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CONSUMERS ENERGY CO  
Form 11-K  
June 25, 2004

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, 2003

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  
(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  
(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, 2003 and 2002 and  
Year ended December 31, 2003

CONTENTS

Report of Independent Registered Public Accounting Firm.....	1
Audited Financial Statements	
Statements of Net Assets Available for Benefits.....	2
Statement of Changes in Net Assets Available for Benefits.....	3
Notes to Financial Statements.....	4

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Supplemental Schedule

Schedule H, Line 4i -- Schedule of Assets (Held at End of Year)..... 10

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, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2003 and 2002, and the changes in its net assets available for benefits for the year ended December 31, 2003 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, 2003, is presented for purpose 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 auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Detroit, Michigan  
June 16, 2004

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

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## Statements of Net Assets Available for Benefits

	DECEMBER 31	
	2003	2002
	----	----
<b>ASSETS</b>		
<b>Investments:</b>		
Guaranteed investment contracts (at contract value)	\$132,664,682	\$133,883,841
Fidelity Managed Income Portfolio II	33,777,215	-
CMS Energy Corporation Common Stock	106,921,647	114,336,401
Fidelity Dividend Growth Fund	150,917,774	129,595,779
Nicholas-Applegate Core Growth Institutional Portfolio Fund	-	26,958,174
Comerica Foreign Equity Fund	-	12,094,531
Vanguard Large-Cap Value Index Fund	-	7,916,780
Vanguard S&P 500 Index Fund	-	10,733,054
Vanguard Large-Cap Growth Index Fund	-	10,999,521
Nicholas-Applegate Small-Cap Growth Fund	-	7,710,161
Comerica Small Cap Index Fund	569,783	-
Comerica Large Cap Index Fund	11,487,580	-
Comerica Large Cap Value Index Fund	9,037,178	-
Comerica Midcap Index Fund	840,724	-
Comerica 500 Index Fund	12,760,323	-
Calamos Growth Fund	44,078,782	-
Janus Mid Cap Value Fund	2,797,972	-
Fidelity Intermediate Bond Fund	5,431,304	-
Fidelity Low Price Stock Fund	5,755,548	-
Fidelity Diversified International Fund	17,313,392	-
Fidelity Small Cap Stock Fund	11,496,264	-
Fidelity Freedom Income Fund	901,377	-
Fidelity Freedom 2010 Fund	2,648,264	-
Fidelity Freedom 2020 Fund	1,270,879	-
Fidelity Freedom 2030 Fund	253,399	-
Fidelity Freedom 2040 Fund	284,550	-
Short term investments	119,713	38,830,403
Loans to participants	24,813,736	31,092,239
	-----	-----
Total investments	576,142,086	524,150,884
<b>Receivables:</b>		
Participant contributions	-	3,576,748
Interest and dividends	-	97,095
Other receivables	157,045	-
	-----	-----
	157,045	3,673,843
<b>LIABILITY</b>		
Other	65,167	54,056
	-----	-----
Net assets available for benefits	\$576,233,964	\$527,770,671
	=====	=====

See accompanying notes.

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

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2003

ADDITIONS	
Interest and dividend income	\$ 13,796,438
Participant contributions	37,584,906
	-----
Total additions	51,381,344
DEDUCTIONS	
Benefits payments, withdrawals and distributions	50,184,309
Administrative expenses	200,910
	-----
Total deductions	50,385,219
Net realized and unrealized appreciation in fair value of investments	47,467,168
	-----
Net increase	48,463,293
Net assets available for benefits:	
Beginning of year	527,770,671
	-----
End of year	\$ 576,233,964
	=====

See accompanying notes.

3

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

Notes to Financial Statements

December 31, 2003 and 2002  
and Year Ended December 31, 2003

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

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subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

### CONTRIBUTIONS

Participants in the Plan may elect to make pre-tax or after-tax contributions in amounts equal to whole percentages from 1% to 25% of their eligible compensation, as defined by the Plan, subject to certain limitations as set forth in 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 11%.

