

BOARD OF DIRECTORS

# CODE OF CONDUCT - 2010

The CMS Energy Corporation (“CMS Energy”) and Consumers Energy Company (“Consumers”) Boards of Directors (the “Board”) Code of Conduct (the “Code”) is a guide to the standards for ethical behavior for the Board in a complex and changing business world. CMS Energy and Consumers (collectively, “CMS”) directors (“Directors”) have a responsibility to act in compliance with applicable legal requirements, rules and regulations. In addition, it is expected that Directors will act with integrity and respect towards all and set a standard of conduct for CMS that promotes exemplary conduct in all dealings with the people and organizations with which they interact. Directors will meet these responsibilities through ethical behavior, sound business practices and lawful activities. CMS’ reputation depends on the ability of its Directors, officers and employees to conduct business ethically.

The Code provides summaries of corporate policies important to the proper resolution of ethical issues that most often arise in the context of Board governance and oversight. The Code provides a template for the ethical behavior expected from our Directors. Directors are expected to follow the Code and applicable laws, rules and regulations, to raise questions about compliance and to report suspected violations to the Chief Compliance Officer of CMS (“Chief Compliance Officer”).

Directors are required to sign the acknowledgement card at the end of the Code. Thank you for your continuing support.

A handwritten signature in black ink, appearing to read 'D. Joos', with a long horizontal flourish extending to the right.

David W. Joos  
Chairman of the Board

# Confidentiality

It is the responsibility of every Director to protect all confidential or sensitive information entrusted to her/him, except when disclosure is authorized by the full Board or legally mandated. Directors should contact CMS' General Counsel or the Chief Compliance Officer if they believe they have a legal obligation to disclose confidential or sensitive information. Directors should avoid using CMS confidential or sensitive information for personal benefit or to benefit any other business or entity with which they are or affiliated.

## *What is confidential or sensitive information?*

Confidential or sensitive information means all information that is legally required to have restricted access, be kept confidential, is described as material, nonpublic information (reference "What is Considered Material Nonpublic Information" page 7) or which might be used to the disadvantage of CMS or any employee, customer, shareholder, Director or officer of the CMS and specifically includes all of the following:

1. Any of CMS' plans, strategies, tactics or organizational structure not announced to the public;
2. Any financial data or results of CMS' operations not announced to the public;
3. Any personal information regarding an employee or Director or former employee or Director of CMS;
4. Any information in CMS' possession protected by the terms of a confidentiality agreement or other contract;
5. Any customer or shareholder records or information; and
6. Any nonpublic, material board information obtained by Directors due to their position on the Board such as board-room deliberations and board dynamics.

As used in this Confidentiality Section, the term "CMS" includes any corporation, partnership, company or other business entity in which CMS has a direct or indirect investment.

Directors should contact the Chief Compliance Officer with questions or concerns related to confidential information.

# Sexual, Racial or National Origin Harassment

CMS is committed to providing an atmosphere that is free from discrimination, including sexual harassment and racial or national origin harassment. Directors shall act in a manner consistent with the Equal Employment Opportunity Policy of CMS, and thus shall not discriminate for or against employees or other persons on the basis of age, sex, race, religion, creed, color, national origin, ancestry, height, weight, marital status, sexual orientation, disability or covered veteran status.

Sexual harassment occurs when conduct of a sexual nature explicitly or implicitly affects an individual's employment, unreasonably interferes with an individual's work performance, or creates an intimidating, hostile or offensive work environment. It is CMS' policy that sexual harassment to or by any Director is unlawful and will not be tolerated.

Racial or national origin harassment occurs when conduct relating to an individual's race or national origin interferes with an individual's work performance or creates an intimidating, hostile, or offensive work environment. The law and CMS policy require that the workplace be free from racial and national origin harassment. To that effect, CMS will not tolerate racial or ethnic slurs to or by any Director.

Directors should contact the Chief Compliance Officer with questions or concerns related to discrimination or harassment.

