall be true) as to the statements contained in Section 6.03(a)(i), (iii) and (iv) (assuming, solely for purposes of such certificate, that this amendment and restatement constitutes an Extension of Credit).

(b) Upon the effectiveness of this Agreement, on and after the date hereof each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended and restated hereby.

(c) Except as specifically amended above, the Credit Agreement and the Notes, and all other Loan Documents, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Security Documents and all of the Collateral described therein do and shall continue to secure the payment of all obligations of the Borrower under the Credit Agreement, the Notes and the other Loan Documents, in each case as amended and restated hereby.

(d) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agents under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

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 the Notes evidencing the Extensions of Credit and shall continue in full force and effect so long as any Note or any amount due hereunder is outstanding and unpaid or any Commitment of any Lender has not been terminated.

84

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/ A M Wright

Senior Vice President and
Chief Financial Officer

CITIBANK, N.A.,
as Co-Agent and Documentation
Agent

By /s/ Anita J. Brickell

Vice President

UNION BANK,
as Co-Agent and Operational Agent

By /s/ PSaggan

Vice President

Commitment

Bank

- - - - -

\$28,000,000.00

CITIBANK, N.A.

By /s/ Anita J. Brickell

Vice President

Commitment

Bank

- - - - -

\$28,000,000.00

UNION BANK

By /s/ John M. Edmonston

Vice President

Commitment

Bank

- - - - -

\$25,000,000.00

BARCLAYS BANK PLC

By /s/ John P Bock

Title: Associate Director

Commitment

Bank

- - - - -

\$25,000,000.00

THE CHASE MANHATTAN BANK, N.A.

By /s/ Richard W. Cortwright, Jr.

Title: V P

Commitment

Bank

- - - - -

\$25,000,000.00

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Christine S. Frank

Title: Vice President

Commitment
- - - - -

\$23,000,000.00

Bank

THE LONG-TERM CREDIT BANK
OF JAPAN, LTD.

By /s/ Brady S. Sadek

Title: Vice President &
Deputy General Manager

Commitment
- - - - -

\$18,000,000.00

Bank

MICHIGAN NATIONAL BANK

By /s/ Mark Aben

Title: Vice President

Commitment
- - - - -

\$18,000,000.00

Bank

THE TORONTO-DOMINION BANK

By /s/ Debbie A. Greene

Title:
Debbie A. Greene
Mgr. Cr. Admin.

Commitment
- - - - -

\$15,000,000.00

Bank

CANADIAN IMPERIAL BANK OF
COMMERCE

By /s/ Margaret E. McTigue

Title: Authorized Signatory

Commitment
- - - - -

\$15,000,000.00

Bank

NATIONAL WESTMINSTER BANK PLC

By /s/ Karen N. Grafe

Title: Vice President

EXHIBIT 3.01

FORM OF NOTICE OF BORROWING

Union Bank, as Operational
Agent for the Lenders parties
to the Credit Agreement
referred to below

Attention: Paula Maguire Reese
Assistant Vice President

[Date]

Ladies and Gentlemen:

The undersigned, CMS Energy Corporation, refers to the Amended
and Restated Credit Agreement, dated as of November 30, 1992, as amended

and restated as of October 15, 1993 (as so amended and restated and as it may be further 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, the Co-Agents, the Documentation Agent and the Operational Agent, 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 _____, 19____.

(ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is \$ _____.

1 [(iv) The initial Interest Period for each Advance made as part of the Proposed Borrowing is _____ months.]

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 Section 5.03(a) [(other than clause (ii) thereof)]² [(other than clause (iii) thereof)]³ of the Credit Agreement are true.

Very truly yours,

CMS ENERGY CORPORATION

By _____
Title:

1 To be included for a Proposed Borrowing comprised of Eurodollar Rate Advances.

2 To be included for all Extensions of Credit other than the initial Extension of Credit.

3 To be included for the initial Extension of Credit.

EXHIBIT 3.02

FORM OF NOTICE OF CONVERSION

Union Bank, as Operational
Agent for the Lenders parties
to the Credit Agreement
referred to below

Attention: Paula Maguire Reese
Assistant Vice President

[Date]

Ladies and Gentlemen:

The undersigned, CMS Energy Corporation, refers to the Amended and Restated Credit Agreement, dated as of November 30, 1992 as amended and restated as of October 15, 1993 (as so amended and restated and as it may be further 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, the Co-Agents, the Documentation Agent and the Operational Agent, 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

_____, ____.

(ii) The Type of Advances comprising the Proposed Conversion is
[Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Conversion is
\$_____.

(iv) The Type of Advances to which such Advances are proposed
to be Converted is [Base Rate Advances] [Eurodollar Rate Advances].

(v) The Interest Period for each Advance made as part of the
Proposed Conversion is ____ month(s).*

The undersigned hereby certifies that the following statements
are true on the date hereof, and will be true on the date of the Proposed
Conversion:

(A) 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; and

(B) No Unmatured Default or Event of Default has occurred and is continuing.

Very truly yours,

CMS ENERGY CORPORATION

By _____
Title:

* Delete for Base Rate Advances

EXHIBIT 5.03

FORM OF CASH COLLATERAL AGREEMENT

CASH COLLATERAL AGREEMENT, dated as of October ____, 1993, made by CMS ENERGY CORPORATION, a Michigan corporation (the "Pledgor"), to Union Bank ("Union Bank"), as operational agent (the "Operational Agent") for the lenders (the "Lenders") parties to the Credit Agreement (as hereinafter defined).

PRELIMINARY STATEMENTS

(1) Citibank, N.A. and Union Bank, as Co-Agents, and the Lenders have entered into a Credit Agreement, dated as of November 30, 1992, as amended and restated as of October 15, 1993 (said Agreement, as so amended and restated and 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 Base Rate Advances up to the full amount thereof before they are applied, first, to outstanding Eurodollar Rate Advances 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 Operational Agent in a special non-interest-bearing cash collateral account (the "Account") with the Operational Agent at its office at 445 South Figueroa Street, 15th Floor, Los Angeles, California 90071, Account No. 2200411911 (or at such other office of the Operational Agent as the Operational Agent may, from time to

time, notify the Pledgor), in the name of the Pledgor but under the sole control and dominion of the Operational 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 Operational 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 Operational Agent for its benefit and the ratable benefit of the Lenders, and grants to the Operational 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;

(iii) all notes, certificates of deposit, deposit accounts, checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Operational 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 Borrower 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 Borrower and 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 Borrower to the Operational Agent or the Lenders under the Credit Agreement and the Notes but for the fact that they are unenforceable or not allowable due to of the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower. The Obligations secured by this Agreement are subject to the terms of the Collateral Agency and Intercreditor Agreement.

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 Operational 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 Operational Agent. The Operational Agent shall have the right, at any time upon the occurrence and during the continuance of an Event of Default or an Unmatured Default, in its discretion and without notice to the Pledgor, to transfer to or to register in the name of the Operational Agent or any of its nominees any or all of the Collateral. In addition, the Operational 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 or any Note shall remain unpaid:

(a) The Pledgor will maintain the Account with the Operational 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 Operational 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.

SECTION 5. Investing of Amounts in the Account. If requested by the Pledgor, the Operational 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 Operational 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 Operational 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 Unmatured Default shall have occurred and be continuing, the Operational 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 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 Operational 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 Operational 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 Operational Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Operational 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. Operational Agent Appointed Attorney-in-Fact. The Pledgor hereby appoints the Operational 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 Unmatured Default or otherwise to the extent that the Operational Agent shall reasonably deem any action to be necessary in order to maintain its security interest in the Collateral, in the Operational Agent's discretion, to take any action and to execute any instrument which the Operational 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. Operational Agent May Perform. If the Pledgor fails to perform any agreement contained herein, the Operational Agent may itself perform, or cause performance of, such agreement, and the expenses of the Operational Agent incurred in connection therewith shall be payable by the Pledgor under Section 14.

SECTION 12. The Operational Agent's Duties. The powers conferred on the Operational 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 Operational 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 Operational 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 Operational 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 Operational Agent accords its own property.

SECTION 13. Remedies upon Default. If any Event of Default shall have occurred and be continuing:

(a) The Operational 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 Operational 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 Operational Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Operational 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 Operational Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Operational 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 Operational Agent as Collateral and all cash proceeds received by the Operational 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 Operational Agent, be held by the Operational Agent as collateral for, and/or then or at any time thereafter be applied (after payment of any amounts payable to the Operational Agent pursuant to Section 14) in whole or in part by the Operational Agent for the ratable benefit of the Lenders against, all or any part of the Obligations in such order as the Operational Agent shall elect. Any surplus of such cash or cash proceeds held by the Operational 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 Operational 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 Operational 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 Operational 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 Operational 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 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 Doris F. Galvin, Vice President, 212 West Michigan Avenue, Jackson, Michigan 49201, and if to the Operational 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, (ii) be binding upon the Pledgor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Operational 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 Advances owing to it and any Note 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, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Pledgor. Upon any such termination, the Operational 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.

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 _____
Title:

ACCEPTED AND AGREED:

UNION BANK, as Operational Agent

By _____
Vice President

EXHIBIT 6.02A

FORM OF PROMISSORY NOTE

U.S.\$ _____

Dated: _____, 19__

FOR VALUE RECEIVED, the undersigned, CMS ENERGY CORPORATION, a Michigan corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender") for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below) the principal sum of U.S.\$[amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of all Advances (as defined below) made by the Lender to the Borrower pursuant to the Credit Agreement outstanding on the Termination Date (as defined in the Credit Agreement).

The Borrower promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Union Bank, as Operational Agent, at its offices at 445 South Figueroa Street, 15th Floor, Los Angeles, California

90071, in same day funds. Each Advance made by the Lender to the Borrower pursuant to the Credit Agreement, and all payments made on account of the principal amount thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note, provided that the failure to so record any Advance or any payment on account thereof shall not affect the payment obligations of the Borrower hereunder or under the Credit Agreement.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement, dated as of November 30, 1992 (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 Lender and certain other Lenders parties thereto, the Co-Agents, the Documentation Agent and the Operational Agent, and the Security Documents referred to therein and entered into pursuant thereto. The Credit Agreement, among other things, (i) provides for the making of advances (the "Advances") by the Lender to the Borrower from time to time in an aggregate amount not to exceed the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The obligations evidenced by this Promissory Note are subject to the terms of the Collateral Agency and Intercreditor Agreement.

CMS ENERGY CORPORATION

By _____
 Senior Vice President and
 Chief Financial Officer

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

EXHIBIT 6.02C

FORM OF OPINION OF COUNSEL FOR THE LOAN PARTIES

[Date of Initial Extension of Credit]

To each of the Lenders parties
to the Credit Agreement referred
to below, and to Citibank, N.A.
and Union Bank, as Agents under
the Credit Agreement

CMS Energy Corporation

Ladies and Gentlemen:

This letter is furnished to you pursuant to Section 5.02(vii)(A) of the Credit Agreement, dated as of November 30, 1992 (the "Credit Agreement"), among CMS Energy Corporation (the "Borrower"), the Banks parties thereto and the other Lenders from time to time parties thereto, Citibank, N.A. and Union Bank, as Co-Agents, Citibank, N.A., as Documentation Agent, and Union Bank, as Operational Agent. Capitalized terms not defined herein have the meanings ascribed thereto in the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement). Certain other terms, as noted herein, are used as defined in the Uniform Commercial Code as presently in effect in the State of New York (the "UCC").

We have acted as counsel for the Borrower and the Guarantor in connection with the preparation, execution and deliver of, and the initial Extension of Credit made under, the Credit Agreement and the other Loan Documents.

In that capacity, we have examined:

- (a) The Credit Agreement;
- (b) The Notes;
- (c) The Borrower Pledge Agreement;
- (d) The Enterprises Pledge Agreement;
- (e) The Guaranty;
- (f) The Collateral Agency and Intercreditor Agreement;
- (g) Certificates representing the Pledged Shares and undated stock powers duly executed by the appropriate Pledgor with respect thereto;
- (h) The Articles of Incorporation of the Borrower and all amendments thereto (the "Borrower Charter");
- (i) The by-laws of the Borrower and all amendments thereto (the "Borrower By-laws");
- (j) The Articles of Incorporation of Enterprises and all amendments thereto (the "Enterprises Charter"); and
- (k) The by-laws of Enterprises and all amendments thereto (the "Enterprises By-laws").

In addition, we have examined the originals, or copies certified to our satisfaction, of such other corporate records of the Borrower and of Enterprises, certificates of public officials and of officers of the Borrower and of Enterprises, and agreements, instruments and other documents, as we have deemed necessary as a basis for the opinions expressed below. As to various questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon the representations of the Borrower and Enterprises in the Loan Documents, and upon certificates of the Borrower and Enterprises of their respective officers or of public officials.

We have assumed (i) the due execution and delivery, pursuant to due authorization, of each document referred to in clauses (a) through (f) above by all parties to such document (other than the Loan Parties), (ii) the authenticity of all such documents submitted to us as originals, (iii) the genuineness of all signatures (other than those of the Loan Parties), 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, we are of the following opinion:

1. Each of the Borrower and Enterprises 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 Agreement, the Notes and the other Loan Documents to which it is, or is to be, a party, and the performance by the Borrower of the Collateral Agency and Intercreditor Agreement, 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 Borrower Charter or the Borrower By-laws, (b) any provision of applicable law or (c) any legal or contractual restriction of which we have knowledge, after due inquiry, 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 Security Documents). The Credit Agreement, the Notes and the Borrower Pledge Agreement have been duly executed and delivered on behalf of the Borrower.

3. The execution, delivery and performance by Enterprises of the Guaranty and the Enterprises Pledge Agreement are within the corporate power and authority of Enterprises, have been duly authorized by all necessary corporate action, and do not contravene (a) the Enterprises Charter or the Enterprises By-laws, (b) any provision of applicable law or (c) any legal or contractual restriction of which we have knowledge, after due inquiry, binding on Enterprises or its properties; and such execution, delivery and performance do not result in or require the creation or imposition of any mortgage, deed or trust, pledge, or Lien upon or with respect to any of its properties (other than under the Security Documents). The Guaranty and the Enterprises Pledge Agreement have been duly executed and delivered on behalf of Enterprises.

4. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for (a) the valid execution, delivery and performance by (i) the Borrower of the Credit Agreement and the other Loan Documents to which it is, or is to be, a party, or (ii) Enterprises of the Guaranty and the Enterprises Pledge Agreement, or (b) the creation of any Lien purported to be granted or created pursuant to any Security Document or the exercise by the Collateral Agent (on behalf of the Lenders and the Noteholders) or any Agent (on behalf of the Lenders) of any right or remedy in respect of any Pledged collateral under the Pledge Agreements, except for such authorizations, approvals and filings as have been duly obtained or made and which are in full force and effect on the date hereof and not subject to appeal.

5. The Credit Agreement, the Notes, the Borrower Pledge Agreement and the Collateral Agency and Intercreditor Agreement constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

6. The Guaranty and the Enterprises Pledge Agreement constitute legal, valid and binding obligations of Enterprises, enforceable against Enterprises in accordance with their respective terms.

7. Except as disclosed in the Borrower's Quarterly Report on Form 10-Q for the period ended September 30, 1992, we are not aware, after due inquiry, of any pending or threatened action or proceeding 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 Borrower, the legality, validity or enforceability of the Creditor 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 Security Document to which the Borrower is, or is to be, a party.

