

CONSUMERS ENERGY CO
Form 424B2
May 02, 2018
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Filed Pursuant to Rule 424(b)(2)

Registration No 333-216355-01

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
4.05% First Mortgage Bonds due 2048	\$550,000,000	98.971%	\$544,340,500	\$67,771

(1) This filing fee is calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. In accordance with Rules 456(b) and 457(r) under the Securities Act, the registrant initially deferred payment of all of the registration fees for Registration Statement No. 333-216355 filed by the registrant on March 1, 2017.

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PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MARCH 1, 2017

\$550,000,000

Consumers Energy Company

4.05% First Mortgage Bonds due 2048

We are offering \$550,000,000 aggregate principal amount of our 4.05% First Mortgage Bonds due 2048, referred to as the Bonds. The Bonds will bear interest at the rate of 4.05% per year. Interest on the Bonds is payable semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 2018. The Bonds will mature on May 15, 2048.

We may redeem some or all of the Bonds at our option at any time for cash at the applicable redemption price described in this prospectus supplement, plus accrued and unpaid interest, if any, thereon to, but not including, the redemption date. See **Description of the Bonds** **Optional Redemption** . There will be no sinking fund for the Bonds.

The Bonds will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The Bonds will rank equal in right of payment with all of Consumers Energy Company's other existing and future first mortgage bonds issued either independently or as collateral for outstanding or future indebtedness.

The Bonds will constitute a new series of securities with no established trading market. We do not intend to apply to list the Bonds for trading on any securities exchange or to include the Bonds in any automated quotation system.

This investment involves risk. See **Risk Factors on page S-8 of this prospectus supplement and page 3 of the accompanying prospectus and the **Risk Factors** section beginning on page 35 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017,**

which is incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Per Bond		Total
Price to the public	98.971%	\$	544,340,500
Underwriting discounts and commissions	0.875%	\$	4,812,500
Proceeds to Consumers Energy Company (before expenses)	98.096%	\$	539,528,000

Interest on the Bonds will accrue from May 14, 2018 to the date of delivery.

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.

We expect to deliver the Bonds on or about May 14, 2018 only in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank SA/NV, as operator of the Euroclear System, and Clearstream Banking, SA.

Joint Book-Running Managers

**Goldman
Sachs & Co.
LLC**

J.P. Morgan

**KeyBanc
Capital
Markets**

**Mizuho
Securities**

MUFG

**PNC Capital
Markets
LLC**

Scotiabank

Co-Managers

Drexel Hamilton

Loop Capital Markets

The date of this prospectus supplement is May 1, 2018.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the Bonds and also adds to and updates information contained or incorporated by reference in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which contains a description of the securities registered by us and gives more general information, some of which may not apply to the Bonds. To the extent there is a conflict between the information contained or incorporated by reference in this prospectus supplement (or any free writing prospectus), on the one hand, and the information contained or incorporated by reference in the accompanying prospectus, on the other hand, the information contained or incorporated by reference in this prospectus supplement (or any free writing prospectus) shall control.

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed jointly with our parent, CMS Energy Corporation, with the Securities and Exchange Commission (**SEC**) using a shelf registration process. Under the registration statement, we may sell securities, including Bonds, of which this offering is a part.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, in making your investment decision. This prospectus supplement and the accompanying prospectus incorporate important business and financial information about us and our subsidiaries that is not included in or delivered with these documents. This information is available without charge to security holders upon written or oral request. See **Where You Can Find More Information** .

The terms **Consumers** , **we** , **our** and **us** as used in this document refer to Consumers Energy Company and its subsidiaries and predecessors as a combined entity, except where it is made clear that such term means only Consumers Energy Company.

This prospectus supplement, the accompanying prospectus and any free writing prospectus that we prepare or authorize contain and incorporate by reference information that you should consider when making your investment decision. We have not, and the underwriters and their affiliates and agents have not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters and their affiliates and agents are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. This prospectus supplement may only be used where it is legal to sell these securities. You should assume that the information contained in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates or on other dates that are specified in those documents, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus. Our business, financial condition, liquidity, results of operations and prospects may have changed since these dates.

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SUMMARY

This summary may not contain all of the information that may be important to you. You should read carefully this prospectus supplement and the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus in their entirety before making an investment decision.

Consumers Energy Company

Consumers, a wholly-owned subsidiary of CMS Energy Corporation, is an electric and gas utility company serving Michigan's lower peninsula. Consumers owns and operates electric generation, transmission and distribution facilities and gas transmission, storage and distribution facilities. Consumers serves individuals and businesses operating in the alternative energy, automotive, chemical, metal and food products industries, as well as a diversified group of other industries. Consumers provides electricity and/or natural gas to 6.7 million of Michigan's 10 million residents. Consumers' rates and certain other aspects of its business are subject to the jurisdiction of the Michigan Public Service Commission and the Federal Energy Regulatory Commission, as well as to North American Electric Reliability Corporation reliability standards. Consumers' principal executive offices are located at One Energy Plaza, Jackson, Michigan 49201, and Consumers' telephone number is (517) 788-0550.

