Consumers Energy
Count on Us

A CMS Energy Company

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Senior Vice President
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Vice President and
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July 22, 2014

Ms. Sally L. Wallace
Acting Executive Secretary
Michigan Public Service Commission
4300 West Saginaw
Lansing, MI 48917

Re: Case No. U-17473 – In the Matter of the application of CONSUMERS ENERGY COMPANY for a Financing Order Approving the Securitization of Qualified Costs

Dear Ms. Wallace:

Enclosed for electronic filing in the above-captioned case, please find Consumers Energy Company's Form 8-K as filed with the U.S. Securities and Exchange Commission on July 22, 2014. This is a paperless filing and is therefore being filed only in a PDF format. I have also enclosed a Proof of Service showing electronic service upon the parties.

Sincerely,

H Richard Chambers Digitally signed by H. Richard Chambers Date: 2014.07.22 15:05:12 -04'00'

H Richard Chambers

cc: Hon. Sharon L. Feldman, ALJ
Parties per Attachment 1 to Proof of Service

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 22, 2014**

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
333-195654-01	**CONSUMERS 2014 SECURITIZATION FUNDING LLC** (Delaware) One Energy Plaza Jackson, Michigan 49201 (517) 788-1030	46-5038143
333-195654	**CONSUMERS ENERGY COMPANY** (Depositor and Sponsor) (Michigan) One Energy Plaza Jackson, Michigan 49201 (517) 788-0550	38-0442310

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

On the date hereof, Consumers 2014 Securitization Funding LLC (the "Issuing Entity") issued the Senior Secured Securitization Bonds, Series 2014A as described in the Preliminary Prospectus Supplement dated July 9, 2014 and the Prospectus Supplement dated July 14, 2014. In connection with this issuance, Consumers Energy Company and the Issuing Entity are filing the exhibits listed in Item 9.01(d) below.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Exhibit
3.2	Amended and Restated Limited Liability Company Agreement, dated as of July 22, 2014, of Consumers 2014 Securitization Funding LLC
4.1	Indenture, dated as of July 22, 2014, by and between Consumers 2014 Securitization Funding LLC and The Bank of New York Mellon, as Indenture Trustee and Securities Intermediary
5.1	Opinion of Pillsbury Winthrop Shaw Pittman LLP with respect to legality
8.1	Opinion of Pillsbury Winthrop Shaw Pittman LLP with respect to federal tax matters
23.1	Consent of Pillsbury Winthrop Shaw Pittman LLP (included as part of its opinions filed as Exhibit 5.1 and Exhibit 8.1)
99.1	Securitization Property Servicing Agreement, dated as of July 22, 2014, by and between Consumers 2014 Securitization Funding LLC and Consumers Energy Company, as servicer
99.2	Securitization Property Purchase and Sale Agreement, dated as of July 22, 2014, by and between Consumers 2014 Securitization Funding LLC and Consumers Energy Company, as seller
99.3	Administration Agreement, dated as of July 22, 2014, by and between Consumers 2014 Securitization Funding LLC and Consumers Energy Company, as administrator

99.5	Opinion of Pillsbury Winthrop Shaw Pittman LLP with respect to constitutional matters
99.6	Opinion of Miller Canfield Paddock and Stone, P.L.C. with respect to constitutional matters
99.7	Series Supplement, dated as of July 22, 2014, by and between Consumers 2014 Securitization Funding LLC and The Bank of New York Mellon, as Indenture Trustee
99.8	Intercreditor Agreement, dated as of July 22, 2014, among The Bank of Nova Scotia, Liberty Street Funding LLC, The Bank of New York Mellon, Consumers Funding LLC, Consumers 2014 Securitization Funding LLC, Consumers Receivables Funding II, LLC and Consumers Energy Company

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

CONSUMERS 2014 SECURITIZATION FUNDING LLC

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

CONSUMERS ENERGY COMPANY

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: Vice President and Treasurer

Dated: July 22, 2014

EXHIBIT INDEX

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Exhibit 3.2

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

OF

CONSUMERS 2014 SECURITIZATION FUNDING LLC

Dated and Effective as of

July 22, 2014

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AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF
CONSUMERS 2014 SECURITIZATION FUNDING LLC

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of CONSUMERS 2014 SECURITIZATION FUNDING LLC, a Delaware limited liability company (the "Company"), is made and entered into as of July 22, 2014 by CONSUMERS ENERGY COMPANY, a Michigan corporation (including any additional or successor members of the Company other than Special Members, the "Member").

WHEREAS, the Member has caused to be filed a Certificate of Formation with the Secretary of State of the State of Delaware to form the Company under and pursuant to the LLC Act and has entered into a Limited Liability Company Agreement of the Company, dated as of March 5, 2014 (the

"Original LLC Agreement"); and

WHEREAS, in accordance with the LLC Act, the Member desires to enter into this Agreement to amend and restate in its entirety the Original LLC Agreement and to set forth the rights, powers and interests of the Member with respect to the Company and its Membership Interest therein and to provide for the management of the business and operations of the Company.

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Member, intending to be legally bound, hereby agrees to amend and restate in its entirety the Original LLC Agreement as follows:

ARTICLE I

GENERAL PROVISIONS

SECTION 1.01 Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in Appendix A attached hereto.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words "hereof," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Article, Section, Schedule, Exhibit and Appendix references contained in this Agreement are references to Articles, Sections, Schedules, Exhibits and Appendices of or to this Agreement unless otherwise specified; and the terms "includes" and "including" shall mean "includes without limitation" and "including without limitation", respectively.

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the LLC Act, shall, as the context requires, have the meanings assigned to such terms in the LLC Act as of the date hereof, but without giving effect to amendments to the LLC Act.

SECTION 1.02 Sole Member; Registered Office and Agent.

(a) The initial sole member of the Company shall be Consumers Energy Company, a Michigan corporation, or any successor as sole member pursuant to Sections 1.02(c), 6.06 and 6.07. The registered office and registered agent of the Company in the State of Delaware shall be The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The Member may change said registered office and agent from one location to another in the State of Delaware. The Member shall provide notice of any such change to the Indenture Trustee.

(b) Upon the occurrence of any event that causes the Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon the transfer or assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee or an additional member of the Company pursuant to Sections 1.02(c), 6.06 and 6.07), each Person acting as an Independent Manager pursuant to the terms of this Agreement shall, without any action of any Person and simultaneously with the Member ceasing to be a member of the Company, automatically be admitted to the Company as a Special Member and shall continue the Company without dissolution. No Special Member may resign from the Company or transfer its rights as Special Member unless (i) a successor Special Member has been admitted to the Company as Special Member by executing a counterpart to this Agreement, and (ii) such successor has also accepted its appointment as an Independent Manager pursuant to this Agreement; provided, however, the Special Members shall automatically cease to be members of the Company upon the admission to the Company of a substitute Member. Each Special Member shall be a member of the Company that has no interest in the profits, losses and capital of the Company and has no right to receive any distributions of Company assets (and no Special Member shall be treated as a member of the Company for federal income tax purposes). Pursuant to Section 18-301 of the LLC Act, a Special Member shall not be required to make any capital contributions to the Company and shall not receive a limited liability company interest in the Company. A Special Member, in its capacity as Special Member, may not bind the Company. Except as required by any mandatory provision of the LLC Act, each Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, the Company, including the merger, consolidation or conversion of the Company. In order to implement the admission to the Company of each Special Member, each Person acting as an Independent Manager pursuant to this Agreement shall execute a counterpart to this Agreement. Prior to its admission to the Company as Special Member, each Person acting as an Independent Manager pursuant to this Agreement shall not be a member of the Company. A "Special Member" means, upon such Person's admission to the Company as a member of the Company pursuant to this Section 1.02(b), a Person acting as an Independent Manager, in such Person's capacity as a member of the Company. A Special Member shall only have the rights and duties

expressly set forth in this Agreement. For purposes of this Agreement, a Special Member is not included within the defined term "Member".

(c) The Company may admit additional Members with the affirmative vote of a majority of the Managers, which vote must include the affirmative vote of each Independent Manager. Notwithstanding the preceding sentence, it shall be a condition to the admission of any additional Member that the sole Member shall have received an opinion of outside tax counsel (as selected by the Member in form and substance reasonably satisfactory to the Member and the Indenture Trustee) that the admission of such additional Member shall not cause the Company to be treated, for federal income tax purposes, as having more than a "sole owner" and that the Company shall not be treated, for federal income tax purposes, as an entity separate from such "sole owner".

SECTION 1.03 Other Offices. The Company may have an office at One Energy Plaza, Jackson, Michigan 49201, or at any other offices that

may at any time be established by the Member at any place or places within or outside the State of Delaware. The Member shall provide notice to the Indenture Trustee of any change in the location of the Company's office.

SECTION 1.04 Name. The name of the Company shall be "Consumers 2014 Securitization Funding LLC". The name of the Company may be changed from time to time by the Member with ten (10) days' prior written notice to the Managers and the Indenture Trustee, and the filing of an appropriate amendment to the Certificate of Formation with the Secretary of State of the State of Delaware as required by the LLC Act.

SECTION 1.05 Purpose; Nature of Business Permitted; Powers. The purposes for which the Company is formed are limited to:

(a) acquire, own, hold, administer, service or enter into agreements regarding the receipt and servicing of the Securitization Property and the other Securitization Bond Collateral, along with certain other related assets;

(b) manage, sell, assign, pledge, collect amounts due on or otherwise deal with the Securitization Property and the other Securitization Bond Collateral and related assets to be so acquired in accordance with the terms of the Basic Documents;

(c) negotiate, authorize, execute, deliver, assume the obligations under, and perform its duties under, the Basic Documents and any other agreement or instrument or document relating to the activities set forth in clauses (a) and (b) above; provided, that each party to any such agreement under which material obligations are imposed upon the Company shall covenant that it shall not, prior to the date which is one year and one day after the termination of the Indenture and the payment in full of the Securitization Bonds and any other amounts owed under the Indenture, acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company; or ordering the winding up or liquidation

of the affairs of the Company; and provided, further, that the Company shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(d) file with the U.S. Securities and Exchange Commission one or more registration statements, including any pre-effective or post-effective amendments thereto and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (including any prospectus supplement, prospectus and exhibits contained therein) and file such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register the Securitization Bonds under the securities or "Blue Sky" laws of various jurisdictions;

(e) authorize, execute, deliver, issue and register the Securitization Bonds;

(f) make payments on the Securitization Bonds;

(g) pledge its interest in Securitization Property and other Securitization Bond Collateral to the Indenture Trustee under the Indenture in order to secure the Securitization Bonds; and

(h) engage in any lawful act or activity and exercise any powers permitted to limited liability companies formed under the laws of the State of Delaware that, in either case, are incidental to, or necessary, suitable or convenient for, the accomplishment of the above-mentioned purposes.

The Company shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Basic Documents or other agreements referenced above. The Company shall have all powers reasonably incidental, necessary, suitable or convenient to effect the foregoing purposes, including all powers granted under the LLC Act. The Company, the Member, any Manager (other than an Independent Manager), or any officer of the Company, acting singly or collectively, on behalf of the Company, may enter into and perform the Basic Documents and all registration statements, underwriting agreements, documents, agreements, certificates or financing statements contemplated thereby or related thereto, all without any further act, vote or approval of any Member, Manager or other Person, notwithstanding any other provision of this Agreement, the LLC Act, or other applicable law, rule or regulation. Notwithstanding any other provision of this Agreement, the LLC Act or other applicable law, any Basic Document executed prior to the date hereof by any Member, Manager or officer on behalf of the Company is hereby ratified and approved in all respects. The authorization set forth in the two preceding sentences shall not be deemed a restriction on the power and authority of the Member or any Manager, including any Independent Manager, to enter into other agreements or documents on behalf of the Company as authorized pursuant to this Agreement and the LLC Act. The Company shall possess and may exercise all the powers and privileges granted by the LLC Act or by any other law or by this Agreement, together with any powers incidental thereto, insofar as such powers and privileges are incidental, necessary, suitable or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

SECTION 1.06 Limited Liability Company Agreement; Certificate of Formation. This Agreement shall constitute a "limited liability company agreement" within the meaning of the LLC Act. Catherine M. Reynolds, as an authorized person within the meaning of the LLC Act, has caused a certificate of formation of the Company to be executed and filed in the office of the Secretary of State of the State of Delaware on March 6, 2014 (such execution and filing being hereby ratified and approved in all respects). The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation of the Company as provided in the LLC Act.

SECTION 1.07 Separate Existence. Except for financial reporting purposes (to the extent required by generally accepted accounting principles) and for federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, the Member and the Managers shall take all steps necessary to continue the identity of the Company as a separate legal entity and to make it apparent to third

Persons that the Company is an entity with assets and liabilities distinct from those of the Member, Affiliates of the Member and any other Person, and that, the Company is not a division of any of the Affiliates of the Company or any other Person. In that regard, and without limiting the foregoing in any manner, the Company shall:

(a) allocate fairly and reasonably any overhead for shared office space;

(b) maintain the assets of the Company in such a manner that it is not costly or difficult to segregate, identify or ascertain its individual assets from those of any other Person, including any Affiliate;

(c) conduct all transactions with Affiliates on a basis consistent with an arm's-length basis;

(d) not guarantee, become obligated for or pay the debts of any Affiliate or hold the credit of the Company out as being available to satisfy the obligations of any Affiliate or other Person (nor, except as contemplated in the Basic Documents, indemnify any Person for losses resulting therefrom), nor, except as contemplated in the Basic Documents, have any of its obligations guaranteed by any Affiliate or hold the Company out as responsible for the debts of any Affiliate or other Person or for the decisions or actions with respect to the business and affairs of any Affiliate, nor seek or obtain credit or incur any obligation to any third party based upon the creditworthiness or assets of any Affiliate or any other Person (i.e. other than based on the assets of the Company) nor allow any Affiliate to do such things based on the credit of the Company;

(e) except as expressly otherwise permitted hereunder or under any of the other Basic Documents, not permit the commingling or pooling of the Company's funds or other assets with the funds or other assets of any Affiliate;

(f) maintain separate deposit and other bank accounts and funds (separately identifiable from those of the Member or any of its other Affiliates or any other Person) to which no Affiliate has any access (except Consumers Energy in its capacity as Servicer, Administrator or Sponsor), which accounts shall be maintained in the name and,

to the extent not inconsistent with applicable federal tax law, with the tax identification number of the Company;

(g) maintain full books of accounts and records (financial or other) and financial statements separate from those of its Affiliates or any other Person, prepared and maintained in accordance with generally accepted accounting principles (including, all resolutions, records, agreements or instruments underlying or regarding the transactions contemplated by the Basic Documents or otherwise);

(h) pay its own liabilities out of its own funds, including fees and expenses of the Administrator pursuant to the Administration Agreement and the Servicer pursuant to any Servicing Agreement;

(i) not hire or maintain any employees, but compensate (either directly or through reimbursement of the Company's allocable share of any shared expenses) all consultants, agents and Affiliates, to the extent applicable, for services provided to the Company by such consultants, agents or Affiliates, in each case, from the Company's own funds;

(j) allocate fairly and reasonably the salaries of and the expenses related to providing the benefits of officers shared with the Member, any of its other Affiliates or any Manager;

(k) allocate fairly and reasonably any overhead shared with the Member, any of its other Affiliates or any Manager;

(l) pay from its own bank accounts for accounting and payroll services, rent, lease and other expenses (or the Company's allocable share of any such amounts provided by one or more other Affiliates) and not have such operating expenses (or the Company's allocable share thereof) paid by any Affiliates; provided, that the Member shall be permitted to pay the initial organization expenses of the Company and certain of the expenses related to the transactions contemplated by the Basic Documents as provided therein;