8. Except as disclosed in the Borrower's Quarterly Report on Form 10-Q for the period ended September 30, 1992, we are not aware, after due inquiry, of any pending or threatened action or proceeding against Enterprises 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 Enterprises, the legality, validity or enforceability of the Guaranty or the Enterprises Pledge Agreement, or the validity, enforceability, perfection or priority of any Lien purported to be granted by or under the Enterprises Pledge Agreement.

9. The Pledged Shares (as defined in the Borrower Pledge Agreement) have been duly authorized and validly issued, are fully paid and non-assessable, and constitute 100% of the issued and outstanding shares of common stock of Consumers and Enterprises.

10. The Pledged Shares (as defined in the Enterprises Pledge Agreement) have been duly authorized and validly issued, are fully paid and non-assessable, and constitute 100% of the issued and outstanding shares of common stock of Nomeco.

11. When the Collateral Agent takes delivery in the State of New York of the certificates representing the Pledged Shares (as defined in the Borrower Pledge Agreement) and stock powers duly executed by the Borrower with respect thereto, and for so long as the Collateral Agent shall maintain possession of such certificates in

such State, the Borrower Pledge Agreement creates a valid security interest in favor of the Collateral Agent for the benefit of the Lenders and the Noteholders in all Pledged Collateral (as defined therein) in which the Borrower has rights to the extent that the UCC is applicable thereto, as security for the payment of the Obligations (as defined therein) and the Collateral Agent shall have a perfected security interest in all right, title and interest of the Borrower in such Pledged Shares, prior to other security interest and prior to any other adverse claims (as defined in Section 8-302(2) of the UCC), if any, to the extent that such Pledged Shares continue to constitute certificated securities (as defined in Section 8-102(1)(a) of the UCC).

12. When the Collateral Agent takes deliver in the State of New York of the certificates representing the Pledged Shares (as defined in the Enterprises Pledge Agreement) and stock powers duly executed by Enterprises with respect thereto, and for so long as the Collateral Agent shall maintain possession of such certificates in such State, the Enterprises Pledge Agreement creates a valid security interest in favor of the Collateral Agent for the benefit of the Lenders and the Noteholders in all Pledged Collateral (as defined therein) in which Enterprises has rights to the extent that the UCC is applicable thereto, as security for the payment of the Obligations (as defined therein) and the Collateral Agent shall have a perfected security interest in all right, title and interest of Enterprises in such Pledged Shares, prior to other security interests and prior to any other adverse claims (as defined in Section 8-302(2) of the UCC), if any, to the extent that such Pledged Shares continue to constitute certificated securities (as defined in Section 8-102(1)(a) of the UCC).

Due inquiry with respect to the forgoing opinions consisted of interviewing certain officers of the Borrower and Enterprises and reviewing such records and documents of the Borrower and Enterprises as we deemed appropriate to render such opinions.

The opinions set forth in paragraphs 5, 6, 11 and 12, above, are subject to the following qualifications:

(a) In connection with the opinions expressed in paragraphs 5, 6, 11 and 12, the enforceability of the security interests described therein, the enforceability of the Borrower's obligations under the Credit Agreement, the Notes and the other Loan Documents to which it is, or is to be, a party, and the enforceability of Enterprises' obligations under the Guaranty and the Enterprises Pledge Agreement, are or, in the case of any Loan Document executed and delivered by the Borrower after the date hereof, will be, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally. We further note that certain of the rights and remedies set forth in the Security Documents are or may be unenforceable under the laws of the

State of New York, but the inclusion of such provisions does not affect the validity of such Security Documents, and such security Documents contain adequate provisions, if properly invoked, for the enforcement under New York law of the security interests granted therein.

(b) In connection with the opinions expressed in paragraphs 5, 6, 11 and 12, as to the enforceability of the security interests described therein, the enforceability of the Borrower's obligations under the Credit Agreement, the Notes and the other Loan Documents to which it is, or is to be, a party, and the enforceability of Enterprises' obligations under the Guaranty and the Enterprises Pledge Agreement, are subject to general principles of equity (regardless of whether such enforceability is 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. Such principles would include an expectation that parties act with reasonableness and in good faith, and might be applied, for example, to provisions which purport to grant a party with the authority to exercise sole discretion or make conclusive determinations.

(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 in the circumstances in question is determined to have constituted negligence.

(d) In connection with the opinions expressed in paragraphs 11 and 12, above, and as to cash proceeds of "Pledged Collateral", we point out that in the case of proceeds, continuation of the perfection of the security interests therein of the Collateral Agent is limited to the extent set forth in Section 9-306 of the UCC.

(e) In connection with the opinions expressed in paragraphs 11 and 12, above, we have assumed that, at the time that the Collateral Agent takes delivery of the certificates representing the Pledged Shares, the Collateral Agent, on behalf of itself, each Lender and each Noteholder, has taken possession of such certificates in good faith (on the part of the Collateral Agent, each Lender and each Noteholder) in the absence of notice (to the Collateral Agent, any Lender or any Noteholder) of any adverse claim (as defined in Section 8-302(2) of the UCC) with respect thereto.

(f) With respect to the opinions set forth in paragraphs 11 and 12, above, we have assumed that none of the pledgors has 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 UCC of any jurisdiction to be enforceable against third parties.

(g) We express no opinion herein as to:

(i) any Loan Party's rights in or title to any Pledged Collateral, or the authenticity or enforceability thereof;

(ii) the priority of the security interest created or purported to be created by any Security Document in any of the Pledged Collateral as against any claim or lien in favor of the United States of America or any agency or instrumentality thereof, including, without limitation, any Federal tax lien created under the Internal Revenue Code of 1986 or lien created under Title IV of ERISA;

(iii) the effect of the law of any jurisdiction (other than the State of New York), wherein any Lender may be located which limits rates of interest that may be charged or collected by such Lender;

(iv) the compliance with, or applicability of, Federal or state securities laws insofar as they may apply to the pledge or enforcement of the Pledged Shares or other securities (as defined in Section 8-102(1)(c) of the UCC) under the Pledge Agreements:

(v) the priority of any security interests, except to the extent specifically addressed by paragraphs 11 and 12;

(vi) the priority of security interests in any Pledged Collateral relative to any claim (including for taxes) in favor of any state or of its respective agencies, authorities, municipalities or political subdivisions, which claim (or any lien therefore) is given priority under any law of any state; or

(vii) the priority of security interests in any Pledged Collateral as against any lien creditor (as such term is defined in Article 9 of the UCC), to the extent that the security interests therein purport to secure any advances or other extensions of credit other than Advances made pursuant to existing Commitments under the Credit Agreement.

(h) In addition, the opinions set forth in paragraphs 11 and 12, above, are subject to the limitations with respect to purchasers of instruments of securities imposed by Sections 9-308, 9-309 and 8-301 of the UCC.

Our opinions expressed herein are limited to the laws of the

States of New York and Michigan and the Federal laws of the United States of America. As to matters of Michigan law involved in the opinions expressed herein, we have consulted with Rodger A. Kershner, Esq., Assistant General Counsel to the Borrower and Vice President and General Counsel to Enterprises, who is licensed to practice law in the State of Michigan. Mr. Kershner has confirmed to us that, insofar as matters of Michigan law are involved in the opinions expressed herein, such opinions are, in his opinion, correct. We believe that you and we are justified in relying on Mr. Kershner's opinion for such purposes.

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 our prior written consent.

Very truly yours,

EXHIBIT 6.02D

FORM OF OPINION OF COUNSEL TO THE AGENTS

[Date of Initial Extension of Credit]

To the Banks listed on Schedule A hereto, and to Citibank, N.A. and Union Bank, as Agents

CMS Energy Corporation

Ladies and Gentlemen:

We have acted as special New York counsel to Citibank, N.A. and Union Bank, individually and as Agents, in connection with the execution and delivery of, and the making of the initial Extension of Credit on this date under, the Credit Agreement, dated as of November 30, 1992 (the "Credit Agreement"), among CMS Energy Corporation, the Banks parties thereto and the other Lenders from time to time parties thereto, Citibank, N.A. and Union Bank, as Co-Agents, Citibank, N.A., as Documentation Agent, and Union Bank, as Operational Agent. Terms defined in the Credit Agreement are used herein as therein defined.

In this connection, we have examined an executed counterpart of the Credit Agreement, together with the other Loan Documents and other documents listed on Schedule B hereto.

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, and are satisfied with, the creditworthiness of the Borrower and the Guarantor and the business and financial terms evidenced by the Loan Documents. We have relied, as to factual matters, on the documents we have examined.

Our opinions expressed below are limited to the law of the State of New York and the Federal law of the United States, and we do not express any opinions concerning any other law.

Based upon and subject to the foregoing and upon such investigation as we have deemed necessary, and while we have not independently considered the matters covered by the opinions listed on Schedule B hereto to the extent necessary to enable us to express the conclusions stated therein, we are of the opinion that (a) the Credit Agreement, the Notes and the Guaranty are in substantially acceptable legal form, and (b) the other Loan Documents and the opinions and other documents listed on Schedule B hereto are substantially responsive to the requirements of the corresponding subsections of Sections 5.01 and 5.02 of the Credit Agreement pursuant to which the same have been delivered. In connection with our review of the opinion of Loomis, Ewert, Ederer, Parsley, Davis & Gotting, P.C., special Michigan counsel for the Loan Parties, listed as item ___ on Schedule B hereto, we have relied upon the opinion of Dickinson, Wright, Moon, Van Dusen & Freeman, special Michigan counsel to the Lenders, a copy of which is attached as Exhibit A hereto.

Very truly yours

Schedule A

List of Banks

Schedule B

List of Documents Examined

EXHIBIT 6.02E

FORM OF OPINION OF SPECIAL MICHIGAN COUNSEL

[Date of Initial Extension of Credit]

To each of the Lenders parties
to the Credit Agreement referred
to below, and to Citibank, N.A.
and Union Bank, as Agents under
the Credit Agreement

CMS Energy Corporation

Ladies and Gentlemen:

This letter is furnished to you pursuant to Section 5.02(vii)(C) of the Credit Agreement, dated as of November 30, 1992 (the "Credit Agreement"), among CMS Energy Corporation (the "Borrower"), the Banks parties thereto and the other Lenders from time to time parties thereto, Citibank, N.A. and Union Bank, as Co-Agents, Citibank, N.A., as Documentation Agent, and Union Bank, as Operational Agent. Capitalized terms not defined herein have the meanings ascribed thereto in the Credit Agreement and the Security Documents (as defined in the Credit Agreement).

We have acted as special Michigan counsel for the Loan Parties in connection with the preparation, execution and delivery of, and the initial Extension of Credit made under, the Credit Agreement and the other Loan Documents.

In that capacity, we have examined:

- (a) The Credit Agreement;
- (b) The Notes;
- (c) The Borrower Pledge Agreement;
- (d) The Enterprises Pledge Agreement;
- (e) The Guaranty; and
- (f) The Collateral Agency and Intercreditor Agreement.

In addition, we have examined the originals, or copies certified to our satisfaction, of such other corporate records of the Borrower and Enterprises, certificates of public officials and of officers of the Borrower and Enterprises, and agreements, instruments and other documents as we have deemed necessary as a basis for the opinions expressed below. As to various questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon the

representations of the Borrower and Enterprises in the Loan Documents, and upon certificates of the Borrower and Enterprises or their respective officers or of public officials.

We have assumed (i) the due execution and delivery, pursuant to due authorization, of each document referred to in clauses (a) through (f) above by all parties to such document, (ii) the authenticity of all such documents submitted to us as originals, (iii) the genuineness of all signatures and (iv) the conformity to the originals of all such documents submitted to us as copies. In addition, it is our understanding that the Credit Agreement, the Notes and the other Loan Documents will be delivered in the State of New York, payments pursuant to the Notes will be made in a state other than the State of Michigan, and the principal place of business of the Collateral Agent is located in the State of New York.

Our opinions expressed herein are limited to the laws of the State of Michigan.

Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the following opinion:

1. In any action or proceeding arising out of or relating to the Credit Agreement, the Notes or any other Loan Document to which the Borrower or Enterprises 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 the Credit Agreement, the Notes or such other Loan Document, as the case may be, wherein the parties thereto agree that the Credit Agreement, the Notes 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 Agreement, the Notes 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 Agreement, the Notes and the other Loan Documents, nothing has come to our attention to indicate that any of such provisions would do so.

2. 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 (i) the Borrower of the Credit Agreement and the other Loan Documents to which it is, or is to be, a party, or (ii) Enterprises of the Guaranty and the Enterprises Pledge Agreement, or (b) the creation of any Lien purported to be granted or created pursuant to any Security Document or the exercise by the Collateral Agent (on behalf of the Lenders and the Noteholders) of any right or remedy in respect of any Pledged collateral under the Pledge Agreements.

Very truly yours,

FORM OF LENDER ASSIGNMENT

Dated _____, 19__

Reference is made to the Amended and Restated Credit Agreement, dated as of November 30, 1992, as amended and restated as of October 15, 1993 (said Agreement, as so amended and restated and 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, the Co-Agents, the Documentation Agent and the Operational Agent. Pursuant to the Credit Agreement, _____ (the "Assignor") has committed to make advances ("Advances") to the Borrower, which Advances 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, the Advances owing to the Assignor and the Note held by the Assignor. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the Advances owing to the Assignee will be as set forth in Section 2 of Schedule 1. The effective date of this sale and assignment shall be the date specified on Schedule 1 hereto (the "Effective Date").

2. On _____, 19__, the Assignee will pay to the Assignor, in same day funds, at such address and account as the Assignor shall advise the Assignee, \$_____, and 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.

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; and (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. 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 6.01(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) agrees and acknowledges that (a) the Credit Agreement constitutes a "Replacement Facility" under the Collateral Agency and Intercreditor Agreement and the Pledge Agreements and (b) the obligations of the Borrower now or hereafter existing under the Credit Agreement, the Notes and the other Loan Documents, whether for principal, interest, fees, expenses or otherwise, constitute "Bank Debt" under the Collateral Agency and Intercreditor Agreement and that such obligations are subject to the provisions thereof. In furtherance of the provisions of clause (vi), above, the Assignee agrees to be bound by the terms and conditions of the Collateral Agency and Intercreditor Agreement and of each of the Pledge Agreements and that it shall constitute a "Lender" for all purposes thereunder.

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 _____, 19__

Section 1.

Percentage Interest: _____%

Section 2.

Assignee's Commitment: \$_____
Aggregate Outstanding
Principal Amount of
Advances owing to the Assignee:\$_____

Section 3.

