CMS ENERGY CORP
Form 424B3
June 18, 2007

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Filed Pursuant to 424(b)3
Registration Statement No. 333-125553

THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS ARE NOT AN OFFER TO SELL THESE SECURITIES AND THEY ARE NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED JUNE 18, 2007
PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED JUNE 16, 2005

$400,000,000
CMS Energy Corporation
$ % Senior Notes due 20
$ Floating Rate Senior Notes due 20

The Fixed Rate Notes will bear interest at the rate of % per year. Interest on the Fixed Rate Notes is payable semiannually on and of each year, beginning on , 2007. The Fixed Rate Notes will mature on , 20 . Interest on the Floating Rate Notes will be based on the three-month LIBOR rate plus % and will be reset quarterly. Interest on the Floating Rate Notes is payable quarterly on , , and of each year, beginning on , 2007. The Floating Rate Notes will mature on , 20 . We may redeem some or all of the Fixed Rate Notes at any time. The redemption price for the Fixed Rate Notes will be 100% of their principal amount, plus any Applicable Premium thereon at the time of redemption plus accrued and unpaid interest to the redemption date. See Description of the Notes Optional Redemption Fixed Rate Notes. We may redeem some or all of the Floating Rate Notes on , 20 or any interest payment date thereafter. The redemption price for the Floating Rate Notes will be % of their principal amount, plus accrued and unpaid interest to the redemption date. See Description of the Notes Optional Redemption Floating Rate Notes. Under certain circumstances, Holders of the Notes will have the right to require us to repurchase the Notes. See Description of the Notes Purchase of Notes Upon Change of Control. There is no sinking fund for the Notes.

The Notes will be our unsecured obligations and will rank equally with all of our other unsecured senior indebtedness.

Investing in the Notes involves risks. See Risk Factors beginning on page S-10.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Fixed Rate Note	Total	Per Floating Rate Note	Total
Public Offering Price	%	$	%	$
Underwriting Discount	%	$	%	$
Proceeds to CMS Energy (before expenses)	%	$	%	$

Interest on the Notes will accrue from , 2007 to date of delivery.

The underwriters expect to deliver the Notes to purchasers on or about , 2007.

Deutsche Bank Securities

Barclays Capital

Citi

JPMorgan

Merrill Lynch & Co.

Wachovia Securities

June , 2007

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus or to documents to which we have referred you. We have not authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of Notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which contains a description of the securities registered by us. To the extent there is a conflict between the information contained or incorporated by reference in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference therein, on the other hand, the information in this prospectus supplement shall control.

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission (**SEC**) using a shelf registration process. Under the registration statement, we may sell securities, including Notes, up to a dollar amount of $1,500,000,000, of which this offering is a part.

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WHERE YOU CAN FIND MORE INFORMATION

We file reports, proxy statements and other information with the SEC under File No. 1-9513. Our SEC filings are available over the Internet at the SEC s web site at http://www.sec.gov. You may also read and copy any document we file at the SEC s public reference room at 100 F Street N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the public reference rooms and their copy charges. You may also inspect our SEC reports and other information at the New York Stock Exchange, 20 Broad Street, New York, New York 10005. You can find additional information about us, including our Annual Report on Form 10-K for the year ended December 31, 2006, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and a Form 8-K filed June 4, 2007 amending our 2006 financial statements to reflect certain discontinued operations resulting from certain recent asset sales, on our web site at http://www.cmsenergy.com. The information on this web site is not a part of this prospectus supplement and the accompanying prospectus.

We are incorporating by reference information into this prospectus supplement and the accompanying prospectus. This means that we are disclosing important information by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus, except for any information superseded by information in this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus incorporate by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us and our finances.

Annual Report on Form 10-K for the year ended December 31, 2006 filed on February 23, 2007

Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 filed on May 3, 2007

Current Reports on Form 8-K or Form 8-K/A filed on January 5, 2007, January 25, 2007, January 26, 2007, February 1, 2007, February 6, 2007, February 14, 2007, February 28, 2007, March 14, 2007, April 3, 2007, April 5, 2007, April 16, 2007, April 17, 2007, May 1, 2007, May 3, 2007 (SEC film number 07813240), May 21, 2007, May 29, 2007, June 4, 2007 (two filings) and June 18, 2007

The documents filed by us with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), after the date of this prospectus supplement, until the offering of the Notes pursuant to this prospectus supplement is terminated, are also incorporated by reference into this prospectus supplement and the accompanying prospectus. Any statement contained in such document will be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained in this prospectus supplement and the accompanying prospectus or any other subsequently filed document modifies or supersedes such statement.