## Protection and Proper Use of Company Assets

It is the responsibility of every Director to seek to protect CMS assets utilized by such Director from loss, theft and misuse. CMS assets include information, records, funds, equipment, supplies, facilities, property and materials. Directors shall use CMS assets entrusted to them or to which they have access in a safe and efficient manner and in compliance with applicable laws and regulations. Directors shall not use CMS assets or records for personal gain or for the benefit of others outside the normal course of company business.

### *May directors use CMS assets for personal use?*

All assets of CMS, including communications and computer systems such as telephones, voice mail, electronic mail and computers, shall be used primarily for the legitimate business purposes of CMS. To the extent that business processes are not detrimentally affected, Directors may reasonably use CMS telephones, electronic mail, Internet, Intranet, faxes and computers for limited and occasional personal reasons as long as the use is appropriate and does not violate CMS policies or applicable law. Directors must never use CMS assets to support a personal business or political activities.

Directors should contact the Chief Compliance Officer with questions or concerns related to protecting CMS assets.

## Conflicts of Interest

### *What is a conflict of interest?*

A “conflict of interest” occurs when a Director’s private interest interferes in any way — or even appears to interfere — with the interests of the company as a whole. A conflict situation can arise when a Director takes actions or has interests that may make it difficult to perform his or her responsibilities objectively and effectively. Conflicts of interest also arise when a Director, or an immediate family member, receives improper personal benefits, which may include loans or extravagant gifts, as a result of his/her position as a Director. As used throughout the Code, the term “immediate family member(s)” means “any child, step-child, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director sharing the household of such director.

In addition to the provisions listed below, Directors should also avoid any conflict of interest that may arise related to charitable contributions to or business with any organization to which the Director is affiliated.

Directors shall resolve ethically any actual or apparent conflicts of interests and shall disclose any conflict of interest to the Chief Compliance Officer as soon as they arise.

## Initial Public Offerings and Investment Opportunities

Preferential allocations of stock or an offer to participate in an initial public offering from a company with whom CMS either conducts or could be expected to conduct business can create or could reasonably appear to create a conflict of interest. Such situations should be avoided, but in any event must be disclosed to the Chief Compliance Officer. The Chief Compliance Officer shall make a determination whether the circumstances create a conflict.

## Purchases and Sales of Company Securities

Because CMS has publicly traded securities, there are important restrictions imposed on it, as well as all of the Directors, under state and federal securities laws regarding purchases and sales of publicly traded securities. Compliance with these restrictions is essential. Violations may subject CMS and the offending person to significant criminal penalties and civil liabilities.

### *What restrictions are applicable to CMS securities?*

Directors and immediate family members may not purchase or sell the securities of CMS at any time that they are aware of any material nonpublic information relating to CMS. Similarly, they may not purchase or sell the securities of any other company at any time that, in the ordinary course of such Director conducting CMS business, they become aware of any material nonpublic information relating to that other company. Directors and family members living in the same household may not purchase or sell the securities of CMS except during “open windows” as communicated by the Corporate Secretary and only after approval has been granted by the Corporate Secretary or General Counsel of CMS.

### *What is considered material nonpublic information?*

For purposes of this policy, material information will be considered “nonpublic” until two full business days after it has been disclosed in a broad and non-exclusionary public distribution. Also, information is generally considered “material” if a reasonable investor would consider it important in making an investment decision regarding the applicable company’s securities. Directors should assume that information regarding the following topics is “material” for purposes of this policy:

- earnings and other financial information, including forecasts of such information;
- significant investments, mergers, acquisitions and joint ventures;
- announcements and updates concerning significant development and divestiture projects;
- significant financings of the applicable company or its affiliates;
- significant developments regarding customers, partners and suppliers; and
- dividends, stock splits and other important events regarding the applicable company’s publicly-traded securities.

Information, which may not appear to be material from the perspective of an individual, may in fact be material in light of information or plans known to others.