Effective Date: _____, 19__

[NAME OF ASSIGNOR]

By: _____
Title:

[NAME OF ASSIGNEE]

By: _____

Title:

Schedule I

CMS ENERGY CORPORATION

Amended and Restated Credit Agreement, dated as of November 30, 1992,
as amended and restated as of October 15, 1993,
among CMS Energy Corporation, the Banks named therein,
Citibank, N.A. and Union Bank, as Co-Agents,
Citibank, N.A., as Documentation Agent, and
Union Bank, as Operational Agent

Name of Bank	Domestic Lending Office	Eurodollar Lending Office
----- Barclays Bank PLC	----- 75 Wall Street New York, New York 10265 Telephone: 212.412.3571 Telecopier: 212.412.5002 Telex: 12-6946 BARCLADOM	----- -Same-
Canadian Imperial Bank of Commerce	200 Galleria Parkway, N.W. Suite 650 Atlanta, Georgia 30339 Telephone: 404.916.7031 Telecopier: 404.955.1185 Telex: 54-2413 Attention: Clare Coyne Senior Associate	-Same-
The Chase Manhattan Bank, N.A.	1 Chase Manhattan Plaza 3rd Floor Global Power Group New York, New York 10081 Telephone: 212.552.7518 Telecopier: 212.552.1687 Attention: Mr. Richard Cortright	-Same-
Citibank, N.A.	399 Park Avenue, 4th Floor New York, New York 10043 Telephone: 212.559.2027 Telecopier: 212.832.9859 Attention: Mr. Joseph W. Casson	-Same-
The First National Bank of Chicago	The First National Bank of Chicago One First National Plaza Chicago, Illinois 60670	-Same-

Telephone: 312.732.5443
Telecopier: 312.732.3055
Attention: Mr. Michael Murphy

The Long-Term Credit Bank of Japan, Ltd., Chicago Branch 190 South LaSalle Street -Same-
Suite 800
Chicago, Illinois 60603
Telephone: 312.704.1700
Telecopier: 312.704.8505

Michigan National Bank 124 West Allegan -Same-
Michigan National Tower
Commercial Loan Department 98-03
Lansing, Michigan 48933
Telephone: 517.377.3368
Telecopier: 517.377.3102
Attention: Mr. Mark Aben

National Westminster Bank PLC 175 Water Street -Same-
New York, New York
Telephone: 212.602.4149
Telecopier: 212.602.4118
Attention: Robert Passarello

The Toronto-Dominion Bank Houston Agency -Same-
Suite 1700
909 Fannin
Houston, Texas 77010
Telephone: 713.653.8245
Telecopier: 713.951.9921
Attention: Ms. Debbie A. Greene

Union Bank 445 South Figueroa Street -Same-
Los Angeles, California 90071
Telephone: 213.236.5809
Telecopier: 213.236.4096
Attention: John M. Edmonston

SCHEDULE II

INDEBTEDNESS OF CMS ENERGY As of August 30, 1993

I. CMS GENERATION

- A. CMS Energy Guaranty to Comerica in connection with letters of credit entered into by CMS Generation Filer City, Inc. required to cover debt service reserve, for Series A (\$4,300,000) and Series B (\$585,000) debt originally dated as of August 29, 1990.

Beneficiary - Prudential Insurance Company.

- B. CMS Energy Guaranty to Chase Manhattan in connection with Letter of Credit Reimbursement Agreement entered into by CMS Generation Grayling Company for equity and project cost overrun funding dated as of August 23, 1991. Beneficiary - Barclays Bank (outstanding Letter of Credit as of October 22, 1992 was \$10,000,000).
- C. CMS Energy Parent Guaranty of CMS Generation Filer City Inc.'s working capital loan obligation dated September 5, 1990 (estimated potential exposure up to \$500,000).
- D. CMS Energy Guaranty to Chase Manhattan in connection with the letter of credit reimbursement by CMS Generation San Nicolas Company for equity and project costs/fundings as required, as of April 16, 1993 (outstanding as of August 30, 1993 was \$2,400,000).
- E. CMS Energy Guaranty to Chase Manhattan in connection with the letter of credit reimbursement by CMS Generation S.A. (Hidronor Project) for \$68,431,964 dated as of July 14, 1993 (outstanding as of August 30, 1993 was \$59,431,964).

II. CMS ENTERPRISES CO.

- A. CMS Energy Guaranty of gas purchases of CMS Gas Marketing to PG&E resources Company dated April 5, 1993 for an amount not to exceed \$200,000.
- B. CMS Energy Guaranty to NBD guaranteeing payment of construction completion costs, if any, in connection with Antrim CO2 removal plant. (Total construction costs estimated to be \$12.3MM, CMS Share 60%).
- C. CMS Energy Guaranty of CMS Gas Marketing Company transportation obligations to Great Lakes Gas Transmission Company dated October 31, 1990.
- D. CMS Energy Guaranty for transportation service between ANR and CMS Gas Marketing Company dated as of June 2, 1988.
- E. CMS Energy Guaranty to Comerica in connection with a letter of credit entered into by CMS Saginaw Bay Company required for cash distributions from the partnership; dated as of February 6, 1992. Beneficiary - Mellon Bank, NA (outstanding Letter of Credit as of August 30, 1993 was \$1,028,000).
- F. CMS Energy Guaranty to Union Oil Company for purchases of natural gas, dated July 16, 1992 (estimated potential exposure up to \$600,000).

- G. Master Lease Agreement, dated as of November 1, 1988, and Supplement No. 2 thereto, dated October 1, 1991, between CMS Enterprises and Meridian Leasing Corporation (outstanding as of August 30, 1993 was \$473,410.40).
- H. Master Lease Agreement dated as of August 1, 1988 between CMS Enterprises and BLC Corp., as supplemental (outstanding lease obligations as of August 30, 1993 were \$57,338.64).
- I. Letter Agreement, dated as of August 29, 1990, among CMS Enterprises and Comerica for the Filer City Project (outstanding Letter of Credit as of August 30, 1993 was \$4,649,324).
- J. CMS Enterprises' letter agreement dated November 14, 1990 indemnifying Barclays Bank from expenses incurred in connection with bond documentation submitted to the Michigan Strategic Fund in connection with the Cadillac project.

III.CMS CAPITAL CORP.

Master Lease Agreement, dated as of December 27, 1989, and Supplement No. 1 thereto, dated as of January 19, 1990, as amended, between CMS Capital Corp. and Meridian Leasing; sublease to CMS Energy dated June 29, 1990 (outstanding lease obligations as of August 30, 1993 were \$4,125,554.00).

IV.MCV-RELATED AGREEMENTS

Pursuant to the terms of the Unwind Agreement among CMS Energy, Midland Group, Ltd., Consumers Power Company ("Consumers Power"), CMS Midland, Inc. ("CMS Midland"), MEC Development Corp. ("MDC"), and CMS Midland Holdings Company ("CMS Holdings") made as of December 10, 1991, (1) Consumers Power assumed and agreed to discharge all obligations of CMS Energy under the agreement described in Section V.A. below, and (2) CMS Midland and CMS Holdings assumed and agreed to discharge all obligations of CMS Energy under the agreements described in Sections V.B. through and including V.G. below.

- A. Amended and Restated Investor Partners Tax Indemnification Agreement dated as of June 1, 1990 (CMS Holdings). CMS Holdings agrees to indemnify the Investor Partners for certain tax matters, including adverse tax consequences of the failure by MDC to dispose of all MCV and Owner Trust Notes and Bonds by December 31, 1992, backed by a CMS Energy Guaranty.
- B. Stand-by Working Capital Facility dated as of June 14, 1990 (CMS Energy as Participating Partner Affiliate). Under certain circumstances CMS Energy agrees to provide MCV with, in an aggregate amount not to exceed \$5,261,000, for a working capital loan (\$5.2MM represents CMS Energy's interest of the total loan

commitment).

- C. Parent Guaranty dated as of June 1, 1990 (CMS Energy as Guarantor, as Parent of CMS Holdings). CMS Energy guarantees both the payment and performance by CMS Holdings of its obligations under the Investor Partners Tax Indemnification Agreement and the First Midland Partnership Agreement and the performance by First Midland Partnership of certain obligations under the Participation Agreement and the Tax Indemnification Agreement (estimated potential exposure up to \$7,700,000).
- D. Stipulated AGE Release Amount Payment between CMS Energy, Consumers Power and Dow Chemical Company dated as of June 1, 1990. If Dow exercises its right to acquire the Alternate Generating Equipment (AGE) under the Back-up SEPA (Steam and Electric Purchase Agreement): (a) Consumers Power will pay the amount, up to \$85 million, by which Dow's cost of obtaining the AGE exceeds the present value of the Dow Note under the Back-up SEPA. (b) CMS Energy will pay the amount by which Dow's cost to acquire the AGE (excluding the cost of discharging non-consensual liens) exceeds \$85 million or the Fair Market Value of the AGE.
- E. (1) Environmental Agreement by CMS Energy to United States Trust Company of New York, Meridian Trust Company and the Bondholders dated as of June 1, 1990. CMS Energy agrees to indemnify the Debt for costs relating to certain environmental matters.

(2) Environmental Agreement by CMS Energy to The Connecticut National Bank dated as of June 1, 1990. CMS Energy agrees to indemnify the Equity for costs relating to certain environmental matters.

(3) Indemnity Agreement by CMS Energy to MCV dated as of June 1, 1990. CMS Energy agrees to indemnify MCV for costs relating to certain environmental matters.
- F. Obligations of CMS Energy pursuant to the Expense Reimbursement Agreement dated June 14, 1990, to reimburse First Midland Limited Partnership for certain expenses.
- G. Engagement Agreements with Morgan Stanley with respect to private placement of sale leaseback debt and Salomon Brothers and Drexel with respect to placement of lease equity. CMS Energy indemnifies the investment bankers with respect to expenses and liabilities arising in connection with these transactions.
- H. CMS Energy Indemnification of Stone & Webster in connection with Feasibility Study and Gas Assurance Report prepared by Stone &

Webster.

- I. Customary indemnification and contribution obligations in favor of underwriters provided in connection with the offering and sale of the MCV Bonds under (i) Senior Underwriting Agreement dated November 1, 1991; (ii) Subordinated Underwriting Agreement dated November 22, 1991; and (iii) Placement Agency Agreement dated as of October 9, 1991.

CONSENT

The undersigned, as Guarantor and Pledgor under the Guaranty, dated as of November 30, 1992, and under the Pledge Agreement, dated as of October 8, 1992, as amended and restated as of November 30, 1992, in favor of the Documentation Agent and the Collateral Agent, respectively, for the benefit of the parties to the Existing Agreement referred to in the foregoing Amended and Restated Credit Agreement, hereby consents to said Amended and Restated Credit Agreement and hereby confirms and agrees that (i) each of the Guaranty and the Pledge Agreement is, and shall continue to be, in full force and effect and is hereby confirmed and ratified in all respects except that, on and after the effective date of said Amended and Restated Credit Agreement, each reference in the Guaranty and the Pledge Agreement to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Amended and Restated Credit Agreement, and (ii) the Pledge Agreement and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Obligations (as defined therein).

CMS ENTERPRISES COMPANY

By /s/ MRWalicki

Title: Vice President-Finance

[EXECUTION COPY]

CASH COLLATERAL AGREEMENT

CASH COLLATERAL AGREEMENT, dated as of October 15, 1993, made by CMS ENERGY CORPORATION, a Michigan corporation (the "Pledgor"), to Union Bank ("Union Bank"), as operational agent (the "Operational Agent") for the lenders (the "Lenders") parties to the Credit Agreement (as

hereinafter defined).

PRELIMINARY STATEMENTS

(1) Citibank, N.A. and Union Bank, as Co-Agents, and the Lenders have entered into a Credit Agreement, dated as of November 30, 1992, as amended and restated as of October 15, 1993 (said Agreement, as so amended and restated and 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 Base Rate Advances up to the full amount thereof before they are applied, first, to outstanding Eurodollar Rate Advances 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 Operational Agent in a special non-interest-bearing cash collateral account (the "Account") with the Operational Agent at its office at 445 South Figueroa Street, 15th Floor, Los Angeles, California 90071, Account No. 2200411911 (or at such other office of the Operational Agent as the Operational Agent may, from time to time, notify the Pledgor), in the name of the Pledgor but under the sole control and dominion of the Operational 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 Operational 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 Operational Agent for its benefit and the ratable benefit of the Lenders, and grants to the Operational 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;

(iii) all notes, certificates of deposit, deposit accounts, checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Operational 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 Borrower 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 Borrower and 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 Borrower to the Operational Agent or the Lenders under the Credit Agreement and the Notes but for the fact that they are unenforceable or not allowable due to of the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower. The Obligations secured by this Agreement are subject to the terms of the Collateral Agency and Intercreditor Agreement.

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 Operational 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 Operational Agent. The Operational Agent shall have the right, at any time upon the occurrence and during the continuance of an Event of Default or an Unmatured Default, in its discretion and without notice to the Pledgor, to transfer to or to register in the name of the Operational Agent or any of its nominees any or all of the Collateral. In addition, the Operational 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 or any Note shall remain unpaid:

(a) The Pledgor will maintain the Account with the Operational 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 Operational 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.

SECTION 5. Investing of Amounts in the Account. If requested by the Pledgor, the Operational 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 Operational 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 Operational 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 Unmatured Default shall have occurred and be continuing, the Operational 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 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 Operational 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 Operational 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 Operational Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Operational 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. Operational Agent Appointed Attorney-in-Fact. The Pledgor hereby appoints the Operational 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 Unmatured Default or otherwise to the extent that the Operational Agent shall reasonably deem any action to be necessary in order to maintain its security interest in the Collateral, in the Operational Agent's discretion, to take any action and to execute any instrument which the Operational 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. Operational Agent May Perform. If the Pledgor fails to perform any agreement contained herein, the Operational Agent may itself perform, or cause performance of, such agreement, and the expenses of the Operational Agent incurred in connection therewith shall be payable by the Pledgor under Section 14.

SECTION 12. The Operational Agent's Duties. The powers conferred on the Operational 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 Operational 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 Operational 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 Operational 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 Operational Agent accords its own property.

SECTION 13. Remedies upon Default. If any Event of Default shall have occurred and be continuing:

(a) The Operational 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 Operational 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 Operational Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Operational 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 Operational Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Operational 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 Operational Agent as Collateral and all cash proceeds received by the Operational 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 Operational Agent, be held by the Operational Agent as collateral for, and/or then or at any time thereafter be applied (after payment of any amounts payable to the Operational Agent pursuant to Section 14) in whole or in part by the Operational Agent for the ratable benefit of the Lenders against, all or any part of the Obligations in such order as the Operational Agent shall elect. Any surplus of such cash or cash proceeds held by the Operational 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 Operational 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 Operational 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 Operational 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 Operational 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 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 Doris F. Galvin, Vice President, 212 West Michigan Avenue, Jackson, Michigan 49201, and if to the Operational 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, (ii) be binding upon the Pledgor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Operational 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 Advances owing to it and any Note 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, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Pledgor. Upon any such termination, the Operational 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.

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 /s/ A. M. Wright

Title: Senior Vice President
and Chief Financial
Officer

ACCEPTED AND AGREED:

UNION BANK, as Operational Agent

By /s/ P Saggan

Vice President

CMS Energy Corporation

Officer's Certificate

I, Alan M. Wright, Senior Vice President and Chief Financial Officer of CMS Energy Corporation, a Michigan corporation (the "Borrower"), DO HEREBY CERTIFY, in connection with the Amended and Restated Credit Agreement, dated as of November 30, 1992, as amended and restated as of October 15, 1993 (the "Credit Agreement", the terms defined therein being used herein as therein defined), among the Borrower, the Lenders named therein, Citibank, N.A. and Union Bank, as Co-Agents, Citibank, N.A., as Documentation Agent, and Union Bank, as Operational Agent, that:

1. The representations and warranties contained in Section 7.01 of the Credit Agreement (other than those contained in subsections (e) (i) and (d) (ii) thereof), in Section 4 of each of the Pledge Agreements, in Section 7 of the Cash Collateral Agreement and in Section 6 of the Guaranty (other than those contained in subsections (f) (i) and (f) (ii) thereof) are correct on and as of the date hereof.
2. Since September 30, 1992, except as disclosed in the Borrower's Current Reports on Form 8-K filed with the Securities and Exchange Commission on March 31, 1993 and April 6, 1993, (A) there has been no material adverse change in the Borrower's ability to perform its obligations under the Credit Agreement or any other Loan Document to which it is or will be a party, or in the Guarantor's ability to perform its obligations under the Guaranty, and (B) there has been no order or decision issued by any Federal or state regulatory authority which would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Borrower.
3. No Unmatured Default or Event of Default has occurred and is continuing.

