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CONSUMERS ENERGY CO  
Form 11-K  
June 27, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER 1-9513 (CMS ENERGY CORPORATION)  
COMMISSION FILE NUMBER 1-5611 (CONSUMERS ENERGY COMPANY)

EMPLOYEES' SAVINGS PLAN AND  
EMPLOYEE STOCK OWNERSHIP PLAN OF  
CONSUMERS ENERGY COMPANY  
ONE ENERGY PLAZA  
JACKSON, MICHIGAN 49201  
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(FULL TITLE OF THE PLAN AND ADDRESS OF THE PLAN, IF  
DIFFERENT FROM THAT OF THE ISSUER NAMED BELOW)

CMS ENERGY CORPORATION  
ONE ENERGY PLAZA  
JACKSON, MICHIGAN 49201  
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(NAME OF ISSUER OF THE SECURITIES HELD  
PURSUANT TO THE PLAN AND THE ADDRESS  
OF ITS PRINCIPAL EXECUTIVE OFFICE)

Employees' Savings Plan and Employee  
Stock Ownership Plan of Consumers Energy Company

Audited Financial Statements and Supplemental Schedule

December 31, 2004 and 2003 and  
Year ended December 31, 2004

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Plan Administrator  
Employees' Savings Plan and Employee  
Stock Ownership Plan of Consumers Energy Company

We have audited the accompanying statements of net assets available for benefits of Employees' Savings Plan and Employee Stock Ownership Plan of Consumers Energy Company as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2004 and 2003, and the changes in its net assets available for benefits for the year ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2004, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Detroit, Michigan  
June 3, 2005

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Employees' Savings Plan and Employee Stock  
Ownership Plan of Consumers Energy Company

Statements of Net Assets Available for Benefits

	DECEMBER 31	
	2004	
	-----	
<b>ASSETS</b>		
Investments:		
Guaranteed investment contracts (at contract value)	\$ 130,736,865	\$
Fidelity Managed Income Portfolio II	41,291,721	
CMS Energy Corporation Common Stock	121,554,041	
Fidelity Dividend Growth Fund	150,679,815	
Comerica Small Cap Index Fund	2,633,789	
Comerica Large Cap Growth Index Fund	12,155,574	
Comerica Large Cap Value Index Fund	11,386,982	
Comerica Midcap Index Fund	1,785,889	
Comerica 500 Index Fund	14,394,383	
Calamos Growth Fund	57,289,067	
Janus Mid Cap Value Fund	8,105,451	
Fidelity Intermediate Bond Fund	6,203,158	
Fidelity Low Price Stock Fund	10,999,072	
Fidelity Diversified International Fund	24,500,289	
Fidelity Small Cap Stock Fund	14,408,657	
Fidelity Freedom Income Fund	1,329,472	
Fidelity Freedom 2010 Fund	3,619,498	
Fidelity Freedom 2020 Fund	2,678,603	
Fidelity Freedom 2030 Fund	723,534	
Fidelity Freedom 2040 Fund	409,553	
Short term investments	12,658	
Loans to participants	22,891,867	
	-----	
Total investments	639,789,938	
Receivables:		
Other receivables	71,839	
	-----	
	71,839	
<b>LIABILITY</b>		
Other	83,248	
	-----	
Net assets available for benefits	\$ 639,778,529	\$
	=====	

See accompanying notes.

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## Ownership Plan of Consumers Energy Company

### Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2004

ADDITIONS	
Interest and dividend income	\$ 9,025,571
Participant contributions	38,322,292
	-----
Total additions	47,347,863
DEDUCTIONS	
Benefits payments, withdrawals and distributions	38,335,563
Administrative expenses	197,705
	-----
Total deductions	38,533,268
Net realized and unrealized appreciation in fair value of investments	54,729,970
	-----
Net increase	63,544,565
Net assets available for benefits:	
Beginning of year	576,233,964
	-----
End of year	\$ 639,778,529
	=====

See accompanying notes.

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## Employees' Savings Plan and Employee Stock Ownership Plan of Consumers Energy Company

### Notes to Financial Statements

December 31, 2004 and 2003  
and Year Ended December 31, 2004

#### 1. DESCRIPTION OF PLAN

The following description of the Employees' Savings Plan and Employee Stock Ownership Plan of Consumers Energy Company (the Plan) provides only general information. Participants should refer to the Plan document for a complete description of the Plan's provisions.

#### GENERAL

The Plan is a defined contribution plan designed to encourage and assist employees of CMS Energy Corporation and its subsidiaries, which are at least 80% owned and have adopted the Plan (the Company or Employer) in saving for the future. The Plan is a voluntary program that allows eligible participants to invest their contributions in various investment funds. All regular employees of the Company as defined by the Plan, may participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974

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(ERISA).