(m) maintain adequate capitalization to conduct its business and affairs considering the Company's size and the nature of its business and intended purposes and, after giving effect to the transactions contemplated by the Basic Documents, refrain from engaging in a business for which its remaining property represents unreasonably small capital;

(n) conduct all of the Company's business (whether in writing or orally) solely in the name of the Company through the Member and the Company's Managers, officers and agents, hold the Company out as an entity separate from any Affiliate and cause all actions taken on behalf of the Company by individuals who are both Managers or officers of the Company and officers, directors or employees of the Member or any of its other Affiliates to be taken solely in the name and on behalf of the Company, and not in the name or on behalf of the Member or any such other Affiliate;

(o) not make or declare any distributions of cash or property to the Member except in accordance with appropriate limited liability company formalities and only consistent with sound business judgment to the extent that it is permitted pursuant to the Basic Documents and not violative of any applicable law;

(p) otherwise practice and adhere to all limited liability company procedures and formalities to the extent required by this Agreement, all other appropriate constituent documents and the laws of its state of formation and all other appropriate jurisdictions;

(q) not appoint an Affiliate or any employee of an Affiliate as an agent of the Company, except as otherwise permitted in the Basic Documents (although such Persons can qualify as a Manager or as an officer of the Company);

(r) not acquire obligations or securities of or make loans or advances to or pledge its assets for the benefit of any Affiliate, the Member or any Affiliate of the Member (other than the Company);

(s) except as expressly provided in the Basic Documents, not permit the Member or any Affiliate to guarantee, pay or become liable for the debts of the Company nor permit any such Person to hold out its creditworthiness as being available to pay the liabilities and expenses of the Company nor, except for the indemnities in this Agreement and the other Basic Documents, indemnify any Person for losses resulting therefrom;

(t) maintain separate minutes of the actions of the Member and the Managers, in their capacities as such, including actions with respect to the transactions contemplated by the Basic Documents;

(u) cause (i) all written and oral communications, including letters, invoices, purchase orders, and contracts, of the Company to be made solely in the name of the Company, (ii) the Company to have its own tax identification number (to the extent not inconsistent with applicable federal tax law), stationery, checks and business forms, separate from those of any Affiliate, (iii) all Affiliates not to use the stationery or business forms of the Company, and cause the Company not to use the stationery or business forms of any Affiliate, and (iv) all Affiliates not to conduct business in the name of the Company, and cause the Company not to conduct business in the name of any Affiliate;

(v) direct creditors of the Company to send invoices and other statements of account of the Company directly to the Company and not to any Affiliate and cause the Affiliates to direct their creditors not to send invoices and other statements of accounts of such Affiliates to the Company;

(w) cause the Member to maintain as official records all resolutions, agreements, and other instruments underlying or regarding the transactions contemplated by the Basic Documents;

(x) disclose, and cause the Member to disclose, in its financial statements the effects of all transactions between the Member and the Company in accordance with

generally accepted accounting principles, and in a manner which makes it clear that (i) the Company is a separate legal entity, (ii) the assets of the Company (including the Securitization Property transferred to the Company pursuant to the Sale Agreement) are not assets of any Affiliate and are not available to pay creditors of any Affiliate and (iii) neither the Member nor any other Affiliate is liable or responsible for the debts of the Company;

(y) treat and cause the Member to treat the transfer of Securitization Property from the Member to the Company as a sale under the Securitization Law;

(z) except as described herein with respect to tax purposes and financial reporting, describe and cause each Affiliate to describe the Company, and hold the Company out, as a separate legal entity and not as a division or department of any Affiliate, and promptly correct any known misunderstanding regarding the Company's identity separate from any Affiliate or any other Person;

(aa) so long as any of the Securitization Bonds are outstanding, treat the Securitization Bonds as debt for all purposes and specifically as debt of the Company, other than for financial reporting, state or federal regulatory or tax purposes;

(bb) solely for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Securitization Bonds are outstanding, treat the Securitization Bonds as indebtedness of the Member secured by the Securitization Bond Collateral unless otherwise required by appropriate taxing authorities;

(cc) file its own tax returns, if any, as may be required under applicable law, to the extent (i) not part of a consolidated group filing a consolidated return or returns or (ii) not treated as a division or disregarded entity for tax purposes of another taxpayer, and pay any taxes so required to be paid under applicable law;

(dd) maintain its valid existence in good standing under the laws of the State of Delaware and maintain its qualification to do business under the laws of such other jurisdictions as its operations require;

(ee) not form, or cause to be formed, any subsidiaries; and

(ff) comply with all laws applicable to the transactions contemplated by this Agreement and the other Basic Documents.

SECTION 1.08 Limitation on Certain Activities. Notwithstanding any other provisions of this Agreement, the Company, and the Member or Managers on behalf of the Company, shall not:

(a) engage in any business or activity other than as set forth in Article I hereof;

(b) without the affirmative vote of the Member and the affirmative vote of all of the Managers, including each Independent Manager, file a voluntary petition for relief under the Bankruptcy Code or similar law, consent to the institution of insolvency or bankruptcy proceedings against the Company or otherwise institute insolvency or bankruptcy proceedings with respect to the Company or take any company action in furtherance of any such filing or institution of a proceeding;

(c) without the affirmative vote of all Managers, including each Independent Manager, and then only to the extent permitted by the Basic Documents, convert, merge or consolidate with any other Person or sell all or substantially all of its assets or acquire all or substantially all of the assets or capital stock or other ownership interest of any other Person;

(d) take any action, file any tax return, or make any election inconsistent with the treatment of the Company, for purposes of federal income taxes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the Member;

(e) incur any indebtedness or assume or guarantee any indebtedness of any Person (other than the indebtedness incurred under the Basic Documents);

(f) issue any bonds other than the Securitization Bonds contemplated by the Basic Documents; or

(g) to the fullest extent permitted by law, without the affirmative vote of its Member and the affirmative vote of all Managers, including each Independent Manager, execute any dissolution, liquidation, or winding up of the Company.

So long as any of the Securitization Bonds are outstanding, the Company and the Member shall give written notice to each applicable Rating Agency of any action described in clause (b), (c) or (g) of this Section 1.08 which is taken by or on behalf of the Company with the required affirmative vote of the Member and all Managers as therein described.

SECTION 1.09 No State Law Partnership. No provisions of this Agreement shall be deemed or construed to constitute a partnership (including a limited partnership) or joint venture, or the Member a partner or joint venturer of or with any Manager or the Company, for any purposes.

ARTICLE II

CAPITAL

SECTION 2.01 Initial Capital. The initial capital of the Company shall be the sum of cash contributed to the Company by the Member (the "Capital Contribution") in the amount set out opposite the name of the Member on Schedule A hereto, as amended from time to time and incorporated herein by this reference.

SECTION 2.02 Additional Capital Contributions. The assets of the Company are expected to generate a return sufficient to satisfy all obligations of the Company under this Agreement and the other Basic Documents and any other obligations of the Company. It is expected that no capital contributions to the Company will be necessary after the purchase of the Securitization Property. On or prior to the date of issuance of the Securitization Bonds, the Member shall make an additional contribution to the Company in an amount equal to at least 0.50% of the initial principal amount of the Securitization Bonds or such greater amount as agreed to by the Member in connection with the issuance by the Company of the Securitization Bonds, which amount the Company shall deposit into the Capital Subaccount (as defined in the Indenture) established by the Indenture Trustee as provided in the Indenture. No capital contribution by the Member to the Company will be made for the purpose of mitigating losses on Securitization Property that has previously been transferred to the Company, and all capital contributions shall be made in accordance with all applicable limited liability company procedures and requirements, including proper record keeping by the Member and the Company. The Managers acknowledge and agree that, notwithstanding anything in this Agreement to the contrary, such additional contribution will be managed by an investment manager selected by the Indenture Trustee who shall invest such amounts only in investments eligible pursuant to the Basic Documents, and all income earned thereon shall be allocated or paid by the Indenture Trustee in accordance with the provisions of the Indenture.

SECTION 2.03 Capital Account. A Capital Account shall be established and maintained for the Member on the Company's books (the "Capital Account").

SECTION 2.04 Interest on Capital Account. No interest shall be paid or credited to the Member on its Capital Account or upon any undistributed profits left on deposit with the Company. Except as provided herein or by law, the Member shall have no right to demand or receive the return of its Capital Contribution.

ARTICLE III

ALLOCATIONS; BOOKS

SECTION 3.01 Allocations of Income and Loss.

(a) Book Allocations. The net income and net loss of the Company shall be allocated entirely to the Member.

(b) Tax Allocations. Because the Company is not making (and will not make) an election to be treated as an association taxable as a corporation under Section 301.7701-3(a) of the Treasury Regulations, and because the Company is a business entity that has a single owner and is not a corporation, it is expected to be disregarded as an entity separate from its owner for federal income tax purposes under Section 301.7701-3(b)(1) of the Treasury Regulations. Accordingly, all items of income, gain, loss, deduction and credit of the Company for all taxable periods will be treated for federal income tax purposes, and for state and local income and other tax purposes to the extent permitted by applicable law, as realized or incurred directly by the Member. To the extent not so permitted, all items of income, gain, loss, deduction and credit of the Company shall be allocated entirely to the Member as permitted by

applicable tax law, and the Member shall pay (or indemnify the Company, the Indenture Trustee and each of their officers, managers, employees or agents for, and defend and hold harmless each such Person from and against its payment of) any taxes levied or assessed upon all or any part of the Company's property or assets based on existing law as of the date hereof, including any sales, gross receipts, general corporation, personal property, privilege, franchise or license taxes (but excluding any taxes imposed as a result of a failure of such person to properly withhold or remit taxes imposed with respect to payments on any Securitization Bond). The Indenture Trustee (on behalf of the Secured Parties) shall be a third party beneficiary of the Member's obligations set forth in this Section 3.01, it being understood that Holders shall be entitled to enforce their rights against the Member under this Section 3.01 solely through a cause of action brought for their benefit by the Indenture Trustee.

SECTION 3.02 Company to be Disregarded for Tax Purposes. The Company shall comply with the applicable provisions of the Code and the applicable Treasury Regulations thereunder in the manner necessary to effect the intention of the parties that the Company be treated, for federal income tax purposes, as a disregarded entity that is not separate from the Member pursuant to Treasury Regulations Section 301.7701-1 et seq. and that the Company be accorded such treatment until its dissolution pursuant to Article IX hereof and shall take all actions, and shall refrain from taking any action, required by the Code or Treasury Regulations thereunder in order to maintain such status of the Company. In addition, for federal income tax purposes, the Company may not claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the Securitization Bonds (other than amounts properly withheld from such payments under the Code or other tax laws) or assert any claim against any present or former Holder by reason of the payment of the taxes levied or assessed upon any part of the Securitization Bond Collateral.

SECTION 3.03 Books of Account. At all times during the continuance of the Company, the Company shall maintain or cause to be maintained full, true, complete and correct books of account in accordance with generally accepted accounting principles, using the fiscal year and taxable year of the Member. In addition, the Company shall keep all records required to be kept pursuant to the LLC Act.

SECTION 3.04 Access to Accounting Records. All books and records of the Company shall be maintained at any office of the Company or at the Company's principal place of business, and the Member, and its duly authorized representative, shall have access to them at such office of the Company and the right to inspect and copy them at reasonable times.

SECTION 3.05 Annual Tax Information. The Managers shall cause the Company to deliver to the Member all information necessary for the preparation of the Member's federal income tax return.

SECTION 3.06 Internal Revenue Service Communications. The Member shall communicate and negotiate with the Internal Revenue Service on any federal tax matter on behalf of the Member and the Company.

ARTICLE IV

MEMBER

SECTION 4.01 Powers. Subject to the provisions of this Agreement and the LLC Act, all powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be controlled by, the Member pursuant to Section 4.04. The Member may delegate any or all such powers to the Managers. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Member shall have the following powers:

(a) To select and remove the Managers and all officers and agents of the Company, prescribe such powers and duties for them as may be consistent with the LLC Act and other applicable law and this Agreement, fix their compensation, and require from them security for faithful service; provided, that, except as provided in Section 7.06, at all times the Company shall have at least two Independent Managers. Prior to issuance of any Securitization Bonds, the Member shall appoint at least two Independent Managers. An "Independent Manager" means an individual who (1) has prior experience as an independent director, independent manager or independent member, (2) is employed by a nationally-recognized company that provides professional Independent Managers and other corporate services in the ordinary course of its business, (3) is duly appointed as an Independent Manager and (4) is not and has not been for at least five years from the date of his or her or its appointment, and will not be while serving as Independent Manager, any of the following:

(i) a member, partner, equityholder, manager, director, officer or employee of the Company or any of its equityholders or Affiliates (other than as an independent director, independent manager or special member of the Company or an Affiliate of the Company that is not in the direct chain of ownership of the Company and that is required by a creditor to be a single purpose bankruptcy remote entity); provided, that the indirect or beneficial ownership of stock of the Member or its Affiliates through a mutual fund or similar diversified investment vehicle with respect to which the owner does not have discretion or control over the investments held by such diversified investment vehicle shall not preclude such owner from being an Independent Manager;

(ii) a creditor, supplier or service provider (including provider of professional services) to the Company, the Member or any of their respective equityholders or Affiliates (other than a nationally-recognized company that routinely provides professional Independent Managers and other corporate services to the Company, the Member or any of its Affiliates in the ordinary course of its business);

(iii) a family member of any such member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider; or

(iv) a Person that controls (whether directly, indirectly or otherwise) any of (i), (ii) or (iii) above.

A natural person who otherwise satisfies the foregoing definition and satisfies subparagraph (i) by reason of being the independent manager or independent

director of a "special purpose entity" affiliated with the Company shall be qualified to serve as an Independent Manager of the Company, provided that the fees that such individual earns from serving as an independent manager or independent director of affiliates of the Company in any given year constitute in the aggregate less than five percent (5%) of such individual's annual income for that year. For purposes of this paragraph, a "special purpose entity" is an entity, whose organizational documents contain restrictions on its activities and impose requirements intended to preserve such entity's separateness that are substantially similar to the Special Purpose Provisions of this Agreement.

The Company shall pay each Independent Manager annual fees totaling not more than $10,000 per year (the "Independent Manager Fee"). Such fees shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company. Each Manager, including each Independent Manager, is hereby deemed to be a "manager" within the meaning of Section 18-101(10) of the LLC Act.

Promptly following any resignation or replacement of any Independent Manager, the Member shall give written notice to each applicable Rating Agency of any such resignation or replacement.

(b) Subject to Sections 1.07 and 1.08 and Article VII hereof, to conduct, manage and control the affairs and business of the Company, and to make such rules and regulations therefor, consistent with the LLC Act and other applicable law and this Agreement.

(c) To change the registered agent and office of the Company in Delaware from one location to another; to fix and locate from time to time one or more other offices of the Company; and to designate any place within or without the State of Delaware for the conduct of the business of the Company.

SECTION 4.02 Compensation of Member. To the extent permitted by applicable law, the Company shall have authority to reimburse the Member for out-of-pocket expenses incurred by the Member in connection with its service to the Company. It is understood that the compensation paid to the Member under the provisions of this Section 4.02 shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered an Ongoing Other Qualified Cost of the Company subject to the limitations on such expenses set forth in the Financing Order.