Date: October 15, 1993

CMS ENERGY CORPORATION

By /s/ A M Wright

Senior Vice President and
Chief Financial Officer

CMS ENERGY

Rodger A. Kershner
Assistant General Counsel

October 15, 1993

To each of the Lenders parties
to the Credit Agreement referred
to below, and to Citibank, N.A.
and Union Bank, as agents under
the Credit Agreement

CMS Energy Corporation

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 11.12(a)(iii)(A) of the Amended and Restated Credit Agreement, dated as of November 30, 1992, as amended and restated as of the date hereof (the "Credit Agreement"), among CMS Energy Corporation (the "Borrower"), the Banks parties thereto and the other Lenders from time to time parties thereto, Citibank, N.A. and Union Bank, as Co-Agents, Citibank, N.A., as Documentation Agent, and Union Bank, as Operational Agent. Capitalized terms not defined herein have the meanings ascribed thereto in the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement).

I am Assistant General Counsel to the Borrower and have acted as such in connection with the preparation, execution and delivery of the Credit Agreement and the other Loan Documents. In connection with the opinions expressed below, I have examined, or have arranged for the examination by an attorney or attorneys under my general supervision, of:

- (a) The Credit Agreement;
- (b) The Cash Collateral Agreement;
- (c) The other Loan Documents;

(d) The Articles of Incorporation of the Borrower and all amendments thereto (the "Charter"); and

(e) The by-law of the Borrower and all amendments thereto (the "By-Laws").

In Addition, I, or an attorney or attorneys under my general supervision, have examined and relied upon the originals, or copies certified to my or their satisfaction, of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower, and agreements, instruments and documents as I have deemed necessary as a basis for the opinions hereinafter expressed. As to questions of fact material to such opinions, I or such attorneys have, when relevant facts were not independently established by me or by them, relied upon certificates of the Borrower or its officers or of public officials. I have assumed the due execution and deliver, pursuant to due authorization, of the Credit Agreement and the other Loan Documents by all parties thereto other than the Loan Parties.

Based upon and subject to the foregoing and the further qualifications set forth below, I am of the opinion that:

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 Agreement and the Cash Collateral Agreement are within the corporate power and authority of the Borrower, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower Charter or the Borrower By-laws, (ii) any provision of applicable law or (iii) 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 Security Documents). The Credit Agreement and the Cash Collateral Agreement have been duly executed and delivered on behalf of the Borrower.
3. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for (a) the valid execution, delivery and performance by the Borrower of the Credit Agreement and the Cash Collateral Agreement or (b) the creation of any Lien purported to be granted or created pursuant to the Cash Collateral Agreement or the exercise by the Operational Agent (on behalf of the Lenders) of any

right or remedy in respect of any Collateral under the Cash Collateral Agreement, except for such authorizations, approvals and filings as have been duly obtained or made and which are in full force and effect on the date hereof and not subject to appeal.

4. In any action or proceeding arising out of or relating to the Credit Agreement or the Cash Collateral Agreement in any court of the State of Michigan, or in any Federal court sitting in the State of Michigan, such court would recognize and give effect to the provisions of Section 11.10 of the Credit Agreement and Section 18 of the Cash Collateral Agreement wherein the Borrower, the Agents and the Lenders agree that the Credit Agreement and the Cash Collateral Agreement, respectively, shall be governed by, and construed in accordance with, the laws of the State of New York. However, if a court were to hold that the Credit Agreement or the Cash Collateral Agreement is governed by, and is to be construed in accordance with, the laws of the State of Michigan, the Credit Agreement and the Cash Collateral Agreement would be, under the laws of the State of Michigan, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower (in all other respects) in accordance with their respective terms.
5. Except as disclosed in the Borrower's Quarterly Report on Form 10-Q for the period ended September 30, 1992, 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 Borrower, the legality, validity or enforceability of the 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 Security Document to which the Borrower is, or is to be, a party.
6. The Cash Collateral Agreement creates a valid security interest in the Collateral described therein, securing payment of the Obligations (as defined therein).

The opinions set forth in paragraphs 4 and 6, above, are subject to the following qualifications:

- (a) The enforceability of the security interests described therein and the enforceability of the Borrower's obligations under the Credit Agreement and the Cash Collateral Agreement are subject

to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, (ii) to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) applicable securities laws to the extent such opinions relate to the enforceability of rights to indemnification, although such limitations or enforceability and the exercise of remedies in my judgment do not make the remedies provided for therein, taken as a whole, inadequate for the substantial realization of the benefits afforded thereby.

(b) In connection with the opinion expressed in paragraph 6, above, I point out that in the case of proceeds, continuation of the perfection of the security interest therein of the Operational Agent is limited to the extent set forth in Section 9-306 of the Uniform Commercial Code as in effect in the State of Michigan.

I am a member of the bar of the State of Michigan and I express no opinion as to the laws of any jurisdiction other than the State of Michigan and the Federal law of the United States of America.

Very truly yours,

/s/ Rodger Kershner

EXHIBIT (10) (m)

1

EXHIBIT (10) (m)

CMS DEFERRED SALARY SAVINGS PLAN

The objective of the CMS Deferred Salary Savings Plan (Plan) is to in some measure replace benefits which have been taken away by the discriminatory requirements applicable to qualified savings plans, which prevent benefits with respect to salaries greater than \$150,000 (as adjusted by an amount determined by the Secretary of the Treasury).

This Plan was originally effective on December 1, 1989 and included amendments through January 1, 1994, and is applicable to all Employees of the Company who are eligible in accordance with its provisions.

SECTION 1. DEFINITIONS

1.1 Definitions. Whenever used in this Plan, the following terms shall have the respective meanings set forth below, unless the context indicates otherwise:

"Company"	CMS Energy Corporation and its subsidiaries which are directly or indirectly wholly-owned.
"Compensation"	A Participant's regular salary from an Employer, before any adjustment for Deferrals under this Plan or any other deferred compensation plan of the Company, Elective Employer Contributions under the Employees' Savings and Incentive Plan of Consumers Power Company, or deductions for taxes, Social Security, etc., which, as so defined, shall continue to be used by the Company in the administration of salary and related benefit programs where applicable.
"Compensation Rate"	The amount of a Participant's Compensation per pay period.
"Deferrals"	Moneys deferred by a Participant pursuant to Section 4.
"Employee"	Any person, employed by CMS Energy Corporation or any of its subsidiaries which are directly or indirectly wholly-owned, whose annualized Compensation Rate exceeds the Threshold Limit.
"Employer Matching Amounts"	Money or property added to the Participant's account as provided in Section 4.3.
"Fiscal Year"	A period commencing on January 1 of any year and ending on December 31, of such year.
"Former Participant"	A Participant who has died, has reached his Retirement Date, has had his employment with an Employer terminated on account of a Disability, or otherwise has terminated his employment with an Employer, or who, because of change in the Threshold Limit, or change in employment status or salary with an Employer, is no longer eligible as an Employee under the Plan.
"Inactive Participant"	A Participant who is not currently making

Deferrals under the Plan.

"Member"

A Participant, Inactive Participant, or Former Participant.

"Participant"

Any Employee who meets the eligibility requirements of the Plan, who elects to enroll under the Plan, and for whom Deferrals are currently being made under the Plan.

"Retirement Date"

The Valuation Date immediately preceding the date a Member actually retires from employment on his Normal, Early or Deferred Retirement Date as set forth below:

- (a) Normal Retirement Date. The first day of the month after the month in which the Employee reaches "Retirement Age" as defined in Section 216(1) of the Social Security Act, as amended and in effect on June 1, 1989.
- (b) Early Retirement Date. The date, which shall be the first day of a month, on which an Employee retires at his election on or after the date which is 120 months preceding Normal Retirement Date.
- (c) Deferred Retirement Date. The date, which shall be the first day of a month, or retirement after Normal Retirement Date.

"Threshold Limit"

\$150,000 per year (or such other cost-of-living adjusted amount as determined by the Secretary of the Treasury) above which annual compensation is disregarded for qualified plans.

"Threshold Rate"

The Threshold Limit divided by the number of regular pay periods for the Participant in a calendar year.

"Valuation Date"

The last business day or any other business day of each calendar month designated by the Company.

1.2 Gender. Any masculine terminology used herein shall also include the feminine.

SECTION 2. ELIGIBILITY

2.1 Eligibility. Each Employee is eligible to become a Participant on date of employment. If a Former Participant is re-employed by an Employer

as an Employee, he shall be eligible to become a Participant on the first pay date next following the date of such re-employment.

SECTION 3. ENROLLMENT

3.1 Enrollment. An Employee eligible to become a Participant may enroll under the Plan by making an application in writing on a form supplied by his Employer and, upon receipt by the Plan administrators, such enrollment shall become effective on a pay date following the date he is eligible to become a Participant.

3.2 Acceptance of Plan by Participant. The filing of an application for enrollment with the Plan administrators under the Plan shall constitute an acceptance of the terms and provisions of the Plan.

SECTION 4. DEFERRALS & PAYMENTS

4.1 Deferrals. Each Participant may elect, on a form provided by his Employer, to defer each pay period, a portion of his Compensation which is not less than one percent (1%) nor more than six percent (6%) of the amount by which his Compensation Rate exceeds the Threshold Rate. Also, each Participant, when his Compensation exceeds the Threshold Limit, may elect, on a form provided by his Employer, to defer a portion of his Compensation up to the amount which will bring the percentage of his total Deferral under the Plan for the Fiscal Year-to-date to not more than six percent (6%) of the amount by which his Compensation for the Fiscal Year-to-date exceeds the Threshold Limit. The amounts deferred will be deferred in accordance with this Section 4.

4.2 Designation of Investment Treatment. At the time of designation of a Deferral under the Plan, each Participant shall specify the proportions of his Deferral to be treated by the Company as if invested in one or more investment funds of the Employees' Savings and Incentive Plan of Consumers Power Company for the purpose of determining the value of the Deferral. Changes in the allocation of a Participant's future Deferrals among these options may be effected at any time by giving his Employer advance notice in writing of each such change. All or a part of a Member's past Deferrals, which are in a Member's account on a Valuation Date, may be reallocated to be treated as if invested in other investment funds on a Valuation Date by giving the Company advance notice in writing of such change and reallocation will be accomplished in the same manner as if the amounts were invested in the Consumers Power company's Employees' Savings and Incentive Plan. A Member may not select a Valuation Date which precedes the date of such request for a change in allocation of such Deferrals. A Member may not reallocate any past Deferrals in his account more often than once in any calendar quarter.

4.3 Employer Matching Amounts. Each month the Company shall add an amount to the Participant's Deferral for the month, which is equal to fifty percent (50%) of the amount deferred by the Participant that month. This Employer Matching Amount will be treated as if it were invested in

Fund C of the Employees' Savings and Incentive Plan of Consumers Power Company for the purpose of determining the future value of the Deferrals, and the payment option elected by the Participant for the amount deferred by the Participant will also govern the payment to the Participant of Employer Matching Amounts, except that no such payment may be made prior to the January following the Participant's retirement or termination of employment.

4.4 Inactive Participants. Each Participant whose Deferrals have been discontinued in accordance with the provisions of this Section 4 shall thereupon become an Inactive Participant.

4.5 Changes in Employment Status. If a Member's employment status with an Employer is changed so that he is no longer eligible as an Employee under the Plan, he shall be a Former Participant and, as such, he may not make or have made by his Employer any Deferrals under the Plan. However, his account shall continue to be treated as if invested in the Consumers Power Company's Employees' Savings and Incentive Plan. If such Former Participant's employment status is again changed so that he is eligible as an Employee under the Plan, he may resume participation as of a pay date following the date of such later change in employment status.

4.6 Payment Election. At the time of designation of a Deferral under the Plan, each Participant shall irrevocably elect one of the following cash payment schedules:

- a. Payment on or before January 20 of the January following retirement under a pension plan applicable to Company Employees or termination of employment.
- b. Payment in five annual installments payable on or before January 20, of five successive years beginning with the January following retirement under a pension plan applicable to Company Employees or termination of employment. The first payment will be for one-fifth ($1/5$) of the January 1 balance for that year; the second payment shall be for one-fourth ($1/4$) of the January 1 balance for that year; the third payment shall be for one-third ($1/3$) of the January 1 balance for that year; the fourth payment shall be for one-half ($1/2$) of the January 1 balance for that year; and the fifth payment shall be for the remaining balance.
- c. Payment in ten annual installments payable on or before January 20, of ten successive years beginning with the January following retirement under a pension plan applicable to Company Employees or termination of employment. The first payment will be for one-tenth ($1/10$) of the January 1 balance for that year; the second payment shall be for one-ninth ($1/9$) of the January 1 balance for that year; the third payment shall be for one-eighth ($1/8$)

of the January 1 balance for that year; the fourth payment shall be for one-seventh (1/7) of the January 1 balance for that year; the fifth payment shall be for one-sixth (1/6) of the January 1 balance for that year; the sixth payment shall be for one-fifth (1/5) of the January 1 balance for that year; the seventh payment shall be for one-fourth (1/4) of the January 1 balance for that year; the eighth payment shall be for one-third (1/3) of the January 1 balance for that year; the ninth payment shall be for one-half (1/2) of the January 1 balance for that year; and the tenth payment shall be for the remaining balance.

A Participant shall have no right to modify the schedule for cash payments under this Plan, as specified in his election pursuant to this subsection. However, upon a written request, the Plan administrators, in their sole discretion, may, after discussion with a Participant, coincident with or following his retirement or other termination of employment, change the time for payment of any one or more amounts remaining unpaid. The discussion with a Participant is for the purpose of assuring the Plan administrators of accurate current information for use in making their independent decision as to whether to change the time of payments. In making their independent decision, the Plan administrators may take into account any financial hardship of the Participant, the health or disability of the Participant, and/or any other factors they consider relevant. The final decision of the Plan administrators shall be in their sole discretion and shall be final, binding and conclusive.

4.7 General Fund. Amounts deferred under this Plan will be satisfied from general funds which are subject to the claims of creditors. The Company may establish a fund, as part of the general assets of the Company, to provide for the payments required under this Supplemental Plan.

4.8 Amendment, Modification or Termination of the Plan. This Plan may be amended, modified or terminated at any time by action of the Board of Directors of the Company.

4.9 Payment on Death. Upon the death of a Member, at any time prior to receipt of the entire balance of his account under the Plan, there shall be paid to the beneficiary or beneficiaries designated by the Member in a lump sum, in cash, the entire value of his account as of the Valuation Date next succeeding or coincident with his date of death.