### *What restrictions are related to trading CMS securities?*

Directors and immediate family members may not at any time engage in “trading” CMS securities or sell “short” CMS securities or buy or sell puts or calls or other derivative securities relating to CMS or an affiliate’s securities. “Trading” means a combination or pattern of substantial or continuous buying and selling of securities with the primary objective of realizing short-term gains.

### *Do the restrictions apply to indirect purchases of CMS securities?*

The restrictions contained in this policy do not apply to indirect periodic purchases of securities made pursuant to a standing election to invest in CMS Energy securities under CMS Energy’s or Consumers’ retirement or other benefit plans, to the extent an option to do so exists, or the CMS Energy stock purchase plan, as long as the election is made at a time the Director is not aware of material nonpublic information. Similarly, these restrictions do not apply to purchases or sales made pursuant to a pre-arranged contract, instruction or plan effected in accordance with the safe harbor provisions of the Securities Exchange Act

of 1934 Rule 10b5-1, if approved by the General Counsel of CMS, although care should be given to avoid the appearance of impropriety if such trading occurs during certain “black-out periods” of which certain Directors may be made aware from time to time. Changes to such election or such contract, instruction or plan are likewise excepted if made at a time the Director is not aware of material nonpublic information.

## Gifts and Trips

A Director may not accept gifts or trips from entities or persons who deal with CMS, if acceptance of the gift or trip could create the appearance of a conflict of interest or if any such gift or trip is being made in order to influence the Director’s actions as a member of the Board.

*Are there additional factors directors should consider when accepting or giving gifts from entities or persons who deal with CMS?*

Giving or accepting gifts or trips must be in compliance with applicable laws or regulations, and must also comply with any policy that applies to the person either giving or receiving the gift. A gift must not be extravagant, embarrassing to CMS or jeopardize its image or reputation. Gifts of cash or cash equivalents (e.g., stock) are prohibited. Loans from vendors (other than banks made in the normal course of the bank’s business) are prohibited. Solicitation of gifts is prohibited.

*Are family members required to comply with this policy?*

This policy applies to all Directors and their immediate family members.

## Compensation from Noncompany Sources

Directors may not accept compensation in any form from any source, other than CMS, for services performed as a Director for CMS. Outside employment must not conflict with, or appear to conflict with, the energy-related interests of CMS. Directors must ensure that their activities related to outside employment are not perceived as acting on behalf of CMS.

*Who should directors contact with questions related to conflicts of interest?*

Directors should contact the Chief Compliance Officer with questions related to Conflicts of Interest. In addition, if a Director has a specific question related to insider trading requirements or classification of information as material, the Director should contact the General Counsel or Corporate Secretary of CMS for guidance.

## Conflicting Business Opportunities, Fair Dealing, Full Disclosure and Related Party Transactions

*What is a conflicting business opportunity?*

Directors must not take or use for their benefit any business opportunity which in fairness belongs to CMS, nor shall they misuse any information to which they have access by reason of their position. For example, Directors must not acquire by purchase or lease any real estate interests (including mineral interests) when the Director knows or reasonably should know that CMS may be interested in acquiring the same property.

*What are the requirements of fair dealing?*

Directors must not take advantage of anyone through manipulation, misrepresentation of material facts or any other unfair dealing practice.

### *What are the Requirements of Disclosure and Reporting?*

Directors are responsible for disclosing full, fair, accurate, timely and understandable information about themselves and their immediate family members and their activities, when required, for inclusion in applicable public communications, reports and documents made by CMS, including without limitation reports and documents filed with, or submitted to, the Securities and Exchange Commission (“SEC”), Michigan Public Service Commission and the Federal Energy Regulatory Commission.

### *What is a related party transaction?*

Pursuant to SEC regulations, “Related Parties” include Directors or certain executive officers, beneficial owners of 5% or more of CMS Energy common stock, immediate family members of such persons and entities in which such persons have a direct or indirect material interest. A related party transaction occurs when a Related Party enters into a transaction in which CMS is participating, the transaction amount is more than \$10,000 and the Related Party will acquire a direct or indirect material interest (“Related Party Transaction”). Participation in a Related Party Transaction could affect a Director’s status as independent.