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The Offering

The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus. For additional information concerning the Bonds, see Description of the Bonds .

Issuer	Consumers Energy Company.
Securities Offered	\$550,000,000 aggregate principal amount of 4.05% First Mortgage Bonds due 2048 (the Bonds) to be issued under the indenture dated as of September 1, 1945 between us and The Bank of New York Mellon (ultimate successor to City Bank Farmers Trust Company), as trustee (the trustee), as amended and supplemented from time to time, including as supplemented by a supplemental indenture thereto establishing the terms of the Bonds to be dated as of May 14, 2018 (collectively, the indenture). The indenture is referred to in the accompanying prospectus as the Mortgage Indenture.
Issue Price	Each Bond will be issued at a price of 98.971% of its principal amount plus accrued interest, if any, from May 14, 2018 if settlement occurs after that date.
Maturity	The Bonds will mature on May 15, 2048, unless earlier redeemed.
Interest Rate	The Bonds will bear interest at 4.05% per annum.
Interest Payment Dates	Interest on the Bonds is payable semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 2018.
Record Date for Interest Payments	We will pay interest to holders of record at 5:00 p.m., New York City time, on the May 1 and November 1 preceding the relevant interest payment date (whether or not a business day).
Use of Proceeds	We estimate that the net proceeds from the sale of the Bonds, after deducting underwriting discounts and commissions but before deducting estimated offering expenses, will be approximately \$539,528,000. We intend to use the net proceeds of the offering of the Bonds to redeem our 5.65% First Mortgage Bonds due September 15, 2018, of which \$250,000,000 aggregate principal amount is outstanding, and for general corporate purposes. See Use of Proceeds .
Ranking	The Bonds will rank equal in right of payment with all of Consumers Energy Company's other existing and future first mortgage bonds issued either independently or as collateral for outstanding or future indebtedness. As of March 31, 2018, Consumers Energy Company had outstanding approximately \$5.535 billion aggregate principal amount of first mortgage bonds (excluding first mortgage bonds securing credit facilities and pollution control and solid waste revenue bonds).

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Optional Redemption by Consumers	At any time, we may redeem all or a part of the Bonds for cash at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus, in the case of any redemption prior to November 15, 2047 (which is defined as the par call date under Description of the Bonds Optional Redemption), any applicable premium thereon at the time of redemption, plus (at any time) accrued and unpaid interest, if any, thereon to, but not including, the redemption date. See Description of the Bonds Optional Redemption .
Form of Bonds	One or more global securities held in the name of The Depository Trust Company (DTC) or its nominee in a minimum denomination of \$2,000 and any integral multiple of \$1,000 in excess thereof.
Trustee and Paying Agent	The Bank of New York Mellon.
Trading	The Bonds will constitute a new series of securities with no established trading market. We do not intend to apply to list the Bonds for trading on any securities exchange or to include the Bonds in any automated quotation system. No assurance can be given as to the liquidity of or trading market for the Bonds.
Risk Factors	You should carefully consider each of the factors referred to or as described in the section of this prospectus supplement entitled Risk Factors on page S-8, the Risk Factors and Forward-Looking Statements and Information sections in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and the Forward-Looking Statements and Information section in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018 before purchasing any Bonds.

Table of Contents**Summary Historical Consolidated Financial Data**

The following summary historical consolidated financial data for the fiscal years ended December 31, 2017, 2016, 2015, 2014 and 2013 have been derived from our audited consolidated financial statements, which have been audited by PricewaterhouseCoopers LLP, independent registered public accounting firm. The following summary historical consolidated financial data for the three months ended March 31, 2018 and 2017 have been derived from our unaudited consolidated financial statements. The financial information set forth below is qualified by and should be read in conjunction with our consolidated financial statements, related notes and other financial information also incorporated by reference in this prospectus supplement. See *Where You Can Find More Information* . Operating results for the three months ended March 31, 2018 are not necessarily indicative of results that may be expected for the entire year ending December 31, 2018. For selected balance sheet information, see *Capitalization* .

	Three Months Ended		Year Ended December 31,				
	March 31,	2017	2017	2016	2015	2014	2013
	2018	2017					
	(Unaudited)						
	(Dollars in millions except ratios)						
Income Statement Data:							
Operating revenue	\$1,855	\$1,737	\$6,222	\$6,064	\$6,165	\$6,800	\$6,321
Net income	242	211	632	616	594	567	534
Net income available to common stockholder	242	211	630	614	592	565	532
Balance Sheet Data (At Period End Date):							
Total assets	\$20,949	\$19,824	\$21,099	\$19,946	\$18,635	\$17,824	\$16,157
Long-term debt, excluding current portion	5,211	5,419	5,561	5,253	5,183	5,131	4,557
Non-current portion of capital leases and financing obligation	86	104	91	110	118	123	138
Total preferred stock	37	37	37	37	37	37	37
Cash Flow or Other Data:							
Cash provided by operations	\$720	\$648	\$1,715	\$1,681	\$1,794	\$1,354	\$1,375
Capital expenditures, excluding assets placed under capital lease	414	361	1,632	1,656	1,537	1,573	1,320
Ratio of earnings to fixed charges (a)	4.58	5.05	4.18	4.10	4.26	4.19	4.27

(a) For purposes of computing the ratio, earnings represent the sum of pre-tax income, net interest charges and the estimated interest portions of lease rentals, plus distributed income of equity investees less earnings from equity investees.