We will provide, upon your oral or written request, a copy of any or all of the information that has been incorporated by reference in this prospectus supplement and the accompanying prospectus but not delivered with this prospectus supplement and the accompanying prospectus. You may request a copy of these filings at no cost by writing or telephoning us at the following address:

CMS Energy Corporation
One Energy Plaza
Jackson, Michigan 49201
Tel: (517) 788-0550
Attention: Office of the Secretary

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SUMMARY

This summary may not contain all the information that may be important to you. You should read this prospectus supplement and the documents incorporated by reference into this prospectus supplement in their entirety before making an investment decision. The terms ***CMS,*** ***CMS Energy,*** ***Our,*** ***Us*** *and* ***We*** *as used in this document refer to CMS Energy Corporation and its subsidiaries as a combined entity, except where it is made clear that such term means only CMS Energy Corporation.*

CMS Energy Corporation

CMS Energy was formed in Michigan in 1987 and is an energy company operating primarily in Michigan. Its two principal subsidiaries are Consumers Energy Company (**Consumers**) and CMS Enterprises Company (**Enterprises**). Consumers is a public utility that provides natural gas and/or electricity to almost 6.5 million of Michigan s 10 million residents and serves customers in all 68 counties in Michigan s Lower Peninsula. Enterprises, through various subsidiaries and affiliates, is engaged in energy businesses in the United States and in selected markets around the world.

Our principal businesses are:

- Consumers electric utility, which owns and operates 29 electric generating plants with an aggregate of 5,674 megawatts (**MW**) of capacity and serves 1.8 million customers in Michigan s Lower Peninsula;
- Consumers gas utility, which owns and operates over 27,966 miles of transmission and distribution lines throughout the Lower Peninsula of Michigan, providing natural gas to 1.7 million customers;
- Enterprises generation assets that include interests in power plants totaling 2,120 gross MW (1,474 net MW) throughout the United States and abroad. The plants are located in the U.S., Chile and Jamaica; and
- CMS Gas Transmission Company (**CMS Gas Transmission**), a wholly owned subsidiary of Enterprises that owns an interest in and operates 4,069 miles of natural gas pipelines in South America.

In 2006, we had consolidated operating revenue of $6.303 billion.

Our principal executive offices are located at One Energy Plaza, Jackson, Michigan 49201 and our telephone number is (517) 788-0550.

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Recent Developments

Amendment of 2006 Financial Statements

On June 4, 2007, we filed a Form 8-K to amend information previously reported on our Form 10-K for the year ended December 31, 2006, which was filed on February 23, 2007. This amendment was made to reflect certain subsidiaries associated with various completed asset sales in accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets . The sales involved included Enterprises sale of its ownership interest in substantially all of its Argentine assets and its northern Michigan non-utility gas gathering, processing and pipeline businesses as well as its sale of its ownership interests in certain projects in the Middle East, North Africa and India.

Rating Upgrades

Recently, both Standard & Poor s Ratings Group, a division of The McGraw-Hill Companies, Inc. (**S&P**), and Moody s Investors Service, Inc. (**Moody s**) upgraded CMS Energy s debt ratings. In May 2007, S&P raised its senior unsecured debt ratings of CMS Energy from B+ to BB+ and removed the ratings from CreditWatch with positive implication. In June 2007, Moody s upgraded the senior unsecured debt ratings of CMS Energy from Ba3 to Ba1 and revised the outlook to stable from positive.

Senior Note Redemption

On June 7, 2007, we redeemed $260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand.

Acquisition of Zeeland, Michigan Power Plant

On May 24, 2007, Consumers signed a Purchase and Sale Agreement, dated as of May 24, 2007, with Broadway Gen Funding, LLC, an affiliate of the LS Power Group. Pursuant to this agreement, Consumers will acquire 100% of the membership interests in Zeeland Power Company, LLC, which owns a 946 MW gas-fired power plant located in Zeeland, Michigan. The purchase price, subject to working capital and other capital and maintenance expenditure adjustments, is $517 million. The sale is contingent upon receipt of certain regulatory approvals, including approval of the Michigan Public Service Commission. The closing of the transaction is targeted for the first half of 2008.

Sale of Interests in GasAtacama Project and Jamaica Power Plant

On June 1, 2007, we announced that certain of our subsidiaries had entered into separate purchase and sale agreements to sell their interests in the GasAtacama project in Chile and Argentina and a power plant in Jamaica to wholly-owned subsidiaries of Ashmore Energy International. GasAtacama is a project that owns and operates natural gas pipelines in Argentina and Chile, as well as a 780 MW combined-cycle gas-fired generation facility in Chile. The Chilean power plant has been refitted to operate on oil due to curtailments of the gas supply from Argentina. In connection with this agreement, certain of our other subsidiaries are selling promissory notes related to GasAtacama. The purchase price for GasAtacama is $80 million. The Jamaica power plant is a 63 MW diesel-fueled power plant. The purchase price for the Jamaica power plant is $14 million. The closing of the sale of GasAtacama is expected to occur in the third quarter of 2007, and the closing of the sale of the Jamaica power plant is expected to occur by December 31, 2007.