SECTION 5. MEMBER ACCOUNTS

5.1 Accounts and Records. The accounts and records of the Plan shall be maintained by the company and will disclose the status of the accounts of members. The Company will furnish each Member having an account balance, a report not less frequently than each three months, a statement setting for the Member's account balance under the Plan, showing the value of

amounts deferred by both valuation treatment and payment options. Such statement will be deemed to have been accepted as correct unless written notice of specific objections thereto is received by the Company within thirty (30) days after mailing to the Member, or date furnished if not mailed.

SECTION 6. BENEFICIARY DESIGNATION

6.1 Beneficiary Designation. The designation, if any, by an Employee of a beneficiary or beneficiaries under the Employees' Savings and Incentive Plan of Consumers Power Company will be effective as the same beneficiary or beneficiaries under the same conditions set forth in that Plan, under this CMS Deferred Salary Savings Plan.

IN WITNESS WHEREOF, this Plan is executed as of January 1, 1994.

CMS ENERGY CORPORATION

By: William T. McCormick, Jr.

Chairman of the Board

ATTEST:

Thomas A. McNish

Secretary

EXHIBIT (10) (n)

CONSUMERS POWER COMPANY

ANNUAL EXECUTIVE INCENTIVE
COMPENSATION PLAN

As Amended March 1994

1

CONSUMERS POWER COMPANY
Annual Executive Incentive Compensation Plan

I. PURPOSE

The purpose of the Annual Executive Incentive Compensation Plan (Plan) is to:

- A. Provide an equitable and competitive level of compensation that will permit the Company to attract, retain and motivate highly competent Officers and key employees.

B. Provide a financial incentive for Officers and key employees to achieve expected levels of individual performance and thereby assist in the achievement of Company objectives.

II. EFFECTIVE DATE

The effective date of the Plan is January 1, 1986.

III. ELIGIBILITY

Officers and key employees in Salary Grades 11 and above are eligible for participation in the Plan.

IV. ADMINISTRATION OF THE PLAN

The Plan will be administered by the Chairman & CEO of CMS Energy and the Vice President -- Human Resources under the general direction of the Committee on Organization and Compensation (Committee) of the Board of Directors of CMS Energy.

The Committee, no later than March of the Performance Year, will approve performance goals for the Plan year and will determine the total Annual Award Fund that will provide a reasonable and competitive level of awards when "standard" performance goals are achieved.

The Committee, no later than March following the Performance Year, will review for approval the total Annual Award Fund to be allocated to the Plan participants for the previous calendar year. This fund will be based on the Company's performance and the recommendation by the Committee. Individual incentive compensation awards for all participants, except the Chairman & CEO, will be recommended by the Chief Executive Officer, subject to approval of the Committee. The incentive award for the Chairman & CEO will be recommended by the Chairman of the Committee.

The Committee reserves the right to modify the performance goals or otherwise exercise discretion with respect to individual awards as they deem necessary to maintain the spirit and intent of the Plan.

V. PERFORMANCE GOALS

The performance goal for the Plan shall consist of three factors: (1) the net income of CMS Energy Corporation; (2) the pre-tax operating income of the Company and (3) the Company's gas and electric rates for customers as compared

with those of other major investor-owned utilities in the Midwest and the United States. In the event less than 80% of the CMS Energy income goal is achieved, there will not be a payout under that portion of the Plan. In the event less than 80% of the CPCo pre-tax operating income goal is achieved, there will not be a payout under the Plan.

A. CMS Energy Net Income Award (After Preferred & Preference Dividends) -- An income goal will be set each year. For each 1% (or fraction thereof) increase achieved in net income above 80% of goal, there will be a corresponding 2.5% (or pro rata part) increase in the award up to 100% after which there will be a corresponding 1% (or pro rata part) increase in the award for each additional 1% (or fraction thereof) increase in net income above goal. The maximum award is 120%.

B. CPCo Pre-Tax Operating Income Award -- An operating income goal will be set each year. For each 1% (or fraction thereof) increase achieved in pre-tax operating income above 80% of goal, there will be a corresponding 2.5% (or pro rata part) increase in the award up to 100% after which there will be a corresponding 1% (or pro rata part) increase in the award for each additional 1% (or fraction thereof) increase in net income above goal. The maximum award is 120%.

Actual Net or Operating Income as a Percent of Goal	Percent of Award Granted
-----	-----
Less Than 80.0%	0
80.0%	50.0%
85.0%	62.5%
90.0%	75.0%
95.0%	87.5%
100.0%	100.0%
105.0%	105.0%
110.0%	110.0%
115.0%	115.0%
120.0% and Above	120.0%

C. Energy Rates Award -- A comparison will be made between the Company's electric rate (average revenue per kilowatt-hour sold -- \$/kWh) and gas rate (average revenue per thousand cubic feet sold -- \$/Mcf) and rates of comparable utilities. One-half of the energy rates award portion of the performance goal will be adjusted by the electric rate comparison and the other half by the gas rate comparison.

If less than 50% of the comparison companies have rates exceeding Consumers Power Company, the payout will be zero for the electric or gas rate award. If 50% of the rate comparison companies exceed the Company, 50% of the award is granted. For each 1% (or fraction thereof) increase in the ranking above 50%, there will be a corresponding 2.5% (or pro rata part) increase in the award up to a 70% ranking after which there will be a corresponding 1% (or pro rata part) increase in the award for each 1% (or fraction thereof) increase achieved in rank above 70%. The maximum award is 120%.

Electric or Gas Ranking (Percent of Companies Whose Rates Exceed the Company's)	Percent of Award
-----	-----
Less Than 50.0%	0
50.0%	50.0%
55.0%	62.5%
60.0%	75.0%
65.0%	87.5%
70.0%	100.0%
75.0%	105.0%
80.0%	110.0%
85.0%	115.0%
90.0% and Above	120.0%

4

For the comparison, the individual average rates of a number of the largest investor-owned utilities in the United States and Midwest for both gas and electric comparisons will be measured against the average Company electric and gas rates.

VI. ANNUAL AWARD FUND

Standard incentive awards for each eligible executive will amount to a percentage of the midpoint of his/her salary grade in the Performance Year. The midpoints and salary ranges are determined each year and are subject to review and approval by the Committee. The percentage will vary by position level as indicated below:

Position	Salary Grade	Standard Incentive Award as a % of Salary Grade Midpoint	Formula*
-----	-----	-----	-----

Chairman & CEO	E-9	75.0	I
Vice Chairman, President	E-8	65.0	I
President, Executive Vice President	E-7	60.0	I
President, Executive Vice President	E-6	55.0	II
Senior Vice President	E-5	50.0	II
Vice President	E-4	45.0	II
Vice President	E-3	40.0	II
Other Officers/Senior Managers/ Directors	E-2	35.0	III
Senior Managers/ Directors	E-1	30.0	III
Managers/Directors	13	25.0	III
Managers/Directors	12	20.0	III
Managers/Directors and Equivalent	11	15.0	III

*Generally the top five Officers plus four other Officers with multi-Company responsibilities participate in Formula I. All other Officers participate in Formula II and all others participate in Formula III. The formulas are found on Page 5.

The award for individual participants will be based on either two or three factors: (1) Company performance as measured by achievement of the net income of CMS Energy; (2) pre-tax operating income of CPCo and energy rate relationship goals; and (3) individual performance; ie, performance must be fully effective or better to be eligible for an award. Assuming a minimum of fully effective performance, individual awards may be adjusted in a range from 70% to 130% of the Company performance level in order to take into account individual performance. Each individual's performance will be measured against specific, quantifiable objectives for the Performance

Year as established and approved by each participant's immediate supervisor. Accordingly, each year the levels will be as follows:

115-130%	Exceptional
100-115%	Exceeds
70-100%	Fully Effective
0	Unacceptable

The Chairman & CEO will review and approve each Officer's objectives for the Performance Year. Final individual awards, depending on formula designation, will be calculated as follows:

Formula I

$$\text{Individual Award} = \text{Standard Award} \times \text{CMS Net Income Award} \times \text{Individual Performance}$$

Formula II

$$\text{Individual Award} = \text{Standard Award} \times .50 \times \text{CMS Net Income Award} + .35 \times \text{CPCo Pre-Tax Opr Income Award} + .15 \times \text{Rates Award} \times \text{Individual Performance}$$

Formula III

$$\text{Individual Award} = \text{Standard Award} \times .25 \times \text{CMS Net Income Award} + .53 \times \text{CPCo Pre-Tax Opr Income Award} + .22 \times \text{Rates Award} \times \text{Individual Performance}$$

VII. PAYMENT OF AWARDS

CURRENT AWARDS

All awards for the Performance Year will be paid in cash no later than March of the following year after review and approval by the Committee. The amounts required by law to be withheld for income tax and Social Security taxes will be deducted from the award payments.

DEFERRED AWARDS

The payment of all or one-half of each award may be deferred at the election of the individual participants in the Plan. A separate irrevocable election must be made each year prior to the beginning of the Performance Year. Any award granted after termination of employment or retirement is not eligible for deferral and will be paid in full in the year in which the award is made.

The deferred awards may be paid out in a lump sum or in five or ten annual installments beginning in the January following retirement or termination of employment. If awards are paid in annual installments, each year the payment will be a fraction of the balance equal to one over the number of annual installments remaining. In the event of the participant's death, all deferred amounts will be paid in total the following January.

At the time of electing to defer payment, the participant must elect whether the sum deferred shall be treated by the Company in accordance with Paragraph A or Paragraph B below.

- A. The deferred award will be credited with sums in lieu of interest from the first day of the month following the month in which the award was granted to the date of payment. The "interest rate" will be equivalent to the prime rate of interest set by Citibank, NA, compounded quarterly as of the first day of January, April, July and October of each year during the deferral period. The prime rate in effect on the first day of January, April, July and October shall be the prime rate in effect for that quarterly period.
- B. The deferred award will be treated as if it were invested as an optional cash payment under the CMS Energy Corporation's Dividend Reinvestment and Common Stock Purchase Plan. The value of the deferred sum at the time of payment shall be equal to the number of dollars such an investment would have been worth as measured by the purchase price of shares of Common Stock using the average closing price (NYSE -- composite transactions) for the first five trading days in the December previous to a payout.

The amounts deferred are to be satisfied from the general Corporate funds which are subject to the claims of creditors.

PAYMENT IN THE EVENT OF DEATH

Participants may name the beneficiary of their choice in the event they die prior to receipt of either a current or

deferred award. In the event a beneficiary is not named, the payment will be made to the first surviving class as follows:

1. Widow or Widower
2. Children
3. Parents
4. Brothers and Sisters
5. Executor or Administrator

Participants may change beneficiary at any time and the change will be effective as of the date the participants complete and sign the beneficiary form, whether or not they are living at the time the request is received by the Company. However, the Company will not be liable for any payments it makes before receiving a written request.

VIII. CHANGE OF STATUS

A. SALARY GRADE CHANGE

Individual awards will be based on the salary grade level in effect as of the beginning of the Performance Year or such later date on which an employee becomes a participant in the Plan except that an eligible employee promoted to a higher eligible salary position during the award year may be recommended for an award based upon the percentage of the Performance Year the employee is in each participating position.

B. NEW HIRE, TRANSFER, PROMOTION

A newly hired employee or an employee promoted during the Performance Year to a position qualifying for participation may be recommended for a pro rata award based on the percentage of the Performance Year the employee is in the participating position.

C. DEMOTION

No award will be made to an employee who has been demoted during the Performance Year because of performance. If the demotion is due to an organization change, a pro rata award may be made provided the employee otherwise qualifies for an award.

D. TERMINATION

An employee whose services are terminated during the Performance Year for reasons of misconduct, failure to perform, or other performance-related reasons, shall

not be considered for an award. If the termination is due to other reasons such as reorganization, transfer to a subsidiary, etc, and the termination is not due to a fault of the employee, the employee may be considered for a pro rata award.

E. RESIGNATION

An employee who resigns to accept employment elsewhere during or after a performance year, (including self-employment) will not be eligible for an award. If the resignation is due to other reasons; eg, ill health in the immediate family, etc, the employee may be considered for a pro rata award.

F. DEATH, DISABILITY, RETIREMENT, LEAVE OF ABSENCE

An employee whose status as an active employee is changed during the Performance Year for any of the reasons cited, may be considered for a pro rata award.

IX. IMPACT ON BENEFIT PLANS

Payments made under this program will be considered as earnings for the Supplemental Executive Retirement Plan (Salary Grades E-1 through E-9) and for life insurance, but not for purposes of the Employees' Savings Plan, Pension Plan, or other employee benefit programs.

X. TERMINATION OR AMENDMENT OF THE PLAN

The Company at any time may, in writing, terminate or amend the Plan.

EXHIBIT (10) (o)

EXHIBIT (10) (o)

TABLE OF CONTENTS

	Page
Introduction.	1
Eligibility	1
Service	2
Earnings.	2
Amount of Supplemental Executive Retirement Income	2
Estimating Your Supplemental Executive Retirement Income	4
Early Retirement.	5
Pre-Retirement Surviving Spouse Benefit	5
Post-Retirement Optional Payment Methods.	6
Termination of Service.	6
Disability Pension Supplement	7

TEXT OF PENSION PLAN FOR EMPLOYEES

DEFINITIONS - SECTION I 9

ELIGIBILITY - SECTION II.11

DETERMINATION OF PREFERENCE
SERVICE - SECTION III11

RETIREMENT - SECTION IV13

SUPPLEMENTAL EXECUTIVE
RETIREMENT INCOME - SECTION V13

PROVISIONAL PAYEE OPTIONS AND
PRE-RETIREMENT SURVIVING SPOUSE
BENEFIT - SECTION VI.19

TERMINATION OF SERVICE -
SECTION VII20

FORFEITURE - SECTION VIII20

NON-ALIENATION OF BENEFITS -
SECTION IX.20

LIMITATION OF RIGHTS - SECTION X.21

ADMINISTRATION OF SUPPLEMENTAL
PLAN - SECTION XI22

AMENDMENT, MODIFICATION OR
TERMINATION OF THE SUPPLEMENTAL
PLAN - SECTION XII.22

CONSUMERS POWER COMPANY
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

INTRODUCTION

The description on the following pages is a summary of the Supplemental Executive Retirement Plan for Consumers Power Company amended as of November 1, 1990 and explains in general terms the principal features of the Plan. For your convenience, the complete text of the Plan is also included in this booklet if you should wish to review it in greater detail. If you wish further clarification of the terms of the Plan, you may contact the Chairman of the Retirement Board, Consumers Power Company, 212 West Michigan Avenue, Jackson, Michigan 49201 or call (517) 788-1030. This description uses certain terms which are defined in the Pension Plan

of Consumers Power Company which is not contained in this booklet. When used, these terms are capitalized.

IF THERE ARE ANY INCONSISTENCIES BETWEEN THE PLAN LANGUAGE AND STATEMENTS APPEARING IN THE SUMMARY PORTION OF THIS BOOKLET OR MADE BY ANY PERSON, THE ACTUAL PROVISIONS OF THE PLAN SHALL GOVERN.

ELIGIBILITY

Officers and other executives in Salary Grades E-1 and above.

SERVICE

For each month of actual service, in the first 10 years of service in Grade E-1 and above, you will be credited with an additional month of service.

After the first 10 years of executive service, additional months of actual service will be added to the base of 20 years.

For example, if all years of service are at that level, your service will be credited as:

8 years of service	=	16 years
10 years of service	=	20 years
15 years of service	=	25 years
25 years of service	=	35 years

EARNINGS

Awards under the Executive Incentive Compensation Plan and amounts deferred under the Executive Salary Deferral Program are added to your regular salary to determine the best 5 years of Earnings.