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RISK FACTORS

*An investment in the Bonds involves a significant degree of risk. You should consider carefully the following risk factors, together with all of the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. 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 for the fiscal year ended December 31, 2017 and in *Forward-Looking Statements and Information* contained in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018, each of which is incorporated by reference into this prospectus supplement, before you decide to purchase the Bonds. This prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference or that are deemed to be incorporated by reference in this prospectus supplement or the accompanying prospectus, and other written and oral statements that we make, contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995 and relevant legal decisions. Our intention with the use of words such as *might*, *may*, *could*, *should*, *anticipates*, *believes*, *estimates*, *expects*, *intends*, *plans*, *projects*, *forecasts*, *predicts*, *assumes* and other similar words is to identify forward-looking statements that involve risk and uncertainty. 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 Annual Report on Form 10-K and Quarterly Report on Form 10-Q are not the only ones we may confront. Additional risks and uncertainties not currently known to us or that we currently deem not material also may impair our business operations. If any of those risks actually occur, our business, financial condition, operating results, cash flow and prospects could be materially adversely affected. This section contains forward-looking statements.*

We may choose to redeem the Bonds prior to maturity.

We may redeem all or a portion of the Bonds at our option at any time at the applicable redemption price described in this prospectus supplement. See *Description of the Bonds* *Optional Redemption*. If prevailing interest rates are lower at the time of redemption, holders of the Bonds to be redeemed may not be able to reinvest the redemption proceeds in a comparable security at an interest rate as high as the interest rate of the Bonds being redeemed.

We cannot provide assurance that an active trading market will develop for the Bonds.

The Bonds will constitute a new series of securities with no established trading market. We do not intend to apply to list the Bonds for trading on any securities exchange or to include the Bonds in any automated quotation system. We cannot provide assurance that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any market, the ability of holders of the Bonds to sell their Bonds or the price at which holders of the Bonds will be able to sell their Bonds. Future trading prices of the Bonds will also depend on many other factors, including, among other things, prevailing interest rates, the market for similar securities, our financial performance and other factors. Generally, the liquidity of, and trading market for, the Bonds may also be materially and adversely affected by declines in the market for similar debt securities. Such a decline may materially and adversely affect that liquidity and trading independent of our financial performance and prospects.

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We estimate that the net proceeds from the sale of the Bonds, after deducting underwriting discounts and commissions but before deducting estimated offering expenses, will be approximately \$539,528,000. We intend to use the net proceeds of the offering of the Bonds to redeem our 5.65% First Mortgage Bonds due September 15, 2018, of which \$250,000,000 aggregate principal amount is outstanding, and for general corporate purposes.

RATIOS OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges for the three months ended March 31, 2018 and each of the fiscal years ended December 31, 2013 through 2017 are as follows:

	Three Months Ended		Year Ended December 31,			
	<u>March 31, 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Ratio of earnings to fixed charges: (a)	4.58	4.18	4.10	4.26	4.19	4.27

(a) For purposes of computing the ratio, earnings represent the sum of pre-tax income, net interest charges and the estimated interest portions of lease rentals, plus distributed income of equity investees less earnings from equity investees.

See Exhibit 12.2 to Consumers' Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018 for the items constituting earnings and fixed charges, including the estimated interest portion of lease rental in respect of fixed charges.

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The following table sets forth our capitalization at March 31, 2018 on an actual basis and on an as adjusted basis to reflect the sale of \$550,000,000 of Bonds in this offering, the retirement in April 2018 of \$67,700,000 aggregate principal amount of tax-exempt pollution control revenue bonds and the application of the net proceeds as described under "Use of Proceeds". This table should be read in conjunction with "Summary Historical Consolidated Financial Data" contained in this prospectus supplement and our consolidated financial statements and related notes and other financial information incorporated by reference in this prospectus supplement. See "Where You Can Find More Information".

