

THE COMPANY
WE KEEP

CODE OF CONDUCT AND GUIDE TO ETHICAL BUSINESS BEHAVIOR | 2010

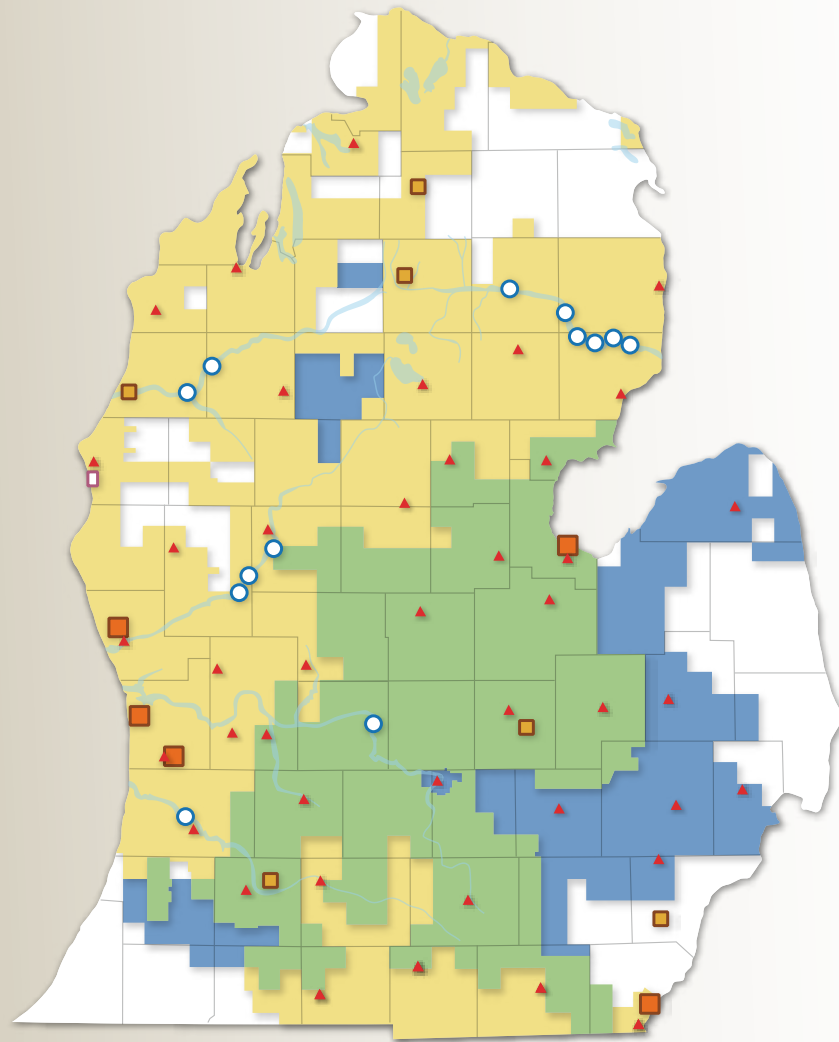




Company founders: William Foote, left, and brother James.

Jackson, Michigan – 1886 ▼





CMS Energy and
Consumers Energy
2010 Profile

MICHIGAN FACILITIES

- Independent Power Production
- Generating Plant
- Hydroelectric Plant
- Pumped Storage Plant
- Customer Service Center
- Gas Service Territory
- Electric Service Territory
- Gas and Electric Service Territory

**INDEPENDENT POWER PRODUCTION
OUTSIDE MICHIGAN**

North Carolina
Craven County Wood Energy Biomass

Connecticut
Exeter Energy

California
Honey Lake Power Plant

FINANCIAL SERVICES

Utah
EnerBank USA



THE COMPANY
WE KEEP



The Company We Keep

THOSE WHO CAME BEFORE

As you turn the pages of this book, you'll find images from the past, including employees who helped build our company. Mixed in among photographs of today's company, the black-and-white archive snapshots remind us how the decades have changed both our business and the customers we serve. The names to the faces of most of the people in these old photos have long since slipped from memory. But the work they did and the values they held laid the ethical foundation for our company's success today.



▲ Early 20th century company signage.

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The Company We Keep *A message from Dave Joos*

BOOM TIMES AND TOUGH TIMES. Our company has enjoyed and endured plenty of both for more than a century.

Since 1886, we've served Michigan customers with the affordable, reliable energy needed to win wars, build cars and a prosperous middle class, and power innovation. We've kept the lights on and business humming from a time when telephones were cutting edge technology to today's age of digital wonders.

Our longevity and achievements are no accident. They're the result of building a company upon a strong ethical foundation.

The world and the utility industry have changed dramatically since our founder, W.A. Foote, first illuminated the sky with electric street lights above downtown Jackson, Mich., then as now our corporate home. Though our company has continually evolved to meet new challenges, our commitment to certain basic values has remained constant over the decades.

Our longevity and achievements are no accident. They're the result of building a company upon a strong ethical foundation.

Honesty, accountability and safety — they're not original concepts and they're not fancy. But along with a couple of other basic values, they're the backbone of how we work together as a company and how we interact with our customers and the communities we serve.

Thus, the ideals outlined in this *Code of Conduct and Guide to Ethical Business Behavior* speak directly to conducting business in a manner that would please our parents, teachers, coaches and other mentors who've shaped us to become ethical citizens. This means treating colleagues, customers and other stakeholders with fairness, respect and honesty.

In "real" life, of course, the right ethical answers may not always be immediately clear. The business world is complicated and changing constantly and more rapidly than ever.

Still, all of us must adhere to the highest standards of conduct because it's the correct way to behave, and because there are serious individual and collective consequences for breaking the rules, whether intentionally or unintentionally.

This book will help you understand our corporate culture, respond to dilemmas and choose wisely when making the big and small decisions in your daily work.

We have an outstanding company. People want to work here.

For more details on policies and procedures visit [eLine](#) or call 800-CMS-5212





People want to work with us. This has remained true throughout our history because employees like you are dedicated to moving the company forward in an ethical manner. I trust you will continue to uphold the tradition that's served our company and its customers so well for so long.

Thank you for supporting our ethics and compliance goals.

Dave Joos

PRESIDENT AND CHIEF EXECUTIVE OFFICER



▲ Au Sable River survey crew, circa 1900.



▲ Croton Hydro, built in 1907.



▲ White Pigeon gas interconnect, 1960.

The company's roots are found along the banks of Michigan's rushing rivers, where our founders located ideal sites to harness hydroelectric power. Carving a company out of the wilderness, they established pioneering values that have helped us thrive for more than a century.

Ethics is Just Good Business *Welcome and introduction*

WELCOME TO THE *Code of Conduct and Guide to Ethical Business Behavior*. Let's begin by stating the obvious: This document doesn't offer all the answers, nor does it attempt to do so.

No code, however comprehensive, can anticipate and address every ethical situation you may encounter on the job. No code or policy manual can substitute for good judgment and common sense.

Instead, this code outlines our more important standards and policies for employees; helps employees deal with common dilemmas; and, where necessary, points to other resources for further information.

This code should be used to build a basic working knowledge of the behaviors we all must follow to produce results while protecting the company, individual employees, customers and stakeholders.

You are responsible for familiarizing yourself with the rules, policies and laws that govern our business, especially those that apply to your specific job.

The *Code of Conduct and Guide to Ethical Business Behavior* applies to all employees. No exceptions.

As an employee, you are responsible for familiarizing yourself with the rules, policies and laws that govern our business, especially those that apply to your specific job.

When in doubt, ask questions. Contact your direct supervisor, a human resources representative, the compliance department or any of the additional resources listed on page 40.

Equally important, you are responsible for reporting concerns and suspected ethical, legal or regulatory violations. Employees may report concerns anonymously to the compliance office at 800-CMS-5212; 517-788-6260; or cmscompliance@cmsenergy.com.

Speaking up is the key to the success of our compliance program. We have a "zero tolerance" policy on retaliation against employees who report concerns in good faith.

We take seriously any violation of corporate policies. Employees who commit violations — as well as employees who are aware of violations but fail to report them — are subject to the full range of disciplinary action, up to and including termination.

Our rules exist to ensure a safe and productive working

For more details on policies and procedures visit *eLine* or call 800-CMS-5212





environment for all employees, positive relationships with customers, and prosperous dealings with business partners and other stakeholders. Please take the time to review and understand the *Code of Conduct and Guide to Ethical Business Behavior* and don't hesitate to ask questions or pursue further information. Our individual and collective success and reputation depend on it.



▲ "Easy does it kitchen" promoted appliance use during the 1950s.



▲ Electric dispatch, 1947.



▲ Kalamazoo steam plant, 1927.

Technology has changed dramatically since our fledgling company began developing affordable, reliable energy for Michigan in 1886. But time has not — and will not — change the principles that govern how we deal with one another, our customers and the company's many stakeholders.

Ethics is Just Good Business

Decision test

THIS *Code of Conduct and Guide to Ethical Business Behavior* is intended as a general guide to our company's ethical standards and policies. However, no guide can anticipate or address every ethical dilemma that may arise on the job.