Quicksilver Litigation

As previously reported, Quicksilver Resources, Inc. (**Quicksilver**) brought an action against CMS Marketing, Services and Trading Company (**CMS MST**), our wholly-owned subsidiary, in Texas State Court. The claim sought damages of $126 million on the basis of an alleged breach of a contract entered into in 1999 to purchase natural gas for a term of ten years. In March 2007, the case was tried before a jury, which awarded Quicksilver zero compensatory damages but $10 million in punitive damages. The jury found that CMS MST had breached the contract and committed fraud but found no actual damage on account of either claim.

On May 15, 2007, the trial court, ruling on consolidated motions to counter the entry of the judgment, vacated the jury award of punitive damages but held that the contract should be rescinded prospectively (from the date of the judgment forward). The judicial rescission of the contract will cause us to record a charge in the second quarter of 2007 of approximately $24 million, net of tax, as we had previously recorded on our balance sheet a price risk management asset for this contract that is no longer realizable. We intend to seek reconsideration before the trial court and/or to pursue relief in the Texas Court of Appeals, if necessary.

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The Offering

Issuer	CMS Energy Corporation.
Securities Offered	$ million aggregate principal amount of % Senior Notes due 20 (the **Fixed Rate Notes**) and $ million aggregate principal amount of Floating Rate Senior Notes due 20 (the **Floating Rate Notes** and, together with the Fixed Rate Notes, the **Notes**) to be issued under the indenture dated as of September 15, 1992 between us and The Bank of New York (successor to JPMorgan Chase Bank, N.A. and NBD Bank, National Association), as trustee (the **Trustee**), and as amended and supplemented from time to time (the **senior debt indenture**).
Issue Price	Each Fixed Rate Note will be issued at a price of $ per Note, plus accrued interest, if any, from , 2007. Each Floating Rate Note will be issued at a price of $1,000 per Note, plus accrued interest, if any, from , 2007.
Ratings	The Notes are expected to be rated BB+ by S&P, Ba1 by Moody s and BB by FitchRatings.
Maturity	The Fixed Rate Notes will mature on , 20 and the Floating Rate Notes will mature on , 20 .
Interest Rate	The Fixed Rate Notes will bear interest at the rate of % per year, payable semiannually in arrears on and , commencing on , 2007, and at maturity. Interest on the Floating Rate Notes will generally be based on the three-month LIBOR rate plus % and will reset quarterly. Interest on the Floating Rate Notes is payable quarterly on , , and of each year, beginning on , 2007.
Use of Proceeds	We estimate that the proceeds of the offering of the Notes, after deducting underwriters discounts and commissions and offering expenses, will aggregate approximately $ million. We intend to use all of the proceeds of this offering plus available cash to fund our tender offer for all of our outstanding 7.5% Senior Notes Due 2009. As of June 18, 2007, there were approximately $409 million of our 7.5% Senior Notes Due 2009 outstanding. To the extent that the proceeds are not used to fund the tender offer, they will be used for general corporate purposes, which may include retiring debt. See Use of Proceeds.
Optional Redemption	The Fixed Rate Notes will be redeemable at our option, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days notice before the redemption date by mail to the Trustee, the paying agent and each Holder of the Fixed Rate Notes, for a price equal to 100% of the principal amount of the Fixed Rate Notes to be redeemed plus any accrued and unpaid interest, and Applicable Premium owed, if any, to the redemption date. See Description of the Notes Optional Redemption Fixed Rate Notes. The Floating Rate Notes will be redeemable at our option, in whole or in part, on , 20 or any interest payment date thereafter, upon not less than 30 nor more than 60 days notice before the redemption date by mail to the Trustee, the paying agent and each Holder of the Floating Rate Notes, for a price equal to % of the principal amount of the Floating Rate Notes to be redeemed plus any accrued and unpaid

	interest to the redemption date. See Description of the Notes Optional Redemption Floating Rate Notes.
Change of Control	If a Change of Control Repurchase Event (as defined under Description of the Notes Purchase of Notes Upon Change of Control) occurs, Holders will have the right, at their option, to require us to purchase any or all of

