CMS ENERGY CORP. NYSE-CMS

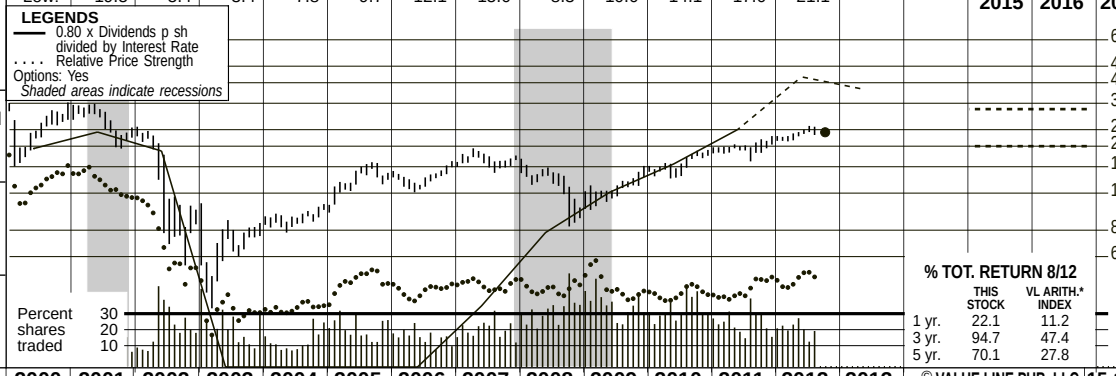
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
23.28	13.8	(Trailing: 16.5 Median: 15.0)	0.91	4.3%	VALUE LINE

TIMELINESS 2 Raised 8/3/12
SAFETY 3 Raised 12/29/06
TECHNICAL 3 Lowered 9/14/12
BETA .75 (1.00 = Market)

High:	31.8	24.8	10.7	10.6	16.8	17.0	19.5	17.5	16.1	19.3	22.4	25.0
Low:	19.5	5.4	3.4	7.8	9.7	12.1	15.0	8.3	10.0	14.1	17.0	21.1

Target Price Range
2015 | 2016 | 2017

LEGENDS
— 0.80 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded areas indicate recessions



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+30%)	*11%*
Low	20	(-15%)	*2%*

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	2	0	0	0	2	0	1	0

Institutional Decisions

	4Q2011	1Q2012	2Q2012
to Buy	146	165	172
to Sell	157	148	162
Hld's(000)	227756	225413	200454

% TOT. RETURN 8/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	22.1	11.2
3 yr.	94.7	47.4
5 yr.	70.1	27.8

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
45.70	47.49	47.56	52.59	74.24	72.16	60.28	34.21	28.06	28.52	30.57	28.95	30.13	27.23	25.77	25.59	***23.45***	***24.25***	Revenues per sh	***27.00***
7.18	7.39	6.60	7.87	7.61	5.24	d.09	2.39	2.87	3.43	3.22	3.08	3.88	3.47	3.70	3.65	***3.75***	***3.90***	"Cash Flow" per sh	***4.25***
2.45	2.61	2.24	2.85	2.53	1.27	d2.99	d.29	.74	1.10	.64	.64	1.23	.93	1.33	1.45	***1.55***	***1.65***	Earnings per sh A	***1.85***
1.02	1.14	1.26	1.39	1.46	1.46	1.09	- -	- -	- -	- -	.20	.36	.50	.66	.84	***.96***	***1.02***	Div'd Decl'd per sh B ■	***1.20***
6.95	7.05	11.98	9.69	8.51	9.49	5.18	3.32	2.69	2.69	3.01	5.61	3.50	3.59	3.29	3.47	***5.45***	***4.85***	Cap'l Spending per sh	***4.50***
17.95	19.61	20.63	21.17	19.48	14.21	7.86	9.84	10.63	10.53	10.03	9.46	10.88	11.42	11.19	11.92	***12.50***	***13.25***	Book Value per sh C	***15.50***
94.81	100.79	108.11	116.04	121.20	132.99	144.10	161.13	195.00	220.50	222.78	225.15	226.41	227.89	249.60	254.10	***258.00***	***258.00***	Common Shs Outst'g D	***266.00***
12.5	13.5	19.9	13.9	9.6	20.8	- -	- -	12.4	12.6	22.2	26.8	10.9	13.6	12.5	13.6	*Bold figures are*		Avg Ann'l P/E Ratio	***13.0***
.78	.78	1.03	.79	.62	1.07	- -	- -	.66	.67	1.20	1.42	.66	.91	.80	.86	*Value Line*		Relative P/E Ratio	***.85***
3.3%	3.2%	2.8%	3.5%	6.0%	5.5%	7.5%	- -	- -	- -	- -	1.2%	2.7%	4.0%	4.0%	4.3%	*estimates*		Avg Ann'l Div'd Yield	***4.9%***