When you encounter situations that pose potential conflicts of interest or raise other ethical issues, try asking these questions:

- Is it legal?
- Does it align with our standards as written?
- Is it consistent with the spirit of the law, our *Code of Conduct and Guide to Ethical Business Behavior* and/or corporate culture?
- Would I feel comfortable with my decision if the details of the situation were published or broadcast in the news media or become known to my friends and colleagues?
- Is it fundamentally fair and honest?

If you answered NO to any of these questions, seek guidance by contacting the compliance department.



Electric service crew in the early 20th century.



Meter reader in snowshoes.

Responsibilities

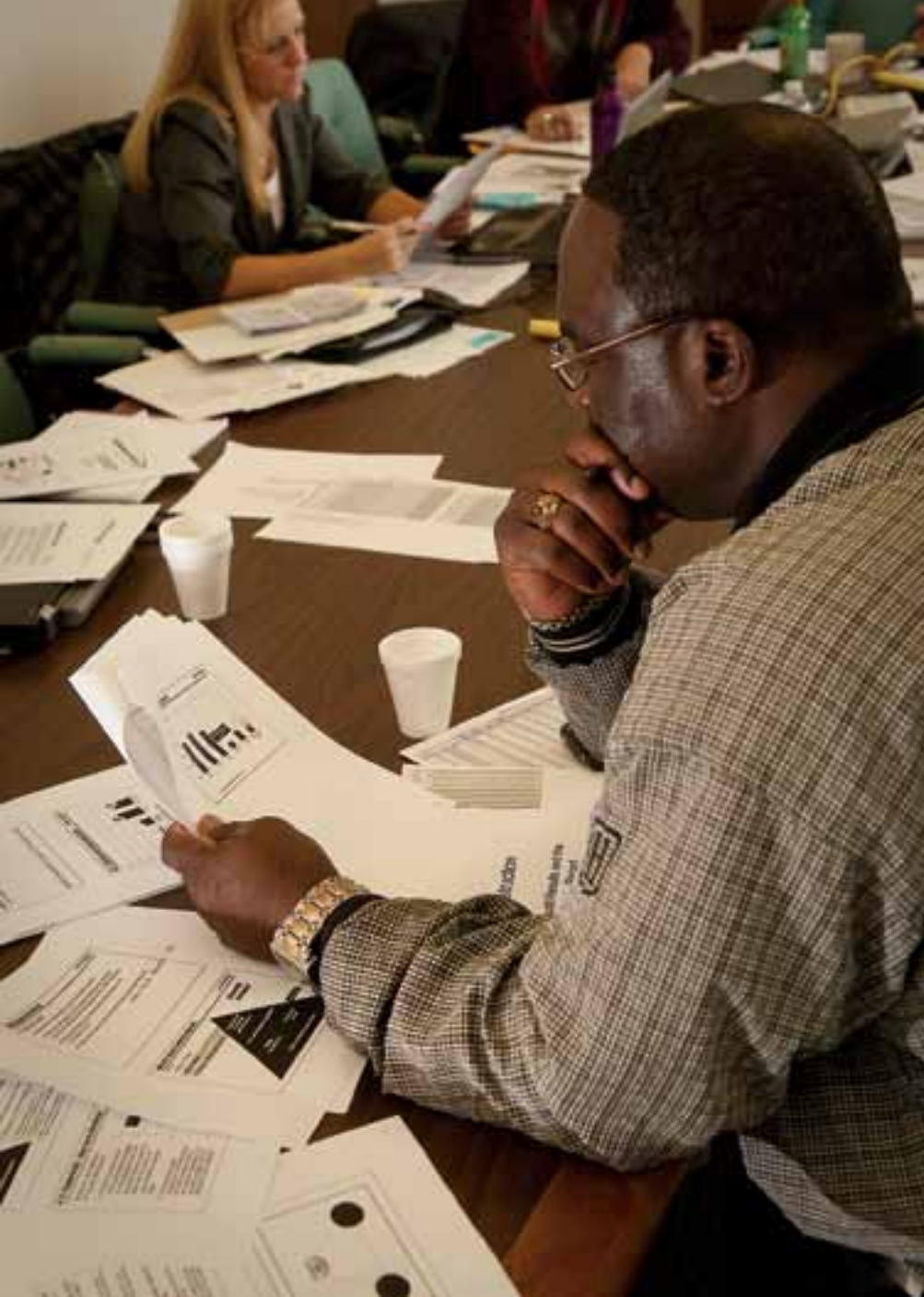
The *Code of Conduct and Guide to Ethical Business Behavior* applies to all employees of the company, including corporate officers. We all share responsibility for helping the company adhere to the highest standard of ethical behavior.

Corporate officers must uphold all of the responsibilities outlined in this book and honor any additional duties and obligations that accompany their respective positions.

Supervisors, managers and directors must set a strong ethical example as leaders, make sure their employees understand and follow the rules and create a positive work environment that encourages employees to speak up about concerns.

Employees are responsible for knowing, understanding and following the regulations, laws and policies that apply to their jobs. They also must report concerns or potential misconduct.

For more details on policies and procedures visit *eLine* or call 800-CMS-5212

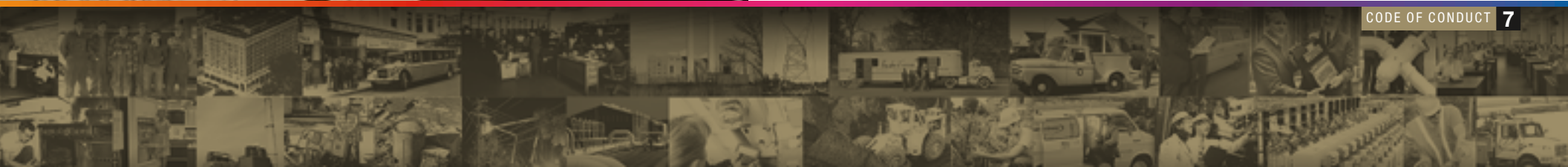


Learning more is easy

WHILE THIS BOOK PROVIDES a basic and broad view of our standards, policies and expectations, situations will arise when you need clarification or more information to make the right decision.

In those cases, answers are easily accessible. Employees have a variety of resources to learn more about the company's rules and policies:

- Talk with your supervisor or human resources representative.
- Consult the *Policy and Process Manuals*. If you have Internet access, you can find the manual on *eLine*. Click "Code of Conduct" on the yellow links bar to view the company's ethical standards and expectations. Click the "Corporate" tab at the top of the home page and scroll down to find the *Policy and Process Manuals*.
- You also can contact the company's compliance department at cmscompliance@cmsenergy.com or at 800-CMS-5212.



Working Safely

WE VALUE THE SAFETY AND SECURITY of employees, customers and the general public above all else. No operational priority, business goal or service commitment justifies endangering a person's safety.

Sending employees home safely at the end of each day is more important than our bottom line. Whether you sit behind a desk or scale a utility pole, you can expect a workplace free of violence, weapons, and drugs and alcohol.

We're determined to help prevent workplace accidents and injuries. You can expect us to provide the tools, equipment and training necessary to perform your job safely at all times.

To reach those goals, we will continue to manage our business operations with a carefully considered set of principles. Our commitment to safety includes:

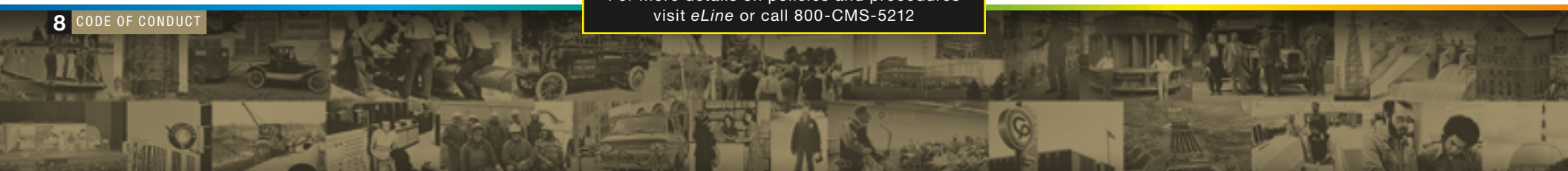
Whether you sit behind a desk or scale a utility pole, you can expect a workplace free of violence, weapons, and drugs and alcohol.

- Complying with all applicable safety, health and security regulations.
- Implementing programs and processes aimed at continually improving safety and security conditions. Our goal is to work with employees to promote a culture where safety is the top priority.
- Evaluating programs regularly to ensure our best practices for safety are relevant and effective. When it comes to protecting our workers and customers, we'll never stop trying to get better.

Of course, creating the safest possible work environment requires a commitment from you as well. Employees are required to follow all safety and security processes, including all policies and procedures outlined in company safety, security and operating manuals.

Employees also must promptly report unsafe behavior and working conditions, safety hazards, property damage and personal injuries. Part of maintaining the safest possible work environment is remaining vigilant to dangers that stem from a variety of internal and external sources, including violence, substance abuse and weapons.

For more details on policies and procedures visit [eLine](#) or call 800-CMS-5212





Stop the job

Whether it's in the office or on a job site, we expect employees to stop the job the instant a potential safety hazard or uncertainty of any kind arises. Take a timeout to perform the task safely rather than rushing to finish under unsafe conditions.

VIOLENCE

■ We will not tolerate threats or acts of violence committed by or against employees.