	At March 31, 2018	
	Actual	As Adjusted
	(Unaudited, dollars in millions)	
Cash and cash equivalents	<u>\$ 115</u>	<u>\$ 405</u>
Current portion of long-term debt, capital leases, and financing obligation	<u>\$ 715</u>	<u>\$ 397</u>
Non-current portion of capital leases and financing obligation	\$ 86	\$ 86
Long-term debt:		
4.05% First Mortgage Bonds due 2048		550
Other long-term debt (excluding current maturities)	5,211	5,211
Preferred stock	37	37
Common stockholder's equity	<u>6,676</u>	<u>6,676</u>
Total capitalization	<u>\$ 12,010</u>	<u>\$ 12,560</u>

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DESCRIPTION OF THE BONDS

General

The Bonds will be issued as a series of first mortgage bonds under the indenture that is referred to in the accompanying prospectus as the Mortgage Indenture, as supplemented by a supplemental indenture thereto establishing the terms of the Bonds to be dated as of May 14, 2018 (the **supplemental indenture**). In connection with the change of the state of incorporation from Maine to Michigan in 1968, Consumers succeeded to, and was substituted for, the Maine corporation under the indenture. The Bonds will be initially limited in aggregate principal amount to \$550,000,000. The indenture permits us to re-open the offering of the Bonds without the consent of the holders of the Bonds. Accordingly, the principal amount of the Bonds may be increased in the future on the same terms and conditions (except the price to the public, the date of original issuance and, if applicable, the initial interest accrual date and the first interest payment date) and with the same CUSIP number as the Bonds being offered by this prospectus supplement, provided that such additional bonds must be part of the same issue as the Bonds offered hereby for U.S. federal income tax purposes or, if they are not part of the same issue for such purposes, such additional bonds must be issued with a separate CUSIP number. The Bonds offered by this prospectus supplement and any such additional bonds will constitute a single series of debt securities. This means that, in circumstances where the indenture provides for the holders of bonds to vote or take any action, the holders of the Bonds offered by this prospectus supplement and the holders of any such additional bonds will vote or take that action as a single class.

At March 31, 2018, 26 series of first mortgage bonds in an aggregate principal amount of approximately \$5.535 billion were outstanding under the indenture, excluding four series of first mortgage bonds in an approximate aggregate principal amount of \$930 million to secure credit facilities and two series of first mortgage bonds in an approximate aggregate principal amount of \$104 million to secure outstanding pollution control and solid waste revenue bonds. In addition, in April 2018, Consumers retired \$67.7 million of tax-exempt pollution control revenue bonds at maturity.

The statements herein concerning the Bonds and the 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 indenture, including the supplemental indenture, which are incorporated herein by this reference. They make use of defined terms and are qualified in their entirety by express reference to the indenture, including the supplemental indenture, a copy of which will be made available upon request to the trustee.

Payment and Maturity

The Bonds will mature on May 15, 2048 unless earlier redeemed. The Bonds will bear interest at a rate of 4.05% per year. At maturity, Consumers will pay the aggregate principal amount of the Bonds then outstanding. Each Bond will bear interest from the original date of issue, payable semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 2018, and at the date of maturity. We will pay interest to holders of record at 5:00 p.m., New York City time, on the May 1 and November 1 preceding the relevant interest payment date (whether or not a business day), except that interest payable at stated maturity shall be paid to the person or entity to whom the principal amount is paid. 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 not including, such interest payment date or the date of maturity, as the case may be. So long as the Bonds are in book-entry form, principal of and premium and interest on the Bonds will be payable, and the Bonds may be transferred, only through the facilities of DTC. Interest on the Bonds 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 or maturity date of any Bond shall not be a business day 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 or maturity date, and no interest shall accrue on the amount so payable for the period from and after such interest payment date, redemption date or maturity date, as the case may be, to such business day.

Registration, Transfer and Exchange

The Bonds will be initially issued in the form of one or more bonds in registered, global form, without coupons, in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof as described under "Book-Entry System" below. The global Bonds will be registered in the name of the nominee of DTC. Except as described under "Book-Entry System" below, owners of beneficial interests in a global Bond will not be entitled to have Bonds registered in their names, will not receive or be entitled to receive physical delivery of any such Bond and will not be considered the registered holder thereof under the indenture.

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Optional Redemption

The Bonds will be redeemable at Consumers' option, in whole or in part, at any time or from time to time, at a redemption price equal to 100% of the principal amount of such Bonds being redeemed plus, in the case of any redemption prior to the par call date (as defined below), the applicable premium (as defined below), if any, thereon at the time of redemption, together with (at any time) accrued and unpaid interest, if any, thereon to, but not including, the redemption date. In no event will the redemption price be less than 100% of the principal amount of the Bonds being redeemed plus accrued and unpaid interest, if any, thereon to, but not including, the redemption date.

The following definitions are used to determine the applicable premium:

Par call date means November 15, 2047.

Applicable premium means, with respect to a Bond (or portion thereof) being redeemed at any time prior to the par call date, the excess of (i) the present value at the redemption date of (A) the principal amount of such Bond (or portion thereof) being redeemed as though such Bond (or portion thereof) matured on the par call date plus (B) all remaining scheduled interest payments on such Bond (or portion thereof) after such redemption date that would be due if such Bond matured on the par call date (but, for the avoidance of doubt, excluding any portion of such payments of interest accrued to such redemption date), which present value shall be computed by Consumers using a discount rate equal to the treasury rate (as defined below) plus 15 basis points, over (ii) the principal amount of such Bond (or portion thereof) being redeemed at such time. For purposes of this definition, the present values of interest and principal payments will be determined in accordance with generally accepted principles of financial analysis.