AMOUNT OF SUPPLEMENTAL EXECUTIVE RETIREMENT INCOME

Your supplemental executive retirement income will be based on Final Pay x Service Percentage less Social Security component and less Retirement Income from the Company's Pension Plan.

FINAL PAY

Monthly average of 5 highest years of Earnings.

SERVICE PERCENTAGE

2.1% for each of first 20 years of combined years of service.

1.4% for each of next 15 years of combined years of service.

SOCIAL SECURITY OFFSET

The lesser of (1) .5% for each year of combined service times 1/12th of your "Final Average Compensation" up to "Covered Compensation" (as those terms are used in Section 401(1) of the Internal Revenue Code), (2) 1/2 of the benefit that would be provided prior to the application of the offset, with respect to your Final Pay up to Covered Compensation, or (3) the maximum offset allowed under Section 401(1) of the Internal Revenue Code.

PENSION PLAN RETIREMENT INCOME

Calculated under Pension Plan and as may be limited by law for that Plan.

ESTIMATING YOUR SUPPLEMENTAL EXECUTIVE RETIREMENT INCOME

For an executive with 20 years of service (including 10 years of executive service), with the following earnings, a monthly Social Security Covered Compensation of \$1,527, retiring at age 65 during 1990, the monthly Supplemental Executive Retirement Income payable at Normal Retirement Age (age 65 for this example) would be:

5 Highest Yrs Reg Salary	Exec Incentive Comp Award	Total
- - - - -	- - - - -	- - - - -
\$ 80,000	\$ 8,000	\$ 88,000
90,000	9,000	99,000
100,000	10,000	110,000
110,000	11,000	121,000
120,000	12,000	132,000

		\$550,000
		60

Final Executive Pay		\$ 9,166
Service Percentage (20 yrs = 30 yrs)		x 56%

		\$ 5,133
Social Security - \$1,527 x .50%		
x 30 yrs		- 229

TOTAL MONTHLY RETIREMENT BENEFIT	\$ 4,904
Retirement Income from Pension Plan	- 3,369

Monthly Supplemental Executive Retirement Income	\$ 1,535
	=====

EARLY RETIREMENT

You may elect to retire on the first day of the month which is 10 years before your Normal Retirement Date or the first day of any month thereafter.

Supplemental Executive Retirement Income is reduced by 5% for each year you elect to retire which is more than three years before your Normal Retirement Date.

If Normal Retirement Date is 65

Examples: Age 55 - 65% of computed benefit
 Age 60 - 90% of computed benefit

PRE-RETIREMENT SURVIVING SPOUSE BENEFIT

If you die before the first of the month which is ten years before your Normal Retirement Date and if you are vested, your spouse will receive under the Pre-Retirement Surviving Spouse Benefit a 50% benefit for life beginning on the first day of the month following the date which would have been ten years before your Normal Retirement Date.

If you die after the first day of the month which is ten years before your Normal Retirement Date while employed, your spouse will receive under the Pre-Retirement Surviving Spouse Benefit a 50% benefit for life beginning on the first of the following month.

POST-RETIREMENT OPTIONAL PAYMENT METHOD

Your election under the Pension Plan also applies to this Plan, i.e., (a) 100% survivor option, (b) 50% survivor option, (c) 10-year certain option.

When you retire, the Retirement Board may decide to pay you the present value of your Supplemental Executive Retirement Income in a single sum.

On your death your beneficiary (with the agreement of the Retirement Board) may elect to receive the present value of payments, or the normal monthly payments under the option you had selected.

TERMINATION OF SERVICE

You will be vested only after completing 5 years of actual service.

If your service is terminated before your earliest possible Early Retirement Date (the date which precedes your Normal Retirement Date by ten years) but you are vested, you may elect monthly payments to begin on the first day of any month on or after the date which precedes your Normal Retirement Date by ten years, with an actuarial reduction. Example: Age 55 (assuming Normal Retirement Date of age 65) - 38.3% of computed amount, instead of 65%, if you had retired directly from service with the Company.

DISABILITY PENSION SUPPLEMENT

If because of total disability you do not accumulate Accredited Service under the Company's Pension Plan, you will be eligible to receive a supplement to your Retirement Income and Supplemental Executive Retirement Income as if Accredited Service and Preference Service were credited during the period of disability and by adjusting your Final Executive Pay to reflect the effects of inflation.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN FOR EMPLOYEES OF CONSUMERS POWER COMPANY

INTRODUCTION

The objective of the Supplemental Executive Retirement Plan (hereinafter referred to as the "Supplemental Plan") is to attract and motivate top level executives, including those recruited in mid- or late-career whose normal pension would result in inadequate compensation, by providing additional retirement income to supplement that provided by the Pension Plan of the Company.

The Supplemental Executive Retirement Plan became effective on January 1, 1982 and is applicable to all employees of the Company who are eligible in accordance with the provisions of this Supplemental Plan.

This instrument describes the Supplemental Plan for employees who retire, die or whose services are terminated on or after November 1, 1990. The rights of employees who, prior to November 1, 1990, retired, died or whose services were terminated are governed by the provisions of the instrument

in effect at such time. This Supplemental Plan is an unfunded, unsecured promise to pay benefits at a later date. Subject to the provisions of this Supplemental Plan, Participants have no greater rights than the general creditors of the Company.

SECTION I. DEFINITIONS

Whenever used in this Supplemental Plan, the following terms shall have the respective meanings set forth below, unless the context clearly indicates otherwise. The definitions set forth in Section 1 of the Pension Plan are hereby adopted and made a part of this Supplemental Plan.

"Accrued Supplemental Executive Retirement Income" Means the Supplemental Executive Retirement Income beginning at Normal Retirement Date which would be payable to a Participant at the rates provided in subsection 1 Section V, on the basis of his Accredited Service and Preference Service rendered to the date of computation.

"Disability Service Pension Supplement" Means the pension supplement, provision for which is made in Section V, subsection 9 of this Supplemental Executive Retirement Plan.

"Executive Incentive Compensation" Means the annual amount, if any, awarded the Participant under the Executive Incentive Compensation Plan of the Company.

"Final Executive Pay" Means 1/12th of the average of the Earnings plus Executive Incentive Compensation earned (if any) of a Participant, for his 5 years of highest totals of Earnings plus Executive Incentive Compensation (if any) earned (received or allocated and deferred), of his Accredited Service, (or the average of his monthly Earnings plus such Executive Incentive Compensation earned over his Accredited Service if the Participant has fewer than 5 years of Accredited Service).

For purposes of determining Final Executive Pay, Earnings shall include amounts, if any, which would have been included in Earnings, for such years, in the absence of a written agreement between the Participant and the Company to defer payment of such amounts until a later date(s).

"Participant" Means an employee of the Company included in the Supplemental Plan pursuant to Section II.

"Plan" or "Pension Plan" Means the Pension Plan for Employees of Consumers Power Company, as amended.

"Preference Service" Means the period of service credited to a Participant pursuant to Section III.

"Supplemental Executive Retirement Income" Means the monthly retirement income provided for by this Supplemental Plan.

"Supplemental Plan" Means the Supplemental Executive Retirement Plan as it is described in this instrument.

The masculine pronoun wherever used herein shall mean or include the feminine pronoun.

SECTION II. ELIGIBILITY

1. Employees included on January 1, 1982. Each officer or other executive of the Company in Salary Grades E-1 and above on January 1, 1982, who is eligible for inclusion in the Pension Plan on that date, will be included in the Supplemental Plan as of January 1, 1982.

2. Employees included after January 1, 1982. Each officer or other executive of the Company who is eligible for inclusion in the Pension Plan and is appointed to a position at Salary Grade E-1 or above after January 1, 1982, will be included in the Supplemental Plan on the first day of the month after he assumes such a position.

SECTION III. DETERMINATION OF PREFERENCE SERVICE

1. Preference Service. Each Participant shall be credited with one month of Preference Service for each month of Accredited Service credited to him under the Pension Plan for the first 10 years during which he holds a position at Salary Grade E-1 or above; provided, however, Preference Service will be reduced by the amount (if any) by which the total period of Preference Service when added to the total period of Accredited Service exceeds 35 years.

2. Transfers to or from Affiliated Companies. In the case of the transfer of a Participant to any company now affiliated or associated with the Company which has at the time of transfer a pension plan with substantially the same terms as the Pension Plan, and a supplemental plan with substantially the same terms as this Supplemental Plan, such Participant, if and when he commences to receive retirement income under the pension plan of the company to which he transferred, should also receive supplemental executive retirement income from that company based upon the Earnings and Executive Incentive Compensation received from the Company as if such Earnings and Executive Incentive Compensation had been received from the company to which the Participant transferred.

In the case of the transfer to this Company of any participant employed by any company now affiliated or associated with the Company which has at the time of transfer a pension plan with substantially the same terms as the Pension Plan, and a supplemental plan with substantially the same terms as this Supplemental Plan, such Participant, if and when he commences to receive Retirement Income under the Pension Plan, will also receive Supplemental Executive Retirement Income from the Company based upon the earnings and executive incentive compensation received from the company from which he transferred as if such earnings and executive incentive compensation were Earnings and Executive Incentive Compensation received from the Company.

In the event of a transfer or transfers as set forth above, the right of the Participant to receive benefits under this Supplemental Plan or a supplemental plan with substantially the same terms maintained by an affiliated or associated Company will be suspended until such time as the Participant commences to receive supplemental executive retirement income under such other plan or the Participant commences to receive Supplemental Executive Retirement Income under this Plan, at which time the Participant shall receive all supplemental executive retirement income and Supplemental Executive Retirement Income to which the Participant is entitled under this plan or a plan maintained by an affiliated or associated Company.

SECTION IV. RETIREMENT

Retirement dates for the purposes of this Supplemental Plan shall be the same as set forth in the retirement provisions of the Pension Plan.

SECTION V. SUPPLEMENTAL EXECUTIVE RETIREMENT INCOME

While the Company hopes and expects to continue the Supplemental Plan indefinitely, it reserves the right to terminate or modify it at any time.

1. Normal or Deferred Supplemental Executive Retirement Income. The monthly Supplemental Executive Retirement Income payable to a Participant who, at Normal Retirement Date or a Deferred Retirement Date, retires on or after November 1, 1990, pursuant to the provisions of the Pension Plan from the service of the Company, will be an amount equal to the product of the Participant's Final Executive Pay times the sum of the percentages determined below, minus (i) a portion of the Participant's estimated primary Social Security benefit, as determined pursuant to the Pension Plan, equal to the lesser of (1) .5% multiplied by 1/12th of the Participant's "Final Average Compensation" up to "Covered Compensation" (as those terms are used in Section 401(1) of the Internal Revenue Code) for each year of Accredited Service and Preference Service, (2) 1/2 of the benefit that would be provided prior to the application of the offset, with respect to Participant's Final Pay up to Covered Compensation, or (3) the maximum offset allowed under Section 401(1) of the Internal Revenue Code, and (ii) the Retirement Income provided by the Pension Plan:

2.1% for each of the first 20 years of Accredited Service and Preference Service.

1.4% for each of the next 15 years of Accredited Service and Preference Service.

2. Early Supplemental Executive Retirement Income. The monthly Supplemental Executive Retirement Income payable to a Participant who, on an Early Retirement Date, retires from the service of the Company, will be the amount of his Accrued Supplemental Executive Retirement Income on the date his retirement commences, reduced by 5/12th of 1% for each month by which his Early Retirement Date precedes his Normal Retirement Date by more than 36 months.

3. Limitation as to Months for which Payment may be Made. The Company shall pay to a Participant, or to his Provisional Payee, if applicable, Supplemental Executive Retirement Income in the amount determined pursuant to this Supplemental Plan only for a month in which the Participant or his Provisional Payee is entitled to receive Retirement Income under the provisions of the Pension Plan. Payment of Supplemental Executive Retirement Income shall terminate when payment of Retirement Income is terminated pursuant to the Pension Plan.

4. The payments provided for in this Supplemental Plan shall be made by the Company at such times as required under this Supplemental Plan; provided, however, that while the Company hopes and expects to make the payments provided for this Plan, such payment is not guaranteed.

5. The Company may establish a fund, as part of the general assets of the Company, to provide for the payments required under this Supplemental Plan.

6. Maximum Permissible Retirement Income. Notwithstanding any other provision of this Plan, if the Retirement Income payable to a retired employee under provisions of subsection 7 of Section V of the Pension Plan is a greater amount than permitted by section 415 of the Internal Revenue Code to be paid by qualified plans, then such excess Retirement Income shall be payable to such retired employee under this Plan; subject however, to approval by the Board of Directors of the Company for each such employee.

7. Single Sum Payment. The Retirement Board, after discussion with a retiring Participant, may pay in a single sum to such Participant, who retires on or after February 1, 1991, at the time of the Participant's retirement with benefits under the Pension Plan, the present value of the Participant's Supplemental Executive Retirement Income. The present value of that part of the Participant's Supplemental Executive Retirement Income which represents payment to make up Retirement Income lost under the Pension Plan because of the Maximum Retirement Income provision thereof (Section V, subsection 6 of the Plan), will not be paid in a lump sum

unless the Participant has elected to receive a single sum payment under the Pension Plan. The present value will be actuarially determined using the Pension Benefit Guaranty Corporation Immediate Annuity Rate, as of the date of the distribution, increased to 120% for distributions over \$25,000. The discussion with a retiring Participant is for the purpose of assuring the Retirement Board of accurate current information for use in making its independent decision as to whether or not to make payment in a single sum. In making its independent decision, the Retirement Board may take into account any financial hardship of the Participant, the health or disability of the Participant, and/or any other factor it considers relevant. The decision of the Retirement Board shall be in the sole discretion of said Board and shall be final, binding and conclusive. Discussion with respect to such a payment and the decision with respect thereto will take place at least three months before Early Retirement Date, Normal Retirement Date or Deferred Retirement Date.

8. Retired Participants. The Supplemental Executive Retirement Income of retired Participants may be increased from time to time by such reasonable amounts as determined by the Board of Directors of the Company, to counter the effects of inflation, provided that the percentage amount of such increases will be made uniformly for all retired Participants, or for retired Participants within such reasonable classes, as may be determined by the Board of Directors.

9. Disability Service Pension Supplement. If a Participant is totally disabled (unable to perform the Participant's regular job because of disease or injury) and, as a result, fails to accumulate Accredited Service under the Pension Plan for some period of time (Disability Service), a Disability Service Pension Supplement will be calculated and paid as if Accredited Service and applicable Preference Service were credited during such period subject to the following:

- A. The Participant must have retired with Retirement Income under the Pension Plan.
- B. The period of Disability Service begins when the Participant stops accumulating Accredited Service under the Pension Plan as a result of the Participant's total disability, provided that the Participant has not undertaken other employment.
- C. The period of Disability Service ends when the Participant first:
 - 1. Begins again to accumulate Accredited Service under the Pension Plan,
 - 2. Undertakes other employment,
 - 3. Retires on an Early Retirement Date, or,
 - 4. Attains the Participant's Normal Retirement Date.