The company will investigate all reported incidents promptly; take appropriate disciplinary action, up to and including discharge; and support criminal prosecution in appropriate cases. We will provide educational programs and offer counseling and reasonable support to victims of crimes on the job.



▲ Employee safety meeting, 1969.



▲ President's Safety Award presentation, 1970.

As our company has grown to produce energy on a massive scale, our compliance requirements have grown more complex. But our core values remain a dependable compass for creating a safe, productive workplace and protecting employees, customers and the general public.

Working Safely

SUBSTANCE ABUSE

■ CMS Energy is committed to keeping the workplace free from the effects of substance abuse.

We prohibit the possession and/or use of alcohol and other illicit drugs and expect employees to fulfill their duties and conduct company business without using alcohol or illegal controlled substances. Drug and alcohol testing is required in compliance with federal, state and company policies.

Employees are encouraged to seek help through the Employee Assistance Service (EAS), which provides confidential assistance for a variety of issues, including substance abuse. Your local human resources department can provide EAS contact information.

Quick FIND

May I bring alcohol onto company property?

Drugs: In accordance with state and federal laws and regulations, including the Drug-Free Workplace Act of 1988, we prohibit the unlawful manufacture, distribution, dispensation, possession or use of controlled substances in the work place. Violations may subject employees to discipline up to and including discharge.

Alcohol: We prohibit alcoholic beverages on company property; during the hours of work when being paid by the company; or during a meal period when scheduled to return to work. Employees must not report for work — call-out or scheduled assignments — under the influence of alcohol.

Possessing or transporting alcohol on company property, even in personal vehicles, is prohibited. Violations may subject employees to discipline up to and including discharge.

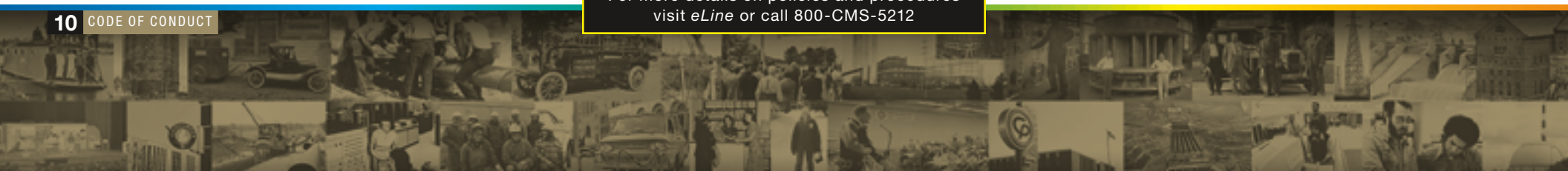
Exceptions to our alcohol policy include the South Haven Conference Center, where alcohol is permitted and may be consumed after normal business hours, and other officer-approved events.

Reality Check

I'm taking prescription medication that may impair my ability to work safely. What should I do?

■ *Let your supervisor know. Maybe a workable solution can be found. Remember also that exceeding prescribed dosages or using medication prescribed to someone else are violations of company policy.*

For more details on policies and procedures visit eLine or call 800-CMS-5212



WEAPONS

■ Weapons, licensed or unlicensed, are prohibited on company property, even in personal vehicles. Examples include: firearms, knives with blades exceeding three inches, explosives, ammunition, pellet guns, paintball guns, Tasers, bows, arrows and swords.

Violations may subject employees to discipline up to and including discharge.

Exceptions include: law enforcement; armored truck services personnel in support of company customer payment offices; security officials performing their normal duties; and the use of firearms or explosives for industrial or animal control purposes. Kitchen knives are allowed on company property for the purpose of food preparation.

The chief compliance officer, in consultation with corporate security, may approve exceptions to the weapons policy.



▲ Gas sniffer truck, 1964.



▲ 1960s service worker and Ford F-100 truck.

Working Honestly

WORKING HONESTLY MEANS just what it says: we tell the truth and act accordingly when dealing with business partners, co-workers, investors, customers or anyone else we deal with day to day. No exceptions.

It sounds simple, but in practice that is not always the case. The business world is complex and competitive. The virtues of honesty and fair dealing can sometimes get sidelined by the pressure to produce

short-term results. Yet the reality is that honesty is our most important corporate value.

At the end of the day, the success of any business, whatever the industry or product, boils down to reputation. Our ability to deal honestly with people and deliver on our promises is the reason we have thrived as a company for more than a century.

This positive business reputation is built on a legacy of countless choices through the years when employees at all levels of the company took the right path and made sound ethical decisions.

We must always act in the interests of the

A potential conflict of interest exists when there is a choice between acting in your personal interests or the interests of the company.

company and avoid even the appearance of a conflict of interest. A potential conflict of interest exists when there is a choice between acting in your personal interests or the interests of the company. Avoiding conflicts of interest includes refraining from company-related decisions or actions that favor friends and family and declining to accept gifts that cross ethical boundaries.

The following policy summaries get into the finer details of many of the issues we face in our daily work.

Definition

An “immediate family member” is an employee’s spouse, child or parent living in the same household as the employee.

Quick FIND

What investments or financial interests are permissible?

FINANCIAL INVESTMENTS

■ You may invest financially in the company’s competitors — as defined by the compliance department in a list published annually by Dec. 15 — under certain conditions and circumstances:

- Unlimited investments are permitted if they are held in a publicly traded mutual fund, or in a retirement account established with a prior employer. The same is true if you made the investment before joining the company.

For more details on policies and procedures visit eLine or call 800-CMS-5212





Reality Check

I inherited stock in a competitor that exceeds the limits in the policy. What should I do?

■ You should contact the compliance department and discuss your situation. Most likely, the company will “grandfather” your investments and grant a blanket exception, provided you don’t take additional action on the investment.

- If you are not a company officer, you may hold an investment with a maximum value of \$25,000 in a competitor whose stock is publicly traded. Company officers may not make additional investments in competitors.
- You may invest in company vendors and/or suppliers, but must not participate in procurement decisions regarding those vendors and/or suppliers in which you have an



▲ Gas hot water heater sales team, 1920s.



▲ Company sales floor, 1950s.

Looking people in the eye. Sealing deals with firm handshakes. Delivering on promises. These principles may seem old-fashioned. But dependability is the bedrock of our business reputation and our employees work hard to safeguard it every day.

Working Honestly

investment. If and when a potential conflict of interest arises, a manager, supervisor or the chief compliance officer may set limits on your investment.

These conditions also apply to an employee's immediate family members.

If you are a company officer, you must disclose annually all your investments in vendors, suppliers and/or competitors, excluding those held in a publicly traded mutual fund or 401(k), to the chief compliance officer.

Employees who are not company officers must disclose investments in vendors, suppliers and/or competitors exceeding \$25,000 to their supervisors and the compliance department by January 21 each year. Investments made through publicly traded mutual funds or 401(k) accounts are exempt from this disclosure requirement.

If the chief compliance officer determines that your investment appears to create a high risk of embarrassment to the company or a conflict of interest, the chief compliance officer may establish specific additional requirements. The chief compliance officer also may grant exceptions in cases of hardship — particularly those involving investments made under previous versions of this code — so long as the general purposes of the policy are still served.

Quick FIND

What are the specific limitations associated with participating in a private business?

PRIVATE BUSINESS

■ Participating in a private business — as an owner, investor, employee or another role — is permitted as long as it does not interfere or create conflicts of interest with your work for the company (please also refer to the outside employment policy). Certain conditions apply:

- You may not have an interest in a private business that competes with the company.
- You may not use company time or resources to conduct private business activity.
- You may not participate in procurement decisions involving a private business in which you — or your friends or relatives — hold an interest.
- Private businesses in which you or your immediate family have an ownership or investment interest may become

Reality Check

My brother-in-law owns a small business that supplies services the company currently is bidding out. Can I suggest my brother-in-law's company as a possible vendor?

■ Yes, if you disclose your relationship to the company to your supervisor and the bid-reviewing party. You also should recuse yourself from the procurement process to avoid any appearance of favoritism or bias.

For more details on policies and procedures visit *eLine* or call 800-CMS-5212



vendors to the company if approved in advance by your supervisor, department director or manager, and the chief compliance officer. To obtain approval, the department requiring the service must present a formal business case for approval.

You must disclose your interests in any private business that is doing business with or competing against the company when the interest is acquired. You must continue to disclose those interests to your supervisors and the compliance department by Jan. 21 each year. The disclosure report must contain the following information about the entity: name; type; resident state; description of the interest held or dollar amount invested; and description of the business conducted between the private business and the company, if any.

Quick FIND

What are the restrictions on outside employment?

OUTSIDE EMPLOYMENT

■ You may work outside the company, but you must first obtain written approval from your supervisor and the chief compliance officer. Thereafter, you must disclose annually any outside employment.

The company's definition of "outside employment" includes paid and unpaid professional services, meaning some voluntary efforts may fall under the scope of the policy. Why? The main concerns are that

Reality Check

As an accountant, I prepare taxes for friends, neighbors and relatives. I don't charge a fee, though some friends insist on paying me by providing an in-kind service such as cleaning my yard in the fall. Do I need to consider the outside employment policy?

■ *Yes. The outside employment policy governs paid and unpaid services, in part because such work could create liability and risk for the company. You should disclose your activities to your supervisor and obtain prior approval from the chief compliance officer and general counsel.*

outside employment could create conflicts of interest or potential legal liability for the company.