SECTION 4.03 Other Ventures. Notwithstanding any duties (including fiduciary duties) otherwise existing at law or in equity, it is expressly agreed that the Member, the Managers and any Affiliates, officers, directors, managers, stockholders, partners or employees of the Member, may engage in other business ventures of any nature and description, whether or

not in competition with the Company, independently or with others, and the Company shall not have any rights in and to any independent venture or activity or the income or profits derived therefrom.

SECTION 4.04 Actions by the Member. All actions of the Member may be taken by written resolution of the Member which shall be signed on behalf of the Member by an authorized officer of the Member and filed with the records of the Company.

ARTICLE V

OFFICERS

SECTION 5.01 Designation; Term; Qualifications.

(a) Officers. Subject to the last sentence of this Section 5.01(a), the Managers may, from time to time, designate one or more Persons to be officers of the Company. Any officer so designated shall have such title and authority and perform such duties as the Managers may, from time to time, delegate to them. Each officer shall hold office for the term for which such officer is designated and until its successor shall be duly designated and shall qualify or until its death, resignation or removal as provided in this Agreement. Any Person may hold any number of offices. No officer need be a Manager, the Member, a Delaware resident, or a United States citizen. The Member hereby confirms the appointment of the Persons identified on Schedule C to be the officers of the Company.

(b) President. The President shall be the chief executive officer of the Company, shall preside at all meetings of the Managers, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Managers are carried into effect. The President or any other officer authorized by the President or the Managers may execute all contracts, except: (i) where required or permitted by law or this Agreement to be otherwise signed and executed, including Section 1.08; and (ii) where signing and execution thereof shall be expressly delegated by the Managers to some other officer or agent of the Company.

(c) Vice President. In the absence of the President or in the event of the President's inability to act, the Vice President, if any (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Managers, or in the absence of any designation, then in the order of their election), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents, if any, shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(d) Secretary and Assistant Secretary. The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Managers and record all the proceedings of the meetings of the Company and of the Managers in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or shall cause to be given, notice of all meetings of the Member, if any, and special meetings of the Managers, and shall perform such

other duties as may be prescribed by the Managers or the President, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be

more than one, the Assistant Secretaries in the order determined by the Managers (or if there be no such determination, then in order of their designation), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(e) Treasurer and Assistant Treasurer. The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Manager. The Treasurer shall disburse the funds of the Company as may be ordered by the Manager, taking proper vouchers for such disbursements, and shall render to the President and to the Managers, at its regular meetings or when the Managers so require, an account of all of the Treasurer's transactions and of the financial condition of the Company. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Managers (or if there be no such determination, then in the order of their designation), shall, in the absence of the Treasurer or in the event of the Treasurer's inability to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(f) Officers as Agents. The officers of the Company, to the extent their powers as set forth in this Agreement or otherwise vested in them by action of the Managers are not inconsistent with this Agreement, are agents of the Company for the purpose of the Company's business and, subject to Section 1.08, the actions of the officers taken in accordance with such powers shall bind the Company.

(g) Duties of Managers and Officers. Except to the extent otherwise provided herein, each Manager (other than the Independent Managers) and officer of the Company shall have a fiduciary duty of loyalty and care similar to that of directors and officers of business corporations organized under the General Corporation Law of the State of Delaware.

SECTION 5.02 Removal and Resignation. Any officer of the Company may be removed as such, with or without cause, by the Managers at any time. Any officer of the Company may resign as such at any time upon written notice to the Company. Such resignation shall be made in writing and shall take effect at the time specified therein or, if no time is specified therein, at the time of its receipt by the Managers.

SECTION 5.03 Vacancies. Any vacancy occurring in any office of the Company may be filled by the Managers.

SECTION 5.04 Compensation. The compensation, if any, of the officers of the Company shall be fixed from time to time by the Managers. Such compensation shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered

a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order.

ARTICLE VI

MEMBERSHIP INTEREST

SECTION 6.01 General. "Membership Interest" means the limited liability company interest of the Member in the Company. The Membership Interest constitutes personal property and, subject to Section 6.06, shall be freely transferable and assignable in whole but not in part upon registration of such transfer and assignment on the books of the Company in accordance with the procedures established for such purpose by the Managers of the Company.

SECTION 6.02 Distributions. The Member shall be entitled to receive, out of the assets of the Company legally available therefor, distributions payable in cash in such amounts, if any, as the Managers shall declare. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to the Member on account of its interest in the Company if such distribution would violate the LLC Act or any other applicable law or any Basic Document.

SECTION 6.03 Rights on Liquidation, Dissolution or Winding Up.

(a) In the event of any liquidation, dissolution or winding up of the Company, the Member shall be entitled to all remaining assets of the Company available for distribution to the Member after satisfaction (whether by payment or reasonable provision for payment) of all liabilities, debts and obligations of the Company.

(b) Neither the sale of all or substantially all of the property or business of the Company, nor the merger or consolidation of the Company into or with another Person or other entity, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purpose of this Section 6.03.

SECTION 6.04 Redemption. The Membership Interest shall not be redeemable.

SECTION 6.05 Voting Rights. Subject to the terms of this Agreement, the Member shall have the sole right to vote on all matters as to which members of a limited liability company shall be entitled to vote pursuant to the LLC Act and other applicable law.

SECTION 6.06 Transfer of Membership Interests.

(a) The Member may transfer its Membership Interest, in whole but not in part, but the transferee shall not be admitted as a Member except in accordance with Section 6.07. Until the transferee is admitted as a Member, the Member shall continue to be the sole member of the Company (subject to Section 1.02) and to be entitled to exercise any rights or powers of a Member of the Company with respect to the Membership Interest transferred.

(b) To the fullest extent permitted by law, any purported transfer of any Membership Interest in violation of the provisions of this Agreement shall be wholly void and

shall not effectuate the transfer contemplated thereby. Notwithstanding anything contained herein to the contrary and to the fullest extent permitted by law, the Member may not transfer any Membership Interest in violation of any provision of this Agreement or in violation of any applicable federal or state securities laws.

SECTION 6.07 Admission of Transferee as Member.

(a) A transferee of a Membership Interest desiring to be admitted as a Member must execute a counterpart of, or an agreement adopting, this Agreement and, except as permitted by paragraph (b) below, shall not be admitted without unanimous affirmative vote of the Managers, which vote must include the affirmative vote of each Independent Manager. Upon admission of the transferee as a Member, the transferee shall have the rights, powers and duties and shall be subject to the restrictions and liabilities of the Member under this Agreement and the LLC Act. The transferee shall also be liable, to the extent of the Membership Interest transferred, for the unfulfilled obligations, if any, of the transferor Member to make capital contributions to the Company, but shall not be obligated for liabilities unknown to the transferee at the time such transferee was admitted as a Member and that could not be ascertained from this Agreement. Except as set forth in paragraph (b) below, whether or not the transferee of a Membership Interest becomes a Member, the Member transferring the Membership Interest is not released from any liability to the Company under this Agreement or the LLC Act.

(b) The approval of the Managers, including each Independent Manager, shall not be required for the transfer of the Membership Interest from the Member to any successor pursuant to Section 5.02 of the Sale Agreement or the admission of such Person as a Member. Once the transferee of a Membership Interest pursuant to this paragraph (b) becomes a Member, the prior Member shall cease to be a member of the Company and shall be released from any liability to the Company under this Agreement and the LLC Act.

ARTICLE VII

MANAGERS

SECTION 7.01 Managers.

(a) Subject to Sections 1.07 and 1.08, the business and affairs of the Company shall be managed by or under the direction of two or more Managers designated by the Member. Subject to the terms of this Agreement, the Member may determine at any time in its sole and absolute discretion the number of Managers. Subject in all cases to the terms of this Agreement, the authorized number of Managers may be increased or decreased by the Member at any time in its sole and absolute discretion, upon notice to all Managers; provided, that, except as provided in Section 7.06, at all times the Company shall have at least two Independent Managers. The initial number of Managers shall be five, two of which shall be Independent Managers. Each Manager designated by the Member shall hold office until a successor is elected and qualified or until such Manager's earlier death, resignation, expulsion or removal. Each Manager shall execute and deliver the Management Agreement in the form attached hereto as Exhibit A. Managers need not be a Member. The initial Managers designated by the Member are listed on Schedule B hereto.

(b) Each Manager shall be designated by the Member and shall hold office for the term for which designated and until a successor has been designated.

(c) The Managers shall be obliged to devote only as much of their time to the Company's business as shall be reasonably required in light of the Company's business and objectives. Subject to Section 7.02, a Manager shall perform his or her duties as a Manager in good faith, in a manner he or she reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent Person in a like position would use under similar circumstances.

(d) Except as otherwise provided in this Agreement, the Managers shall act by the affirmative vote of a majority of the Managers. Each Manager shall have the authority to sign duly authorized agreements and other instruments on behalf of the Company without the joinder of any other Manager.

(e) Subject to the terms of this Agreement, any action may be taken by the Managers without a meeting and without prior notice if authorized by the written consent of a majority of the Managers (or such greater number as is required by this Agreement), which written consent shall be filed with the records of the Company.

(f) Every Manager is an agent of the Company for the purpose of its business, and the act of every Manager, including the execution in the Company name of any instrument for carrying on the business of the Company, binds the Company, unless such act is in contravention of this Agreement or unless the Manager so acting otherwise lacks the authority to act for the Company and the Person with whom he or she is dealing has knowledge of the fact that he or she has no such authority.

(g) To the extent permitted by law, the Managers shall not be personally liable for the Company's debts, obligations or liabilities.

SECTION 7.02 Powers of the Managers. Subject to the terms of this Agreement, the Managers shall have the right and authority to take all actions which the Managers deem incidental, necessary, suitable or convenient for the day-to-day management and conduct of the Company's business.

Each Independent Manager may not delegate his, her or its duties, authorities or responsibilities hereunder. If any Independent Manager resigns, dies or becomes incapacitated, or such position is otherwise vacant, no action requiring the unanimous affirmative vote of the Managers shall be taken until a successor Independent Manager is appointed by the Member and qualifies and approves such action.

To the fullest extent permitted by law, including Section 18-1101(c) of the LLC Act, and notwithstanding any duty otherwise existing at law or in equity, the Independent Managers shall consider only the interests of the Company, including its creditors, in acting or otherwise voting on the

matters referred to in Section 1.08. Except for duties to the Company as set forth in the immediately preceding sentence (including duties to the Member and the Company's creditors solely to the extent of their respective economic interests in the Company but excluding (i) all other interests of the Member, (ii) the interests of other Affiliates of the

Company, and (iii) the interests of any group of Affiliates of which the Company is a part), the Independent Managers shall not have any fiduciary duties to the Member, any Manager or any other Person bound by this Agreement; provided, however, the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing. To the fullest extent permitted by law, including Section 18-1101(e) of the LLC Act, an Independent Manager shall not be liable to the Company, the Member or any other Person bound by this Agreement for breach of contract or breach of duties (including fiduciary duties), unless the Independent Manager acted in bad faith or engaged in willful misconduct.

No Independent Manager shall at any time serve as trustee in bankruptcy for any Affiliate of the Company.

Subject to the terms of this Agreement, the Managers may exercise all powers of the Company and do all such lawful acts and things as are not prohibited by the LLC Act, other applicable law or this Agreement directed or required to be exercised or done by the Member. All duly authorized instruments, contracts, agreements and documents providing for the acquisition or disposition of property of the Company shall be valid and binding on the Company if executed by one or more of the Managers.

Notwithstanding the terms of Section 7.01, 7.07 or 7.09 or any provision of this Agreement to the contrary, (x) no meeting or vote with respect to any action described in clause (b), (c) or (g) of Section 1.08 or any amendment to any of the Special Purpose Provisions shall be conducted unless each Independent Manager is present and (y) neither the Company nor the Member, any Manager or any officer on behalf of the Company shall (i) take any action described in clause (b), (c) or (g) of Section 1.08 or (ii) adopt any amendment to any of the Special Purpose Provisions unless each Independent Manager has consented thereto. The vote or consent of an Independent Manager with respect to any such action or amendment shall not be dictated by the Member or any other Manager or officer of the Company.

SECTION 7.03 Compensation. To the extent permitted by applicable law, the Company may reimburse any Manager, directly or indirectly, for out-of-pocket expenses incurred by such Manager in connection with its services rendered to the Company. Such compensation shall be determined by the Managers without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order.

SECTION 7.04 Removal of Managers.

(a) Subject to Section 4.01, the Member may remove any Manager with or without cause at any time.

(b) Subject to Sections 4.01 and 7.05, any removal of a Manager shall become effective on such date as may be specified by the Member and in a notice delivered to any remaining Managers or the Manager designated to replace the removed Manager (except that it shall not be effective on a date earlier than the date such notice is delivered to the remaining Managers or the Manager designated to replace the removed Manager). Should a Manager be

removed who is also the Member, the Member shall continue to participate in the Company as the Member and receive its share of the Company's income, gains, losses, deductions and credits pursuant to this Agreement.

SECTION 7.05 Resignation of Manager. A Manager other than an Independent Manager may resign as a Manager at any time by thirty (30) days' prior notice to the Member. An Independent Manager may not withdraw or resign as a Manager of the Company without the consent of the Member. No resignation or removal of an Independent Manager, and no appointment of a successor Independent Manager, shall be effective until such successor (i) shall have accepted his or her appointment as an Independent Manager by a written instrument, which may be a counterpart signature page to the Management Agreement in the form attached hereto at Exhibit A, and (ii) shall have executed a counterpart to this Agreement.

SECTION 7.06 Vacancies. Subject to Section 4.01, any vacancies among the Managers may be filled by the Member. In the event of a vacancy in the position of Independent Manager, the Member shall, as soon as practicable, appoint a successor Independent Manager. Notwithstanding anything to the contrary contained in this Agreement, no Independent Manager shall be removed or replaced unless the Company provides the Indenture Trustee with no less than two (2) business days' prior written notice of (a) any proposed removal of such Independent Manager, and (b) the identity of the proposed replacement Independent Manager, together with a certification that such replacement satisfies the requirements for an Independent Manager set forth in this Agreement.

SECTION 7.07 Meetings of the Managers. The Managers may hold meetings, both regular and special, within or outside the State of Delaware. Regular meetings of the Managers may be held without notice at such time and at such place as shall from time to time be determined by the Managers. Special meetings of the Managers may be called by the President on not less than one day's notice to each Manager by telephone, facsimile, mail, telegram or any other means of communication, and special meetings shall be called by the President or Secretary in like manner and with like notice upon the written request of any one or more of the Managers.

SECTION 7.08 Electronic Communications. Managers, or any committee designated by the Managers, may participate in meetings of the Managers, or any committee, by means of telephone conference or similar communications equipment that allows all Persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in Person at the meeting. If all the participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

SECTION 7.09 Committees of Managers.

(a) The Managers may, by resolution passed by a majority of the Managers, designate one or more committees, each committee to consist of one or more of the Managers. The Managers may designate one or more Managers as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

(b) In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another Manager to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Managers, shall have and may exercise all the powers and authority of the Managers in the management of the business and affairs of the Company. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Managers. Each committee shall keep regular minutes of its meetings and report the same to the Managers when required.

SECTION 7.10 Limitations on Independent Managers. All right, power and authority of each Independent Manager shall be limited to the extent necessary to exercise those rights and perform those duties specifically set forth in this Agreement.