### *What are the related party transaction reporting and approval requirements?*

Related Party Transactions must be pre-approved by the Audit Committee of the Board. Any Related Party Transaction involving more than \$120,000 must be disclosed in CMS’ annual proxy statement. In drawing its conclusion on any approval request, the Audit Committee should consider the following factors:

- Whether the transaction involves the provision of goods or services to CMS that are available from unaffiliated third parties;
- Whether the terms of the proposed transaction are at least as favorable to CMS as those that might be achieved with an unaffiliated third party;
- The size of the transaction and the amount of consideration payable to a Related Party;
- The nature of the interest of the applicable Related Party; and
- Whether the transaction may involve an actual or apparent conflict of interest, or embarrassment or potential embarrassment to CMS when disclosed.

This policy does not apply to change in control agreements or other executive employment contracts; however, such contracts are subject to Board approval under a separate policy. Any approval of a Related Party Transaction by the Audit Committee of the Board shall be immediately communicated to the General Counsel of CMS if he/she was not otherwise informed of the approval at the time it was granted.

*Who should executive officers contact with questions regarding related party transactions?*

Any questions regarding whether a particular transaction is a Related Party Transaction should be submitted to the General Counsel of CMS, who is responsible for making an initial determination after obtaining any necessary advice from securities counsel. Questions regarding Related Party Transactions also may be directed to the Chief Compliance Officer or the Corporate Secretary of CMS.

## Compliance with Laws, Rules and Regulations

In addition to the provisions outlined in this Code, it is expected that Directors will abide by all applicable laws, rules and regulations. Directors who are also employees of CMS must also abide by the provisions of the employees' Code of Conduct and Guide to Ethical Business Behavior.

## Modifications, Waivers or Exceptions to the Code

Any modifications to this Code may be made only by the Board upon recommendation of the Governance and Public Responsibility Committee of the Board. Waivers and exceptions to the Code may only be granted to Directors and executive officers of CMS by the Audit Committee of the Board and will be promptly disclosed to shareholders.

## Enforcement and Violations

Any alleged violation of this Code by a Director shall be reported to the Chief Compliance Officer and shall be investigated by disinterested members of the Audit Committee of the Board, or if none, by disinterested members of the entire Board. The Audit Committee or Board, as applicable, may utilize the services of the General Counsel of CMS, the Chief Compliance Officer, external counsel or other parties as appropriate to assist in any investigation. A failure by any Director to comply with the laws, rules and regulations governing CMS' business or this Code will result in appropriate action. Any such action shall be taken by the entire Board upon the recommendation of the Governance and Public Responsibility Committee of the Board based upon the results of any investigation.

## Reporting an Ethics Concern

A Director who has ethical questions or concerns may seek assistance from the Chairman of the Governance and Public Responsibility Committee of the Board, the Chairman of the Audit Committee of the Board, or the Chief Compliance Officer or by calling an external toll-free anonymous helpline.

Directors may contact the Chief Compliance Officer by phone at 1-800-CMS-5212 (1-800-267-5212) or 517-788-6260. Directors may also send letters or electronic mail to the Chief Compliance Officer at:

Chief Compliance Officer  
CMS Energy Corporation  
One Energy Plaza  
Jackson, MI 49201  
E-mail: [cmscompliance@cmsenergy.com](mailto:cmscompliance@cmsenergy.com)

Directors may also report compliance concerns by calling an external toll-free anonymous helpline, 1-866-ETHICSP (1-866-384-4277) or accessing a web site at [www.ethicspoint.com](http://www.ethicspoint.com). This service is available through a third-party provider, EthicsPoint, and representatives handle calls and reports 24 hours a day, 7 days a week.

# Certification Card

I have read, understand and agree to abide by the CMS Energy Corporation and Consumers Energy Company Boards of Directors Code of Conduct. I am unaware of any violations of this Code and will report any possible violations as I become aware of them to the Chief Compliance Officer..

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Print Name

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Signature Line

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Date

Return to Corporate Secretary