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	their Notes for cash. The cash price we are required to pay is equal to 101% of the principal amount of the Notes to be purchased plus accrued and unpaid interest, if any, to the purchase date. See Description of the Notes Purchase of Notes Upon Change of Control.
Ranking	The Notes will be unsecured and unsubordinated senior debt securities of ours ranking equally with our other unsecured and unsubordinated indebtedness. As of March 31, 2007, we had outstanding approximately $2.450 billion aggregate principal amount of indebtedness, including approximately $178 million of subordinated indebtedness relating to our convertible preferred securities, but excluding approximately $4.483 billion of indebtedness of our subsidiaries. On June 7, 2007, we redeemed $260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand. In April 2007, CMS Energy entered into the Seventh Amended and Restated Credit Agreement in the amount of approximately $300 million. This facility is secured and the Notes are junior to such indebtedness as to the assets pledged. As of May 31, 2007, there were approximately $23 million of letters of credit outstanding under the Seventh Amended and Restated Credit Agreement. Except for the amount outstanding under the Seventh Amended and Restated Credit Agreement, none of our indebtedness is senior to the Notes as to our assets. The Notes are structurally subordinated to approximately $4.483 billion of our subsidiaries debt.
Certain Covenants	The senior debt indenture will contain covenants that will, among other things, prohibit us from being able to incur additional liens, sell, transfer or dispose of certain assets, enter into certain transactions with affiliates or enter into certain mergers or consolidations.
Form of Notes	One or more global securities held in the name of The Depository Trust Company (**DTC**) in a minimum denomination of $1,000 and any integral multiple thereof.
Trustee and Paying Agent	The Bank of New York.
Trading	The Notes will not be listed on any securities exchange or included in any automated quotation system. No assurance can be given as to the liquidity of or trading market for the Notes.
Risk Factors	You should carefully consider each of the factors described in the section of this prospectus supplement entitled Risk Factors starting on page S-10 before purchasing the Notes.
Governing Law	The senior debt indenture is governed by the laws of the State of Michigan.

Selected Consolidated Financial Data

The following selected consolidated financial data have been derived from our audited consolidated financial statements, which have been audited by Ernst & Young LLP, independent registered public accounting firm, for the five fiscal years ended December 31, 2006, except for amounts included from the financial statements of the Midland Cogeneration Venture Limited Partnership (the **MCV Partnership**) and Jorf Lasfar Energy Company S.C.A. (**Jorf Lasfar**). The MCV Partnership, a 49% owned variable interest entity which we sold in November 2006, was consolidated in our financial statements beginning in 2004 through the date of sale and accounted for under the equity method of accounting through December 31, 2003 and was audited by another independent registered public accounting firm for all periods through the date of sale. Jorf Lasfar, an investment accounted for under the equity method of accounting which we sold in May 2007, was audited by Ernst & Young, independent registered public accounting firm, for the fiscal years ended December 31, 2006 and 2005 and another independent accountant for the fiscal years ended December 31, 2002 through December 31, 2004. The following selected consolidated financial data for the three months ended March 31, 2007 and 2006 have been derived from our unaudited consolidated financial statements. Please refer to our consolidated financial statements for the fiscal year ended December 31, 2006 and for the quarter ended March 31, 2007, which are each incorporated by reference herein. The financial information set forth below should be read in conjunction with our consolidated financial statements, related notes and other financial information that are incorporated by reference herein. Operating results for the three months ended March 31, 2007 are not necessarily indicative of results that may be expected for the entire year ending December 31, 2007. See Where You Can Find More Information.

	Three Months Ended March 31,		Year Ended December 31,				
	2007	**2006**	**2006(a)**	**2005 (a)**	**2004(a)**	**2003**	**2002**
	(Dollars in Millions Except Per Share Amounts)						
Income Statement Data:							
Operating revenue	$ 2,237	$ 1,937	$ 6,303	$ 6,018	$ 5,256	$ 5,314	$ 8,433
Earnings from equity method investees	19	36	89	125	115	164	92
Operating expenses	2,284	1,992	6,498	6,470	4,836	4,860	8,485
Operating income (loss)	(28)	(19)	(106)	(327)	535	618	40
Income (loss) from continuing operations	(31)	(32)	(122)	(133)	115		(393)
Income (loss) from discontinued operations	(180)	8	43	49	8	19	(275)
Net income (loss) available to common stockholders	$ (215)	$ (27)	$ (90)	$ (94)	$ 110	$ (44)	$ (650)
Earnings (loss) per average common share:							
Income (loss) from continuing operations: Basic	$ (0.16)	$ (0.16)	$ (0.61)	$ (0.68)	$ 0.61	$ (0.01)	$ (2.83)
	(0.16)	(0.16)	(0.61)	(0.68)	0.60	(0.01)	(2.83)