ARTICLE VIII

EXPENSES

SECTION 8.01 Expenses. Except as otherwise provided in this Agreement or the other Basic Documents, the Company shall be responsible for all expenses and the allocation thereof including without limitation:

(a) all expenses incurred by the Member or its Affiliates in organizing the Company;

(b) all expenses related to the business of the Company and all routine administrative expenses of the Company, including the maintenance of books and records of the Company, and the preparation and dispatch to the Member of checks, financial reports, tax returns and notices required pursuant to this Agreement;

(c) all expenses incurred in connection with any litigation or arbitration involving the Company (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith;

(d) all expenses for indemnity or contribution payable by the Company to any Person;

(e) all expenses incurred in connection with the collection of amounts due to the Company from any Person;

(f) all expenses incurred in connection with the preparation of amendments to this Agreement;

(g) all expenses incurred in connection with the liquidation, dissolution and winding up of the Company; and

(h) all expenses otherwise allocated in good faith to the Company by the

Managers.

ARTICLE IX

PERPETUAL EXISTENCE; DISSOLUTION, LIQUIDATION AND WINDING-UP

SECTION 9.01 Existence.

(a) The Company shall have a perpetual existence. So long as any of the Securitization Bonds are outstanding, the Member shall not be entitled to consent to the dissolution of the Company.

(b) Notwithstanding any provision of this Agreement, the Bankruptcy of the Member or Special Member will not cause such Member or Special Member, respectively, to cease to be a member of the Company, and upon the occurrence of such an event, the business of the Company shall continue without dissolution. For purposes of this Section 9.01(b), "Bankruptcy" means, with respect to any Person (A) if such Person (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceedings, (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (B) if 120 days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, if the proceeding has not been dismissed or if within 90 days after the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated. The foregoing definition of "Bankruptcy" is intended to replace and shall supersede and replace the definition of "Bankruptcy" set forth in Sections 18-101(1) and 18-304 of the LLC Act. Upon the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company or that causes the Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon an assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee pursuant to

Sections 6.06 and 6.07), to the fullest extent permitted by law, the personal representative of such member is hereby authorized to, and shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of such member in the Company, agree in writing (i) to continue the Company and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of the Company, effective as of the occurrence of the event that terminated the continued membership of the last remaining member of the Company or the Member in the Company.

SECTION 9.02 Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of the earliest of the following events:

(a) subject to Section 1.08, the election to dissolve the Company made in writing by the Member and each Manager, including each Independent Manager, as permitted under the Basic Documents and after the discharge in full of the Securitization Bonds;

(b) the termination of the legal existence of the last remaining member of the Company or the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company unless the business of the Company is continued without dissolution in a manner permitted by the LLC Act or this Agreement; or

(c) the entry of a decree of judicial dissolution of the Company pursuant to Section 18-802 of the LLC Act.

SECTION 9.03 Accounting. In the event of the dissolution, liquidation and winding-up of the Company, a proper accounting shall be made of the Capital Account of the Member and of the net income or net loss of the Company from the date of the last previous accounting to the date of dissolution.

SECTION 9.04 Certificate of Cancellation. As soon as possible following the occurrence of any of the events specified in Section 9.02 and the completion of the winding up of the Company, the Person winding up the business and affairs of the Company, as an authorized person, shall cause to be executed a Certificate of Cancellation of the Certificate of Formation and file the Certificate of Cancellation of the Certificate of Formation as required by the LLC Act.

SECTION 9.05 Winding Up. Upon the occurrence of any event specified in Section 9.02, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Member, or if there is no Member, the Managers, shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the liabilities of the Company and its assets, shall either cause its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 9.06.

SECTION 9.06 Order of Payment of Liabilities Upon Dissolution. After determining that all debts and liabilities of the Company, including all contingent, conditional or unmatured liabilities of the Company, in the process of winding-up, including, without limitation, debts and liabilities to the Member in the event it is a creditor of the Company to the extent otherwise permitted by law, have been paid or adequately provided for, the remaining assets shall be distributed in cash or in kind to the Member.

SECTION 9.07 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, the Member shall only be entitled to look solely to the assets of Company for the return of its positive Capital Account balance and shall have no recourse for its Capital Contribution and/or share of net income (upon dissolution or otherwise) against any Manager.

SECTION 9.08 Limitation on Liability. Except as otherwise provided by the LLC Act and except as otherwise characterized for tax and financial reporting purposes, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member or Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or a Manager.

ARTICLE X

INDEMNIFICATION

SECTION 10.01 Indemnity. Subject to the provisions of Section 10.04 hereof, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the Company, by reason of the fact that such Person is or was a Manager, Member, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, partnership, corporation, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such Person in connection with the action, suit or proceeding if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal action or proceeding, had no reasonable cause to believe such Person's conduct was unlawful; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct.

SECTION 10.02 Indemnity for Actions By or In the Right of the Company. Subject to the provisions of Section 10.04 hereof, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such Person is or was a Member, Manager, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint

venture, trust or other enterprise, against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by such Person in connection with the defense or settlement of the actions or suit if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct. Indemnification may not be made for any claim, issue or matter as to which such Person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Company or for amounts paid in settlement to the Company, unless

and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the Person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

SECTION 10.03 Intentionally Omitted.

SECTION 10.04 Expenses. Any indemnification under Sections 10.01 and 10.02, as well as the advance payment of expenses permitted under Section 10.05 unless ordered by a court or advanced pursuant to Section 10.05 below, must be made by the Company only as authorized in the specific case upon a determination that indemnification of the Manager, Member, officer, controlling Person, legal representative or agent is proper in the circumstances. The determination must be made:

(a) by the Member if the Member was not a party to the act, suit or proceeding; or

(b) if the Member was a party to the act, suit or proceeding by independent legal counsel in a written opinion.

SECTION 10.05 Advance Payment of Expenses. The expenses of each Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of such Person to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Person is not entitled to be indemnified by the Company. The provisions of this Section 10.05 shall not affect any rights to advancement of expenses to which personnel other than the Member or the Managers (other than each Independent Manager) may be entitled under any contract or otherwise by law.

SECTION 10.06 Other Arrangements Not Excluded. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article X:

(a) does not exclude any other rights to which a Person seeking indemnification or advancement of expenses may be entitled under any agreement, decision of the Member, consent or action of the Managers or otherwise, for either an action of any Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, in the official capacity of such Person or an action in another capacity while holding such position; and

(b) continues for a Person who has ceased to be a Member, Manager, officer, legal representative or agent and inures to the benefit of the successors, heirs, executors and administrators of such a Person.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.01 No Bankruptcy Petition; Dissolution.

(a) To the fullest extent permitted by law, the Member and each Manager hereby covenant and agree (or shall be deemed to have hereby covenanted and agreed) that, prior to the date which is one year and one day after the termination of the Indenture and the payment in full of the Securitization Bonds and any other amounts owed under the Indenture, it will not acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company; provided, however, that nothing in this Section 11.01 shall constitute a waiver of any right to indemnification, reimbursement or other payment from the Company pursuant to this Agreement. This Section 11.01 is not intended to apply to the filing of a voluntary bankruptcy petition on behalf of the Company which is governed by Section 1.08 of this Agreement.

(b) To the fullest extent permitted by law, the Member and each Manager hereby covenant and agree (or shall be deemed to have hereby covenanted and agreed) that, until the termination of the Indenture and the payment in full of the Securitization Bonds and any other amounts owed under the Indenture, the Member and such Manager will not consent to, or make application for, or institute or maintain any action for, the dissolution of the Company under Section 18-801 or 18-802 of the LLC Act or otherwise.

(c) In the event that the Member or any Manager takes action in violation of this Section 11.01, the Company agrees that it shall file an answer with the court or otherwise properly contest the taking of such action and raise the defense that the Member or Manager, as the case may be, has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert.

(d) The provisions of this Section 11.01 shall survive the termination of this Agreement and the resignation, withdrawal or removal of the Member or any Manager. Nothing herein contained shall preclude participation by the Member or a Manager in assertion or defense of its claims in any such proceeding involving the Company.

SECTION 11.02 Amendments.

(a) The power to alter, amend or repeal this Agreement shall be only with the consent of the Member, provided, that the Company shall not alter, amend or repeal any provision of Sections 1.02(b) and (c), 1.05, 1.07, 1.08, 3.01(b), 3.02, 6.06, 6.07, 7.02, 7.05, 7.06, 9.01, 9.02, 11.02 and 11.06 of this Agreement or the definition of "Independent Manager" contained herein or the requirement that at all times the Company have at least two Independent Managers (collectively, the "Special Purpose Provisions") without, in each case, the affirmative

vote of a majority of the Managers, which vote must include the affirmative vote of each Independent Manager.

So long as any of the Securitization Bonds are outstanding, the Company and the Member shall give written notice to each Rating Agency of any amendment to this Agreement. The effectiveness of any amendment of the Special Purpose Provisions shall be subject to the Rating Agency notice conditions set forth in the Basic Documents (other than an amendment which is necessary: (i) to cure any ambiguity or (ii) to correct or supplement any such provision in a manner consistent with the intent of this Agreement).

(b) The Company's power to alter or amend the Certificate of Formation shall be vested in the Member. Upon obtaining the approval of any amendment, supplement or restatement as to the Certificate of Formation, the Member on behalf of the Company shall cause a Certificate of Amendment or Amended and Restated Certificate of Formation to be prepared, executed and filed in accordance with the LLC Act.

(c) Notwithstanding anything in this Agreement to the contrary, including Sections 11.02(a) and (b), unless and until the Securitization Bonds are issued and outstanding, the Member may, without the need for any consent or action of, or notice to, any other Person, including any Manager, any officer, the Indenture Trustee or any Rating Agency, alter, amend or repeal this Agreement in any manner.

SECTION 11.03 Governing Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.04 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.05 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.06 Assigns. Each and all of the covenants, terms, provisions and agreements contained in this Agreement shall be binding upon and inure to the benefit of the Member, and its permitted successors and assigns.

SECTION 11.07 Enforcement by Each Independent Manager. Notwithstanding any other provision of this Agreement, the Member agrees that this Agreement constitutes a legal, valid and binding agreement of the Member, and is enforceable against the Member by each Independent Manager in accordance with its terms.

SECTION 11.08 Waiver of Partition; Nature of Interest. Except as otherwise expressly provided in this Agreement, to the fullest extent permitted by law, each of the Member and the Special Members hereby irrevocably waives any right or power that such Person might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of the Company. The Member shall not have any interest in any specific assets of the Company, and the Member shall not have the status of a creditor with respect to any distribution pursuant to this Agreement.

SECTION 11.09 Benefits of Agreement; No Third-Party Rights. Except for the Indenture Trustee with respect to the Special Purpose Provisions and Persons entitled to indemnification hereunder, none of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Company or by any creditor of the Member or Special Member. Nothing in this Agreement shall be deemed to create any right in any Person (other than the Indenture Trustee with respect to the Special Purpose Provisions and Persons entitled to indemnification hereunder) not a party hereto, and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third Person.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, this Agreement is hereby executed by the undersigned as the sole Member of the Company and is effective as of the date first written above.

CONSUMERS ENERGY COMPANY

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: Vice President and Treasurer

ACKNOWLEDGED AND AGREED:

Orlando C. Figueroa,
as Independent Manager

/s/ Orlando C. Figueroa

Dewen Tarn,
as Independent Manager

/s/ Dewen Tarn

Signature Page to
Amended and Restated Limited Liability Company Agreement

SCHEDULE A

SCHEDULE OF CAPITAL CONTRIBUTIONS OF MEMBER

MEMBER'S NAME	CAPITAL CONTRIBUTION	MEMBERSHIP INTEREST PERCENTAGE	CAPITAL ACCOUNT
Consumers Energy Company	$ 1,890,000	100%	$ 1,890,000

SCHEDULE B

INITIAL MANAGERS

Melissa M. Gleespen

Catherine M. Reynolds

Thomas J. Webb

Orlando C. Figueroa

Dewen Tarn

SCHEDULE C

INITIAL OFFICERS

Name	Office
Venkat Dhenuvakonda Rao	President, Chief Executive Officer, Chief Financial Officer, and Treasurer
Thomas J. Webb	Executive Vice President
Catherine M. Reynolds	Senior Vice President and General Counsel
Glenn P. Barba	Vice President and Controller
Melissa M. Gleespen	Vice President and Secretary
Theodore J. Vogel	Vice President and Chief Tax Counsel

Ashley L. Bancroft	Assistant Secretary
Georgine R. Hyden	Assistant Secretary
Beverly S. Burger	Assistant Treasurer
James L. Loewen	Assistant Treasurer

EXHIBIT A

MANAGEMENT AGREEMENT

July 22, 2014

Consumers 2014 Securitization Funding LLC
One Energy Plaza
Jackson, Michigan 49201

Re: Management Agreement — Consumers 2014 Securitization Funding LLC

Ladies and Gentlemen:

For good and valuable consideration, each of the undersigned Persons, who have been designated as managers of Consumers 2014 Securitization Funding LLC, a Delaware limited liability company (the "Company"), in accordance with the Amended and Restated Limited Liability Company Agreement of the Company, dated as of July 22, 2014 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "LLC Agreement"), hereby agree as follows:

1. Each of the undersigned accepts such Person's rights and authority as a Manager under the LLC Agreement and agrees to perform and discharge such Person's duties and obligations as a Manager under the LLC Agreement, and further agrees that such rights, authorities, duties and obligations under the LLC Agreement shall continue until such Person's successor as a Manager is designated or until such Person's resignation or removal as a Manager in accordance with the LLC Agreement. Each of the undersigned agrees and acknowledges that it has been designated as a "manager" of the Company within the meaning of the Delaware Limited Liability Company Act.

2. Until a year and one day has passed since the date that the last obligation under the Basic Documents was paid, to the fullest extent permitted by law, each of the undersigned agrees, solely in its capacity as a creditor of the Company on account of any indemnification or other payment owing to the undersigned by the Company, not to acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or governmental authority for the purpose of commencing or sustaining a case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company.

3. THIS MANAGEMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, AND ALL RIGHTS AND REMEDIES SHALL BE GOVERNED BY SUCH LAWS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Capitalized terms used and not otherwise defined herein have the meanings set forth in the LLC Agreement.

This Management Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Management Agreement and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Management Agreement as of the day and year first above written.

Melissa M. Gleespen

Catherine M. Reynolds

Thomas J. Webb

Orlando C. Figueroa

APPENDIX A

DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

"Administration Agreement" means the Administration Agreement, dated as of the date hereof, by and between the Company and the Administrator pursuant to which the Administrator will provide certain management services to the Company.

"Administrator" means Consumers Energy, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Unless otherwise stated, references herein to an Affiliate means an Affiliate of the Company.

"Agreement" has the meaning set forth in the preamble hereto.

"Bankruptcy" is defined in Section 9.01(b) of this Agreement.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.), as amended.

"Basic Documents" means the Indenture, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Certificate of Formation, the Original LLC Agreement, this Agreement, the Servicing Agreement, the Series Supplement, the Intercreditor Agreement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Bill of Sale" means the bill of sale in connection with the sale of the Securitization Property pursuant to the Sale Agreement.

"Capital Account" is defined in Section 2.03 of this Agreement.

"Capital Contribution" is defined in Section 2.01 of this Agreement.

"Certificate of Formation" means the Certificate of Formation filed with the Secretary of State of the State of Delaware on March 6, 2014 pursuant to which the Company was formed.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collection Account" means the account established and maintained by the Indenture Trustee in connection with the Indenture and any subaccounts contained therein.

"Commission" means the Michigan Public Service Commission.

"Company" has the meaning set forth in the preamble to this Agreement.

"Consumers Energy" means Consumers Energy Company, a Michigan corporation, and any of its successors or permitted assigns.