If you are engaged in employment outside the company, you must do so only during times when you are not working for the company. You must not use the company's equipment, assets or name, or represent the company in any way.

If the outside employment involves your area of expertise with the company, you also must obtain approval from the general counsel. Employees who own/operate a private business should reference that policy (page 14).

Teaching is an exception to the company's policies and does not require approval. If you have questions regarding outside employment, contact the compliance or legal departments.

Working Honestly



Quick FIND

What are the restrictions related to trading the company's securities?

INITIAL PUBLIC OFFERINGS AND INVESTMENT OPPORTUNITIES

■ To avoid potential conflicts of interest, you should not participate in initial public offerings (IPOs) or accept preferential stock allocations from the company's current or expected business partners. Instead, you should disclose the situation to your supervisor and the chief compliance officer, who will determine whether the circumstances create a conflict.

BUYING AND SELLING COMPANY SECURITIES

■ You and your immediate family members may not buy or sell company securities at any time you or they are aware of any material, non-public information such as earnings forecasts, mergers, acquisitions and other key events and developments. Material information, the type a reasonable investor would consider important to making decisions, is considered nonpublic until two full business days after it has been disclosed broadly to the public.

The same holds true for buying or selling securities in other companies at any time you may, in the course of your job, become aware of any material nonpublic information relating to that other company.

You should consult the company's general counsel, corporate

For more details on policies and procedures visit [eLine](#) or call 800-CMS-5212



secretary or compliance department to determine whether information is “material” before using it to make an investment decision.

Other restrictions on buying and selling company securities include:

- Trading in a combination or pattern of substantial or continuous buying and selling with the primary objective of short-term gains.
- Selling “short,” a technique in which investors bet on a stock price falling by selling securities they do not own with the understanding that they will buy them back, hopefully at a lower price.
- Buying or selling “puts,” “calls” or other derivatives related to the company’s or an affiliate’s securities.

These restrictions do not apply to purchases made under “safe harbor” provisions set by the Securities and Exchange Commission.

GIFTS, TRIPS AND SPONSORED EVENTS

■ You may accept and give gifts, other than cash, so long as the gifts are of reasonable value, are primarily business-related and are consistent with normal business practices.

Quick FIND

What is a gift?
What are the annual limits on the amount of gifts an employee may receive?

Examples of gifts include: entertainment; vendor or supplier trips; paid admission to sporting events or concerts; meals; lodging; and discounts, special privileges, and advantages not available to the general public.

You may not accept or give gifts, even those token in nature, that could influence, or create the perception of influencing, business decisions. You are prohibited from giving or receiving cash or cash equivalents including stock, gift cards and loans. Extravagant gifts or those that could embarrass the company or jeopardize its reputation also are prohibited.

Necessary approvals required under the gifts policy are triggered by the fair market value of the gift (see chart on page 18). You must disclose those gifts received or given with a fair market value of \$50 or more by Jan. 21 each year. You may not accept more than \$1,500 worth of gifts annually.

Sponsored trips, which are defined as gifts involving travel expenses, and sponsored events — such as golf outings and sporting events — which are defined as activities combined with business meetings or other business purposes paid for by a third party, both have different disclosure requirements and annual limits. Trips and sponsored events from all sources must not exceed \$5,000. (see chart, on page 18.)

Working Honestly

VALUE OF GIFT	APPROVALS REQUIRED
<i>Gifts with fair market value less than \$50</i>	No approval required. (Gift still must comply with general requirements of this policy.)
<i>Gifts with fair market value between \$50 and \$300</i>	Written approval required by supervisor with notice to the chief compliance officer before the gift is accepted. If doing so is not practical under the circumstances, approval must be obtained shortly after the gift is received or accepted. (Approval may be by e-mail. Supervisor and employee are required to keep records of all approvals including e-mail approvals for audit by the compliance department.)
<i>Gifts with fair market value greater than \$300</i>	Must be pre-approved in writing by supervisor and chief compliance officer.
<i>Trips and sponsored events*</i>	Advance approval is required. Employees must complete and submit the form available from the compliance department. Annually, trips and sponsored events should not exceed \$5,000 from all sources. NOTE: Whenever possible, these activities should be expensed to the company and not paid for by a third party.

* Trips are defined as gifts involving travel expenses (transportation, meals and/or lodging). Sponsored events are defined as activities (golf events, sporting events, etc.) combined with business meetings or other business purposes paid for by a third party.

Invitations to business-related meetings, vendor or supplier familiarization trips, social activities, closing dinners, conventions or conferences in which a third party generally would pay for all or a portion of the expense (travel costs, conference fees, meals, etc.) should be paid by

the company whenever possible. You should not accept travel or travel expenses or waived conference fees from third parties unless there is no feasible method to determine the cost of the event and reimburse the third party.

The gifts policy also applies to employees' immediate family members.

FAIR BUSINESS PRACTICES

■ You may not lie or provide misleading information to gain a business advantage. Examples of such unfair dealing include “round-trip” trading with counterparties and providing inaccurate information to those who compile pricing indexes.

You may not capitalize on business information or opportunities that belong to the company. An employee, for example, may not buy or lease property upon learning the company is or is likely to be interested in acquiring it.

Related parties to the company — defined as certain directors, executive officers, those who own 5 percent or more of company common stock and their family members — must disclose deals that involve the company if the transaction is more than \$10,000 and the

For more details on policies and procedures visit [eLine](#) or call 800-CMS-5212



Reality Check

I'm speaking at an industry conference. As a benefit, the conference host offered to waive the cost of the conference. May I accept?

■ *You should attempt to pay for the conference. If there is no mechanism to do so, you should complete a Trips and Sponsored Events form and obtain the proper approvals to accept the waiver.*

related party will acquire a material interest.

The audit committee of the board of directors must pre-approve these “related-party transactions” and the company must disclose any such deal involving more than \$120,000 in its annual shareholder proxy statement.

For full details regarding related-party transactions, including an extended definition of applicable family members, please consult the *Policy and Process Manuals*. You should direct questions about related-party transactions to the general counsel, who initially determines whether the rules will apply to a business scenario.



Working with Accountability

ACCOUNTABILITY IS PART OF OUR corporate culture. It permeates our organization, from employees helping customers on the front lines to company officers making big-picture decisions that shape our future.

In many ways, working with accountability means showing respect — for the company’s property; for the tools we are provided;

The details of our business dealings matter, and the decisions we make can create widespread consequences.

for information entrusted to us; for the laws and regulations that govern our industry; for the privacy of customer and employee information; for one another; and for our environment.

We are committed to making daily choices that reflect that inherent respect. Practically speaking, that means keeping careful account of our behavior, our business transactions and how our work impacts individual employees, the company’s interests and the world beyond.

The details of our business dealings matter, and the decisions we make can create widespread consequences.

The following policy summaries get into the finer details of many of the issues we face in our daily work.

Quick FIND

May employees use company assets for personal use?

USE OF COMPANY ASSETS, INCLUDING INTERNET AND E-MAIL

■ You are responsible for protecting company assets — such as information, business records, funds, equipment, supplies, facilities, property and materials — and using them in a safe and efficient manner and in accordance with applicable laws and regulations.

Your supervisor may establish additional limits on your personal use of company assets. If you misuse the company’s assets, you may be subject to criminal prosecution in addition to the company’s internal discipline process.

You must use all assets primarily for business purposes and not for personal gain or the benefit of others. These assets include computer systems, the Internet, intranet, electronic mail, faxes, telephones and voice mail. Reasonable personal use is permitted as long as it’s appropriate and does not violate company policies or applicable laws.

The company may monitor and review your use of company assets, including the Internet and e-mail, at any time without specific notice to you.

You must use the Internet in a safe and secure manner and may not access sites that contain sexually explicit or pornographic materials and/or are otherwise prohibited by company policies. The company

For more details on policies and procedures visit eLine or call 800-CMS-5212



may revoke your Internet access at the request of your department manager if you violate the use policies of the company or a service provider, or break applicable laws and regulations.

You may not use e-mail to send obscene, profane or harassing messages; conduct outside employment or private business activities; or to create or forward junk mail/spam.



▣ Hydroelectric water turbine, 1920s.



▣ General Office mail room, 1930.



▣ Computer work in 1964.

We sweat the details. Always have. From the beginning, our company has focused on doing business in a way that respects and upholds our responsibilities to employees, customers, the law and the environment. We always keep careful account of how we achieve business results.

Working with Accountability

CONFIDENTIALITY AND PRIVACY

■ You are responsible for protecting the company's confidential and sensitive information, which includes anything that could potentially be used to place the company — or its employees, customers, shareholders or officers — at a disadvantage.

Specific examples of sensitive information include:

- Plans, strategies, tactics or organizational structure not announced to the public.
- Financial data or operations results not announced to the public.
- Employees' personal information, including addresses,

phone numbers, pay grades, salaries, benefits information, performance evaluations, Social Security numbers, personal health information and disciplinary records.

- Information protected under a confidentiality agreement or contract.
- Information identified as confidential by a supervisor or officer.
- Customer and shareholder records such as billing records, credit reporting scores, personal information and Social Security numbers.