Treasury rate means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (the **statistical release**)) that has become publicly available at least two business days prior to the redemption date (or, if such statistical release is no longer published, any publicly available source of similar market data) most nearly equal to the then remaining average life to stated maturity of the Bonds being redeemed (assuming for this purpose that such Bonds matured on the par call date); provided, however, that if the average life to stated maturity of the Bonds being redeemed is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the treasury rate shall be obtained by Consumers by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given.

If less than all of the Bonds are to be redeemed and (i) the Bonds are in global form, the interests in the Bonds to be redeemed shall be selected for redemption by DTC in accordance with DTC's standard procedures therefor, and (ii) the Bonds are in definitive form, the Bonds to be redeemed shall be selected by lot. Notice of redemption shall be delivered not less than 10 nor more than 60 days prior to the date fixed for redemption to the holders of the Bonds to be redeemed (which, as long as the Bonds are held in the book-entry only system, will be DTC (or its nominee) or a successor depository (or the successor's nominee)); provided, however, that the failure to duly deliver such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of the Bonds as to which there shall have been no such failure or defect. On and after the date fixed for redemption (unless Consumers shall default in the payment of the Bonds or portions thereof to be redeemed at the applicable redemption price, together with accrued and unpaid interest, if any, thereon to, but not including, such date), interest on the Bonds or the portions thereof so called for redemption shall cease to accrue.

Sinking Fund Requirement

The Bonds will not have the benefit of any sinking fund or be subject to redemption at the option of the holder.

Issuance of Additional First Mortgage Bonds

Additional first mortgage bonds may be issued under the indenture in principal amount of up to 60% of unfunded net property additions or against the deposit of an equal amount of cash, if, for any period of twelve consecutive months within the fifteen preceding calendar months, the net earnings of Consumers (before income or excess profit taxes) shall have been at least twice the interest requirement for one year on all first mortgage bonds outstanding and to be issued and on indebtedness of prior or equal rank. Additional first mortgage bonds may also be issued to refund first mortgage bonds outstanding under the indenture. Deposited cash may be applied to the retirement of first mortgage bonds or be withdrawn in an amount equal to the principal amount of first mortgage bonds that may be issued on the basis of unfunded net property additions. Such future issuances are also subject to certain other requirements set forth in the indenture. As of March 31, 2018, unfunded net property additions were approximately \$9.6 billion, and Consumers could issue approximately \$5.8 billion of additional first mortgage bonds on the basis of such property additions. In

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addition, as of March 31, 2018, Consumers could issue approximately \$353 million of additional first mortgage bonds on the basis of first mortgage bonds previously retired.

The Bonds are to be issued upon the basis of unfunded net property additions.

Limitations on Dividends

The supplemental indenture does not restrict Consumers' ability to pay dividends on its common stock.

Repurchase and Cancellation

We may, to the extent permitted by law, repurchase any Bonds in the open market or by tender offer at any price or by private agreement. Any Bonds repurchased by us may, at our option, be surrendered to the trustee for cancellation. Any Bonds surrendered for cancellation may not be reissued or resold and will be promptly cancelled.

The Trustee

The Bank of New York Mellon is the trustee and paying agent for the Bonds under the indenture. Consumers and its affiliates maintain depositary and other normal banking relationships with The Bank of New York Mellon.

Additional Information

For additional information about the Bonds, see "Description of Securities - Consumers' First Mortgage Bonds" in the accompanying prospectus, including information about the priority and security of the Bonds, information about the release and substitution of property subject to the lien of the indenture, modification of the indenture and a description of events of default under the indenture.

Book-Entry System

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The Bonds will be evidenced by one or more global Bonds. We will deposit the global Bonds with or on behalf of DTC and register the global Bonds in the name of Cede & Co. as DTC's nominee. Except as set forth below, a global Bond may be transferred, in whole or in part, only to DTC, to another nominee of DTC or to a successor of DTC or its nominee.

Beneficial interests in a global Bond may be held through organizations that are participants in DTC (called **participants**). Transfers between participants will be effected in the ordinary way in accordance with DTC rules and will be settled in clearing house funds. The laws of some states require that certain persons take physical delivery of securities in definitive form. As a result, the ability to transfer beneficial interests in the global Bonds to such persons may be limited.

Beneficial interests in a global Bond held by DTC may be held only through participants, or certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a participant, either directly or indirectly (called **indirect participants**). So long as Cede & Co., as the nominee of DTC, is the registered owner of a global Bond, Cede & Co. for all purposes will be considered the sole holder of such global Bond. Holders of the Bonds may elect to hold interests in a global Bond through DTC, through Clearstream Banking, SA (**Clearstream**), or Euroclear Bank SA/NV, as operator of the Euroclear System (**Euroclear**), if they are participants of such systems, or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on DTC's books. Except as provided below, owners of beneficial interests in a global Bond will:

- not be entitled to have certificates registered in their names;
- not receive physical delivery of certificates in definitive registered form; and
- not be considered holders of the global Bonds.