CAPITAL STRUCTURE as of 6/30/12
Total Debt $7684.0 mill. **Due in 5 Yrs** $3309.0 mill.
LT Debt $6378.0 mill. **LT Interest** $351.0 mill.
Incl. $157.0 mill. capitalized leases.
(LT interest earned: 2.4x)
Leases, Uncapitalized Annual rentals $27.0 mill.
Pension Assets-12/11 $1.63 bill. **Oblig.** $2.07 bill.
Pfd Stock $44.0 mill. **Pfd Div'd** $2.0 mill.
Incl. 441,599 shs. $4.16-$4.50 $100 par, cum., callable at $103.25-$110.00.
Common Stock 263,700,000 shs.

MARKET CAP: $6.1 billion (Large Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
8687.0	5513.0	5472.0	6288.0	6810.0	6519.0	6821.0	6205.0	6432.0	6503.0	***6050***	***6300***	Revenues ($mill)	***7200***
d414.0	d40.0	144.0	247.0	158.0	168.0	300.0	231.0	356.0	384.0	***420***	***455***	Net Profit ($mill)	***525***
- -	NMF	18.6%	25.6%	- -	37.6%	31.6%	34.6%	38.1%	36.8%	***37.0%***	***37.0%***	Income Tax Rate	***37.0%***
- -	- -	- -	15.4%	6.3%	3.6%	1.3%	13.0%	2.2%	2.6%	***2.0%***	***2.0%***	AFUDC % to Net Profit	***2.0%***
84.4%	78.2%	75.3%	73.5%	71.7%	70.5%	69.4%	67.9%	70.1%	66.9%	***66.0%***	***64.5%***	Long-Term Debt Ratio	***60.5%***
15.0%	18.3%	21.5%	23.4%	24.9%	25.9%	27.4%	29.0%	29.5%	32.6%	***33.5%***	***35.0%***	Common Equity Ratio	***39.5%***
7532.0	8652.0	9640.0	9913.0	8961.0	8212.0	8993.0	8977.0	9473.0	9279.0	***9600***	***9825***	Total Capital ($mill)	***10500***
5234.0	6944.0	8636.0	7845.0	7976.0	8728.0	9190.0	9682.0	10069	10633	***11500***	***12200***	Net Plant ($mill)	***14400***
NMF	2.7%	4.4%	5.0%	4.5%	4.5%	5.4%	4.7%	5.8%	6.3%	***6.0%***	***6.5%***	Return on Total Cap'l	***7.0%***
NMF	NMF	6.1%	9.4%	6.2%	6.9%	10.9%	8.0%	12.5%	12.5%	***13.0%***	***13.0%***	Return on Shr. Equity	***12.5%***
NMF	NMF	6.2%	9.9%	6.4%	7.2%	11.7%	8.5%	12.5%	12.6%	***13.0%***	***13.0%***	Return on Com Equity E	***12.5%***
NMF	NMF	6.2%	9.9%	6.4%	5.1%	8.4%	4.1%	6.9%	5.6%	***5.5%***	***5.5%***	Retained to Com Eq	***5.0%***
NMF	NMF	11%	6%	10%	35%	31%	54%	46%	55%	***59%***	***59%***	All Div'ds to Net Prof	***61%***

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-4.6	+5.4	+.4
Avg. Indust. Use (MWH)	1076	1027	1086
Avg. Indust. Revs. per KWH (¢)	7.29	8.27	8.21
Capacity at Peak (Mw)	8954	9246	8588
Peak Load, Summer (Mw)	7421	8190	8930
Annual Load Factor (%)	55.9	55.3	50.8
% Change Customers (yr-end)	-.9	-.3	-.1
Fixed Charge Cov. (%)	159	215	237