### CONTRIBUTIONS

Participants in the Plan may elect to make pre-tax or after-tax contributions up to 25% of their eligible compensation, as defined by the Plan. If a participant's annual salary is equal to or more than \$90,000, the most that can be contributed by the Employer on behalf of the participant to the Plan is 12.5%. All percentage contributions are subject to certain dollar limitations as set forth in the Internal Revenue Code (the Code).

The Company will make matching employer contributions in an amount equal to \$.50 for each \$1.00 contributed by a participant, up to a maximum of 6% of the participant's eligible compensation.

Effective September 1, 2002, the matching employer contributions to the Plan were suspended. The matching employer contributions resumed on the first pay attributable to work on or after January 1, 2005.

Effective September 1, 2002 all participant balances became eligible for reallocation at the discretion of the participant.

Effective September 1, 2002, incentive contributions to the Plan were eliminated.

Effective September 1, 2004, the savings portion of the Plan was amended to provide that authorized but unissued shares of common stock of CMS Energy Corporation or other securities convertible to such common stock may be used to satisfy allocations elected by participants.

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### Employees' Savings Plan and Employee Stock Ownership Plan of Consumers Energy Company

#### Notes to Financial Statements

#### 1. DESCRIPTION OF PLAN (CONTINUED)

##### PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions, matching employer contributions and allocations of Plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the vested value of the participant's account.

##### VESTING

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the matching employer contributions and the incentive contributions of their accounts are based on years of service. A participant becomes 10% vested for each of the first two years of service with the Company, and 20% for each of the next four years of service.

##### PARTICIPANT LOANS

Participants may borrow from their fund accounts up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less. Loan terms range up to five years for a general purpose loan or up to 15 years for the purchase of a primary residence. The loans are secured by the balance of the participant's

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account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest are paid ratably through payroll deductions.

### PAYMENT OF BENEFITS

Upon termination of service, death, disability or retirement, a participant may receive a lump-sum amount equal to the vested value of his or her account.

### FORFEITURES AND ADMINISTRATIVE EXPENSES

Forfeitures result from matching employer contributions and incentive contributions remaining in the Plan for terminated participants' nonvested account balances. Forfeitures generated are added to a forfeiture reserve account and are available to offset matching employer contributions. Such amounts forfeited in 2004 and 2003 were \$55,386 and \$59,392, respectively, and are treated as a reduction of the Employer's contribution. As of December 31, 2004, the cumulative unallocated forfeitures were \$158,358; as of December 31, 2003 they were \$103,042. Expenses related to the administration and investment management of the Plan are charged against the assets of the investment funds offered to plan participants. Brokerage fees, commissions, stock transfer taxes and other expenses in connection with the purchases, sales and distributions of

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### Employees' Savings Plan and Employee Stock Ownership Plan of Consumers Energy Company

#### Notes to Financial Statements

#### 1. DESCRIPTION OF PLAN (CONTINUED)

##### FORFEITURES AND ADMINISTRATIVE EXPENSES (CONTINUED)

securities for each investment fund are charged to the fund that incurred the cost. Fees for obtaining loans are charged to the participant that requested the loan.

##### PLAN TERMINATION

Although it has not expressed the intention to do so, the Company has reserved the right to terminate the Plan at any time by resolution of its Board of Directors. The value of the participant accounts will be determined as of the effective date of the termination and be distributed as provided by the Plan.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### INVESTMENT VALUATION AND INCOME RECOGNITION

Except for the investment contracts, the Plan's investments are stated at fair value which equals the quoted market price on the last business day of the plan year. The shares of registered investment companies are valued at quoted market prices which represent the net asset values of shares held by the Plan at year-end. The fair value of the participation units owned by the Plan in the common trust fund accounts are based on quoted redemption values on the last business day of the plan year. The participant loans are valued at their outstanding balances, which approximate fair value.

Investment contracts are recorded at their contract values, which represent contributions and reinvested income, less any withdrawals plus accrued interest,

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because these investments have fully benefit-responsive features. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. However, withdrawals influenced by Company-initiated events, such as in connection with the sale of a business, may result in a distribution at other than contract value. There are no reserves against contract values for credit risk of contract issues or otherwise. Contract value approximates fair value. The average yield for these contracts was 6.11% in 2004 and 6.20% in 2003. The crediting interest rate for these investment contracts ranged from approximately 5.40% to 6.99% in 2004 and 5.40% to 7.10% in 2003. Rates on contracts remain fixed for the life of each contract.

Upon completion of the recordkeeping transfer to Fidelity Investments, as described in Note 3, Investments, the valuation of participant accounts was changed to daily pricing from monthly pricing.

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Employees' Savings Plan and Employee  
Stock Ownership Plan of Consumers Energy Company

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. INVESTMENTS

As of January 3, 2003, Fidelity Investments became the trustee and recordkeeper for the Plan. After December 31, 2002, Consumers Energy Company ceased recordkeeping services for the Plan. As of the close of business on December 31, 2002, Comerica Bank of Detroit, Michigan ceased providing trustee services to the Plan and the Plan assets were transferred to Fidelity Investments.