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We will pay principal of, premium, if any, and interest on, a global Bond to Cede & Co., as the registered owner of the global Bonds, by wire transfer of immediately available funds on the maturity date, any redemption date or each interest payment date, as the case may be. None of we, the trustee or any paying agent will be responsible or liable:

- for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a global Bond; or
- for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

DTC has advised us that it will take any action permitted to be taken by a holder of the Bonds only at the direction of one or more participants to whose account with DTC interests in the global Bonds are credited, and only in respect of the principal amount of the Bonds represented by the global Bonds as to which the participant or participants has or have given such direction.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York, and a member of the Federal Reserve System;
- a clearing corporation within the meaning of the Uniform Commercial Code; and
- a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the **Exchange Act**).

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants. Participants include securities brokers, dealers, banks, trust companies and clearing corporations and other organizations. Some of the participants or their representatives, together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

If DTC at any time is unwilling or unable to continue as a depository, defaults in the performance of its duties as depository or ceases to be a clearing agency registered under the Exchange Act or other applicable statute or regulation, and a successor depository is not appointed by us

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within 90 days, we will issue Bonds in definitive form in exchange for the global securities relating to the Bonds. In addition, we may at any time and in our sole discretion and subject to DTC's procedures determine not to have the Bonds or portions of the Bonds represented by one or more global securities and, in that event, will issue individual Bonds in exchange for the global security or securities representing the Bonds. Further, if we so specify with respect to any Bonds, an owner of a beneficial interest in a global security representing the Bonds may, on terms acceptable to us and the depository for the global security, receive individual Bonds in exchange for the beneficial interest. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery in definitive form of Bonds represented by the global security equal in principal amount to the beneficial interest, and to have the Bonds registered in its name. Bonds so issued in definitive form will be issued as registered Bonds in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof, unless otherwise specified by us.

Clearstream has advised us that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations (**Clearstream participants**) and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as Commission de Surveillance du Secteur Financier. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly. Distributions with respect to interests in the Bonds held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures.

Euroclear has advised us that it was created in 1968 to hold securities for participants of Euroclear (**Euroclear participants**) and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment,

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thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank SA/NV (**Euroclear Operator**) under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the **Cooperative**). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the terms and conditions governing the use of Euroclear and the related operating procedures of Euroclear, and applicable Belgian law, which we refer to collectively as the **Terms and Conditions** . The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no records of or relationship with persons holding through Euroclear participants.

We have provided the descriptions of the operations and procedures of Clearstream and Euroclear in this prospectus supplement solely as a matter of convenience. These operations and procedures are solely within the control of those organizations and are subject to change by them from time to time. None of us, the trustee, the registrar or the paying agent takes any responsibility for these operations or procedures, and you are urged to contact Clearstream and Euroclear or their participants directly to discuss these matters.

Euroclear advises that investors that acquire, hold and transfer interests in the Bonds by book-entry through accounts with the Euroclear Operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global Bonds.

Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear, as applicable.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other hand, will be effected through DTC in accordance with DTC's rules; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within the established deadlines of such system.

Due to time-zone differences, credits of the Bonds received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Bonds settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of the Bonds by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

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Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Bonds among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be changed or discontinued at any time. None of we, the trustee, the registrar or the paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of the Bonds by Clearstream or Euroclear, or for maintaining, supervising or reviewing any records of those organizations relating to the Bonds.

None of we, the trustee, the registrar or the paying agent will have any responsibility or liability for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

General

The following is a discussion of the material U.S. federal income tax considerations applicable to an investment in the Bonds (referred to in this section as the **Securities**) by a purchaser of Securities in the offering at the issue price (which is the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Securities are sold) that holds the Securities as capital assets within the meaning of the Internal Revenue Code of 1986, as amended (the **Code**). This discussion does not address any tax considerations that may apply to holders subject to special tax rules, such as financial institutions, banks, insurance companies, dealers in securities or currencies, persons that mark-to-market their securities, former U.S. citizens or long-term residents, life insurance companies, tax-exempt entities, tax-deferred or other retirement accounts, regulated investment companies, persons subject to the alternative minimum tax, persons that hold Securities as a position in a straddle or as part of a hedging, constructive sale or conversion transaction for U.S. federal income tax purposes, or U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar or that hold their Securities through a foreign broker or other foreign intermediary.

If a holder purchases Securities at a price other than the issue price, the amortizable bond premium, acquisition premium or market discount rules may also apply to such holder. This summary also does not deal with holders other than original purchasers who purchase the Securities upon original issuance at their original issue price.

For purposes of this discussion, a **U.S. Holder** means a beneficial owner of Securities that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) the administration of the trust is subject to the primary supervision of a court in the United States and for which one or more U.S. persons have the authority to control all substantial decisions or (ii) it has a valid election in effect to be treated as a U.S. person.

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If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Securities, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. Partnerships and partners of partnerships that will hold Securities should consult their tax advisors.

