

**AMENDED AND RESTATED CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARDS OF DIRECTORS OF CMS ENERGY CORPORATION AND  
CONSUMERS ENERGY COMPANY (the “Corporation”)\***

**\*As Amended and Restated January 26, 2012**

**Purpose**

The Audit Committee (the “Committee”) shall provide assistance to the Board of Directors (the “Board”) of the Corporation in fulfilling its oversight responsibility relating to:

- the integrity of the Corporation’s financial statements and financial information, the financial reporting process, and the system of internal accounting and financial controls;
- the performance of the Corporation’s internal audit function and independent auditors;
- the evaluation of the independent auditor’s qualifications and independence;
- the Corporation’s compliance with processes supporting the accuracy of the reports and certifications prepared by the Chief Executive Officer and Chief Financial Officer as required by the rules of the Securities and Exchange Commission (the “SEC”); and
- the Corporation’s compliance with applicable legal and regulatory requirements.

**Responsibilities**

The Committee should take appropriate actions to set the overall corporate “tone” for quality financial reporting, sound internal controls and business risk practices, and ethical behavior.

***Internal Controls***

The Committee, in carrying out its duties and responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may modify them as appropriate.

The Committee shall oversee the Corporation’s financial reporting process on behalf of the Board. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to design internal controls or to plan or conduct audits or to determine that the Corporation’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Rather, the Committee should maintain a healthy skepticism and pursue issues until the Committee is satisfied that it has received adequate information to make an informed judgment. In this regard, management is responsible for the preparation, presentation, and integrity of the Corporation’s financial information, the design and implementation of an effective system of internal controls and the appropriateness of the accounting principles and reporting policies used by the Corporation. The independent auditor is responsible for auditing the Corporation’s annual financial statements and for reviewing the Corporation’s unaudited interim financial statements.

### The Independent Auditor

The Committee shall be directly responsible for the appointment (subject, if applicable, to shareholder ratification), termination, compensation, and oversight of the work of the independent auditor, including resolution of disagreements between management and the independent auditor regarding financial reporting. The independent auditor shall report directly to the Committee. The Committee shall pre-approve all audit and non-audit services provided by the independent auditor and shall approve all fees for such services and shall not engage the independent auditor to perform the specific non-audit services proscribed by law or regulation. The Committee delegates to its Chair authority to approve permitted services, provided that the Chair reports any such decisions to the Committee at its next scheduled meeting.

The Committee shall meet with the independent auditor prior to the audit to review the planning and staffing of the audit as well as compliance with appropriate audit standards.

The Committee shall receive regular reports from the independent auditor on the Corporation's critical accounting policies and practices, and all alternative accounting treatments permitted by generally accepted accounting principles.

At least annually, the Committee shall obtain and review the report by the independent auditor describing:

- the Corporation's financial reporting and accounting standards and principles;
- the Corporation's internal quality control procedures and an assessment of the effectiveness of the internal control structure and procedures for financial reporting;
- any material issues raised by the most recent internal quality control review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;
- the auditor's independence with respect to the Corporation; and
- the independent auditor's required communications contained within the PCAOB AU Section 380 relating to the conduct of the audit.

The Committee will discuss such reports with the independent auditor, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditor.

In addition, the Committee shall review the experience and qualifications of the senior members of the independent auditor's team and ensure that the Corporation's hiring policies for partners or

employees or former partners or employees of the independent auditor meet the SEC regulations and stock exchange listing standards.

### *The Internal Audit Function*

The Committee shall review and approve the organization of the internal audit function, including the respective responsibilities of any outside auditing firm performing internal audit functions and of officers and employees of the Corporation performing such functions (collectively, the “Internal Audit Function”). Not less than annually, the Committee shall review the effectiveness of the Internal Audit Function as a whole.

If an outside auditing firm is to perform any Internal Audit Function, the Committee shall select such outside auditing firm and review and approve the terms of the engagement with any such firm. As a part of its overall review of the Internal Audit Function, not less than annually, the Committee shall review the effectiveness of such firm and determine whether the engagement should be continued or terminated. An auditing plan for a three-year period shall be submitted to the Committee annually, and the Committee shall approve the plan for at least the current year and periodically monitor performance under the plan. Additionally, the Chair of the Committee shall be consulted before the appointment or removal of the supervisor of the Corporation’s employees, if any, participating in the Internal Audit Function and the Committee shall approve the responsibilities and the reporting relationship of such supervisor.

The Committee shall review all significant reports of the Internal Audit Function and summary reports to management and management’s responses. The Committee shall also review any problems or difficulties the Internal Audit Function may have encountered or any restrictions on the scope of audit activities.