Reality Check

I'm attending a utility conference in two weeks, and I'd like to discuss concerns about our equipment with a few of the other participants. I'm planning to take an internal report describing the equipment (manufacturer, model and serial number), testing results and comments/suggestions from the manufacturer to share with my counterparts. Is this OK?

■ *Employees should not share confidential information with outside parties. Management and the legal department should approve detailed reports before they are shared. Talking generally about concerns is fine, but specifics such as serial numbers and third-party comments are too detailed to review in a conference setting.*

You should presume information is sensitive unless demonstrated otherwise and hold that information in confidence. There are some exceptions. For example, if the communication of this information is consistent with your normal job duties or you are authorized to disclose it by your supervisor and the chief compliance officer.

Any employee who is uncertain whether to disclose information should consult his or her supervisor and the chief compliance officer. You should contact both your supervisor and the chief compliance officer as soon as you become aware confidential information has been disclosed to unauthorized persons.

For more details on policies and procedures visit eLine or call 800-CMS-5212

INTELLECTUAL PROPERTY

■ The company owns all company-related new developments or inventions developed by you during your employment. These include inventions of any type or kind, new processes, new designs, improvements of existing inventions or designs, or other useful ideas, including but not limited to computer systems design and software and engineering designs or processes. Any new development or invention that occurs as a result of, arises out of, or otherwise relates to your work for the company is considered a company-related new development or invention.

If you conceive of a new development or invention, you must promptly and fully disclose the details to your supervisor or the compliance department. If you do not believe the new development or invention was company-related, you must still disclose the development or invention and allow the company to make the determination on applicability. You must inform the company if you file a patent application, or have one filed on your behalf, even if the company no longer employs you, and you must keep the company informed about any licenses or agreements relating to such new developments and inventions.

When you accept employment with the company, you agree to assign to the company all company-related new developments and inventions. You may retain rights to any new development or invention

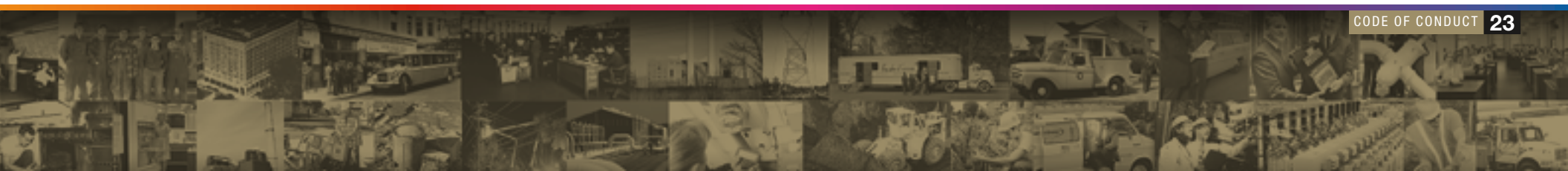
that is not related to the company, but the company and its affiliates will automatically be given a perpetual royalty-free shop right to use the development or invention.

Title to all copyrightable material created by you within the scope of your employment belongs to the company. All such materials are considered “work for hire” and title to such materials shall automatically vest in the company. You cannot use information created by a third party and protected by copyright laws except in accordance with the applicable license agreement. Redistributing, republishing or reproducing such material without permission from the third party may violate copyright law.

The company complies with applicable copyright laws and licensing/subscription agreements. You need to be aware of the restrictions that apply to use of third-party materials and information and handle that information appropriately. When in doubt, you should ask the compliance or legal departments for guidance.

FINANCIAL CONTROLS

■ The company maintains a system of internal controls designed to safeguard the company’s assets, ensure accurate recording of



Working with Accountability



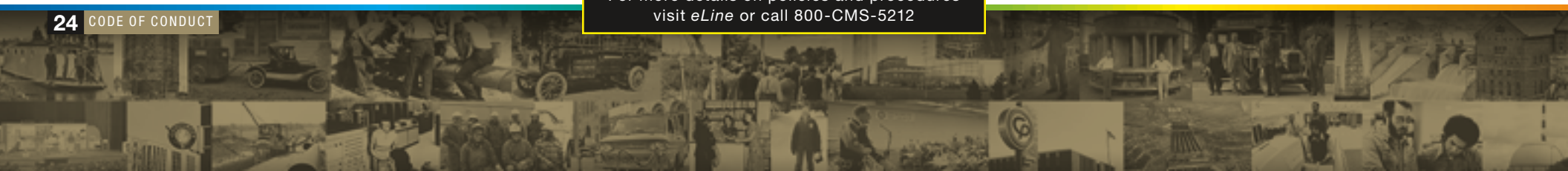
transactions, and prepare reliable financial statements as defined by regulatory and governmental agencies. The company's chief executive officer and chief financial officer have the final responsibility to ensure accurate financial reporting and disclosure to the Securities and Exchange Commission as defined by the Sarbanes-Oxley Act of 2002.

Internal control activities include:

- **Entity level reviews** – management review of reports comparing actual performance versus plans, goals, and established objectives.
- **Authorization of transactions** – review of particular transactions by an appropriate person.
- **Segregation of duties** – separating authorization, custody, and record keeping roles to limit risk of fraud or error by one person.
- **IT security** – password usage and access logs to ensure access is restricted appropriately to authorized personnel.
- **Controls over financial reporting** – designed to meet the financial statement assertions of existence or occurrence, rights and obligations, valuation and measurement, completeness, and presentation and disclosure.

Supervisory employees have the responsibility to ensure effective

For more details on policies and procedures
visit [eLine](#) or call 800-CMS-5212



internal controls in their areas are followed as documented in the company's *Policy and Process Manuals*.

You are responsible for executing, monitoring and reporting on the effectiveness of internal controls specific to your job. You should bring deviations from documented internal controls to the attention of the chief compliance officer, chief accounting officer, or internal controls department.

MANAGING RECORDS

■ You are responsible for maintaining, storing and — when appropriate — destroying business records.

Business records are any record related to company operations or decisions maintained to meet operational, tax, accounting, legal or regulatory compliance purposes in accordance with an approved retention schedule. In addition to paper documents, records can exist in other formats, including computer files; electronic mail; CD, DVD and USB drives; microfilm; audio; and video.

You should only destroy business records when the mandatory retention period has expired. Nonbusiness records (personal copies stored in all locations in any media format, documents retained for personal reference, etc.) should be destroyed when they are no longer

Quick FIND

What are the requirements for retaining and destroying business records?

Reality Check

I was cleaning out my desk drawers and found records from a project that's been over for several years. Can I throw them away?

■ *Maybe. Check with the records management department to make sure the approved retention period has expired and verify that the legal department has not placed a hold on the documents.*

needed with a suggested retention not to exceed three years. Generally, you should not retain drafts once the final version of the document has been prepared, issued or released. As necessary, the general counsel may place a hold on the destruction of records and you must comply with it. For additional information, contact the records management department.

CORPORATE RISK

■ The company's board of directors has approved a corporate risk policy governing risk in five areas: energy commodities, commodity credit, interest rates, insurance and foreign currency.

If you participate in business decisions related to these areas, you are responsible for understanding the appropriate risk policies and conducting business according to their parameters. The executive director of risk, strategy and financial advisory services can answer questions about the corporate risk policy and whether it applies to your position or any particular transaction in which you are engaged.

Working with Accountability

REGULATORY REQUIREMENTS

■ The company is regulated by a wide variety of state and federal agencies, including the Federal Energy Regulatory Commission and the Michigan Public Service Commission. You must stay informed about and follow all applicable laws and regulations relevant to the company's business and your individual job. You also must report suspected violations or misconduct to your immediate supervisor and the chief compliance officer.

The chief compliance officer will oversee investigations related to regulatory standards. The company will assign at least one person — either internal or external — to cooperate completely with the applicable regulatory agency to investigate and resolve the situation.

During an investigation, you must comply fully with internal and regulatory agency investigators.

SENSITIVE PAYMENTS

■ You may not make direct or indirect payments of any kind — including money, property or services — to any person to secure business or gain favorable business treatment.

Sensitive payments include bribes, kickbacks or other illegal or improper payments, or those incorrectly deducted from income taxes.

Quick FIND

What are the restrictions on solicitation?

Definition

A “foreign official” is any officer or employee, or any persons acting in an official capacity for an officer or employee, of a foreign government, agency or public international organization.

FOREIGN CORRUPT PRACTICES

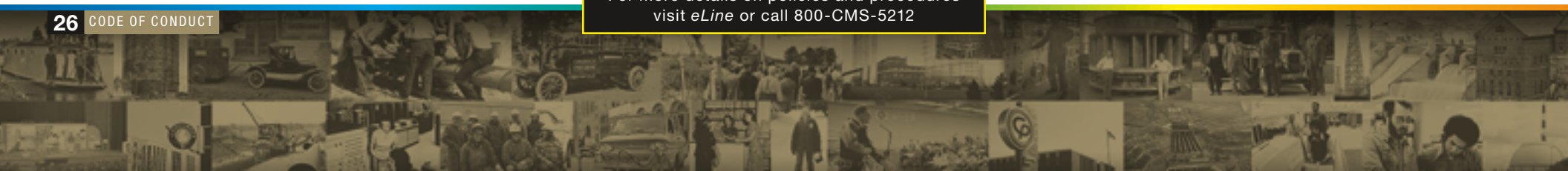
■ You must comply with the Foreign Corrupt Practices Act, a federal law forbidding the corrupt influence of foreign officials. The law generally prohibits making or authorizing — or even offering to make or authorize — a payment or gift intended to corruptly influence a foreign official.