Income (loss) from continuing operations: Diluted							
CMS Energy Net Income (Loss) attributable to common stock: Basic	(0.97)	(0.12)	(0.41)	(0.44)	0.65	(0.30)	(4.68)
CMS Energy Net Income (Loss) attributable to common stock: Diluted	(0.97)	(0.12)	(0.41)	(0.44)	0.64	(0.30)	(4.68)
Dividends declared per average common share:							
CMS Energy	0.05						1.09
Balance Sheet Data (At Period End Date):							
Cash and cash equivalents at cost, which approximates market	$ 577	$ 692	$ 263	$ 794	$ 580	$ 496	$ 321
Restricted cash	65	66	71	198	56	201	38
Net plant and property	7,903	7,702	7,773	7,658	8,556	6,820	5,898
Total assets	15,277	15,550	15,371	16,041	15,872	13,838	14,781
Long-term debt, excluding current maturities	6,032	6,696	6,202	6,780	6,417	5,985	5,315
Long-term debt related parties, excluding current maturities	178	178	178	178	504	684	
Non-current portion of capital and finance lease obligations	52	309	42	308	315	58	116
Notes payable	1		2				458
Other liabilities	6,525	5,416	6,331	5,829	5,541	5,161	6,921
Minority interests	85	340	77	319	718	60	(34)
Company-obligated mandatorily redeemable trust preferred securities of subsidiaries (b)							393
Company obligated trust preferred securities of Consumers subsidiaries (b)							490
Preferred stock	250	261	261	261	261	261	

Preferred stock of subsidiary	44	44	44	44	44	44	44
Common stockholders equity	$ 2,110	$ 2,306	$ 2,234	$ 2,322	$ 2,072	$ 1,585	$ 1,078
Other Data:							
Cash Flow: (c)							
Provided by (Used in) operating activities	$ 315	$ 171	$ 688	$ 599	$ 353	$ (250)	$ 614
Provided by (Used in) investing activities	6	(36)	(751)	(494)	(347)	203	829
Provided by (Used in) financing activities	(57)	(225)	(434)	74	(43)	229	(1,223)
Ratio of earnings to fixed charges (d)	(e)	(f)	(g)	(h)	1.03	1.05	(i)

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(a) Under revised FASB Interpretation No. 46 Consolidation of Variable Interest Entities, until their sale in November 2006, we were the primary beneficiary of the MCV Partnership and the First Midland Limited Partnership. As a result, we have consolidated the assets, liabilities and activities of these entities into our consolidated financial statements through the date of sale and for the years ended December 31, 2005 and 2004.

(b) CMS Energy and Consumers each formed various statutory wholly-owned business trusts for the sole purpose of issuing preferred securities and lending the gross proceeds to the parent companies. The sole assets of the trusts are debentures of the parent company with terms similar to those of the preferred securities. As a result of the adoption of FASB

Interpretation No. 46 on December 31, 2003, we deconsolidated the trusts that hold the mandatorily redeemable trust preferred securities. Therefore, $490 million, previously reported by us as Company-obligated mandatorily redeemable trust preferred securities of subsidiaries, plus $16 million owed to the trusts and previously eliminated in consolidation, was included in the balance sheet as Long-term debt related parties. Additionally, $173 million, previously reported by us as Company-obligated trust preferred securities of Consumers subsidiaries, plus $5 million owed to the trusts and previously eliminated in consolidation, was included in the balance sheet as Long-term debt related parties. Since December 31, 2003, $506 million of Long-term debt related parties has been retired.

(c) Our cash flow statements include

amounts related to discontinued operations through the date of disposal.

(d) For the purpose of computing the ratio, earnings represents the sum of income (loss) from continuing operations before income taxes and income from equity method investees, net interest charges and the estimated interest portion of lease rentals and distributed income of equity method investees.

(e) For the three months ended March 31, 2007, fixed charges exceeded earnings by $105 million. Earnings as defined include $157 million of asset impairment charges.

(f) For the three months ended March 31, 2006, fixed charges exceeded earnings by $144 million. Earnings as defined include $120 million in mark-to-market losses related to our investment in the MCV Partnership and $41 million in mark-to-market losses at CMS

Energy Resource Management Company.

(g) For the year ended December 31, 2006, fixed charges exceeded earnings by $422 million. Earnings as defined include $459 million of asset impairment charges.

(h) For the year ended December 31, 2005, fixed charges exceeded earnings by $763 million. Earnings as defined include $1.184 billion of asset impairment charges.

(i) For the year ended December 31, 2002, fixed charges exceeded earnings by $495 million. Earnings as defined include $602 million of asset impairment charges.