- D. The "Final Executive Pay" of the Participant, for purposes of determining the Disability Pension Supplement only, will be calculated as if the Participant were earning during the period of Disability Service the sum of (1) the Participant's last monthly rate of basic earnings prior to the period of Disability Service, and (2) 1/12th of the average of the Executive Incentive Compensation (if any) earned (received or allocated and deferred) for the five years of Accredited Service immediately preceding the period of Disability Service (or the monthly average of Executive Incentive Compensation earned over the Participant's Accredited Service if the Participant has fewer than five years of Accredited Service), increased or decreased each July 1, following the beginning of the Participant's period of Disability Service, according to the change in the Bureau of Labor Statistics Consumer Price Index (CPI-W) for the preceding 12-month period of Disability Service (or lesser period of Disability Service, if applicable). However, no July 1 increase will exceed an amount which could result in an increase greater than a 5% compounded annual increase since the beginning of the Participant's period of Disability Service, nor in a reduction in the Participant's Final Executive Pay to an amount less than the Participant's Final Executive Pay prior to the period of Disability Service. For purposes of this provision, the Consumer Price Index for the second month previous to any measurement date will be deemed to be in effect on such date.
- E. The amount of the Disability Service Pension Supplement is the Supplemental Executive Retirement Income, calculated using Final Executive Pay as determined in Section V, subsection 9.D above, and giving credit for Accredited Service and applicable Preference Service for any period of Disability Service, less:
1. The Supplemental Executive Retirement Income calculated without regard to the Disability Service Pension Supplement,
 2. The Retirement Income provided by the Pension Plan, and
 3. Any amount paid to a retired Participant for lost benefits under the Pension Plan, for the period of Disability Service, under an insurance policy, the premiums for which were paid in whole or in part for CMS Energy Corporation or any of its directly or indirectly wholly-owned subsidiaries.
- F. Payments will begin as of the latter of:
1. The Participant's Normal Retirement Date.
 2. The first day of the month following the cessation of any Long Term Disability payments pursuant to any plan or insurance policy, the premiums for which were paid in whole or in part by CMS Energy Corporation, or any of its directly or indirectly wholly-owned subsidiaries.

SECTION VI. PROVISIONAL PAYEE OPTIONS AND PRE-RETIREMENT SURVIVING SPOUSE BENEFIT

1. Post-Retirement. The provisions of Section VI of the Pension Plan, pertaining to Provisional Payee Options are adopted as part of this Supplemental Plan and any option which is elected by or otherwise applicable to a Participant under the Pension Plan will be identically applicable under the provisions of this Supplemental Plan. A Participant may not have a Provisional Payee Option under this Supplemental Plan which differs from such option or options elected by or otherwise applicable to him under the Pension Plan. Nevertheless, a Provisional Payee may elect, upon the death of the Participant and the agreement of the Retirement Board, to then receive the present value of the amount of the payments to which he otherwise would be entitled, as determined by the Retirement Board using such actuarial tables and interest assumptions as may be adopted for this purpose by the Retirement Board and in use at the time of the Participant's death.

2. Pre-Retirement Surviving Spouse Benefit. Provisions of Section VI, subsection 2 of the Pension Plan of Consumers Power Company pertaining to Pre-Retirement Surviving Spouse Benefits are adopted as part of this Supplemental Plan.

SECTION VII. TERMINATION OF SERVICE

If the services of a Participant included in the Supplemental Plan terminate for any reason other than death, or transfer to an affiliated or associated company as provided by subsection 2 of Section III of this Supplemental Plan, or retirement as provided by Section IV of the Pension Plan, and if the Participant is later entitled to receive Retirement Income pursuant to Section VII of the Pension Plan, then, the Participant will be eligible at the same time to receive Supplemental Executive Retirement Income pursuant to the provisions of this Supplemental Plan. If the Accrued Retirement Income is actuarially reduced because of retirement at an Early Retirement Date, the Accrued Supplemental Executive Retirement Income will be reduced by an identical percentage.

SECTION VIII. FORFEITURE

A Participant who is discharged by the Company for cause, or an employee who is subsequently convicted of any felony committed while in the course of his employment with the Company, which felony involved theft, malicious destruction or misuse of the property of the Company or the embezzlement or misapplication of the funds of the Company, or who makes an admission in writing of the commission of such felony, shall be ineligible for and forfeit Supplemental Executive Retirement Income.

SECTION IX. NON-ALIENATION OF BENEFITS

No benefit under the Supplemental Plan shall be subject in any manner to

anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, renunciation, or reduction and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, renounce, or reduce the same shall be void, nor shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled to such benefit.

If any Participant or retired Participant or any Provisional Payee under the Supplemental Plan is adjudicated bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, renounce, or reduce any benefit under the Supplemental Plan, except as specifically provided in the Supplemental Plan, then such benefit shall cease and terminate and in that event the Retirement Board shall hold or apply the same or any part thereof to or for the benefit of such Participant or retired Participant or Provisional Payee in such manner as the Retirement Board may think proper, provided the Retirement Board shall not act in any manner as would perpetuate the alienations prohibited by this Section.

SECTION X. LIMITATION OF RIGHTS

Neither the establishment of this Supplemental Plan, nor any modification thereto, nor the payment of any benefits, shall be construed as giving to any Participant, other employee, or other person any legal or equitable rights against the Company, or any officer or employee thereof, or the Retirement Board, except as herein provided. Under no circumstances shall the terms of employment of any employee be modified or in any way affected hereby. Inclusion under the Supplemental Plan will not give any Participant or any Provisional Payee any right to claim a Supplemental Executive Retirement Income except to the extent such right is specifically fixed under the terms of the Supplemental Plan. Subject to the provisions of this Supplemental Plan and the Supplemental Executive Retirement Trust the Participant shall have no rights greater than those of a general, unsecured creditor of the Company.

SECTION XI. ADMINISTRATION OF SUPPLEMENTAL PLAN

The general administration of this Supplemental Plan shall be placed in the Retirement Board provided for in the Pension Plan and the provisions of Section XII of the Pension Plan will govern the administration of this Supplemental Plan as far as applicable.

The claim procedure of this Supplemental Plan shall be the same as the claim procedure provided in the Pension Plan.

SECTION XII. AMENDMENT, MODIFICATION OR TERMINATION OF THE SUPPLEMENTAL PLAN

This Supplemental Plan may be amended, modified or terminated at any time by action of the Board of Directors of the Company.

IN WITNESS WHEREOF, execution is hereby affected this 1st day of November 1990.

CONSUMERS POWER COMPANY

William T. McCormick, Jr.

Chairman of the Board

ATTEST:

Thomas A. McNish

Secretary

EXHIBIT (21) (a)

EXHIBIT 21 (a)

SUBSIDIARIES OF CMS ENERGY CORPORATION
at December 31, 1993

Percent Voting Stock Owned by CMS Energy	Incorporated
-----	-----

Consumers Power Company ("CPCo")	98	Michigan
ES Services Company (100* Owned by CPCo)	0	Michigan
Huron Hydrocarbons, Inc. (100% Owned by CPCo)	0	Michigan
Michigan Gas Storage Company (100% Owned by CPCo)	0	Michigan
Midland Group, Ltd. ("Midland Group") (100% Owned by CPCo)	0	Michigan
CMS Midland Holdings Company (100% Owned by Midland Group)	0	Michigan
CMS Midland, Inc. (100% Owned by Midland Group)	0	Michigan
MEC Development Corp. (100% Owned by Midland Group)	0	Michigan
Sheridan Leasing Corporation (100% Owned by CPCo)	0	Delaware
CMS Enterprises Company ("Enterprises")	100	Michigan
CMS Engineering Co. (100% Owned by Enterprises)	0	Michigan
CMS Generation Co. ("Generation") (100% Owned by Enterprises)	0	Michigan
CMS Generation Altoona Company (100% Owned by Generation)	0	Michigan
CMS Generation Cadillac Company (100% Owned by Generation)	0	Michigan
CMS Generation Cadillac Holdings Company (100% Owned by Generation)	0	Michigan
CMS Generation Filer City, Inc. (100% Owned by Generation)	0	Michigan
CMS Generation Filer City Operating Company (100% Owned by Generation)	0	Michigan
CMS Generation Genesee Company	0	Michigan

(100% Owned by Generation		
CMS Generation GP Company (100% Owned by Generation)	0	Michigan
CMS Generation Grayling Company (100% Owned by Generation)	0	Michigan
CMS Generation Grayling Holdings Company (100% Owned by Generation)	0	Michigan
CMS Generation Holdings Company (100% Owned by Generation)	0	Michigan
CMS Generation Honey Lake Company (100% Owned by Generation)	0	Michigan
CMS Generation Mon Valley Company (100% Owned by Generation)	0	Michigan
CMS Generation Operating Company (100% Owned by Generation)	0	Michigan
CMS Generation Recycling Company (100% Owned by Generation)	0	Michigan
CMS Midland II, Inc. (100% Owned by Generation)	0	Michigan
CMS Oxford Development Company (100% Owned by Generation)	0	Michigan
Oxford Tire Recycling of Bloomfield, Inc. (100% Owned by Generation)	0	Delaware
Oxford Tire Recycling of Massachusetts, Inc. (100% Owned by Generation)	0	Delaware
Oxford Tire Supply, Inc. (100% Owned by Generation)	0	Delaware
Oxford Tire Recycling, Inc. (100% Owned by Generation)	0	Delaware
Oxford Tire Recycling of Northern California, Inc. (100% Owned by Generation)	0	Delaware
Oxford Tire Recycling of	0	Delaware

Southern California, Inc.
(100% Owned by Generation)

CMS Resource Development Company (100% Owned by Enterprises)	0	Michigan
CMS Utility Services, Inc. ("Utility Services")	0	Michigan
CMS A/R Services, Inc. (100% Owned by Utility Services)	0	Michigan
KJL Limited, Inc. (100% Owned by Enterprises)	0	Delaware
NOMECO Oil & Gas Co. ("NOMECO") (100% Owned by Enterprises)	0	Michigan
NOMECO Columbia Oil company (100% Owned by NOMECO)	0	Michigan
NOMECO Argentina LDC (100% Owned by nomeco)	0	Michigan
NOMECO Ecuador Exploration, Inc. (100% Owned By NOMECO)	0	Michigan
NOMECO PNG Oil Co. (100% Owned By NOMECO)	0	Michigan
NOMECO China Oil Co. (100% Owned by NOMECO)	0	Michigan
NOMECO Exploration (Thailand) Limited (100% Owned by NOMECO)	0	Thailand
NOMECO Australia Pty. Limited (100% Owned by NOMECO)	0	Australia
NOMECO Ecuador Oil Company (100% Owned by NOMECO)	0	Michigan
NOMECO Thailand Oil Company (100% Owned by NOMECO)	0	Michigan
Alkek Pipeline Company (100% Owned by NOMECO)	0	Michigan
NOMECO Pipeline Company (100% Owned by NOMECO)	0	Michigan

NOMECO Holdings Ltd. (100% Owned by NOMECO)	0	Caymen Islands
NOMECO International Ltd. (100% Owned by NOMECO)	0	Michigan
NOMECO Equatorial Guinea Oil & Gas Co. (100% Owned by NOMECO)	0	Michigan
NOMECO Oil Belorus, Inc. (100% Owned by NOMECO)	0	Michigan
CMS Gas Transmission Company ("Gas Transmission") (100% Owned by Enterprises)	0	Michigan
CMS Antrim Gas Company (100% Owned by Gas Transmission)	0	Michigan
CMS Arkoma Pipeline Company (100% Owned by Gas Transmission)	0	Michigan
CMS Jackson Pipeline Company (100% Owned by Gas Transmission)	0	Michigan
CMS Saginaw Bay Company (100% Owned by Gas Transmission)	0	Michigan
CMS Saginaw Bay Lateral Company (100% Owned by Gas Transmission)	0	Michigan
CMS Gas Marketing Company (100% Owned by Enterprises)	0	Michigan
Monarch Management Company (100% Owned by Enterprises)	0	Michigan
CMS ENCOM, Inc. (100% Owned by Monarch)	0	Michigan
CMS Gas Storage Co. (100% Owned by Enterprises)	0	Michigan
CMS Capital Corp.	100	Michigan
CMS Arcadia Land Management Co.	100	Michigan
CMS Land Company	100	Michigan

EXHIBIT (21) (b)

EXHIBIT 21 (b)

SUBSIDIARIES OF CONSUMERS POWER COMPANY
at December 31, 1993

	Percent Voting Stock Owned by CMS Energy -----	Incorporated -----
ES Services Company	100	Michigan

Huron Hydrocarbons, Inc.	100	Michigan
Michigan Gas Storage Company	100	Michigan
Midland Group, Ltd. ("Midland Group")	100	Michigan
CMS Midland Holdings Company (100% Owned by Midland Group)	0	Michigan
CMS Midland, Inc. (100% Owned by Midland Group)	0	Michigan
MEC Development Corp. (100% Owned by Midland Group)	0	Michigan
Sheridan Leasing Corporation ("Sheridan")	100	Delaware

EXHIBIT (23)

EXHIBIT (23)

Arthur Andersen & Co.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included or incorporated by reference in this Form 10-K, into CMS Energy Corporation's previously filed Registration Statements No. 33-9732, No. 33-29681, No. 33-47629, No. 33-64044 and No. 33-51877, and Consumers Power Company's previously filed Registration Statement No. 33-52159.

Arthur Andersen & Co.

Detroit, Michigan,
March 14, 1994.

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

CMS ENERGY CORPORATION

AND

CONSUMERS POWER COMPANY

FORM 10-K

EXHIBITS

FOR FISCAL YEAR ENDED DECEMBER 31, 1993

The following exhibits are applicable to CMS Energy and Consumers except where otherwise indicated "CMS ONLY":

CMS Energy
and Consumers
Exhibit Numbers
- - - - -

(1) - (2) - Not applicable.

- (3) (a) (CMS ONLY) - Articles of Incorporation of CMS Energy Corporation, as Amended. (Designated in CMS Energy Corporation's Form S-8 dated June 30, 1989, File No 1-9513, as Exhibit (4).)
- (3) (b) (CMS ONLY) - Copy of the By-Laws of CMS Energy Corporation.
- (3) (c) - Restated Articles of Incorporation of Consumers Power Company.
- (3) (d) - Copy of By-Laws of Consumers Power Company.
- (4) (a) - Composite Working Copy of Indenture dated as of September 1, 1945, between Consumers Power Company and Chemical Bank (successor to Manufacturers Hanover Trust Company), as Trustee, including therein indentures supplemental thereto through the Forty-third Supplemental Indenture dated as of May 1, 1979. (Designated in Consumers Power Company's Registration No 2-65973 as Exhibit (b) (1)-4.)