You should contact the chief compliance officer or general counsel prior to making any decisions involving a foreign official, including plant or facility tours.

SOLICITATION

■ The company restricts nonemployees from soliciting on company property and limits solicitation activities of employees. In general, you are allowed to solicit during work hours for events approved or sponsored by the company, including the United Way and Employees for Better Government. You should contact the corporate giving office to obtain approval and/or company sponsorship for charitable events. For

For more details on policies and procedures visit *eLine* or call 800-CMS-5212



Reality Check

My department typically sends out calendar invites and e-mails requesting donations for service anniversaries and retirements. Is this allowed?

■ *Yes, our policy allows you to solicit for workplace events such as celebrations and employee hardships. But you must do so during nonworking hours and restrict activities to nonworking areas such as break rooms.*

more information or to determine whether an activity is appropriate, contact the compliance department.

ENVIRONMENT

■ The company is committed to protecting and enhancing the environment in which it operates. That means engaging in sound environmental practices, supporting environmental stewardship, and continually evaluating and minimizing the impact on our natural surroundings.

You must stay informed and engaged in protecting the environment and follow all relevant environmental laws and regulations. Doing so enables the company to successfully balance the energy and economic needs of customers with the protection of the environment.

To help ensure a healthy environment, we all must:

- Comply with all environmental laws and regulations.
- Understand the environmental impact of our business.
- Provide adequate resources to meet our environmental commitments and obligations.

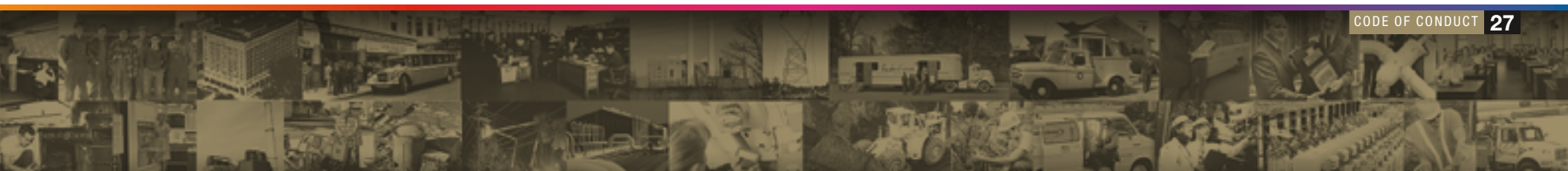
- Encourage cost-effective ways to prevent pollution and reuse and recycle materials.
- Identify and weigh environmental risks.
- Encourage environmental protection and stewardship.
- Work with environmental agencies to resolve environmental issues.
- Continuously improve our environmental performance and corporate social responsibility.
- Effectively communicate our environmental values.

A comprehensive list of environmental procedures can be found in the Lotus Notes environmental manuals database.

ANTITRUST

■ The company supports a free, open and competitive marketplace by complying with all applicable antitrust laws. Antitrust laws are complex and difficult to apply and, in some cases, companies with large market shares may face stricter rules than others in the market.

Violations can be extremely expensive and often carry potential criminal penalties in addition to civil fines or damages.



Working with Accountability

The company will not use unfair means to gain or maintain market share in any product or service.

You should never discuss with competitors any agreement upon prices, terms and conditions of service, credit terms, or other matters that affect prices.

You should never discuss with competitors any agreement on allocation of markets, territories, or customers on a geographic or other basis.

You should never discuss any group boycott (an agreement with outside companies not to deal with another company).

As a regulated utility, the company may have some limited exceptions from these rules, to the extent its activities are authorized by law and actively supervised by the Michigan Public Service Commission (MPSC). For example, in some circumstances, an MPSC rule may determine who serves a specific customer.

Trade associations perform useful and legitimate functions, such as enhancing safety. But they bring us together with competitors. You must not engage in any discussions or activities that may lead to the appearance of improper behavior. If such a discussion starts, make it clear you believe the discussion is improper and break away.

Consult the legal department:

- Before entering any joint venture, merger, or other collaborative arrangement with competitors.
- Before establishing any exclusive dealing arrangement.
- Before bundling together different products or services.
- Before setting prices at which company products or services will be resold by others .
- Before exchanging information with competitors on matters which may be sensitive under the antitrust laws.
- Any time you are in doubt about whether an activity is lawful.

ENDORSEMENTS

■ The company will not endorse products or services or the firms or individuals who supply them. No one may use the company's name or corporate logo for advertising or publicity purposes without obtaining prior written approval from the company. You should contact corporate communications, the legal department or the compliance department for assistance with obtaining the necessary approvals.

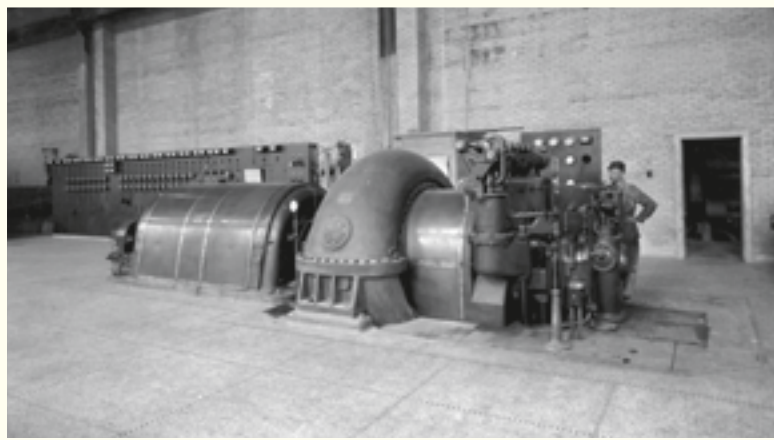
For more details on policies and procedures
visit [eLine](#) or call 800-CMS-5212



PROCUREMENT

■ The company and its affiliates have a wide variety of policies and procedures governing the purchase of goods and services and relationships with vendors. These include competitive bidding, legal review, sole sourcing requirements, adherence to authorized approval levels and use of company-issued purchasing cards.

You must know and follow the applicable procurement policies relevant to your work. In addition, you should include the ethics clause in all applicable agreements with contractors, consultants and/or agents. For more information on these requirements, contact the purchasing, legal or compliance departments.



▲ Saginaw River steam plant, 1928.



Working with Others

WE ALL WANT TO PERFORM our jobs with colleagues and managers who appreciate each other's unique skills, backgrounds and viewpoints and are committed to achieving common goals.

No workplace, including ours, is perfect. But the company believes in an environment where personal excellence and creative collaboration go hand in hand.

That's why we encourage employees to get to know one another, to take care of themselves physically and emotionally, and to make time for family and life commitments. Work-life balance and productivity are mutually supportive terms.

The company also recognizes that its work force should reflect the diversity of both the customers we serve and the bigger world beyond. Tapping employees with a wide range of individual talents and life experiences helps move our company forward, so we can

Tapping employees with a wide range of individual talents and life experiences helps move our company forward.

provide our customers and stakeholders with our best effort every day.

The following policy summaries get into the finer details of many of the issues we face in our daily work.

EQUAL EMPLOYMENT OPPORTUNITY

■ The company does not tolerate discrimination because of age, sex, race, religion, creed, color, national origin, ancestry, height, weight, marital status, sexual orientation, disability or covered veteran status. This policy applies to all aspects of employment on the job, and applies to benefits to the extent required by law.

Reality Check

A younger applicant of a different gender was hired for a position for which I applied. I met the qualifications stated on the posting. Is this discrimination?

■ *The hiring may have been based on other qualifications, experiences and/or performance differences. You should report all concerns of discrimination to human resources or the compliance area, and they will be investigated. Discrimination would occur if it is found the reason for the hiring of the individual or not hiring you was specifically because of age or gender.*

For more details on policies and procedures visit eLine or call 800-CMS-5212





HARASSMENT

■ We have a right to work in an environment free from harassment because of age, sex, race, religion, creed, color, national origin, ancestry, height, weight, marital status, sexual orientation, disability or covered veteran status.



▲ Employees prepare for a school safety visit, 1965.



▲ Computer technicians, 1970s.



▲ Pipeline construction, 1960s.

Our company's long track record of success comes from employees who work as a team and use their unique skills and expertise to get the job done. Pooling our diverse viewpoints and experiences has always made the company stronger.

Working with Others

Harassment is defined as any unwelcome comment or physical contact based on a person's age, sex, race, religion, creed, color, national origin, ancestry, height, weight, marital status, sexual orientation, disability or covered veteran status that rises to such a level as to significantly affect an individual's employment, interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment.

Managers or supervisors are prohibited from entering into romantic or sexual relationships with people in their chain of command.

Sexual Harassment: Sexual harassment is conduct of a sexual nature that explicitly or implicitly affects an individual's employment, is unreasonable, interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment.

Racial or National Origin Harassment: Conduct related to a person's race or national origin that interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment.

Reality Checks

My supervisor gave me a poor performance appraisal and is continuously demanding more from me. Is this harassment?