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RISK FACTORS

An investment in the Notes involves a significant degree of risk. You should carefully consider the following risk factors, together with all of the other information included or incorporated by reference in this prospectus supplement. In particular, you should carefully consider the factors listed in Forward-Looking Statements and Information as well as the Risk Factors contained in our Annual Report on Form 10-K filed with the SEC on February 23, 2007, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 filed with the SEC on May 3, 2007 and a Form 8-K filed with the SEC on June 4, 2007 amending our 2006 financial statements to reflect certain discontinued operations resulting from recent asset sales, which are incorporated by reference into this prospectus supplement, before you decide to purchase the Notes. These documents, this prospectus supplement and other written and oral statements that we make contain forward-looking statements as defined in Rule 3b-6 under the Exchange Act and Rule 175 under the Securities Act of 1933, as amended (the ***Securities Act*** *), and relevant legal decisions. Our intention with the use of such words as may, could, anticipates, believes, estimates, expects, intends, plans, and other similar words is to identify forward-looking statements that involve risk and uncertainty. We designed the discussion of potential risks and uncertainties in these documents and this prospectus supplement to highlight important factors that may impact our business and financial outlook. We have no obligation to update or revise any forward-looking statements regardless of whether new information, future events or any other factors affect the information contained in the statements. The risks and uncertainties described below and those incorporated from the referenced Form 10-K, Form 10-Q and Form 8-K are not the only ones we may confront. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may impair our business operations. If any of those risks actually occur, our financial condition, operating results and prospects could be materially adversely affected. This section contains forward-looking statements.*

The Notes are structurally subordinated to the debt and preferred stock of our subsidiaries.

Of the approximately $6.933 billion of our consolidated indebtedness as of March 31, 2007, approximately $4.483 billion was indebtedness of our subsidiaries. On June 7, 2007, we redeemed $260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand. Payments on that indebtedness are prior in right of payment to dividends paid to us by our subsidiaries. See Description of the Notes Structural Subordination.

We may be unable to raise the funds necessary to purchase Notes upon a Change of Control Repurchase Event.

In the event of a Change of Control Repurchase Event, each Holder of Notes may require us to purchase all or a portion of its Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued interest. Our ability to purchase the Notes will be limited by the terms of our other debt agreements and our ability to finance the purchase. It is expected that we will issue additional debt with similar change of control provisions in the future. If this occurs, the financial requirements for any purchases could be increased significantly. In addition, the terms of any debt securities issued to purchase debt under these change of control provisions may be unfavorable to us. We cannot assure Holders of Notes that we will be able to finance these purchase obligations or obtain consents to do so from Holders of Notes under other debt agreements restricting these purchases.

We cannot assure you that an active trading market will develop for the Notes.

The Notes are a new issue of securities for which there currently is no active trading market. As we do not intend to apply to list the Notes for trading on any national securities exchange or to include the Notes in any automated quotation system, we cannot assure you that an active trading market for the Notes will develop or as to the liquidity or sustainability of any such market, the ability of the Holders to sell their Notes or the price at which Holders of the Notes will be able to sell their Notes. Future trading prices of the Notes will also depend on many other factors, including, among other things, prevailing interest rates, the market for similar securities, our performance and other factors. We do not intend to apply for listing of the Notes on any securities exchange or any automated quotation system.

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USE OF PROCEEDS

We estimate that the proceeds of the offering of the Notes, after deducting underwriters discounts and commissions and offering expenses, will aggregate approximately $ million. We intend to use all of the proceeds of this offering plus available cash to fund our tender offer for all of our outstanding 7.5% Senior Notes Due 2009. As of June 18, 2007, there were approximately $409 million of our 7.5% Senior Notes Due 2009 outstanding. To the extent that the proceeds are not used to fund the tender offer, they will be used for general corporate purposes, which may include retiring debt.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges for the three months ended March 31, 2007 and each of the years ended December 31, 2002 through 2006 is as follows:

	Three Months Ended	Year Ended December 31,				
	March 31, 2007	2006	2005	2004	2003	2002
Ratio of earnings to fixed charges	(1)	(2)	(3)	1.03	1.05	(4)

(1) For the three months ended March 31, 2007, fixed charges exceeded earnings by $105 million. Earnings as defined include $157 million of asset impairment charges.

(2) For the year ended December 31, 2006, fixed charges exceeded earnings by $422 million. Earnings as defined include $459 million of asset impairment charges.

(3) For the year ended December 31, 2005, fixed

charges exceeded earnings by $763 million. Earnings as defined include $1.184 billion of asset impairment charges.

(4) For the year ended December 31, 2002, fixed charges exceeded earnings by $495 million. Earnings as defined include $602 million of asset impairment charges.

For the purpose of computing the ratio, earnings represent income before income taxes, net interest charges and the estimated interest portion of lease rentals and distributed income of equity method investees.

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CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2007 on an actual basis and as adjusted to reflect the sale of Notes in this offering and the application of the net proceeds as described under Use of Proceeds assuming that such net proceeds are applied to redeem up to $400 million of our 7.5% Senior Notes Due 2009 as described therein. This table should be read in conjunction with our consolidated financial statements and related notes and other financial information also incorporated by reference in this prospectus supplement. See Where You Can Find More Information.

