

CMS ENERGY CORP
Form 424B5
March 05, 2018
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Registration No. 333-216355

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated March 5, 2018

PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MARCH 1, 2017

\$

CMS Energy Corporation

% Junior Subordinated Notes due 20

We are offering \$ aggregate principal amount of our % Junior Subordinated Notes due 20 , referred to as the Notes. The Notes will bear interest at the rate of % per year. Interest on the Notes is payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on June 15, 2018. So long as no event of default has occurred and is continuing, we may defer interest payments on one or more occasions for up to 40 consecutive quarterly periods, as described in this prospectus supplement. Any deferred interest payments will bear additional interest at the rate of % per year, to the extent legally permitted. The Notes will mature on 20 .

We may redeem the Notes at our option for cash, at the times and at the applicable redemption price described in this prospectus supplement. There will be no sinking fund for the Notes. The Notes will be issued only in denominations of \$25 and integral multiples in excess thereof.

The Notes will be CMS Energy Corporation's unsecured obligations and will rank subordinate and junior in right of payment to all of CMS Energy Corporation's existing and future senior indebtedness. The Notes will rank equal in right of payment to any other *pari passu* junior subordinated debt securities that we may issue in the future.

The Notes will constitute a new series of securities with no established trading market. We will apply to list the Notes for trading on the New York Stock Exchange. If approved for listing, trading on the New York Stock Exchange is expected to commence within 30 days after the Notes are first issued.

This investment involves risk. See Risk Factors beginning on page S-9 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 Note	Total
Price to the public(1)	%	\$
Underwriting discount(2)	%	\$
Proceeds to CMS Energy Corporation (before expenses)	%	\$

(1) Plus accrued interest, if any, from March , 2018. Purchasers of Notes must pay accrued interest if settlement occurs after that date.

(2) An underwriting discount of \$ per Note sold in this offering (or up to \$ for all Notes) will be deducted from the proceeds paid to CMS Energy Corporation by the underwriters. However, the discount will be \$ per Note for sales to institutions. As a result of sales to certain institutions, the total underwriting discount and the total proceeds to CMS Energy Corporation (after deducting such discount) will equal \$ and \$, respectively.

We have granted the underwriters an option to purchase up to an additional \$ aggregate principal amount of Notes to cover over-allotments, if any, for 30 days following the date of this prospectus supplement. Should the underwriters exercise this option in full, upon the exercise of the option, the total initial price to the public, underwriting discount and proceeds to CMS Energy Corporation (before expenses) will equal \$, \$ and \$, respectively, assuming all such additional Notes are sold to retail investors.

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 Notes on or about March , 2018 only in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*.

Joint Book-Running Managers

BofA Merrill Lynch

RBC Capital Markets

Wells Fargo Securities

Co-Managers

Citigroup

Comerica Securities

Fifth Third Securities

US Bancorp

The date of this prospectus supplement is March , 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 Notes 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 Notes. 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 with the Securities and Exchange Commission (**SEC**) using a shelf registration process. Under the registration statement, we may sell securities, including Notes, 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 **CMS Energy** , **we** , **our** and **us** as used in this document refer to CMS Energy Corporation and its subsidiaries and predecessors as a combined entity, except where it is made clear that such term means only CMS Energy Corporation.

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.

CMS Energy Corporation

CMS Energy is an energy company operating primarily in Michigan and is the parent holding company of several subsidiaries, including Consumers Energy Company (**Consumers**) and CMS Enterprises Company (**Enterprises**). Consumers 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. Enterprises, through its subsidiaries and equity investments, is engaged in domestic independent power production, the marketing of independent power production and the development of renewable generation. CMS Energy manages its businesses by the nature of services each provides and operates principally in three business segments: electric utility, gas utility, and enterprises, its non-utility operations and investments. CMS Energy's principal executive offices are located at One Energy Plaza, Jackson, Michigan 49201, and CMS Energy's 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 Notes, see "Description of the Notes".

Issuer	CMS Energy Corporation.
Securities Offered	\$ _____ aggregate principal amount (\$ _____ aggregate principal amount if the underwriters exercise their over-allotment option in full) of _____ % Junior Subordinated Notes due 20 _____ (the " Notes ") to be issued under the indenture dated as of June 1, 1997 between us and The Bank of New York Mellon, 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 Notes to be dated as of March _____, 2018 (collectively, the " indenture "). The indenture is referred to in the accompanying prospectus as the Subordinated Debt Indenture.
Maturity	The Notes will mature on _____, 20____, unless earlier redeemed.
Interest Rate	The Notes will bear interest at _____ % per annum. See "Interest Deferral" below.
Interest Payment Dates	Interest on the Notes is payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on June 15, 2018, unless deferred as described below.
Interest Deferral	We may, on one or more occasions, defer the quarterly interest payments on the Notes for up to 40 consecutive quarterly periods, unless an event of default under the Notes has occurred and is continuing. In other words, we may declare at our discretion up to a ten year interest payment moratorium on the Notes and may choose to do that on more than one occasion. We may also elect to shorten the length of any deferral period. Interest payments cannot be deferred, however, beyond the maturity date of the Notes, nor can we begin a new interest deferral period until we have paid all accrued interest on the Notes from the previous deferral period. Any deferred interest on the Notes will accrue additional interest at an annual rate of _____ %, compounded quarterly, to the extent permitted by law.