■ No. Supervisors are responsible for setting performance expectations and holding employees accountable. Most employees meet performance expectations and feedback sessions are used to clarify expectations, set new goals, and provide dialogue. Occasionally, a supervisor may need

to address performance concerns with an employee who is not meeting expectations. Often, this means frequent update meetings, requiring additional documentation from the employee, setting additional written expectations, creating a performance correction plan, etc. This does not constitute harassment or bullying. Employees are responsible for seeking clear expectations and, ultimately, for meeting those expectations.

The interview team would like to extend an offer for a job two levels under me to a candidate who is my niece. I would not directly supervise my niece. Is this OK?

■ No, unless an exception is granted. Relatives include spouse, parent, grandparent, sibling, child, grandchild, niece, nephew, uncle or aunt, whether natural, step or in-law. The senior vice president of human resources may grant an exception if an extreme business need exists and those involved can demonstrate you would not participate in employment decisions involving your relative such as promotions, performance ratings, merits, etc. Exceptions are rare.

For more details on policies and procedures visit eLine or call 800-CMS-5212



DISCRIMINATION

■ Discriminatory practices include harassment on the basis of race, color, religion, sex, national origin, disability or age; retaliation against an individual for filing a charge of discrimination, participating in an investigation, or opposing discriminatory practices; employment decisions based on stereotypes or assumptions about the abilities, traits, or performance of individuals of a certain sex, race, age, religion, or ethnic group, or individuals with disabilities; and denying employment opportunities to a person because of marriage to, or association with, an individual of a particular race, religion, national origin, or an individual with a disability.

EMPLOYMENT OF RELATIVES

■ You must exercise caution when hiring relatives, especially in the case of supervisory/subordinate relationships, to avoid real or perceived favoritism in the workplace.

You may not be assigned under the direct supervision or in the chain of command of a relative unless approved in advance by the senior vice president of human resources.

Reality Check

My supervisor often excludes me from key work projects and sometimes behaves in a way that makes me feel intimidated or humiliated. Is this workplace bullying?

■ *Possibly. Workplace bullying is loosely defined as one person — often a boss — trying to gain power over another, then abusing or misusing that power. Currently,*

there are no specific laws governing workplace bullying. However, our company won't tolerate disrespectful behavior between co-workers or supervisors and employees. If you feel you've been bullied, seek help from a supervisor, approach local human resources staff or contact the compliance department at cmscompliance@cmsenergy.com or (800) CMS-5212.



Working in the Community

THE COMMUNITIES WE SERVE are the backbone of our business. We are committed to helping them succeed — not just with energy services, but also with personal and corporate commitment.

Every day, employees offer their time, talents and finances to support the places where they live and work. The company does the same by supporting charitable causes and encouraging employees to participate in the political process at the local, state and national levels.

Engagement by committed and talented people creates strong communities where families and businesses can thrive.

Engagement by committed and talented people creates strong communities where families and businesses can thrive through good times and bad.

Supplying the reliable and affordable energy that warms and lights homes, powers workplaces and creates new possibilities is the more visible side of our daily business.

Less visible are the thousand points of off-the-clock contact as employees engage with friends, neighbors and fellow citizens. Sometimes that means serving in public office — or supporting others who seek election or appointments — to

contribute to the debates and decisions that shape communities. At other times, it means contributing resources to meet basic social needs.

The company is justifiably proud of the role its employees play in helping make Michigan and the other communities we serve great places in which to live and work.

The following policy summaries get into the finer details of many of the issues we face in our daily work.

Quick FIND

What are the requirements for employee participation in outside political activities?

PARTICIPATING IN POLITICAL ACTIVITIES

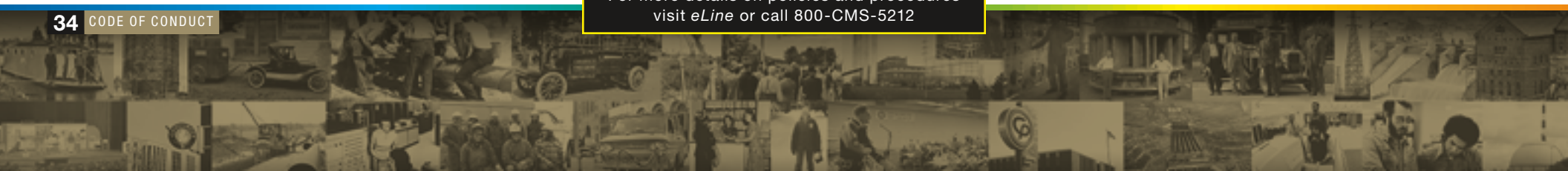
■ The company encourages you to take part in the political process, but as a regulated business it cannot permit the use of company time or resources to do so.

You may voluntarily participate in the company's political action committee (PAC), Employees for Better Government, but must do so primarily on your time and at your expense (executive management may permit exceptions).

You may campaign for public office or support others seeking office (on nonwork time) and may even secure reasonable time off to do so. The following conditions apply:

- You must obtain written approval from your supervisor before seeking election or appointment to a public office.

For more details on policies and procedures visit eLine or call 800-CMS-5212





Reality Check

I'm campaigning for election to my local school board. Do I have to notify the company?

■ *Yes. The company encourages employees to take part in the political process, but requires them to obtain prior approval from their supervisor. If elected, employees must recuse themselves from decisions on issues that could impact the company and/or create a conflict of interest.*

- If elected or appointed, you must seek approval from your supervisor for reasonable time off to fulfill those duties.
- To avoid conflicts of interest, employees elected or appointed to public office must excuse themselves from decisions on issues that could impact the company.

Political participation and campaign finance activity are complex at times. You should direct questions to your supervisor, the governmental affairs department, the legal department or the chief compliance officer.



▣ Office setting from the 1950s.



▣ Computer mainframe, 1970s.

We supply the energy that warms Michigan's homes and powers its businesses. But our commitment extends beyond business. Our employees have long supported the charitable causes and helped make the policies that shape life around the state.

Working in the Community

CORPORATE POLITICAL ACTIVITIES

■ The company's domestic political activities must comply with both state and federal laws, including the federal Honest Leadership and Open Government Act. If you wish to engage in political activity on behalf of the company within the United States (including communications with government officials), you must first consult with the governmental affairs department, the legal department or the chief compliance officer.

If you wish to engage in political activity outside the U.S., you must consult your local human resources department, the legal department or the plant manager to assure compliance with local requirements.

Like all corporations, the company cannot contribute directly to candidates or political parties to influence the outcome of an election. Further, corporations cannot sponsor or subsidize candidate fund-raisers. The company prohibits contributing its funds, assets or resources to any candidate.

PACs and individual employees may support candidates

Quick FIND

What charities are employees allowed to support on company time?

financially to the extent allowed by state and federal law.

The company, individual employees and PACs all may contribute to state and local ballot question committees, voter education initiatives and other political expenditures as approved by the legal department, executive management and, in some cases, the board of directors.

The company may sponsor grassroots activities and conduct them with company resources on work time.

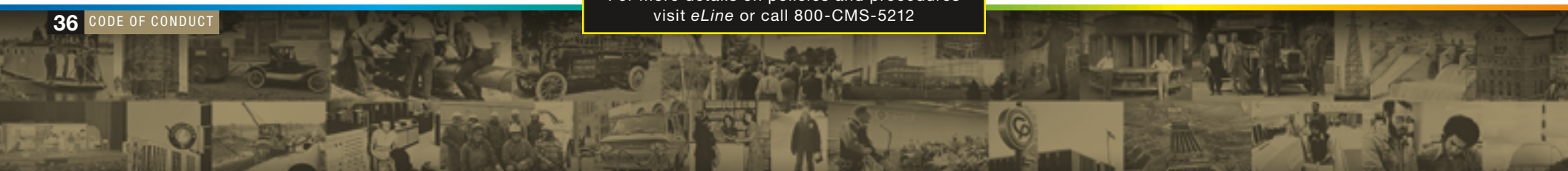
CHARITABLE DONATIONS

■ You may not donate company time, services or funds for charitable events not approved by the corporate giving department.

You may solicit fellow employees, vendors and suppliers to support corporate-sponsored events such as the annual United Way campaign. A contribution from a vendor or supplier must not exceed \$1,000.

You may not solicit such support for charitable events without prior approval from the corporate giving department and the employee relations department (see solicitation policy).

For more details on policies and procedures visit [eLine](#) or call 800-CMS-5212



Reality Check

Q: My department is raising funds for a local charity. Can we hold a raffle?

■ *Possibly. Raffles are popular fundraisers. Unfortunately, they also may violate state gambling laws — unless the recipient is a nonprofit or has an arrangement with a nonprofit. Don't take any chances. Anyone considering a raffle in connection with a company-sponsored activity must obtain approval from the corporate giving and legal departments.*



▲ Gas pipeline construction, 1931.



Speaking Up

THE COMPANY'S *Code of Conduct and Guide to Ethical Business Behavior* is only as effective as the employees who support it each day.

You make decisions that determine whether the company adheres to the highest ethical standards. You are obligated to understand and follow the rules and report behavior that doesn't measure up.

The company relies extensively on self-reporting to identify potential misconduct. That means it's up to each of us as employees to preserve and strengthen the company's ethical culture.