"Financing Order" means the financing order issued by the Commission to Consumers Energy on December 6, 2013, Case No. U-17473, authorizing the creation of the Securitization Property. Consumers Energy unconditionally accepted all conditions and limitations requested by such order in a letter dated January 24, 2014 from Consumers Energy to the Commission.

"Governmental Authority" means any nation or government, any U.S. federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Holder" means the Person in whose name a Securitization Bond is registered.

"Indenture" means the Indenture, dated as of the date hereof, by and between the Company and The Bank of New York Mellon, a New York banking corporation, as Indenture Trustee and as Securities Intermediary.

"Indenture Trustee" means The Bank of New York Mellon, a New York banking corporation, as indenture trustee for the benefit of the Secured

Parties, or any successor indenture trustee for the benefit of the Secured Parties, under the Indenture.

"Independent Manager" is defined in Section 4.01(a) of this Agreement.

"Independent Manager Fee" is defined in Section 4.01(a) of this Agreement.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of the date hereof, by and among the Company, the Indenture Trustee, Consumers Energy, the parties to the accounts receivables sale program of Consumers Receivables Funding II, LLC, Consumers Funding LLC and the trustee for the securitization bonds issued by Consumers Funding LLC, and any subsequent such agreement.

"Letter of Representations" means any applicable agreement between the Company and the applicable Clearing Agency, with respect to such Clearing Agency's rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitization Bonds (as defined in the Indenture).

"LLC Act" means the Delaware Limited Liability Company Act, as amended.

"Manager" means each manager of the Company under this Agreement.

"Member" has the meaning set forth in the preamble to this Agreement.

"Membership Interest" is defined in Section 6.01 of this Agreement.

"Ongoing Other Qualified Costs" means the Qualified Costs described as such in the Financing Order, including Operating Expenses and any other costs identified in the Basic Documents; provided, however, that Ongoing Other Qualified Costs do not include the Company's costs of issuance of the Securitization Bonds and Consumers Energy's costs of retiring existing debt and equity securities.

"Operating Expenses" means all unreimbursed fees, costs and out-of-pocket expenses of the Company, including all amounts owed by the Company to the Indenture Trustee (including indemnities, legal fees and expenses) or any Manager, fees of the Servicer pursuant to the Servicing Agreement, fees of the Administrator pursuant to the Administration Agreement, legal and accounting fees, Rating Agency and related fees (i.e. website provider fees) and any franchise or other taxes owed by the Company, including on investment income in the Collection Account.

"Original LLC Agreement" has the meaning set forth in the recitals to this Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Qualified Costs" means all qualified costs as defined in Section 10h(g) of the Securitization Law allowed to be recovered by Consumers Energy under the Financing Order.

"Rating Agency" means, with respect to the Securitization Bonds, any of Moody's Investors Service, Inc. or Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, or any successors thereto, that provides a rating with respect to the Securitization Bonds. If no such organization or successor is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Company, notice of which designation shall be given to the Indenture Trustee and the Servicer.

"Sale Agreement" means the Securitization Property Purchase and Sale Agreement, dated as of the date hereof, pursuant to which the Seller will sell its rights and interests in the Securitization Property to the Company.

"Secured Parties" means the Indenture Trustee, the Holders and any credit enhancer described in the Series Supplement.

"Securitization Bond Collateral" means all of the Company's right, title and interest (whether now owned or hereafter acquired or arising) in and to (a) the Securitization Property created under and pursuant to the Financing Order and the Securitization Law, and transferred by the Seller to the Company pursuant to the Sale Agreement (including, to the fullest extent permitted by law, the right to impose, collect and receive the Securitization Charges, the right to obtain periodic adjustments to the Securitization Charges, and all revenue, collections, payments, money and proceeds arising out of the rights and interests created under the Financing Order), (b) all Securitization Charges related to the Securitization Property, (c) the Sale Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to the Securitization Property and the Securitization Bonds, (d) the Servicing Agreement, the Administration Agreement, the Intercreditor Agreement and any subservicing, agency, administration or collection agreements executed in connection therewith, to the extent related to the foregoing Securitization Property and the Securitization Bonds, (e) the Collection Account, all subaccounts thereof and all amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all financial assets and securities entitlements carried therein or credited thereto, (f) all rights to compel the Servicer to file for and obtain periodic adjustments to the Securitization Charges in accordance with Section 10k(3) of the Securitization Law and the Financing Order, (g) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute Securitization Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property, (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing, and (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing.

"Securitization Bonds" means the securitization bonds authorized by the Financing Order and issued under the Indenture.

"Securitization Charge" means any securitization charges as defined in Section 10h(i) of the Securitization Law that are authorized by the Financing Order.

"Securitization Law" means the laws of the State of Michigan adopted in June 2000 enacted as 2000 PA 142.

"Securitization Property" means all securitization property as defined in Section 10h(j) of the Securitization Law created pursuant to the Financing Order and under the Securitization Law, including the right to impose, collect and receive the Securitization Charges in an amount necessary to provide the full recovery of all Qualified Costs, the right under the Financing Order to obtain periodic adjustments of Securitization Charges under Section 10k(3) of the Securitization Law and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests described under Section 10(j) of the Securitization Law.

"Seller" means Consumers Energy, as Seller under the Sale Agreement.

"Series Supplement" means the indenture supplemental to the Indenture in the form attached as Exhibit B to the Indenture that authorizes the issuance of the Securitization Bonds.

"Servicer" means Consumers Energy, as Servicer under the Servicing Agreement.

"Servicing Agreement" means the Securitization Property Servicing Agreement, dated as of the date hereof, pursuant to which the Servicer will service the Securitization Property on behalf of the Company.

"Special Member" is defined in Section 1.02(b) of this Agreement.

"Special Purpose Provisions" is defined in Section 11.02(a) of this Agreement.

"Sponsor" means Consumers Energy, in its capacity as "sponsor" of the Securitization Bonds within the meaning of Regulation AB (as defined in the Indenture).

"Tariff" means the most current version on file with the Commission of Sheet No. C-43.10 and Sheet No. D-5.10 of Consumers Energy's Rate Book for Electric Service, M.P.S.C. 13 - Electric, or substantially comparable sheets included in a later complete revision of Consumers Energy's Rate Book for Electric Service approved and on file with the Commission.

"Treasury Regulations" means the regulations, including proposed or temporary regulations, promulgated under the Code.

"Underwriting Agreement" means the Underwriting Agreement, dated July 14, 2014, by and among Consumers Energy, the representatives of the several underwriters named therein and the Company.

Exhibit 4.1

INDENTURE

by and between

CONSUMERS 2014 SECURITIZATION FUNDING LLC,

Issuer

and

THE BANK OF NEW YORK MELLON,

Indenture Trustee and Securities Intermediary

Dated as of July 22, 2014

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EXHIBITS

APPENDIX

TRUST INDENTURE ACT CROSS REFERENCE TABLE

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	(a)(2)	6.11
	(a)(3)	6.10(b)(i)
	(a)(4)	Not applicable
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THIS CROSS REFERENCE TABLE SHALL NOT, FOR ANY PURPOSE, BE DEEMED TO BE PART OF THIS INDENTURE.

This INDENTURE, dated as of July 22, 2014, is by and between CONSUMERS 2014 SECURITIZATION FUNDING LLC, a Delaware limited liability company, and THE BANK OF NEW YORK MELLON, a New York banking corporation, in its capacity as trustee for the benefit of the Secured Parties and in its separate capacity as a securities intermediary.

In consideration of the mutual agreements herein contained, each party hereto agrees as follows for the benefit of the other party hereto and each of the Holders:

RECITALS OF THE ISSUER

The Issuer has duly authorized the execution and delivery of this Indenture and the creation and issuance of the Securitization Bonds issuable hereunder, which will be of substantially the tenor set forth herein and in the Series Supplement.

The Securitization Bonds shall be non-recourse obligations and shall be secured by and payable solely out of the proceeds of the Securitization Property and the other Securitization Bond Collateral as provided herein. If and to the extent that such proceeds of the Securitization Property and the other Securitization Bond Collateral are insufficient to pay all amounts owing with respect to the Securitization Bonds, then, except as otherwise expressly provided hereunder, the Holders shall have no Claim in respect of such insufficiency against the Issuer or the Indenture Trustee, and the Holders, by their acceptance of the Securitization Bonds, waive any such Claim.

All things necessary to (a) make the Securitization Bonds, when executed by the Issuer and authenticated and delivered by the Indenture Trustee hereunder and duly issued by the Issuer, valid obligations, and (b) make this Indenture a valid agreement of the Issuer, in each case, in accordance with their respective terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises herein contained and of the purchase of the Securitization Bonds by the Holders and of other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure, equally and ratably without prejudice, priority or distinction, except as specifically otherwise set forth in this Indenture, the payment of the Securitization Bonds, the payment of all other amounts due under or in connection with this Indenture (including all fees, expenses, counsel fees and other amounts due and owing to the Indenture Trustee) and the performance and observance of all of the covenants and conditions contained herein or in the Securitization Bonds, has hereby executed and delivered this Indenture and by these presents does hereby and by the Series Supplement will convey, grant, assign, transfer and pledge, in each case, in and unto the Indenture Trustee, its successors and assigns forever, for the benefit of the Secured Parties, all and singular the property described in the Series Supplement (such property herein referred to as the "Securitization Bond Collateral"). The Series Supplement will more particularly describe the obligations of the Issuer secured by the Securitization Bond Collateral.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED between the parties hereto that all Securitization Bonds are to be issued, countersigned and delivered and

that all of the Securitization Bond Collateral is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, for itself and any successor, does hereby covenant and agree to and with the Indenture Trustee and its successors in said trust, for the benefit of the Secured Parties, as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION; INCORPORATION BY REFERENCE

SECTION 1.01. Definitions and Rules of Construction. Capitalized terms used but not otherwise defined in this Indenture shall have the respective meanings given to such terms in Appendix A, which is hereby incorporated by reference into this Indenture as if set forth fully in this Indenture. Not all terms defined in Appendix A are used in this Indenture. The rules of construction set forth in Appendix A shall apply to this Indenture and are hereby incorporated by reference into this Indenture as if set forth fully in this Indenture.

SECTION 1.02. Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the Trust Indenture Act,

that provision is incorporated by reference in and made a part of this Indenture. The following Trust Indenture Act terms used in this Indenture have the following meanings:

"indenture securities" means the Securitization Bonds.

"indenture security holder" means a Holder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Indenture Trustee.

"obligor" on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other Trust Indenture Act terms used in this Indenture that are defined by the Trust Indenture Act, defined by Trust Indenture Act reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

ARTICLE II

THE SECURITIZATION BONDS

SECTION 2.01. Form. The Securitization Bonds and the Indenture Trustee's certificate of authentication shall be in substantially the forms set forth in Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or by the Series Supplement and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the Securitization Bonds, as evidenced by their execution of the Securitization Bonds.

The Securitization Bonds shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Securitization Bonds, as evidenced by their execution of the Securitization Bonds.

Each Securitization Bond shall be dated the date of its authentication. The terms of the Securitization Bonds set forth in Exhibit A are part of the terms of this Indenture.

SECTION 2.02. Denominations of Securitization Bonds. The Securitization Bonds shall be issuable in the Authorized Denominations specified in the Series Supplement.

The Securitization Bonds may, at the election of and as authorized by a Responsible Officer of the Issuer, be issued in one or more Tranches, and shall be designated generally as the "Senior Secured Securitization Bonds, Series 2014A" of the Issuer, with such further particular designations added or incorporated in such title for the Securitization Bonds of any particular Tranche as a Responsible Officer of the Issuer may determine. Each Securitization Bond shall bear the designation so selected for the Tranche to which it belongs. All Securitization Bonds shall be identical in all respects except for the denominations thereof, the Holder thereof, the numbering thereon and the legends thereon, unless the Securitization Bonds are comprised of one or more Tranches, in which case all Securitization Bonds of the same Tranche shall be identical in all respects except for the denominations thereof, the Holder thereof, the numbering thereon, the legends thereon and the CUSIP number thereon. All Securitization Bonds of a particular Tranche shall be in all respects equally and ratably entitled to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

The Securitization Bonds shall be created by the Series Supplement authorized by a Responsible Officer of the Issuer, which Series Supplement shall specify and establish the terms and provisions thereof, including the following (which terms and provisions may differ as between Tranches):

(a) designation of any Tranches thereof;

(b) the principal amount (and, if more than one Tranche is issued, the respective principal amounts of such Tranches);

(c) the Bond Interest Rate;

(d) the Payment Dates;

(e) the Scheduled Payment Dates;

(f) the Scheduled Final Payment Date(s);

(g) the Final Maturity Date(s);

(h) the issuance date;

(i) the Authorized Denominations;

(j) the Expected Amortization Schedule(s);

(k) the place or places for the payment of interest, principal and premium, if any;

(l) any additional Secured Parties;

(m) the identity of the Indenture Trustee;

(n) the Securitization Charges and the Securitization Bond Collateral;

(o) whether or not the Securitization Bonds are to be Book-Entry Securitization Bonds and the extent to which Section 2.11 should apply; and

(p) any other terms of the Securitization Bonds (or Tranches thereof) that are not inconsistent with the provisions of this Indenture and as to which the Rating Agency Condition is satisfied.

SECTION 2.03. Execution, Authentication and Delivery. The Securitization Bonds shall be executed on behalf of the Issuer by any of its Responsible Officers. The signature of any such Responsible Officer on the Securitization Bonds may be manual or facsimile.

Securitization Bonds bearing the manual or facsimile signature of individuals who were at any time Responsible Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the Securitization Bonds or did not hold such offices at the date of the Securitization Bonds.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Securitization Bonds executed by the Issuer to the Indenture Trustee pursuant to an Issuer Order for authentication; and the Indenture Trustee shall authenticate and deliver the Securitization Bonds as in this Indenture provided and not otherwise.

No Securitization Bond shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Securitization Bond a certificate of authentication substantially in the form provided for therein executed by the Indenture Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Securitization Bond shall be conclusive evidence, and the only evidence, that such Securitization Bond has been duly authenticated and delivered hereunder.

SECTION 2.04. Temporary Securitization Bonds. Pending the preparation of Definitive Securitization Bonds pursuant to Section 2.13, the Issuer may execute, and upon receipt of an Issuer Order the Indenture Trustee shall authenticate and deliver, Temporary Securitization Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, of the tenor of the Definitive Securitization Bonds in lieu of which they are issued and with such variations not inconsistent with the terms of this Indenture as the officers executing the

Securitization Bonds may determine, as evidenced by their execution of the Securitization Bonds.

If Temporary Securitization Bonds are issued, the Issuer will cause Definitive Securitization Bonds to be prepared without unreasonable delay. After the preparation of Definitive Securitization Bonds, the Temporary Securitization Bonds shall be exchangeable for Definitive Securitization Bonds upon surrender of the Temporary Securitization Bonds at the office or agency of the Issuer to be maintained as provided in Section 3.02, without charge to the Holder. Upon surrender for cancellation of any one or more Temporary Securitization Bonds, the Issuer shall execute and the Indenture Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Securitization Bonds of authorized denominations. Until so delivered in exchange, the Temporary Securitization Bonds shall in all respects be entitled to the same benefits under this Indenture as Definitive Securitization Bonds.

SECTION 2.05. Registration; Registration of Transfer and Exchange of Securitization Bonds. The Issuer shall cause to be kept a register (the "Securitization Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Securitization Bonds and the registration of transfers of Securitization Bonds. The Indenture Trustee shall be "Securitization Bond Registrar" for the purpose of registering the Securitization Bonds and transfers of Securitization Bonds as herein provided. Upon any resignation of any Securitization Bond Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Securitization Bond Registrar.