Indentures Supplemental thereto:

		Consumers Power Company	
Sup	Ind/Dated as of	File Reference	Exhibit
-----		-----	
44th	11/15/79	Reg No 2-65973	(b) (1)-7
45th	01/15/80	Reg No 2-68900	(b) (1)-5
46th	01/15/80	Reg No 2-69704	(4) (b)
47th	06/15/80	Form 10-K for year end Dec 31, 1980, File No 1-5611	(4) (b)
48th	03/15/81	Reg No 2-73741	(4) (b)
49th	11/01/81	Reg No 2-75542	(4) (b)
50th	03/01/82	Form 10-K for year end Dec 31, 1981, File No 1-5611	(4) (b)
51st	08/10/82	Reg No 2-78842	(4) (f)
52nd	08/31/82	Reg No 2-79390	(4) (f)
53rd	12/01/82	Reg No 2-81077	(4) (f)
54th	05/01/83	Reg No 2-84172	(4) (e)
55th	09/15/83	Reg No 2-86751	(4) (e)
56th	10/15/83	Reg No 2-87735	(4) (e)

57th	03/01/84	Reg No 2-89215	(4) (e)
58th	07/16/84	Form 10-Q for quarter ended June 30, 1984, File No 1-5611	(4) (f)
59th	10/01/84	Reg No 2-93438	(4) (c)
60th	06/01/85	Form 10-Q for quarter ended June 30, 1985, File No 1-5611	(4) (f)
61st	10/15/86	Reg No 33-9732	(4) (e)
63rd	04/15/87	Form 10-Q for quarter ended June 30, 1987 File No 1-5611	(4) (f)
64th	06/15/87	Form 10-Q for quarter ended June 30, 1987 File No 1-5611	(4) (g)
65th	02/15/88	Form 8-K dated Feb 18, 1988 File No 1-5611	(4)
66th	04/15/88	Form 10-Q for quarter ended March 31, 1988 File No 1-5611	(4) (d)
67th	11/15/89	Reg No 33-31866	(4) (d)
68th	06/15/93	Reg No 33-41126	(4) (c)
69th	09/15/93	Form 8-K dated September 21, 1993 File No 1-5611	(4)

(4) (b) (CMS ONLY)

- Indenture between CMS Energy Corporation and NBD Bank, National Association, 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, National Association, 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, National Association, as Trustee. (Designated in CMS Energy's Form 8-K dated October 1, 1992, File No. 1-9513, as

- (5) - (9) - Not applicable.
- (10) (a) - Credit Agreement dated as of May 1, 1989 among Consumers Power Company, the Co-Managers, as defined therein, the Banks, as defined therein, the Lenders, as defined therein, and Citibank, NA, as Agent, and the Exhibits thereto. (Designated in Consumers Power Company's Form 10-Q for the quarter ended March 31, 1989, File No 1-5611, as Exhibit (19).)

Letter amendment dated as of December 11, 1991. (Designated in Consumers Power Company's Form 10-K for the year ended December 30, 1991, File No. 1-5611, as Exhibit (3) (d).)
- (10) (b) (CMS ONLY) - Amended and Restated Credit Agreement dated as of November 30, 1992 as Amended and Restated as of October 15, 1993, among CMS Energy Corporation, the Banks, the Co-Agents, the Documentation Agent and the Operational Agent, all as defined therein, and the Exhibits thereto.
- (10) (c) - Employment Agreement dated as of August 1, 1990 among Consumers Power Company, CMS Energy Corporation and William T. McCormick, Jr. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10) (c).)
- (10) (d) - Employment contract effective as of March 1, 1987 among CMS Energy Corporation, Consumers Power Company and S. Kinnie Smith, Jr. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1987, File No 1-5611, as Exhibit (10) (g).)
- (10) (e) - Employment Agreement effective as of June 15, 1988 among Consumers Power Company, CMS Energy Corporation and Victor J. Fryling. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1988, File No 1-5611, as Exhibit (10) (i).)
- (10) (f) - Employment Agreement dated May 26, 1989 between Consumers Power Company and Michael G.

Morris. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1990, File No 1-5611, as Exhibit (10)(f).)

- (10) (g) - Employment Agreement dated May 26, 1989 between Consumers Power Company and David A. Mikelonis. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1991, File No. 1-5611, as Exhibit 10(h).)
- (10) (h) - Employment Agreement dated May 26, 1989 among Consumers Power Company, CMS Energy Corporation and John W. Clark. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10)(f).)
- (10) (i) - Employment Agreement dated March 25, 1992 between Consumers Power Company and Alan M. Wright. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1992, File No. 1-5611, as Exhibit 10(j).)
- (10) (j) - Employment Agreement dated March 25, 1992 between Consumers Power Company and Paul A. Elbert. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1992, File No. 1-5611, as Exhibit 10(k).)
- (10) (k) - Consumers Power Company's Executive Stock Option and Stock Appreciation Rights Plan effective December 1, 1989. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1990, File No 1-5611, as Exhibit (10)(g).)
- (10) (l) - CMS Energy Corporation's Performance Incentive Stock Plan effective as of December 1, 1989. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10)(h).)
- (10) (m) - CMS Deferred Salary Savings Plan effective January 1, 1994.
- (10) (n) - Consumers Power Company's Annual Executive Incentive Compensation Plan effective February

1993, as amended March 1994.

- (10) (o) - Consumers Power Company's Supplemental Executive Retirement Plan effective November 1, 1990.
- (10) (p) - Senior Trust Indenture, Leasehold Mortgage and Security Agreement dated as of June 1, 1990 between The Connecticut National Bank and United States Trust Company of New York. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 4.1.)
- Indenture Supplemental thereto:
- Supplement No. 1 dated as of June 1, 1990. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 4.2.)
- (10) (q) - Collateral Trust Indenture dated as of June 1, 1990 among Midland Funding Corporation I, Midland Cogeneration Venture Limited Partnership and United States Trust Company of New York, Trustee. (Designated in CMS Energy Corporation's Form 10-Q for the quarter ended June 30, 1990, File No 1-9513, as Exhibit (28) (b).)
- Indenture Supplemental thereto:
- Supplement No 1 dated as of June 1, 1990. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 4.4.)
- (10) (r) - Amended and Restated Investor Partner Tax Indemnification Agreement dated as of June 1, 1990 among Investor Partners, CMS Midland Holdings Corporation as Indemnitor and CMS Energy Corporation as Guarantor. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10) (v).)
- (10) (s) - Environmental Agreement dated as of June 1, 1990 made by CMS Energy Corporation to The Connecticut National Bank and Others. (Designated in CMS Energy Corporation's Form

10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10)(y) and Form 10-Q for the quarter ended September 30, 1991, File No 1-9513, as Exhibit (19)(d).)**

- (10) (t) - Indemnity Agreement dated as of June 1, 1990 made by CMS Energy Corporation to Midland Cogeneration Venture Limited Partnership. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10)(z).)**
- (10) (u) - Environmental Agreement dated as of June 1, 1990 made by CMS Energy Corporation to United States Trust Company of New York, Meridian Trust Company, each Subordinated Collateral Trust Trustee and Holders from time to time of Senior Bonds and Subordinated Bonds and Participants from time to time in Senior Bonds and Subordinated Bonds. (Designated in CMS Energy Corporation's Form 10-K for the year ended December 31, 1990, File No 1-9513, as Exhibit (10)(aa).)**
- (10) (v) - Amended and Restated Participation Agreement dated as of June 1, 1990 among Midland Cogeneration Venture Limited Partnership, Owner Participant, The Connecticut National Bank, United States Trust Company, Meridian Trust Company, Midland Funding Corporation I, Midland Funding Corporation II, MEC Development Corporation and Institutional Senior Bond Purchasers. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 4.13.)
- Amendment No 1 dated as of July 1, 1991. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1991, File No. 1-5611, as Exhibit (10)(w).)
- (10) (w) - Power Purchase Agreement dated as of July 17, 1986 between Midland Cogeneration Venture Limited Partnership and Consumers Power Company. (Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.4.)

Amendments thereto:

Amendment No 1 dated September 10, 1987.

(Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.5.)

Amendment No 2 dated March 18, 1988.

(Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.6.)

Amendment No 3 dated August 28, 1989.

(Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.7.)

Amendment No 4A dated May 25, 1989.

(Designated in Midland Cogeneration Venture Limited Partnership's Form S-1 filed November 23, 1990, File No 33-37977, as Exhibit 10.8.)

- (10) (x) - Request for Approval of Settlement Proposal to Resolve MCV Cost Recovery Issues and Court Remand, filed with the Michigan Public Service Commission on July 7, 1992, MPSC Case No. U-10127. (Designated in CMS Energy Corporation's and Consumers Power Company's Forms 10-K for the year ended December 31, 1991 as amended by Form 8 dated July 15, 1992 as Exhibit (28).)
- (10) (y) - Settlement Proposal Filed on July 7, 1992 as Revised on September 8, 1992 by Filing with the Michigan Public Service Commission. (Designated in CMS Energy Corporation's and Consumers Power Company's Forms 8-K dated September 8, 1992 as Exhibit (28).)
- (10) (z) - Michigan Public Service Commission Order Dated March 31, 1993, Approving with Modifications the Settlement Proposal Filed on July 7, 1992, as Revised on September 8, 1992. (Designated in CMS Energy Corporation's and Consumers Power Company's Forms 10-K for the year ended December 31, 1992 as Exhibit (10)(cc).)
- (10) (aa) - Unwind Agreement dated as of December 10, 1991 by and among CMS Energy Corporation, Midland Group, Ltd., Consumers Power Company, CMS Midland, Inc., MEC Development Corp. and CMS Midland Holdings Company. (Designated in

- (10) (bb) - Stipulated AGE Release Amount Payment Agreement dated as of June 1, 1990, among CMS Energy Corporation, Consumers Power Company and The Dow Chemical Company. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1991, File No. 1-5611, as Exhibit (10)(z).)
- (10) (cc) - Parent Guaranty dated as of June 14, 1990 from CMS Energy Corporation to MCV, each of the Owner Trustees, the Indenture Trustees, the Owner Participants and the Initial Purchasers of Senior Bonds in the MCV Sale Leaseback transaction, and MEC Development. (Designated in Consumers Power Company's Form 10-K for the year ended December 31, 1991, File No. 1-5611, as Exhibit (10)(aa).)**
- (11)-(12) - Not applicable.
- (13) - Not Applicable.
- (14)-(20) - Not applicable.
- (21) (a) (CMS ONLY) - Subsidiaries of CMS Energy Corporation.
- (21) (b) - Subsidiaries of Consumers Power Company.
- (22) - Not applicable.
- (23) - Consents of experts and counsel.
- (24) - Powers of Attorney.
- (25)-(28) - Not applicable.

*Five copies of this exhibit have been signed by, or on behalf of, each of five Owner Participants. With regard to each of the agreements, each copy is substantially identical in all material respects except as to the parties thereto. Therefore, pursuant to Instruction 2, Item 601(a) of Regulation S-K, CMS Energy Corporation and Consumers Power Company are filing a copy of only one such document.

** Obligations of only CMS Holdings and CMS Midland, second tier subsidiaries of Consumers, and of CMS Energy but not of Consumers.

Exhibits listed above which have heretofore been filed with the Securities and Exchange Commission pursuant to various acts administered by the Commission, and which were designated as noted above, are hereby incorporated herein by reference and made a part hereof with the same effect as if filed herewith.

CMS ENERGY

February 25, 1994

Mr. Alan M. Wright and
Mr. Thomas A. McNish
Fairlane Plaza South, Suite 1100
330 Town Center Drive
Dearborn, MI 48126

CMS Energy Corporation is required to file an Annual Report on Form 10-K for the year ended December 31, 1993 with the Securities and Exchange Commission within 90 days after the end of the year.

We hereby make, constitute and appoint each of you our true and lawful attorney for each of us and in each of our names, places and steads to sign and cause to be filed with the Securities and Exchange Commission said Annual Report with any necessary exhibits, and any amendments thereto that may be required.

Very truly yours,

/s/ William T. McCormick, Jr.

/s/ Percy A. Pierre

William T. McCormick, Jr.

Percy A. Pierre

James J. Duderstadt

/s/ T. F. Russell

Thomas F. Russell

/s/ Victor J. Fryling

/s/ S. Kinnie Smith, Jr.

Victor J. Fryling

S. Kinnie Smith, Jr.

/s/ Earl D. Holton

Earl D. Holton

Robert D. Tuttle

/s/ Lois A. Lund

/s/ Kenneth Whipple

Lois A. Lund

Kenneth Whipple

/s/ Frank H. Merlotti

/s/ John B. Yasinsky

Frank H. Merlotti

John B. Yasinsky

/s/ W. U. Parfet

William U. Parfet

Extract from the minutes of a meeting of the Board of Directors of CMS Energy Corporation (the "Corporation") held on February 25, 1994.

- - - - -

SEC Form 10-K Filing

Draft copies of the Form 10-K for 1993 will be given to the Directors and officers of the Corporation for review and comments. Pursuant to regulations of the Securities and Exchange Commission, the Annual Report on Form 10-K must contain the signatures of the principal executive officer, the principal financial officer and the Controller or the principal accounting officer. Each officer of the Corporation will be asked to review the Form 10-K and acknowledge approval of the contents as applied to his/her area of responsibility.

Upon motion duly made and seconded, the following resolution was thereupon unanimously adopted:

RESOLVED: That the officers of the Corporation, and each of them, are authorized to execute the Annual Report on Form 10-K for the year ended December 31, 1993, for and on behalf of the Corporation, and any amendments thereto, and to file or cause to be filed such Annual Report, and any amendments thereto, with the Securities and Exchange Commission and The New York Stock Exchange, including any exhibits or other documents that may be required, with any changes thereto as they may deem appropriate and as counsel may advise.

- - - - -

(SEAL)

/s/ Thomas A. McNish

Thomas A. McNish
Secretary

CONSUMERS POWER

February 25, 1994

Mr. Alan M. Wright and
Mr. Thomas A. McNish
212 West Michigan Avenue
Jackson, MI 49201

Consumers Power Company is required to file an Annual Report on Form 10-K for the year ended December 31, 1993 with the Securities and Exchange Commission within 90 days after the end of the year.

We hereby make, constitute and appoint each of you our true and lawful attorney for each of us and in each of our names, places and steads to sign and cause to be filed with the Securities and Exchange Commission said Annual Report with any necessary exhibits, and any amendments thereto that may be required.

Very truly yours,

/s/ William T. McCormick, Jr.

William T. McCormick, Jr.

/s/ Percy A. Pierre

Percy A. Pierre

/s/ T. F. Russell

Thomas F. Russell

/s/ Victor J. Fryling

Victor J. Fryling

/s/ S. Kinnie Smith, Jr.

S. Kinnie Smith, Jr.

/s/ Earl D. Holton

Earl D. Holton

Robert D. Tuttle

/s/ Lois A. Lund

Lois A. Lund

/s/ Kenneth Whipple

Kenneth Whipple

/s/ Frank H. Merlotti

/s/ John B. Yasinsky

Frank H. Merlotti

John B. Yasinsky

/s/ W. U. Parfet

William U. Parfet

Extract from the minutes of a meeting of the Board of Directors of Consumers Power Company (the "Company") held on February 25, 1994.

- - - - -

SEC Form 10-K Filing

Draft copies of the Form 10-K for 1993 will be given to the Directors and officers of the Company for review and comments. Pursuant to regulations of the Securities and Exchange Commission, the Annual Report on Form 10-K must contain the signatures of the principal executive officer, the principal financial officer and the Controller or the principal accounting officer. Each officer of the Company will be asked to review the Form 10-K and acknowledge approval of the contents as applied to his/her area of responsibility.

Upon motion duly made and seconded, the following resolution was thereupon unanimously adopted:

RESOLVED: That the officers of the Company, and each of them, are authorized to execute the Annual Report on Form 10-K for the year ended December 31, 1993, for and on behalf of the Company, and any amendments thereto, and to file or cause to be filed such Annual Report, and any amendments thereto, with the Securities and Exchange Commission and The New York Stock Exchange, including any exhibits or other documents that may be required, with any changes thereto as they may deem appropriate and as counsel may advise.

- - - - -

(SEAL)

/s/ Thomas A. McNish

Thomas A. McNish
Secretary