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	-9.0%	-2.0%	*.5%*
"Cash Flow"	-6.5%	2.5%	*3.0%*
Earnings	-5.5%	8.5%	*7.0%*
Dividends	-7.5%	- -	*10.0%*
Book Value	-4.5%	2.0%	*5.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	2104	1225	1263	1613	6205.0
2010	1967	1340	1443	1682	6432.0
2011	2055	1364	1464	1620	6503.0
2012	1743	1333	***1424***	***1550***	***6050***
2013	***1900***	***1350***	***1450***	***1600***	***6300***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.31	.28	.29	.05	.93
2010	.35	.26	.53	.21	1.33
2011	.51	.26	.53	.15	1.45
2012	.36	.37	***.57***	***.25***	***1.55***
2013	***.50***	***.35***	***.55***	***.25***	***1.65***

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec. 31	Full Year
2008	.09	.09	.09	.09	.36
2009	.125	.125	.125	.125	.50
2010	.15	.15	.15	.21	.66
2011	.21	.21	.21	.21	.84
2012	.24	.24	.24		

BUSINESS: CMS Energy Corporation is a holding company for Consumers Energy, which supplies electricity and gas to lower Michigan (excluding Detroit). Has 1.8 million electric, 1.7 million gas customers. Has 1,166 megawatts of nonregulated generating capacity. Sold Palisades nuclear plant in '07. Electric revenue breakdown: residential, 42%; commercial, 31%; industrial, 20%; other, 7%. Generating sources: coal, 42%; gas, 5%; hydro, 1%; purchased, 52%. Fuel costs: 54% of revenues. '11 reported deprec. rates: 3.0% electric, 2.9% gas, 7.4% other. Has 7,700 employees. Chairman: David W. Joos. President & CEO: John G. Russell. Incorporated: Michigan. Address: One Energy Plaza, Jackson, Michigan 49201. Tel.: 517-788-0550. Internet: www.cmsenergy.com.

Rate increases should enable CMS Energy's earnings to advance in 2012 and 2013. In June, electric and gas tariff hikes for the company's utility subsidiary, Consumers Energy, went into effect. (Electric and gas rates were increased by $118.5 million and $16 million, respectively.) Our earnings estimate is at the upper end of management's targeted range of $1.52-$1.55 a share, despite a mild winter and a $0.03-a-share charge that CMS took for an early retirement program in the second quarter. (A hotter-than-normal July will help in this regard.) We forecast a profit increase of 6% in 2013, in line with the company's goal of 5%-7% bottom-line growth annually.

Frequent rate hikes are needed in order to place capital investment in the rate base. Typically, these increases are modest, thanks in part to effective expense control. Consumers Energy has not yet determined the timing of its next electric and gas rate applications, but we think they will come within the next few months. (The earliest that the utility may file a gas case is December 1st, due to a stipulation in its previous rate order.) Consumers Energy will be able to self-implement rate increases six months after filing its cases, and an order from the Michigan Public Service Commission is due 12 months after the filing.

Consumers Energy is spending $235 million to add 100 megawatts of wind capacity. The project should be completed by yearend. This will bring the utility closer to meeting a state regulation of having 10% of its generating capacity from renewable sources by 2015.

Finances are adequate. The fixed-charge coverage and common-equity ratio are below those of most utilities, but at least these measures are getting better. Also, CMS is benefiting from tax-loss carryforwards. The company is far different from what it was 10 years ago, when it was in the red and cut its dividend.

By electric utility standards, this stock has a dividend yield and 3- to 5-year total return potential that are about average. It has a favorable rank for Timeliness. Like many utility issues, the share price is within our 2015-2017 Target Price Range.

Paul E. Debbas, CFA *September 21, 2012*

(A) Diluted EPS. Excl. nonrec. gains (losses): '05, ($1.61); '06, ($1.08); '07, ($1.26); '09, (7¢); '10, 3¢; '11, 12¢; '12, (14¢); gains (losses) on disc. ops.: '05, 7¢; '06, 3¢; '07, (40¢); '09, 8¢; '10, (8¢); '11, 1¢; '12, 3¢. '10 EPS don't add due to change in shs. Next earnings report due late Oct. **(B)** Div'ds historically paid late Feb., May, Aug. & Nov. ■ Div'd reinvestment plan avail. **(C)** Incl. intang. In '11: $9.70/sh. **(D)** In mill. **(E)** Rate base: Net orig. cost. Rate allowed on com. eq. in '12: 10.3%; earned on avg. com. eq., '11: 12.9%. Regulatory Climate: Average.

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	95
Earnings Predictability	45

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