As used herein, a **Non-U.S. Holder** is a beneficial owner of Securities that is not a U.S. Holder and is not a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

This summary is based on the Code, Treasury regulations promulgated under the Code and judicial and administrative interpretations thereof, all as in effect on the date hereof and all of which are subject to change, which change may be retroactive and may affect the tax consequences described herein.

This discussion is not intended to constitute a complete analysis of all tax considerations relevant to an investment in the Securities. It does not take into account the individual circumstances of any particular prospective investor, nor does it address any aspect of estate, generation-skipping or gift tax laws or of state, local or foreign tax laws. We strongly urge a holder to consult its own tax advisor for advice concerning the application of the U.S. federal tax laws to that holder's particular situation, as well as any tax consequences arising under state, local or foreign tax laws.

U.S. Holders

Interest

Stated interest on the Securities will be included in the income of a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with such holder's regular method of accounting for U.S. federal income tax purposes. It is expected (and this

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discussion assumes) that the Securities will be issued with no more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes.

Sale, Exchange or Other Taxable Disposition of the Securities

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Security, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the disposition, excluding any amounts attributable to accrued but unpaid interest (which will be taxable as ordinary interest income to the extent not already included in income), and the U.S. Holder's tax basis in the Security. A U.S. Holder's tax basis in a Security generally will equal its cost. This gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if the U.S. Holder has held the Security for more than one year and otherwise will be short-term capital gain or loss. For individuals, long-term capital gains are currently taxed at a lower rate than ordinary income. Short-term capital gains are taxed at rates applicable to ordinary income. The deductibility of capital losses is subject to limitations.

Net Investment Income Tax

Certain U.S. Holders who are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their net investment income, which may include all or a portion of their interest income and gains from the sale or other disposition of a Security. U.S. Holders should consult their tax advisors regarding the effect, if any, of the net investment income tax on their ownership or disposition of a Security.

Recent Tax Legislation

Pursuant to recently enacted legislation, for taxable years beginning after December 31, 2017, with respect to a debt instrument with market discount, and for taxable years beginning after December 31, 2018, with respect to a debt instrument issued with original issue discount, an accrual method taxpayer that reports revenues on an applicable financial statement generally must recognize income for U.S. federal income tax purposes no later than the taxable year in which such income is taken into account as revenue in an applicable financial statement of the taxpayer. For this purpose, an applicable financial statement generally means a financial statement certified as having been prepared in accordance with generally accepted accounting principles or that is made on the basis of international financial reporting standards and that is used by the taxpayer for various specified purposes. This rule could potentially require such a taxpayer to recognize income for U.S. federal income tax purposes with respect to the Securities prior to the time such income would be recognized pursuant to the rules described above. Potential investors in the Securities should consult their tax advisors regarding the potential applicability of these rules to their investment in the Securities.

Information Reporting and Backup Withholding

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A U.S. Holder generally will be subject to information reporting with respect to (i) payments of principal, premium, if any, and interest on the Securities and (ii) proceeds from the sale, exchange, redemption, retirement or other disposition of the Securities. Backup withholding at the applicable statutory rate also may apply to such payments if the U.S. Holder fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable certification requirements or otherwise establish an exemption from backup withholding.

Information reporting and backup withholding will not apply with respect to payments made to certain exempt recipients, including corporations and certain other persons who, when required, demonstrate their exempt status; however, exempt recipients that are not subject to backup withholding and do not provide an Internal Revenue Service (**IRS**) Form W-9 will nonetheless generally be treated as foreign payees subject to withholding under FATCA (as defined below), and may be withheld upon at the 30% rate discussed below under **FATCA**. The current backup withholding rate is 24%. Backup withholding tax is not an additional tax and may be credited against a U.S. Holder's regular U.S. federal income tax liability or refunded by the IRS provided that the required information is timely furnished to the IRS.

If you do not provide your correct taxpayer identification number on the IRS Form W-9 or substantially similar form, you may be subject to penalties imposed by the IRS. Unless you have established on a properly executed IRS Form W-9 or substantially similar form that you are a corporation or come within another enumerated exception, interest and other payments on the Securities paid to you during the calendar year, and the amount of tax withheld, if any, may be reported to you and to the IRS. It is anticipated that income on the Securities will be reported to U.S. Holders on Form 1099-INT and mailed to U.S. Holders by January 31 following each calendar year.

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Non-U.S. Holders

The rules governing the United States federal income taxation of Non-U.S. Holders are complex, and no attempt will be made herein to provide more than a summary of such rules. Special rules may apply to certain Non-U.S. Holders such as controlled foreign corporations and passive foreign investment companies. Non-U.S. Holders should consult their tax advisors about the rules concerning the tax consequences to them of the purchase, ownership and disposition of the Securities, including withholding on payments to Non-U.S. Holders and the potential application of tax treaties.

Payments of Interest

Under present United States federal income tax law, subject to the discussions of backup withholding and FATCA below, principal or interest on Securities paid to a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax unless: (i) the interest is effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business; (ii) the Non-U.S. Holder owns, actually, indirectly or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, is a controlled foreign corporation related, directly or indirectly, to us through stock ownership or is a bank that acquired the Securities in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business; or (iii) the Non-U.S. Holder fails to satisfy the nonresident status certification requirements (as described below).