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 are expected to resume 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.

4

### 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, Elective Employer 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.

##### 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 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.

##### VESTING

Participants are immediately vested in their contributions and Elective Employer 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.

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### 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 2003 and 2002 were \$59,392 and \$167,015, respectively, and are treated as a reduction of the Employer's contribution. As of December 31, 2003 and December 31, 2002, the cumulative unallocated forfeitures were \$103,042 and \$78,806. 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

5

### 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)

distributions of 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, 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

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against contract values for credit risk of contract issues or otherwise. Contract value approximates fair value. The average yield for these contracts was 6.20% in 2003 and 6.31% in 2002. The crediting interest rate for these investment contracts ranged from approximately 5.40% to 7.10% in both 2003 and 2002, respectively. 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.

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 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 2003, 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 (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS DECEMBER 31, 2003
	-----
Mutual funds	\$ 54,301,990
CMS Energy Corporation Common Stock	(6,834,822)
	-----
	\$ 47,467,168
	=====

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

### Notes to Financial Statements

#### 4. DIFFERENCES BETWEEN FINANCIAL STATEMENTS AND FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	DECEMBER 31 2003 -----	2002 -----
Net assets available for benefits per the financial statements	\$ 576,233,964	\$ 527,
Amounts allocated to withdrawn participants	-	(6,
	-----	-----
Net assets available for benefits per the Form 5500	\$ 576,233,964 =====	\$ 521, =====

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

	YEAR ENDED DECEMBER 31, 2003 -----
Benefits paid to participants per the financial statements	\$ 50,184,309
Add amounts allocated on Form 5500 to withdrawn participants at December 31, 2003	-
Less amounts allocated on Form 5500 to withdrawn participants at December 31, 2002	(6,734,928)
	-----
Benefits paid to participants per the Form 5500	\$ 43,449,381 =====

Amounts allocated to withdrawn participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to year-end but not yet paid.

#### 5. CONTINGENT LIABILITIES

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.



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

### Notes to Financial Statements

#### 5. CONTINGENT LIABILITIES (CONTINUED)

Plaintiffs also seek other equitable relief and legal fees. The judge issued an opinion and order dated March 31, 2004 in connection with the motions to dismiss filed by CMS Energy Corporation, Consumers Energy Company and the individuals. The judge dismissed certain of the amended counts in the plaintiffs' complaint and denied CMS Energy Corporation's motion to dismiss the other claims in the complaint. CMS Energy Corporation, Consumers Energy Company and the individual defendants filed answers to the amended complaint on May 14, 2004. These cases will be defended vigorously. CMS Energy and Consumers cannot predict the outcome of this litigation.

#### 6. 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 Internal Revenue Code (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.

#### 7. PANHANDLE SALE

On June 11, 2003, CMS Energy Corporation completed the previously announced sale of all of the outstanding stock of Panhandle Eastern Pipe Line Company (Panhandle) to Southern Union Panhandle Corp., a newly formed entity owned by Southern Union Company. All Panhandle participants in the Plan were 100% vested in both the Matching Employer and Incentive Contributions upon completion of the sale.

#### 8. 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.

#### 9. SUBSEQUENT EVENT

Effective June 3, 2004, the contribution limit of a member earning \$90,000 or more was raised from 11.0% to 12.5% of the participant's eligible compensation.

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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, 2003

IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY -----	DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE -----	COST -----
New York Life Insurance Company	7.10% Matures 06/27/2005	
Principal Mutual Life Insurance Company	6.00% Matures 02/15/2005	
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	6.97% Matures 06/21/2004	
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 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	\$ =====
 * Party-in-interest.		

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

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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, Human Resources,  
CMS Energy Corporation and  
Consumers Energy Company  
Dated: June 22, 2004

EXHIBITS

Exhibit Number	Description
-----	-----
(23)	Consent of Independent Registered Public Accounting Firm
(32)	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002