If a Person other than the Indenture Trustee is appointed by the Issuer as Securitization Bond Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of such Securitization Bond Registrar and of the location, and any change in the location, of the Securitization Bond Register, and the Indenture Trustee shall have the right to inspect the Securitization Bond Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to rely conclusively upon a certificate executed on behalf of the Securitization Bond Registrar by a Responsible Officer thereof as to the names and addresses of the Holders and the principal amounts and number of the Securitization Bonds (separately stated by Tranche).

Upon surrender for registration of transfer of any Securitization Bond at the office or agency of the Issuer to be maintained as provided in Section 3.02, provided that the requirements of Section 8-401 of the UCC are met, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, in the name of the designated transferee or transferees, one or more new Securitization Bonds in any Authorized Denominations, of the same Tranche and aggregate principal amount.

At the option of the Holder, Securitization Bonds may be exchanged for other Securitization Bonds in any Authorized Denominations, of the same Tranche and aggregate principal amount, upon surrender of the Securitization Bonds to be exchanged at such office or agency as provided in Section 3.02. Whenever any Securitization Bonds are so surrendered for exchange, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute, and, upon any such execution, the Indenture Trustee shall authenticate and the Holder

shall obtain from the Indenture Trustee, the Securitization Bonds that the Holder making the exchange is entitled to receive.

All Securitization Bonds issued upon any registration of transfer or exchange of other Securitization Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securitization Bonds surrendered upon such registration of transfer or exchange.

Every Securitization Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by: (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution that is a member of: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee; and (b) such other documents as the Indenture Trustee may require.

No service charge shall be made to a Holder for any registration of transfer or exchange of Securitization Bonds, but the Issuer or the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge or any fees or expenses of the Indenture Trustee that may be imposed in connection with any registration of transfer or exchange of Securitization Bonds, other than exchanges pursuant to Section 2.04 or Section 2.06 not involving any transfer.

The preceding provisions of this Section 2.05 notwithstanding, the Issuer shall not be required to make, and the Securitization Bond Registrar need not register, transfers or exchanges of any Securitization Bond that has been submitted within 15 days preceding the due date for any payment with respect to such Securitization Bond until after such due date has occurred.

SECTION 2.06. Mutilated, Destroyed, Lost or Stolen Securitization Bonds. If (a) any mutilated Securitization Bond is surrendered to the Indenture Trustee or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Securitization Bond and (b) there is delivered to the Indenture Trustee such security or indemnity as may be required by it to hold the Issuer and the Indenture Trustee harmless, then, in the absence of notice to the Issuer, the Securitization Bond Registrar or the Indenture Trustee that such Securitization Bond has been acquired by a Protected Purchaser, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute, and, upon the Issuer's written request, the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Securitization Bond, a replacement Securitization Bond of like Tranche, tenor and principal amount, bearing a number not contemporaneously outstanding; provided, however, that, if any such destroyed, lost or stolen Securitization Bond, but not a mutilated Securitization Bond, shall have become or within seven days shall be due and payable, instead of issuing a replacement Securitization Bond, the Issuer may pay such destroyed, lost or stolen Securitization Bond when so due or payable without surrender thereof. If, after the delivery of such replacement Securitization Bond or payment of a destroyed, lost or stolen Securitization Bond pursuant to the proviso to the preceding sentence, a Protected

Purchaser of the original Securitization Bond in lieu of which such replacement Securitization Bond was issued presents for payment such original Securitization Bond, the Issuer and the Indenture Trustee shall be entitled to recover such replacement Securitization Bond (or such payment) from the Person to whom it was delivered or any Person taking such replacement Securitization Bond from such Person to whom such replacement Securitization Bond was delivered or any assignee of such Person, except a Protected Purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

Upon the issuance of any replacement Securitization Bond under this Section 2.06, the Issuer and/or the Indenture Trustee may require the payment by the Holder of such Securitization Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee and the Securitization Bond Registrar) in connection therewith.

Every replacement Securitization Bond issued pursuant to this Section 2.06 in replacement of any mutilated, destroyed, lost or stolen Securitization Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Securitization Bond shall be found at any time or enforced by any Person, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securitization Bonds duly issued hereunder.

The provisions of this Section 2.06 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securitization Bonds.

SECTION 2.07. Persons Deemed Owner. Prior to due presentment for registration of transfer of any Securitization Bond, the Issuer, the Indenture Trustee, the Securitization Bond Registrar and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name any Securitization Bond is registered (as of the day of determination) as the owner of such Securitization Bond for the purpose of receiving payments of principal of and premium, if any, and interest on such Securitization Bond and for all other purposes whatsoever, whether or not such Securitization Bond be overdue, and none of the Issuer, the Indenture Trustee or any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

SECTION 2.08. Payment of Principal, Premium, if any, and Interest; Interest on Overdue Principal; Principal, Premium, if any, and Interest Rights Preserved.

(a) The Securitization Bonds shall accrue interest as provided in the Series Supplement at the applicable Bond Interest Rate, and such interest shall be payable on each applicable Payment Date. Any installment of interest, principal or premium, if any, payable on any Securitization Bond that is punctually paid or duly provided for on the applicable Payment Date shall be paid to the Person in whose name such Securitization Bond (or one or more Predecessor Securitization Bonds) is registered on the Record Date for such Payment Date by wire transfer to an account maintained by such Holder in accordance with payment instructions

delivered to the Indenture Trustee by such Holder, and, with respect to Book-Entry Securitization Bonds, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Securitization Bond unless and until such Global Securitization Bond is exchanged for Definitive Securitization Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to such Securitization Bond on a Payment Date, which shall be payable as provided below.

(b) The principal of each Securitization Bond of each Tranche shall be paid, to the extent funds are available therefor in the Collection Account, in installments on each Payment Date specified in the Series Supplement; provided, that installments of principal not paid when scheduled to be paid in accordance with the Expected Amortization Schedule shall be paid upon receipt of money available for such purpose, in the order set forth in the Expected Amortization Schedule. Failure to pay principal in accordance with such Expected Amortization Schedule because moneys are not available pursuant to Section 8.02 to make such payments shall not constitute a Default or Event of Default under this Indenture; provided, however, that failure to pay the entire unpaid principal amount of the Securitization Bonds of a Tranche upon the Final Maturity Date for the Securitization Bonds of such Tranche shall constitute an Event of Default under this Indenture as set forth in Section 5.01. Notwithstanding the foregoing, the entire unpaid principal amount of the Securitization Bonds shall be due and payable, if not previously paid, on the date on which an Event of Default shall have occurred and be continuing, if the Indenture Trustee or the Holders of the Securitization Bonds representing a majority of the Outstanding Amount of the Securitization Bonds have declared the Securitization Bonds to be immediately due and payable in the manner provided in Section 5.02. All payments of principal and premium, if any, on the Securitization Bonds shall be made pro rata to the Holders entitled thereto unless otherwise provided in the Series Supplement. The Indenture Trustee shall notify the Person in whose name a Securitization Bond is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and premium, if any, and interest on such Securitization Bond will be paid. Such notice shall be mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Securitization Bond and shall specify the place where such Securitization Bond may be presented and surrendered for payment of such installment.

(c) If interest on the Securitization Bonds is not paid when due, such defaulted interest shall be paid (plus interest on such defaulted interest at the applicable Bond Interest Rate to the extent lawful) to the Persons who are Holders on a subsequent Special Record Date, which date shall be at least 15 Business Days prior to the Special Payment Date. The Issuer shall fix or cause to be fixed any such Special Record Date and Special Payment Date, and, at least ten days before any such Special Record Date, the Issuer shall mail to each affected Holder a notice that states the Special Record Date, the Special Payment Date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid.

SECTION 2.09. Cancellation. All Securitization Bonds surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by the Indenture Trustee. The Issuer may at any time deliver to the Indenture Trustee for cancellation any

Securitization Bonds previously authenticated and delivered hereunder that the Issuer may have acquired in any manner whatsoever, and all Securitization Bonds so delivered shall be promptly canceled by the Indenture Trustee. No Securitization Bonds shall be authenticated in lieu of or in exchange for any Securitization Bonds canceled as provided in this Section 2.09, except as expressly permitted by this Indenture. All canceled Securitization Bonds may be held or disposed of by the Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time.

SECTION 2.10. Outstanding Amount; Authentication and Delivery of Securitization Bonds. The aggregate Outstanding Amount of Securitization Bonds that may be authenticated and delivered under this Indenture shall not exceed the aggregate of the amounts of Securitization Bonds that are authorized in the Financing Order but otherwise shall be unlimited.

Securitization Bonds created and established by the Series Supplement may at any time be executed by the Issuer and delivered to the Indenture Trustee for authentication and thereupon the same shall be authenticated and delivered by the Indenture Trustee upon Issuer Request and upon delivery by the Issuer to the Indenture Trustee, and receipt by the Indenture Trustee, or the causing to occur by the Issuer, of the following; provided, however, that compliance with such conditions and delivery of such documents shall only be required in connection with the original issuance of the Securitization Bonds:

(a) Issuer Action. An Issuer Order authorizing and directing the authentication and delivery of the Securitization Bonds by the Indenture Trustee and specifying the principal amount of Securitization Bonds to be authenticated.

(b) Authorizations. Copies of (i) the Financing Order, which shall be in full force and effect and be Final, (ii) certified resolutions of the Managers or Member of the Issuer authorizing the execution and delivery of the Series Supplement and the execution, authentication and delivery of the Securitization Bonds and (iii) a Series Supplement duly executed by the Issuer.

(c) Opinions. An opinion or opinions, portions of which may be delivered by one or more counsel for the Issuer, portions of which may be delivered by one or more counsel for the Servicer, and portions of which may be delivered by one or more counsel for the Seller, dated the Closing Date, in each case subject to the customary exceptions, qualifications and assumptions contained therein, to the collective effect, that (i) all conditions precedent provided for in this Indenture relating to (A) the authentication and delivery of the Issuer's Securitization Bonds and (B) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture have been complied with and (ii) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture is permitted by this Indenture, together with the other Opinions of Counsel described in Sections 9(d) through 9(o) of the Underwriting Agreement (other than Sections 9(f)(i) and 9(h) thereof) relating to the Issuer's Securitization Bonds.

(d) Authorizing Certificate. An Officer's Certificate, dated the Closing Date, of the Issuer certifying that (i) the Issuer has duly authorized the execution and delivery of this Indenture and the Series Supplement and the execution and delivery of the Securitization Bonds

and (ii) the Series Supplement is in the form attached thereto and complies with the requirements of Section 2.02.

(e) The Securitization Bond Collateral. The Issuer shall have made or caused to be made all filings with the Commission and the Michigan Department of State pursuant to the Financing Order and the Securitization Law and all other filings necessary to perfect the Grant of the Securitization Bond Collateral to the Indenture Trustee and the Lien of this Indenture.

(f) Certificates of the Issuer and the Seller.

(i) An Officer's Certificate from the Issuer, dated as of the Closing Date:

(A) to the effect that (1) the Issuer is not in Default under this Indenture and that the issuance of the Securitization Bonds will not result in any Default or in any breach of any of the terms, conditions or provisions of or constitute a default under the Financing Order or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its property is bound or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it or its property may be bound or to which it or its property may be subject and (2) all conditions precedent provided in this Indenture relating to the execution, authentication and delivery of the Securitization Bonds have been complied with;

(B) to the effect that: the Issuer has not assigned any interest or participation in the Securitization Bond Collateral except for the Grant contained in this Indenture and the Series Supplement; the Issuer has the power and right to Grant the Securitization Bond Collateral to the Indenture Trustee as security hereunder and thereunder; and the Issuer, subject to the terms of this Indenture, has Granted to the Indenture Trustee a first priority perfected security interest in all of its right, title and interest in and to such Securitization Bond Collateral free and clear of any Lien arising as a result of actions of the Issuer or through the Issuer, except Permitted Liens;

(C) to the effect that the Issuer has appointed the firm of Independent registered public accountants as contemplated in Section 8.06;

(D) to the effect that the Sale Agreement, the Servicing Agreement, the Administration Agreement and the Intercreditor Agreement are, to the knowledge of the Issuer (and assuming such agreements are enforceable against all parties thereto other than the

Issuer and Consumers Energy), in full force and effect and, to the knowledge of the Issuer, that no party is in default of its obligations under such agreements; and

(E) certifying that the Securitization Bonds have received the ratings from the Rating Agencies required by the Underwriting Agreement as a condition to the issuance of the Securitization Bonds.

(ii) An officer's certificate from the Seller, dated as of the Closing Date, to the effect that:

(A) in the case of the Securitization Property identified in the Bill of Sale, immediately prior to the conveyance thereof to the Issuer pursuant to the Sale Agreement: the Seller was the original and the sole owner of such Securitization Property, free and clear of any Lien; the Seller had not assigned any interest or participation in such Securitization Property and the proceeds thereof other than to the Issuer pursuant to the Sale Agreement; the Seller has the power, authority and right to own, sell and assign such Securitization Property and the proceeds thereof to the Issuer; the Seller has its chief executive office in the State of Michigan; and the Seller, subject to the terms of the Sale Agreement, has validly sold and assigned to the Issuer all of its right, title and interest in and to such Securitization Property and the proceeds thereof, free and clear of any Lien (other than Permitted Liens) and such sale and assignment is absolute and irrevocable and has been perfected;

(B) in the case of the Securitization Property identified in the Bill of Sale, immediately prior to the conveyance thereof to the Issuer pursuant to the Sale Agreement, the attached copy of the Financing Order creating such Securitization Property is true and complete and is in full force and effect; and

(C) the Required Capital Level has been deposited or caused to be deposited by the Seller with the Trustee for crediting to the Capital Subaccount.

(g) Accountant's Certificate or Letter. One or more certificates or letters, addressed to the Issuer, of a firm of Independent registered public accountants of recognized national reputation to the effect that (i) such accountants are Independent with respect to the Issuer within the meaning of this Indenture and are independent public accountants within the meaning of the standards of the Public Company Accounting Oversight Board and (ii) with respect to the Securitization Bond Collateral, they have applied such procedures as instructed by the addressees of such certificate or letter.

(h) Requirements of Series Supplement. Such other funds, accounts, documents, certificates, agreements, instruments or opinions as may be required by the terms of the Series Supplement.

(i) Other Requirements. Such other documents, certificates, agreements, instruments or opinions as the Indenture Trustee may reasonably require.

SECTION 2.11. Book-Entry Securitization Bonds. Unless the Series Supplement provides otherwise, all of the Securitization Bonds shall be issued in Book-Entry Form, and the Issuer shall execute and the Indenture Trustee shall, in accordance with this Section 2.11 and the Issuer Order, authenticate and deliver one or more Global Securitization Bonds, evidencing the Securitization Bonds, which (a) shall be an aggregate original principal amount equal to the aggregate original principal amount of the Securitization Bonds to be issued pursuant to the Issuer Order, (b) shall be registered in the name of the Clearing Agency therefor or its nominee, which shall initially be Cede & Co., as nominee for The Depository Trust Company, the initial Clearing Agency, (c) shall be delivered by the Indenture Trustee pursuant to such Clearing Agency's or such nominee's instructions and (d) shall bear a legend substantially to the effect set forth in Exhibit A.

Each Clearing Agency designated pursuant to this Section 2.11 must, at the time of its designation and at all times while it serves as Clearing Agency hereunder, be a "clearing agency" registered under the Exchange Act and any other applicable statute or regulation.