The Committee shall consider the extent to which the planned audit scopes of the Internal Audit Function and the independent auditor can be relied on to identify material or significant internal control weaknesses or fraud. The Committee shall review management’s assessment of the effectiveness of financial reporting internal controls as of the end of the most recent fiscal year and the independent auditor’s attestation report on management’s assertion, all as required by Section 404 of the Sarbanes-Oxley Act of 2002 and the regulations of the SEC. Also, the Committee shall discuss with management, the auditors performing the Internal Audit Function, and the independent auditor, the adequacy and effectiveness of the accounting and financial reporting internal controls, including the Corporation’s policies and procedures to assess, monitor, and manage financial and business risk, and compliance programs.

### *Public Reporting*

Prior to release, the Committee shall review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

The Committee shall review with management and the independent auditor the financial statements, as well as disclosures under Management’s Discussion and Analysis of Financial Condition and Results of Operations to be included in the Corporation’s Annual Report on

Form 10-K (and in the annual report to shareholders, if applicable), including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditor under generally accepted auditing standards.

The Committee shall review with management and the independent auditors the interim financial statements as well as disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations prior to the filing of the Corporation's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditor under generally accepted auditing standards.

The Committee shall prepare its report to be included in the Corporation's annual proxy statement, as required by SEC regulations. The Committee shall approve, for inclusion in the Corporation's proxy statement, the recommendations for the appointment of the independent auditor.

### Compliance

The Committee shall oversee procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.

The Committee shall review and investigate any matters pertaining to the integrity of management, including conflicts of interest or adherence to standards of business conduct as required by the policies of the Corporation. This should include regular reviews of the compliance processes utilized by the Corporation. The Chair will be promptly notified by the Chief Compliance Officer, Chief Financial Officer, or an executive officer, of any investigation related to a compliance violation by an officer of the Corporation or any new investigation with the highest severity rating. The Chair will report such incidents to the Committee at its next scheduled meeting.

The Committee shall receive reports from the Chief Compliance Officer concerning the Corporation's compliance and ethics programs and issues, and provide guidance to, and receive advice and counsel from, as appropriate, the Chief Compliance Officer relating to such programs and issues.

The Committee shall receive and review corporate attorneys' reports of material contingent liabilities, evidence of any violation of securities laws or breaches of fiduciary duty and any other matters that may have a material impact on the financial statements of the Corporation, its compliance policies and any material reports or inquiries received from regulators or governmental agencies.

The Committee shall oversee responsibility for compliance with the Corporation's Codes of Conduct for employees and directors. The Committee shall have the right to approve any waiver of the Codes of Conduct for directors or executive officers and any such waiver will be promptly disclosed to shareholders in accordance with applicable legal and regulatory requirements, as well as the New York Stock Exchange listing rules. The Committee shall also preapprove any related party transactions as required by the Codes of Conduct.

### Risk

The Committee shall consider risk issues associated with the Corporation's operating and financial activities (enterprise risk management) which have an impact on its financial and other disclosure reporting. The Committee, from time to time as determined by the Committee, shall receive reports from the Executive Director for Risk, and shall review policies on risk assessment, controls and accounting risk exposure; and will meet with such other members of management and outside auditors as deemed prudent. The Committee will periodically review and approve risk management policies.

### **Committee Membership**

The Committee shall be members of, and appointed by, the Board upon the recommendation of the Governance and Public Responsibility Committee and shall be comprised of at least three directors, each of whom the Board has determined has no material relationship with the Corporation and is otherwise independent of management and the Corporation. Members of the Committee shall be considered independent as long as they do not accept any consulting, advisory or other compensatory fee from the Corporation and are not an affiliated person of the Corporation or its subsidiaries, and meet the independence requirements of the New York Stock Exchange listing standards, the Sarbanes-Oxley Act of 2002 and the regulations of the SEC.

All Committee members shall be financially literate, and at least one member shall be an "audit committee financial expert," as defined by the SEC regulations. The Committee shall have the authority to provide the proper educational programs for its members to ensure the financial and accounting expertise that is expected of each Committee member.

### **Meetings**

The Committee shall meet at least quarterly and shall have the authority to call meetings at its discretion and to invite officers and employees of the Corporation, auditors performing the Internal Audit Function, and the independent auditor to attend. As part of its responsibility to foster open and frank communications, the Committee will meet with representatives of the Internal Audit Function and the independent auditor at least quarterly, and with the Chief Financial Officer, the Chief Compliance Officer, the General Counsel, the Executive Director for Risk, and such other members of management as deemed prudent and at a frequency to be determined by the Committee in separate private sessions to discuss any matters, issues or concerns that the Committee or any of these groups believes should be discussed.

The Chair of the Committee shall designate a person, who need not be a member, to act as secretary and to record the minutes of its proceedings, which shall be kept in accordance with the Bylaws of the Corporation. The agenda of each meeting will be prepared at the direction of the Chair and, whenever reasonably practicable, delivered to each member before the meeting.

The Committee shall report on its deliberations, findings and conclusions to the Board.

### **Additional Information**

Certain information common to the operations and responsibilities of all Board Committees are included in the Corporation's Corporate Governance Principles, which are incorporated in this Charter by reference.