During 2004, the Plan's investments (including investments purchased and sold, as well as held, during the year) appreciated (depreciated) in fair value as determined by quoted market prices as follows:

	NET REALIZED AND UNREALIZED APPRECIATION IN FAIR VALUE OF INVESTMENTS -----
Mutual funds	\$ 31,627,844
CMS Energy Corporation Common Stock	23,102,126
	-----
	\$ 54,729,970
	=====

4. CONTINGENCY

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CMS Energy Corporation is a named defendant, along with Consumers Energy Company, CMS Marketing, Services and Trading Company and certain named and unnamed officers and directors, in two lawsuits brought as purported class actions on behalf of participants and beneficiaries of the Plan. The two cases, filed in July 2002 in the U.S. District Court for the Eastern District of Michigan, were consolidated by the trial judge and an amended consolidated complaint was filed. Plaintiffs allege breaches of fiduciary duties under ERISA and seek restitution on behalf of the Plan with respect to a decline in value of the shares of the CMS Energy Corporation Common Stock held in the Plan. Plaintiffs also seek other equitable relief and legal fees. In March 2004, the judge granted in part, but denied in part, CMS Energy Corporation's motion to dismiss the complaint. The judge has conditionally granted plaintiffs' motion for class certification. A trial date has not been set, but is expected to be no earlier than

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### Employees' Savings Plan and Employee Stock Ownership Plan of Consumers Energy Company

#### Notes to Financial Statements

#### 4. CONTINGENCY (CON'T)

mid-2006. CMS Energy Corporation and Consumers Energy Company will defend themselves vigorously in this litigation but cannot predict its outcome.

#### 5. INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated April 24, 2002, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

#### 6. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in statements of net assets available for benefits.

#### 7. SUBSEQUENT EVENTS

Effective March 28, 2005, the Company amended the savings portion of the Plan to reduce the amount paid out in a lump sum without the consent of the participant upon termination from \$5,000 to \$500 based on changes to the federal laws relating to treatment of de minimis distributions from a qualified plan and for administrative ease.

Effective September 30, 2005, the matching employer contribution for union employees will increase from \$.50 for each \$1.00 contributed by a participant to \$.60 for each \$1.00 contributed by a participant. The maximum portion of the



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participant's eligible compensation eligible for the match remains at 6%.

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Supplemental Schedule

Employees' Savings Plan and Employee Stock  
Ownership Plan of Consumers Energy Company  
EIN: 38-0442310 Plan Number: 002

Schedule H, Line 4i -- Schedule of Assets (Held at End of Year)  
December 31, 2004

IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE
-----	-----
New York Life Insurance Company	6.99% Matures 06/27/2005
Principal Mutual Life Insurance Company	6.00% Matures 02/14/2005
Principal Mutual Life Insurance Company	6.18% Matures 11/14/2006
Principal Mutual Life Insurance Company	6.28% Matures 05/14/2007
Principal Mutual Life Insurance Company	5.85% Matures 01/30/2008
The Prudential Mutual Life Insurance Company	5.40% Matures 11/15/2006
The Prudential Mutual Life Insurance Company	5.70% Matures 11/15/2007
Travelers Life and Annuity	6.45% Matures 05/12/2005
 * Fidelity Investments	 Fidelity Managed Income Portfolio II Fidelity Dividend Growth Fidelity Intermediate Bond Fund Fidelity Low Price Stock Fund Fidelity Diversified International Fund Fidelity Small Cap Stock Fund Fidelity Freedom Income Fund Fidelity Freedom 2010 Fund Fidelity Freedom 2020 Fund Fidelity Freedom 2030 Fund Fidelity Freedom 2040 Fund Short Term Investments
 * CMS Energy Corporation	 Common Stock of CMS Energy Corporation
Comerica Bank, N.A.	Comerica Small Cap Index Fund Comerica Large Cap Growth Index Fund Comerica Large Cap Value Index Fund Comerica Midcap Index Fund Comerica 500 Index Fund
Calamos Asset Management, Inc.	Calamos Growth Fund
Berger Financial Group, LLC	Janus Mid Cap Value Fund
 * Participant Loans	 Interest rate range: 3.00% to 8.75% with various maturity dates through 201

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\* Party-in-interest.

Note: Historical cost information is not shown as all investments are participant-directed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

EMPLOYEES' SAVINGS PLAN AND  
EMPLOYEE STOCK OWNERSHIP PLAN OF  
CONSUMERS ENERGY COMPANY

By: /s/ John F. Drake

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John F. Drake  
Plan Administrator and  
Senior Vice President of Human Resources  
and Administrative Services  
CMS Energy Corporation and  
Consumers Energy Company  
Dated: June 24, 2005

EXHIBITS

Exhibit Number

Description

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(23)

Consent of Independent Registered Public Accountant  
Firm