No Holder of Securitization Bonds issued in Book-Entry Form shall receive a Definitive Securitization Bond representing such Holder's interest in any of the Securitization Bonds, except as provided in Section 2.13. Unless (and until) certificated, fully registered Securitization Bonds (the "Definitive Securitization Bonds") have been issued to the Holders pursuant to Section 2.13 or pursuant to the Series Supplement relating thereto:

(i) the provisions of this Section 2.11 shall be in full force and effect;

(ii) the Issuer, the Servicer, the Paying Agent, the Securitization Bond Registrar and the Indenture Trustee may deal with the Clearing Agency for all purposes (including the making of distributions on the Securitization Bonds and the giving of instructions or directions hereunder) as the authorized representative of the Holders;

(iii) to the extent that the provisions of this Section 2.11 conflict with any other provisions of this Indenture, the provisions of this Section 2.11 shall control;

(iv) the rights of Holders shall be exercised only through the Clearing Agency and the Clearing Agency Participants and shall be limited to those established by law and agreements between such Holders and the Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Letter of Representations, unless and until Definitive Securitization Bonds are issued pursuant to Section 2.13, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit

distributions of principal of and interest on the Book-Entry Securitization Bonds to such Clearing Agency Participants; and

(v) whenever this Indenture requires or permits actions to be taken based upon instruction or directions of the Holders evidencing a specified percentage of the Outstanding Amount of Securitization Bonds, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from the Holders and/or the Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Securitization Bonds and has delivered such instructions to a Responsible Officer of the Indenture Trustee.

SECTION 2.12. Notices to Clearing Agency. Unless and until Definitive Securitization Bonds shall have been issued to Holders pursuant to Section 2.13, whenever notice, payment or other communications to the holders of Book-Entry Securitization Bonds is required under this Indenture, the Indenture Trustee, the Servicer and the Paying Agent, as applicable, shall give all such notices and communications specified herein to be given to Holders to the Clearing Agency.

SECTION 2.13. Definitive Securitization Bonds. If (a) (i) the Issuer advises the Indenture Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities under any Letter of Representations and (ii) the Issuer is unable to locate a qualified successor Clearing Agency, (b) the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency or (c) after the occurrence of an Event of Default hereunder, Holders holding Securitization Bonds aggregating a majority of the aggregate Outstanding Amount of Securitization Bonds maintained as Book-Entry Securitization Bonds advise the Indenture Trustee, the Issuer and the Clearing Agency (through the Clearing Agency Participants) in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Holders, the Issuer shall notify the Clearing Agency, the Indenture Trustee and all such Holders in writing of the occurrence of any such event and of the availability of Definitive Securitization Bonds to the Holders requesting the same. Upon surrender to the Indenture Trustee of the Global Securitization Bonds by the Clearing Agency accompanied by registration instructions from such Clearing Agency for registration, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, Definitive Securitization Bonds in accordance with the instructions of the Clearing Agency. None of the Issuer, the Securitization Bond Registrar, the Paying Agent or the Indenture Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Securitization Bonds, the Indenture Trustee shall recognize the Holders of the Definitive Securitization Bonds as Holders hereunder.

Definitive Securitization Bonds will be transferable and exchangeable at the offices of the Securitization Bond Registrar.

SECTION 2.14. CUSIP Number. The Issuer in issuing any Securitization Bonds may use a "CUSIP" number and, if so used, the Indenture Trustee shall use the CUSIP number provided to it by the Issuer in any notices to the Holders thereof as a convenience to such

Holders; provided, that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Securitization Bonds and that reliance may be placed only on the other identification numbers printed on the Securitization Bonds. The Issuer shall promptly notify the Indenture Trustee in writing of any change in the CUSIP number with respect to any Securitization Bond.

SECTION 2.15. Letter of Representations. The Issuer shall comply with the terms of each Letter of Representations applicable to the Issuer.

SECTION 2.16. Tax Treatment. The Issuer and the Indenture Trustee, by entering into this Indenture, and the Holders and any Persons holding a beneficial interest in any Securitization Bond, by acquiring any Securitization Bond or interest therein, (a) express their intention that, solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purposes of state, local and other taxes, the Securitization Bonds qualify under applicable tax law as indebtedness of the Member secured by the Securitization Bond Collateral and (b) solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Securitization Bonds are outstanding, agree to treat the Securitization Bonds as indebtedness of the Member secured by the Securitization Bond Collateral unless otherwise required by appropriate taxing authorities.

SECTION 2.17. State Pledge. Under the laws of the State of Michigan in effect on the Closing Date, pursuant to Section 10n(2) of the Securitization Law, the State of Michigan has pledged for the benefit and protection of the Holders, the Indenture Trustee, other Persons acting for the benefit of the Holders and Consumers Energy that the State of Michigan will not take or permit any action that would impair the value of Securitization Property, reduce or alter, except as allowed under Section 10k(3) of the Securitization Law, or impair the Securitization Charges to be imposed, collected and remitted to the Holders, the Indenture Trustee and other Persons acting for the benefit of the Holders until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the Securitization Bonds have been paid and performed in full.

The Issuer hereby acknowledges that the purchase of any Securitization Bond by a Holder or the purchase of any beneficial interest in a Securitization Bond by any Person and the Indenture Trustee's obligations to perform hereunder are made in reliance on such agreement and pledge by the State of Michigan.

SECTION 2.18. Security Interests. The Issuer hereby makes the following representations and warranties. Other than the security interests granted to the Indenture Trustee pursuant to this Indenture, the Issuer has not pledged, granted, sold, conveyed or otherwise assigned any interests or security interests in the Securitization Bond Collateral and no security agreement, financing statement or equivalent security or Lien instrument listing the Issuer as debtor covering all or any part of the Securitization Bond Collateral is on file or of record in any jurisdiction, except such as may have been filed, recorded or made by the Issuer in favor of the Indenture Trustee on behalf of the Secured Parties in connection with this Indenture. This Indenture constitutes a valid and continuing lien on, and first priority perfected security interest in, the Securitization Bond Collateral in favor of the Indenture Trustee on behalf of the Secured

Parties, which lien and security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing. With respect to all Securitization Bond Collateral, this Indenture, together with the Series Supplement, creates a valid and continuing first priority perfected security interest (as defined in the UCC) in such Securitization Bond Collateral, which security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing. The Issuer has good and marketable title to the Securitization Bond Collateral free and clear of any Lien of any Person other than Permitted Liens. All of the Securitization Bond Collateral constitutes Securitization Property or accounts, deposit accounts, investment property or general intangibles (as each such term is defined in the UCC), except that proceeds of the Securitization Bond Collateral may also take the form of instruments. The Issuer has taken, or caused the Servicer to take, all action necessary to perfect the security interest in the Securitization Bond Collateral granted to the Indenture Trustee, for the benefit of the Secured Parties. The Issuer has filed (or has caused the Servicer to file) all appropriate financing statements in the proper filing offices in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Securitization Bond Collateral granted to the Indenture Trustee. The Issuer has not authorized the filing of and is not aware, after due inquiry, of any financing statements against the Issuer that include a description of the Securitization Bond Collateral other than those filed in favor of the Indenture Trustee. The Issuer is not aware of any judgment or tax lien filings against the Issuer. The Collection Account (including all subaccounts thereof) constitutes a "securities account" within the meaning of the UCC. The Issuer has taken all steps necessary to cause the Securities Intermediary of each such securities account to identify in its records the Indenture Trustee as the Person having a security entitlement against the Securities Intermediary in such securities account, no Collection Account is in the name of any Person other than the Indenture Trustee, and the Issuer has not consented to the Securities Intermediary of the Collection Account to comply with entitlement orders of any Person other than the Indenture Trustee. All of the Securitization Bond Collateral constituting investment property has been and will have been credited to the Collection Account or a subaccount thereof, and the Securities Intermediary for the Collection Account has agreed to treat all assets credited to the Collection Account as "financial assets" within the meaning of the UCC. Accordingly, the Indenture Trustee has a first priority perfected security interest in the Collection Account, all funds and financial assets on deposit therein, and all securities entitlements relating thereto. The representations and warranties set forth in this Section 2.18 shall survive the execution and delivery of this Indenture and the issuance of any Securitization Bonds, shall be deemed re-made on each date on which any funds in the Collection Account are distributed to the Issuer or otherwise released from the Lien of the Indenture and may not be waived by any party hereto except pursuant to a supplemental indenture executed in accordance with Article IX and as to which the Rating Agency Condition has been satisfied.

ARTICLE III

COVENANTS

SECTION 3.01. Payment of Principal, Premium, if any, and Interest. The principal of and premium, if any, and interest on the Securitization Bonds shall be duly and punctually paid by the Issuer, or the Servicer on behalf of the Issuer, in accordance with the terms of the Securitization Bonds and this Indenture; provided, that, except on a Final Maturity Date or upon the acceleration of the Securitization Bonds following the occurrence of an Event of Default, the Issuer shall only be obligated to pay the principal of the Securitization Bonds on each Payment Date therefor to the extent moneys are available for such payment pursuant to Section 8.02. Amounts properly withheld under the Code, the Treasury regulations promulgated thereunder or other tax laws by any Person from a payment to any Holder of interest or principal or premium, if any, shall be considered as having been paid by the Issuer to such Holder for all purposes of this Indenture.

SECTION 3.02. Maintenance of Office or Agency. The Issuer shall initially maintain in Dallas, Texas an office or agency where Securitization Bonds may be surrendered for registration of transfer or exchange. The Issuer shall give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of any such office or agency. The Issuer hereby initially appoints the Indenture Trustee to serve as its agent for the foregoing purposes, and the Corporate Trust Office of the Indenture Trustee shall serve as the offices provided above in this Section 3.02. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Indenture Trustee with the address thereof, such surrenders may be made at the office of the Indenture Trustee located at the Corporate Trust Office, and the Issuer hereby appoints the Indenture Trustee as its agent to receive all such surrenders.

SECTION 3.03. Money for Payments To Be Held in Trust. As provided in Section 8.02(a), all payments of amounts due and payable with respect to any Securitization Bonds that are to be made from amounts withdrawn from the Collection Account pursuant to Section 8.02(d) shall be made on behalf of the Issuer by the Indenture Trustee or by another Paying Agent, and no amounts so withdrawn from the Collection Account for payments with respect to any Securitization Bonds shall be paid over to the Issuer except as provided in this Section 3.03 and Section 8.02.

Each Paying Agent shall meet the eligibility criteria set forth for any Indenture Trustee under Section 6.11. The Issuer will cause each Paying Agent other than the Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.03, that such Paying Agent will:

(a) hold all sums held by it for the payment of amounts due with respect to the Securitization Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(b) give the Indenture Trustee and the Rating Agencies written notice of any Default by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Securitization Bonds;

(c) at any time during the continuance of any such Default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(d) immediately, with notice to the Rating Agencies, resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Securitization Bonds if at any time the Paying Agent determines that it has ceased to meet the standards required to be met by a Paying Agent at the time of such determination; and

(e) comply with all requirements of the Code, the Treasury regulations promulgated thereunder and other tax laws with respect to the withholding from any payments made by it on any Securitization Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Securitization Bond and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on an Issuer Request; and, subject to Section 10.14, the Holder of such Securitization Bond shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, may, at the expense of the Issuer, cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee may also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including mailing notice of such repayment to Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Indenture Trustee or of any Paying Agent, at the last address of record for each such Holder).

SECTION 3.04. Existence. The Issuer shall keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other

State or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the other Basic Documents, the Securitization Bonds, the Securitization Bond Collateral and each other instrument or agreement referenced herein or therein.

SECTION 3.05. Protection of Securitization Bond Collateral. The Issuer shall from time to time execute and deliver all such supplements and amendments hereto and all filings with the Commission, the Secretary of State of the State of Delaware or the Michigan Department of State pursuant to the Financing Order or to the Securitization Law and all financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action necessary or advisable, to:

(a) maintain or preserve the Lien (and the priority thereof) of this Indenture and the Series Supplement or carry out more effectively the purposes hereof;

(b) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(c) enforce any of the Securitization Bond Collateral;

(d) preserve and defend title to the Securitization Bond Collateral and the rights of the Indenture Trustee and the Holders in such Securitization Bond Collateral against the Claims of all Persons, including the challenge by any party to the validity or enforceability of the Financing Order, the Securitization Property or any proceeding relating thereto and institute any action or proceeding necessary to compel performance by the Commission or the State of Michigan of any of its obligations or duties under the Securitization Law, the State Pledge, or the Financing Order; or

(e) pay any and all taxes levied or assessed upon all or any part of the Securitization Bond Collateral.

The Indenture Trustee is specifically authorized to file financing statements covering the Securitization Bond Collateral, including financing statements that describe the Securitization Bond Collateral as "all assets" or "all personal property" of the Issuer and/or reflecting Section 10m(9) of the Securitization Law, it being understood that in no event shall the Indenture Trustee be responsible for filing any such financing statements.

SECTION 3.06. Opinions as to Securitization Bond Collateral.

(a) On the Closing Date, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto and any other requisite documents, and with respect to the execution and filing of any filings with the Commission, the Secretary of State of the State of Delaware or the Michigan Department of State pursuant to the Securitization Law and the Financing Order, financing statements and continuation statements, as are necessary to perfect

and make effective the Lien and the perfected security interest created by this Indenture and the Series Supplement, and, based on a review of a current report of a search of the appropriate governmental filing office, no other Lien that can be perfected solely by the filing of financing statements under the applicable Uniform Commercial Code ranks equal or prior to the Lien of the Indenture Trustee in the Securitization Bond Collateral, and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make effective such Lien.

(b) Within 90 days after the beginning of each calendar year beginning with the calendar year beginning January 1, 2015, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents, and with respect to the execution and filing of any filings with the Commission, the Secretary of State of the State of Delaware or the Michigan Department of State pursuant to the Securitization Law and the Financing Order, financing statements and continuation statements, as are necessary to maintain the Lien and the perfected security interest created by this Indenture and the Series Supplement and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to maintain such Lien. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and the execution and filing of any filings with the Commission, the Secretary of State of the State of Delaware or the Michigan Department of State, financing statements and continuation statements that will, in the opinion of such counsel, be required within the 12-month period following the date of such opinion to maintain the Lien and the perfected security interest created by this Indenture and the Series Supplement.

(c) Prior to the effectiveness of any amendment to the Sale Agreement or the Servicing Agreement, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either (i) stating that, in the opinion of such counsel, all filings, including UCC financing statements and other filings with the Commission, the Secretary of State of the State of Delaware or the Michigan Department of State pursuant to the Securitization Law or the Financing Order have been executed and filed that are necessary fully to preserve and protect the Lien of the Issuer and the Indenture Trustee in the Securitization Property and the Securitization Bond Collateral, respectively, and the proceeds thereof, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (ii) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such Lien.

SECTION 3.07. Performance of Obligations; Servicing; SEC Filings.

(a) The Issuer (i) shall diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Securitization Bond Collateral and (ii) shall not take any action and shall use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Series

Supplement, the Sale Agreement, the Servicing Agreement, the Intercreditor Agreement or such other instrument or agreement.

(b) The Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Indenture Trustee herein or in an Officer's Certificate shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer to assist the Issuer in performing its duties under this Indenture.

(c) The Issuer shall punctually perform and observe all of its obligations and agreements contained in this Indenture, the Series Supplement, the other Basic Documents and the instruments and agreements included in the Securitization Bond Collateral, including filing or

causing to be filed all filings with the Commission, the Secretary of State of the State of Delaware or the Michigan Department of State pursuant to the Securitization Law or the Financing Order, all UCC financing statements and all continuation statements required to be filed by it by the terms of this Indenture, the Series Supplement, the Sale Agreement and the Servicing Agreement in accordance with and within the time periods provided for herein and therein.