	At March 31, 2007	
	Actual	As Adjusted For This Offering
	(Unaudited, Dollars in Millions)	
Current portion of long-term debt and capital leases	$ 722	$ 722
Non-current portion of capital lease obligations	$ 52	$ 52
Long-term debt:		
% Senior Notes due 20 (a)		
Floating Rate Senior Notes due 20 (a)		
Other long-term debt (excluding current portion) (a)(b).	6,032	
Long-term debt related parties	178	178
Preferred stock	250	250
Preferred stock of subsidiary	44	44
Common stockholders equity	2,110	2,110
Total capitalization	$ 8,666	$

(a) Reflects redemption of up to $400 million of our 7.5% Senior Notes Due 2009 with the proceeds of this offering.

(b) On June 7, 2007, we redeemed $260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand. This transaction is not reflected in the capitalization table.

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DESCRIPTION OF THE NOTES

General

The Notes will be issued as two series of senior debentures under the senior debt indenture as supplemented by two supplemental indentures thereto each dated as of , 2007 (collectively, the **Supplemental Indentures**). The Fixed Rate Notes will be initially limited in aggregate principal amount to $ million and the Floating Rate Notes will be initially limited in aggregate principal amount to $ million. The senior debt indenture permits us to re-open this offering of the respective Notes without the consent of the Holders of the respective Notes. Accordingly, the principal amount of the respective Notes may be increased in the future on the same terms and conditions and with the same CUSIP numbers as the respective Notes being offered by this prospectus supplement, provided that such additional notes must be part of the same issue as the respective Notes offered hereby for United States federal income tax purposes. The respective Notes offered by this prospectus supplement and any such additional notes will constitute a single series of debt securities. This means that, in circumstances where the senior debt indenture provides for the holders of notes to vote or take any action, the Holders of the respective Notes offered by this prospectus supplement and the holders of any such additional notes will vote or take that action as a single class. The Notes will be unsecured and unsubordinated senior debt securities of CMS Energy.

As of March 31, 2007, we had outstanding approximately $2.450 billion aggregate principal amount of indebtedness, including approximately $178 million of subordinated indebtedness relating to our convertible trust preferred securities but excluding approximately $4.483 billion of indebtedness of our subsidiaries. On June 7, 2007, we redeemed $260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand In April 2007, CMS Energy entered into the Seventh Amended and Restated Credit Agreement in the amount of approximately $300 million. This facility is secured and the Notes are junior to such indebtedness as to the assets pledged. As of May 31, 2007, there were approximately $23 million of letters of credit outstanding under the Seventh Amended and Restated Credit Agreement. Except for the amount outstanding under the Seventh Amended and Restated Credit Agreement, none of our indebtedness is senior to the Notes as to our assets. The Notes are structurally subordinated to approximately $4.483 billion of our subsidiaries debt.

We may issue debt securities from time to time in one or more series under the senior debt indenture. There is no limitation on the amount of debt securities we may issue under the senior debt indenture.

The statements herein concerning the Notes and the senior debt indenture are a summary and do not purport to be complete and are subject to, and qualified in their entirety by, all of the provisions of the senior debt indenture, which is incorporated herein by this reference. They make use of defined terms and are qualified in their entirety by express reference to the senior debt indenture, including the Supplemental Indentures, a copy of which will be available upon request to the Trustee.

Structural Subordination

CMS Energy is a holding company that conducts substantially all of its operations through its subsidiaries. Its only significant assets are the capital stock of its subsidiaries, and its subsidiaries generate substantially all of its operating income and cash flow. As a result, dividends or advances from its subsidiaries are the principal source of funds necessary to meet its debt service obligations. Contractual provisions or laws, as well as its subsidiaries financial condition and operating requirements, may limit CMS Energy s ability to obtain cash from its subsidiaries that it may require to pay its debt service obligations, including payments on the Notes. In addition, the Notes will be effectively subordinated to all of the liabilities of CMS Energy s subsidiaries with regard to the assets and earnings of CMS Energy s subsidiaries. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether by dividends, loans or other payments. CMS Energy s rights and the rights of its creditors, including Holders of Notes, to participate in the distribution of assets of any subsidiary upon the latter s liquidation or reorganization will be subject to prior claims of the subsidiaries creditors, including trade creditors.

Of the approximately $6.933 billion of our consolidated indebtedness as of March 31, 2007, approximately $4.483 billion was indebtedness of our subsidiaries. On June 7, 2007, we redeemed $260 million principal amount of our 8.9% Senior Notes due 2008 using cash on hand. Payments on that indebtedness are prior in right of payment to dividends paid to us by our subsidiaries.