The certification requirements will be satisfied in respect of a Non-U.S. Holder if either (i) the beneficial owner of a Security timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. federal income tax, that such owner is not a U.S. person and provides its name and address or (ii) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Security in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. federal income tax, that such statement has been received from the beneficial owner of the Security by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. The foregoing certification may be provided on a properly completed IRS Form W-8BEN, W-8BEN-E or W-8IMY, as applicable.

A Non-U.S. Holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the Non-U.S. Holder), in which case the Non-U.S. Holder will be subject to U.S. federal income tax on a net income basis at the rates applicable to U.S. Holders generally; or

- an applicable income tax treaty provides for a reduced rate of, or exemption from, U.S. federal withholding tax.

A corporate Non-U.S. Holder that has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty), which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits.

Special rules regarding exemption from, or reduced rates of, U.S. withholding tax may apply in the case of Securities held by partnerships or certain types of trusts. Partnerships and trusts that are prospective purchasers should consult their own tax advisors regarding special rules that may be applicable in their particular circumstances.

To claim an exemption from U.S. federal withholding tax with respect to interest on the Securities that is effectively connected with a Non-U.S. Holder's U.S. trade or business, the holder generally must provide to us or the withholding agent a properly executed IRS Form W-8ECI (or appropriate substitute form). To claim the benefit of an applicable income tax treaty for an exemption from (or reduced rate of) U.S. federal withholding tax, a Non-U.S. Holder must timely provide the appropriate and properly executed IRS forms (generally IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable).

Non-U.S. Holders may be required to periodically update their IRS forms. Non-U.S. Holders should consult their tax advisors concerning certification requirements.

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Sale, Exchange or Other Taxable Disposition of the Securities

Subject to the discussions of backup withholding and FATCA below, gain recognized by a Non-U.S. Holder on the sale, exchange, redemption, retirement or disposition of Securities generally will not be subject to U.S. federal income tax unless: (i) the gain is effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business (and, if required under an applicable income tax treaty, is attributable to a permanent establishment maintained in the United States by the Non-U.S. Holder); or (ii) in the case of gain recognized by a Non-U.S. Holder who is an individual, he or she is present in the United States for a total of 183 days or more during the taxable year in which such gain is recognized and certain other conditions are met.

Except to the extent that an applicable income tax treaty otherwise provides, generally a Non-U.S. Holder will be taxed in the same manner as a U.S. Holder with respect to gain that is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business. A corporate Non-U.S. Holder may also, under certain circumstances, be subject to the branch profits tax described above. A Non-U.S. Holder who is an individual present in the United States for 183 days or more in the taxable year and meets certain other conditions will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which capital gains from U.S. sources (including gains from the sale or other disposition of the Securities) exceed capital losses allocable to U.S. sources. To claim the benefit of an applicable income tax treaty, a Non-U.S. Holder may be required to file an income tax return and disclose its position under the Treasury regulations concerning treaty-based return positions.

FATCA

Legislation enacted as part of the Hiring Incentives to Restore Employment Act (the **HIRE Act**), commonly referred to as the Foreign Account Tax Compliance Act (**FATCA**), generally imposes U.S. federal withholding tax at a rate of 30% on (i) U.S. source interest (including interest paid on the Securities) and (ii) the gross proceeds from the sale or other disposition of obligations that produce U.S. source interest (including the sale, exchange, redemption, retirement or other disposition of the Securities) made after December 31, 2018, in each case to certain foreign entities, unless various information reporting, withholding and other requirements are satisfied. In the case of payments made to a foreign financial institution (as defined in Section 1471(d)(4) of the Code and the Treasury regulations promulgated thereunder), subject to certain exceptions, the tax will generally be imposed unless the foreign financial institution enters into an agreement with the U.S. Treasury Department to collect and disclose certain information regarding its U.S. account holders (including certain account holders that are foreign entities that have U.S. owners) and satisfies certain other requirements or is deemed to be compliant with the requirements of FATCA, pursuant to an intergovernmental agreement in respect of FATCA or otherwise. In the case of payments made to certain other non-U.S. entities, the tax generally will be imposed unless such entity provides the payor with certain information regarding certain direct and indirect U.S. owners of the entity, or certifies that it has no such U.S. owners, and complies with certain other requirements. No additional amounts will be payable on account of any withholding obligation that is imposed with respect to payments on the Securities as a result of the failure of any holder or beneficial owner of a Security, or any intermediary through which it directly or indirectly owns such Security, to comply with the requirements of FATCA. Holders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA and the HIRE Act on their investment in the Securities.

The HIRE Act also imposes U.S. return disclosure obligations (and related penalties for failure to disclose) on U.S. individuals that hold certain specified foreign financial assets (which include financial accounts in foreign financial institutions).

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Holders are encouraged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in the Securities.