You are expected to speak up and report conduct that you, in good faith, believe violates a law, rule, regulation, company policy or the *Code of Conduct and Guide to Ethical Business Behavior*. In doing so, you are protected by a variety of federal and state "whistleblower" laws designed to shield employees from discharge, disciplinary action or discrimination as a result of speaking up in good faith. The company also

It's up to each of us as employees to preserve and strengthen the company's ethical culture.

extends whistleblower protection to those who report potential ethical violations.

Failure to report concerns may result in disciplinary action.

MANAGER EXPECTATIONS

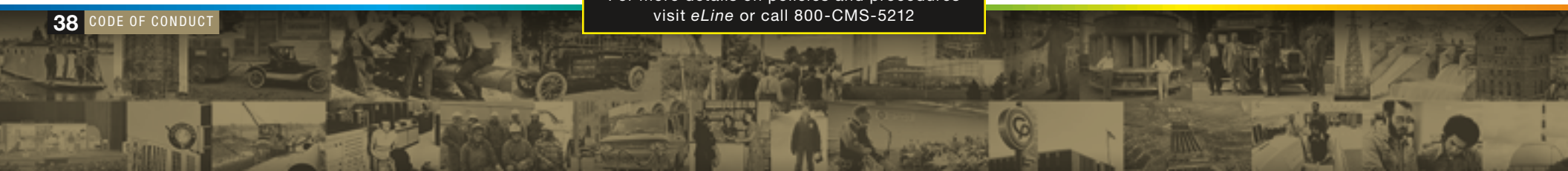
■ Employees have been instructed to relay concerns of suspected misconduct to their supervisor. As a manager, you are expected to reinforce the value of this policy and:

- Take all concerns seriously.
- Report issues to your local human resources representative, the legal department, corporate security or the compliance department as appropriate.
- Monitor work of third parties under your supervision, such as consultants and contractors, and address and report observed misconduct.

EMPLOYEE EXPECTATIONS

■ Every employee is responsible for understanding the ethics and compliance requirements that apply to your direct job responsibilities. You are expected to speak up if:

For more details on policies and procedures visit *eLine* or call 800-CMS-5212





- You are unsure about the proper course of action and need advice.
- You are unsure about the meaning or application of a policy or regulation.
- You believe another's actions on behalf of the company violate a law, rule, regulation, company policy or the *Code of Conduct and Guide to Ethical Business Behavior*.
- You believe that you may have been involved in misconduct while working for the company.



▣ Transmission tower construction, 1928.

▣ Appliance repair during the 1950s.

Long before the energy industry became so heavily regulated, our employees understood their role in preserving and strengthening the company's ethical culture. Our daily decisions build upon the ethical standards entrusted to us, and which we all share a responsibility to uphold.

Speaking Up

EXAMPLES OF CONCERNS

■ Employees are expected to report any violation of law, noncompliance with a regulatory requirement or obligation, or a violation of company policy or the *Code of Conduct and Guide to Ethical Business Behavior*.

Here are a few examples of the incidents that should be reported:

- Improper tracking/reporting of accounting records.
- Fraud.
- Theft (energy or asset) or embezzlement.
- Violence or threat.
- Discrimination or harassment.
- Falsification of records.
- Regulatory noncompliance.
- Misuse of company systems or property.
- Sabotage or vandalism.
- Unsafe working conditions.
- Substance abuse.
- Kickbacks or bribes.
- Conflicts of interest.

SPEAKING UP CONTACTS

■ Employees can report ethics and compliance concerns to their supervisors. If you are uncomfortable reporting to your supervisor, you may report your concern to one of the following designated areas:

- Human resources representative.
- Corporate director of employee relations and Equal Employment Opportunity (EEO).
- Corporate security.
- Your supervisor's supervisor or department head.
- Together Employees Advising Management (TEAM).

In addition, employees may contact the chief compliance officer or compliance department directly to report any concern or question.

Internal Compliance HelpLine:

800-CMS-5212 (800-267-5212) or 517-788-6260

E-mail: cmscompliance@cmsenergy.com

Third-party Anonymous HelpLine:

866-ETHICSP (866-384-4277)

Web site: www.ethicspoint.com

For more details on policies and procedures
visit *eLine* or call 800-CMS-5212





Additional Information

COMPANY

■ For the purposes of this code, the term “company” means CMS Energy Corporation and all affiliates controlled by CMS Energy as well as their employees.

AUTHORITY

■ In the case of a conflict or discrepancy between the *Code of Conduct and Guide to Ethical Business Behavior* and the company’s corporate policies and procedures, the language contained in the policies and procedures shall be controlling and prevail over the *Code of Conduct and Guide to Ethical Business Behavior*. Such policies can be found on *eLine* in the *Policy and Process Manuals*.

WAIVERS AND EXCEPTIONS

■ Only the chief compliance officer may grant policy waivers and exceptions to the policies contained within this code for employees if, in his or her judgment, the decision maintains the spirit and integrity of the *Code of Conduct and Guide to Ethical Business Behavior*.

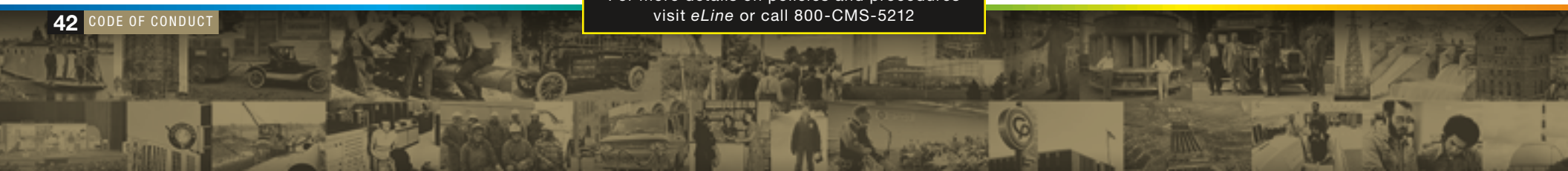
Only the audit committee of the board of directors may grant policy waivers and exceptions for executive officers. In those cases, the company will promptly disclose the waiver or exception to its shareholders.

MODIFICATIONS AND CHANGES

■ No officer, manager, director or supervisor may change any policy contained within this code, orally or otherwise.

The chief compliance officer may modify or change any policy contained within the code with the approval of executive management.

For more details on policies and procedures
visit *eLine* or call 800-CMS-5212



DISCIPLINE AND PENALTIES

■ Violating company policies can lead to a range of possible disciplinary action, up to and including termination of employment.

Failing to report or attempting to hide a violation also can lead to a range of possible disciplinary action, up to and including termination of employment.

Supervisors may face disciplinary action if they fail to take corrective action against employees who commit violations. They also may face disciplinary action if employees who commit violations have not been adequately instructed in the existence or importance of company policies.

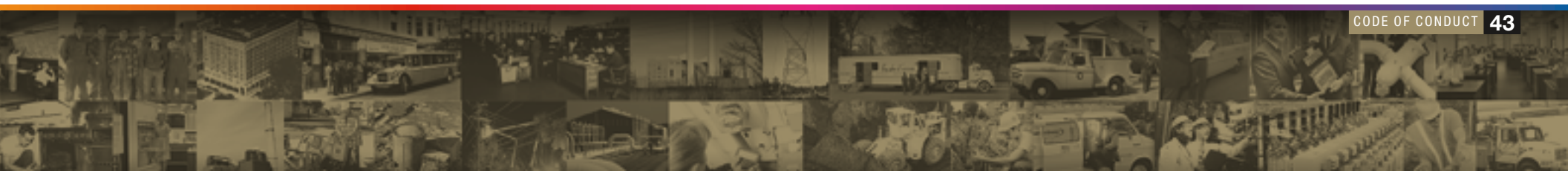
The chief compliance officer must be made aware of all disciplinary action resulting from violations and maintains the right of approval.

If you are terminated because of a violation, you forfeit all severance benefits unless there is a written agreement to the contrary.

The company will thoroughly investigate potential violations. During an investigation, the chief compliance officer maintains the right to obtain information from a range of sources, such as:

- Employees.
- Family members of employees living in the same household.
- Vendors.
- Suppliers.
- Executive officers.

The chief compliance officer may, at any time, ask you to verify that you understand and are complying with company policies. All employees are required to cooperate with compliance investigations.



Ethics in Action Awards

DOING THE RIGHT THING requires the courage and the ability to make tough decisions, often in difficult circumstances. That's why it's critical to recognize employees whose daily choices help promote a strong culture of corporate ethics and compliance. Each year, the company presents Ethics in Action Awards to employees who display the highest commitment to compliance and ethical standards. In 2009, we began to allow employees to nominate co-workers through a "People's Choice" process.

We present the awards at a special ceremony at our company headquarters in Jackson, Mich. The winners receive plaques and personal congratulations from senior management and members of the board of directors.

To nominate someone for an Ethics in Action Award, contact the compliance department at 800-CMS-5212 (800-267-5212) or cmscompliance@cmsenergy.com.



▣ Congratulations: Jon Allan, executive director of environmental policy and intergovernmental affairs, receives an Ethics in Action Award from president and CEO Dave Joos. He is one of many employees to have received this award.



For more details on policies and procedures visit *eLine* or call 800-CMS-5212