Primary Source of Funds of CMS Energy; Restrictions on Sources of Dividends

The ability of CMS Energy to pay (i) dividends on its capital stock and (ii) its indebtedness, including the Notes, depends and will depend substantially upon timely receipt of sufficient dividends or other distributions from its subsidiaries, in particular Consumers and Enterprises. Each of Consumers and Enterprises ability to pay dividends on its common stock depends upon its revenues, earnings and other factors. Consumers revenues and earnings will depend substantially upon rates authorized by the Michigan Public Service Commission.

Consumers Restated Articles of Incorporation (**Articles**) provide two restrictions on its payment of dividends on its common stock. First, prior to the payment of any common stock dividend, Consumers must reserve retained earnings after giving effect to such dividend payment of at least (i) $7.50 per share on all then outstanding shares of its preferred stock, (ii) in respect to its Class A Preferred Stock, 7.5% of the aggregate amount established by its Board of Directors to be payable on the shares of each series thereof in the event of involuntary liquidation of Consumers and (iii) $7.50 per share on all then outstanding shares of all other stock over which its preferred stock and Class A Preferred Stock do not have preference as to the payment of dividends and as to assets. Second, dividend payments during the 12 month period ending with the month the proposed payment is to be paid are limited to: (i) 50% of net income available for the payment of dividends during the base period, if the ratio of common stock and surplus to total capitalization and surplus for 12 consecutive calendar months within the 14 calendar months immediately preceding the proposed dividend payment (the **base period**), adjusted to reflect the proposed dividend, is less than 20%; and (ii) 75% of net income available for the payment of dividends during the base period if the ratio of common stock and surplus to total capitalization and surplus for the base period, adjusted to reflect the proposed dividend, is at least 20% but less than 25%.

Consumers is subject to the Federal Power Act and the Natural Gas Act. These Acts limit Consumers ability to pay dividends from its retained earnings. As of March 31, 2007, Consumers retained earnings were $283 million.

Consumers Articles also prohibit the payment of cash dividends on its common stock if Consumers is in arrears on preferred stock dividend payments.

In addition, Michigan law prohibits payment of a dividend if, after giving it effect, Consumers or Enterprises would not be able to pay its debts as they become due in the usual course of business, or its total assets would be less than the sum of its total liabilities plus, unless the Articles permit otherwise, the amount that would be needed, if Consumers or Enterprises were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution. Currently, it is Consumers policy to pay annual dividends equal to 80% of its annual consolidated net income. Consumers Board of Directors reserves the right to change this policy at any time.

Payment and Maturity

Fixed Rate Notes

The Fixed Rate Notes will mature on , 20 , and will bear interest at the rate of % per year. At maturity, CMS Energy will pay the aggregate principal amount of the Fixed Rate Notes then outstanding. Each Fixed Rate Note will bear interest from the original date of issue, payable semiannually in arrears on and , commencing on , 2007, and at maturity. Interest will be paid to the person in whose name the Fixed Rate Notes are registered at the close of business fifteen days prior to the interest payment date. Interest payable on any interest payment date or on the date of maturity will be the amount of interest accrued from and including the date of original issuance or from and including the most recent interest payment date on which interest has been paid or duly made available for payment to but excluding such interest payment date or the date of maturity, as the case may be. Interest on the Fixed Rate Notes will be computed on the basis of a 360-day year consisting of twelve 30 day months.

In any case where any interest payment date, redemption date, repurchase date or maturity date (including upon the occurrence of a Change of Control Repurchase Event resulting in a Purchase Date) of any Fixed Rate Note shall not be a Business Day (as defined herein) at any place of payment, then payment of interest or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding Business Day at such place of payment with the same force and effect as if made on the interest payment date, redemption date, repurchase date or maturity date (including upon the occurrence of a Change of Control Repurchase Event resulting in a Purchase Date); and no interest shall accrue on the amount so payable for the period from and after such interest payment date, redemption date, repurchase date or maturity date, as the case may be, to such Business Day.

Floating Rate Notes

The Floating Rate Notes will mature on , 20 . At maturity, CMS Energy will pay the aggregate principal amount of the Floating Rate Notes then outstanding. Each Floating Rate Note will bear interest from the original date of issue, payable quarterly in arrears, on , , and of each year, commencing on , 2007, and at maturity. Interest will be paid to the person in whose name the Floating Rate Notes are registered at the close of business fifteen days prior to the interest payment date; provided, however, that, so long as the Floating Rate Notes are registered in the name of DTC, its nominee or a successor depositary, the record date for interest payable on any interest payment date shall be the close of business on the Business Day immediately preceding such interest payment date for the Floating Rate Notes so registered. Interest payable on any interest payment date or on the date of maturity will be the amount of interest accrued from and including the date of original issuance or from and including the most recent interest payment date on which interest has been paid or duly made available for payment to but excluding such interest payment date or the date of maturity, as the case may be. Interest on the Floating Rate Notes will be computed on the basis of a 360-day year and the actual number of days elapsed in each qu