If we defer payments of interest on the Notes, the Notes will be treated at that time, solely for purposes of the original issue discount rules, as having been retired and reissued with original issue discount for United States federal income tax purposes. This means you would be required to include in your gross income for United States federal income tax purposes the deferred interest payments on your Notes (including interest thereon) before you receive cash interest payments, regardless of your regular method of accounting for

United States federal income tax purposes. For more information about the tax consequences you may have if payments of interest are deferred, see [Material United States Federal Income Tax Considerations U.S. Holders Exercise of Deferral Option](#) below. We have no current intention of exercising our right to defer interest payments on the Notes.

Certain Restrictions during an Optional Deferral Period

During any period in which we defer interest payments on the Notes, neither we nor our majority-owned subsidiaries will do any of the following, with certain limited exceptions:

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- declare or pay any dividends or distributions on CMS Energy Corporation capital stock;
- redeem, purchase, acquire or make a liquidation payment with respect to any CMS Energy Corporation capital stock;
- make any interest, principal or premium payment on, or repay, repurchase or redeem, any CMS Energy Corporation indebtedness that is equal in right of payment with or junior in right of payment to the Notes; or
- make any guarantee payments with respect to any CMS Energy Corporation guarantee of indebtedness of our subsidiaries or any other party that is equal in right of payment with or junior in right of payment to the Notes.

Use of Proceeds

We estimate that the net proceeds from the sale of the Notes, after deducting the underwriting discount but before deducting estimated offering expenses, will be approximately \$ (assuming no exercise of the underwriters' over-allotment option). We intend to use the net proceeds of the offering of the Notes to repay a portion of the \$225 million outstanding term loan under our Term Loan Credit Agreement dated as of December 21, 2017. See Use of Proceeds .

Ranking

The Notes will be our unsecured junior obligations and will rank subordinate and junior in right of payment to all of CMS Energy Corporation's existing and future senior indebtedness. The Notes will rank equal in right of payment to any other *pari passu* junior subordinated notes we may issue from time to time. The Notes are CMS Energy Corporation's obligations exclusively and are not the obligations of any of our subsidiaries. Because we are a holding company, our obligations on the Notes will be effectively subordinated to existing and future indebtedness and other liabilities of our subsidiaries. As of December 31, 2017, CMS Energy Corporation had outstanding approximately \$3.1 billion aggregate principal amount of senior indebtedness (secured and unsecured), and CMS Energy Corporation's subsidiaries had outstanding approximately \$15.7 billion aggregate principal amount of indebtedness, all of which would be effectively senior to the Notes. See Description of the Notes Ranking.

Optional Redemption by CMS Energy

We may redeem the Notes at our option, in whole or in part, at any time on or after March 15, 2023 at a redemption price equal to 100%

of the principal amount of the Notes being redeemed, plus accrued and unpaid interest, if any, thereon to, but not including, the redemption date. See Description of the Notes Optional Redemption .

In addition, we may redeem the Notes at our option, in whole but not in part, at any time before March 15, 2023 if certain changes in tax laws, regulations or interpretations occur, at a redemption price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest, if any, thereon to, but not including, the redemption date. See Description of the Notes Redemption Following a Tax Event .

We may also redeem the Notes at our option, in whole but not in part, at any time before March 15, 2023 if a rating agency makes certain changes in the equity credit criteria for securities such as the Notes. In this event, the redemption price will be equal to 102% of the principal amount of the Notes, plus accrued and unpaid interest, if any, thereon to, but not including, the redemption date. See Description of the Notes Redemption Following a Rating Agency Event .

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Form of Notes	One or more global securities held in the name of The Depository Trust Company (DTC) or its nominee in a minimum denomination of \$25 and any integral multiple in excess thereof.
Trustee and Paying Agent	The Bank of New York Mellon.
Listing	The Notes will constitute a new series of securities with no established trading market. We will apply to list the Notes for trading on the New York Stock Exchange. If approved for listing, trading on the New York Stock Exchange is expected to commence within 30 days after the Notes are first issued.
Trading	The Notes are expected to trade flat, meaning that purchasers will not pay and sellers will not receive any accrued and unpaid interest on the Notes that is not included in the trading price. No assurance can be given as to the liquidity of or trading market for the Notes.
Risk Factors	You should carefully consider each of the factors referred to or as described in the section of this prospectus supplement entitled Risk Factors starting on page S-9 and 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 before purchasing any Notes.

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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 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](#) .

	Year Ended December 31,				
	2017	2016	2015	2014	2013
(Dollars in millions except per share amounts and ratios)					
Income Statement Data:					
Operating revenue	\$ 6,583	\$ 6,399	\$ 6,456	\$ 7,179	\$ 6,566
Income from equity method investees	15	13	14	15	13
Operating expenses (a)	5,245	5,143	5,278	6,067	5,364
Operating income (a)	1,338	1,256	1,178	1,112	1,202
Net income	462	553	525	479	454
Income attributable to noncontrolling interests	2	2	2	2	2
Net income available to common stockholders	460	551	523	477	452
Earnings per average common share:					
Earnings from continuing operations Basic	\$ 1.64	\$ 1.99	\$ 1.90	\$ 1.76	\$ 1.71
Earnings from continuing operations Diluted	1.64	1.98	1.89	1.74	1.66
Earnings attributable to common stock Basic	1.64	1.99	1.90	1.76	1.71
Earnings attributable to common stock Diluted	1.64	1.98	1.89	1.74	1.66
Dividends declared per common share	1.33				