(d) If the Issuer shall have knowledge of the occurrence of a Servicer Default under the Servicing Agreement, the Issuer shall promptly give written notice thereof to the Indenture Trustee and the Rating Agencies and shall specify in such notice the response or action, if any, the Issuer has taken or is taking with respect to such Servicer Default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the Securitization Property, the Securitization Bond Collateral or the Securitization Charges, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) As promptly as possible after the giving of notice of termination to the Servicer and the Rating Agencies of the Servicer's rights and powers pursuant to Section 7.01 of the Servicing Agreement, the Indenture Trustee may and shall, at the written direction of the Holders evidencing a majority of the Outstanding Amount of the Securitization Bonds, appoint a successor Servicer (the "Successor Servicer"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer and the Indenture Trustee. A Person shall qualify as a Successor Servicer only if such Person satisfies the requirements of the Servicing Agreement and the Intercreditor Agreement. If, within 30 days after the delivery of the notice referred to above, a new Servicer shall not have been appointed, the Indenture Trustee may petition the Commission or a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, Consumers Energy may make such arrangements for the compensation of such Successor Servicer as it and such successor shall agree, subject to the limitations set forth in Section 8.02 and in the Servicing Agreement.

(f) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, the Indenture Trustee shall promptly notify the Issuer, the Holders and the Rating Agencies. As soon as a Successor Servicer is appointed, the Indenture Trustee shall notify

the Issuer, the Holders and the Rating Agencies of such appointment, specifying in such notice the name and address of such Successor Servicer.

(g) The Issuer shall (or shall cause the Sponsor to) post on its website (which for this purpose may be the website of any direct or indirect parent company of the Issuer) and, to the extent consistent with the Issuer's and the Sponsor's obligations under applicable law, file with or furnish to the SEC in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, the following information (other than any such information filed with the SEC and publicly available to investors unless the Issuer specifically requests such items to be posted) with respect to the Outstanding Securitization Bonds, in each case to the extent such information is reasonably available to the Issuer:

(i) statements of any remittances of Securitization Charges made to the Indenture Trustee (to be included in a Form 10-D or Form 10-K, or successor forms thereto);

(ii) the Semi-Annual Servicer's Certificate as required to be submitted pursuant to the Servicing Agreement (to be filed with a Form 10-D, Form 10-K or Form 8-K, or successor forms thereto);

(iii) the Monthly Servicer's Certificate as required to be submitted pursuant to the Servicing Agreement;

(iv) the text (or a link to the website where a reader can find the text) of each filing of a True-Up Adjustment and the results of each such filing;

(v) any change in the long-term or short-term credit ratings of the Servicer assigned by the Rating Agencies;

(vi) material legislative or regulatory developments directly relevant to the Outstanding Securitization Bonds (to be filed or furnished in a Form 8-K); and

(vii) any reports and other information that the Issuer is required to file with the SEC under the Exchange Act.

Notwithstanding the foregoing, nothing herein shall preclude the Issuer from voluntarily suspending or terminating its filing obligations as Issuer with the SEC to the extent permitted by applicable law. Any such reports or information delivered to the Indenture Trustee for purposes of this Section 3.07(g) is for informational purposes only, and the Indenture Trustee's receipt of such reports or information shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Indenture Trustee is entitled to conclusively rely on an Officer's Certificate).

(h) The Issuer shall direct the Indenture Trustee to post on the Indenture Trustee's website for investors (based solely on information set forth in the Semi-Annual Servicer's Certificate) with respect to the Outstanding Securitization Bonds, to the extent such information is set forth in the Semi-Annual Servicer's Certificate, a statement showing the

balance of Outstanding Securitization Bonds that reflects the actual payments made on the Securitization Bonds during the applicable period.

The address of the Indenture Trustee's website for investors is https://gctinvestorreporting.bnymellon.com. The Indenture Trustee shall immediately notify the Issuer, the Holders and the Rating Agencies of any change to the address of the website for investors.

(i) The Issuer shall make all filings required under the Securitization Law relating to the transfer of the ownership or security interest in the Securitization Property other than those required to be made by the Seller or the Servicer pursuant to the Basic Documents.

SECTION 3.08. Certain Negative Covenants. So long as any Securitization Bonds are Outstanding, the Issuer shall not:

(a) except as expressly permitted by this Indenture and the other Basic Documents, sell, transfer, convey, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Securitization Bond Collateral, unless in accordance with Article V;

(b) claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the Securitization Bonds (other than amounts properly withheld from such payments under the Code, the Treasury regulations promulgated thereunder or other tax laws) or assert any claim against any present or former Holder by reason of the payment of the taxes levied or assessed upon any part of the Securitization Bond Collateral;

(c) terminate its existence or dissolve or liquidate in whole or in part, except in a transaction permitted by Section 3.10;

(d) (i) permit the validity or effectiveness of this Indenture or the other Basic Documents to be impaired, or permit the Lien of this Indenture and the Series Supplement to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Securitization Bonds under this Indenture except as may be expressly permitted hereby, (ii) permit any Lien (other than the Lien of this Indenture or the Series Supplement) to be created on or extend to or otherwise arise upon or burden the Securitization Bond Collateral or any part thereof or any interest therein or the proceeds thereof (other than tax liens arising by operation of law with respect to amounts not yet due) or (iii) permit the Lien of the Series Supplement not to constitute a valid first priority perfected security interest in the Securitization Bond Collateral;

(e) enter into any swap, hedge or similar financial instrument;

(f) elect to be classified as an association taxable as a corporation for U.S. federal income tax purposes or otherwise take any action, file any tax return or make any election inconsistent with the treatment of the Issuer, for U.S. federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the sole owner of the Issuer;

(g) change its name, identity or structure or the location of its chief executive office, unless at least ten Business Days prior to the effective date of any such change the Issuer delivers to the Indenture Trustee (with copies to the Rating Agencies) such documents, instruments or agreements, executed by the Issuer, as are necessary to reflect such change and to continue the perfection of the security interest of this Indenture and the Series Supplement;

(h) take any action that is subject to a Rating Agency Condition without satisfying the Rating Agency Condition;

(i) except to the extent permitted by applicable law, voluntarily suspend or terminate its filing obligations with the SEC as described in Section 3.07(g); or

(j) issue any securitization bonds (as defined for this purpose in the Securitization Law) under the Securitization Law (other than the Securitization Bonds) or issue any other debt obligations.

SECTION 3.09. Annual Statement as to Compliance. The Issuer will deliver to the Indenture Trustee and the Rating Agencies not later than March 31 of each year (commencing with March 31, 2015), an Officer's Certificate stating, as to the Responsible Officer signing such Officer's Certificate, that:

(a) a review of the activities of the Issuer during the preceding 12 months ended December 31 (or, in the case of the first such Officer's Certificate, since the Closing Date) and of performance under this Indenture has been made; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has in all material respects complied with all conditions and covenants under this Indenture throughout such 12-month period (or such shorter period in the case of the first such Officer's Certificate), or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Responsible Officer and the nature and status thereof.

SECTION 3.10. Issuer May Consolidate, etc., Only on Certain Terms.

(a) The Issuer shall not consolidate or merge with or into any other Person, unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall (A) be a Person organized and existing under the laws of the United States of America or any State, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture and the Series Supplement on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, and (C) assume all obligations and succeed to all rights of the Issuer under the Sale Agreement, the Servicing Agreement and each other Basic Document to which the Issuer is a party;

(ii) immediately after giving effect to such merger or consolidation, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such merger or consolidation;

(iv) the Issuer shall have delivered to Consumers Energy, the Indenture Trustee and the Rating Agencies an opinion or opinions of

outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to Consumers Energy and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service (unless the Internal Revenue Service has announced that it will not rule on the issues described in this paragraph)) to the effect that the consolidation or merger will not result in a material adverse U.S. federal or state income tax consequence to the Issuer, Consumers Energy, the Indenture Trustee or the then-existing Holders;

(v) any action as is necessary to maintain the Lien and the perfected security interest in the Securitization Bond Collateral created by this Indenture and the Series Supplement shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such consolidation or merger and such supplemental indenture comply with this Indenture and the Series Supplement and that all conditions precedent herein provided for in this Section 3.10(a) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

(b) Except as specifically provided herein, the Issuer shall not sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Securitization Bond Collateral, to any Person, unless:

(i) the Person that acquires the properties and assets of the Issuer, the conveyance or transfer of which is hereby restricted, (A) shall be a United States citizen or a Person organized and existing under the laws of the United States of America or any State, (B) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, (C) expressly agrees by means of such supplemental indenture that all right, title and interest so sold, conveyed, exchanged, transferred or otherwise disposed of shall be subject and subordinate to the rights of Holders, (D) unless otherwise provided in the supplemental indenture referred to in Section 3.10(b)(i)(B), expressly agrees to indemnify, defend and hold harmless the Issuer and the Indenture Trustee against and from any loss, liability or expense arising under or related to this Indenture, the Series Supplement and the Securitization Bonds, (E) expressly agrees by means of such supplemental indenture that such Person (or if a group of Persons, then one specified Person) shall make all filings with the SEC (and any other appropriate Person)

required by the Exchange Act in connection with the Securitization Bonds and (F) if such sale, conveyance, exchange, transfer or disposal relates to the Issuer's rights and obligations under the Sale Agreement or the Servicing Agreement, assumes all obligations and succeeds to all rights of the Issuer under the Sale Agreement and the Servicing Agreement, as applicable;

(ii) immediately after giving effect to such transaction, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have delivered to Consumers Energy, the Indenture Trustee and the Rating Agencies an opinion or opinions of outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to Consumers Energy and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service) to the effect that the disposition will not result in a material adverse U.S. federal or state income tax consequence to the Issuer, Consumers Energy, the Indenture Trustee or the then-existing Holders;

(v) any action as is necessary to maintain the Lien and the perfected security interest in the Securitization Bond Collateral created by this Indenture and the Series Supplement shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such sale, conveyance, exchange, transfer or other disposition and such supplemental indenture comply with this Indenture and the Series Supplement and that all conditions precedent herein provided for in this Section 3.10(b) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

SECTION 3.11. Successor or Transferee.

(a) Upon any consolidation or merger of the Issuer in accordance with Section 3.10(a), the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein.

(b) Except as set forth in Section 6.07, upon a sale, conveyance, exchange, transfer or other disposition of all the assets and properties of the Issuer in accordance with Section 3.10(b), the Issuer will be released from every covenant and agreement of this Indenture and the other Basic Documents to be observed or performed on the part of the Issuer with respect to the Securitization Bonds and the Securitization Property immediately following the consummation of such acquisition upon the delivery of written notice to the Indenture Trustee from the Person acquiring such assets and properties stating that the Issuer is to be so released.

SECTION 3.12. No Other Business. The Issuer shall not engage in any business other than financing, purchasing, owning, administering, managing and servicing the Securitization Property and the other Securitization Bond Collateral and the issuance of the Securitization Bonds in the manner contemplated by the Financing Order and this Indenture and the other Basic Documents and activities incidental thereto.

SECTION 3.13. No Borrowing. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the Securitization Bonds and any other indebtedness expressly permitted by or arising under the Basic Documents.

SECTION 3.14. Servicer's Obligations. The Issuer shall enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Servicing Agreement.

SECTION 3.15. Guarantees, Loans, Advances and Other Liabilities. Except as otherwise contemplated by the Sale Agreement, the Servicing Agreement or this Indenture, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.16. Capital Expenditures. Other than the purchase of Securitization Property from the Seller on the Closing Date, the Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.17. Restricted Payments. Except as provided in Section 8.04(c), the Issuer shall not, directly or indirectly, (a) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer, (b) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or similar security or (c) set aside or otherwise segregate any amounts for any such purpose; provided, however, that, if no Event of Default shall have occurred and be continuing or would be caused thereby, the Issuer may make, or cause to be made, any such distributions to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer using funds distributed to the Issuer pursuant to Section 8.02(e)(x) to the extent that such distributions would not cause the balance of the Capital Subaccount to decline below the Required Capital Level. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with this Indenture and the other Basic Documents.

SECTION 3.18. Notice of Events of Default. The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of each Default or Event of Default hereunder as provided in Section 5.01, and each default on the part of the Seller or the Servicer of its obligations under the Sale Agreement or the Servicing Agreement, respectively.

SECTION 3.19. Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture and to maintain the first priority perfected security interest of the Indenture Trustee in the Securitization Bond Collateral.

SECTION 3.20. Inspection. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Indenture Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited annually by Independent registered public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees and Independent registered public accountants, all at such reasonable times and as often as may be reasonably requested. The Indenture Trustee shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Indenture Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder. Notwithstanding anything herein to the contrary, the preceding sentence shall not be construed to prohibit (a) disclosure of any and all information that is or becomes publicly known, or information obtained by the Indenture Trustee from sources other than the Issuer, provided such parties are rightfully in possession of such information, (b) disclosure of any and all information (i) if required to do so by any applicable statute, law, rule or regulation, (ii) pursuant to any subpoena, civil investigative demand or similar demand or request of any court or regulatory authority exercising its proper jurisdiction, (iii) in any preliminary or final prospectus, registration statement or other document a copy of which has been filed with the SEC, (iv) to any affiliate, independent or internal auditor, agent, employee or attorney of the Indenture Trustee having a need to know the same, provided that such parties agree to be bound by the confidentiality provisions contained in this Section 3.20, or (v) to any Rating Agency or (c) any other disclosure authorized by the Issuer.

SECTION 3.21. Sale Agreement, Servicing Agreement, Intercreditor Agreement and Administration Agreement Covenants.

(a) The Issuer agrees to take all such lawful actions to enforce its rights under the Sale Agreement, the Servicing Agreement, the Intercreditor Agreement, the Administration Agreement and the other Basic Documents, and to compel or secure the performance and observance by the Seller, the Servicer, the Administrator and Consumers Energy of each of their respective obligations to the Issuer under or in connection with the Sale Agreement, the Servicing Agreement, the Intercreditor Agreement, the Administration Agreement and the other Basic Documents in accordance with the terms thereof. So long as no Event of Default occurs and is continuing, but subject to Section 3.21(f), the Issuer may exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Sale Agreement, the Servicing Agreement, the Intercreditor Agreement and the Administration Agreement; provided, that such action shall not adversely affect the interests of the Holders in any material respect.

(b) If an Event of Default occurs and is continuing, the Indenture Trustee may, and at the direction (which direction shall be in writing) of Holders of a majority of the

Outstanding Amount of the Securitization Bonds of all Tranches affected thereby shall, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, Consumers Energy, the Administrator and the Servicer, as the case may be, under or in connection with the Sale Agreement, the Servicing Agreement, the Intercreditor Agreement and the Administration Agreement, including the right or power to take any action to compel or secure performance or observance by the Seller, Consumers Energy, the Administrator or the Servicer of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Sale Agreement, the Servicing Agreement, the Intercreditor Agreement and the Administration Agreement, and any right of the Issuer to take such action shall be suspended.

(c) Except as set forth in Section 3.21(d), the Administration Agreement, the Sale Agreement, the Servicing Agreement and the Intercreditor Agreement may be amended in accordance with the provisions thereof, so long as the Rating Agency Condition is satisfied in connection therewith, at any time and from time to time, without the consent of the Holders of the Securitization Bonds, but with the consent of the Trustee; provided, that the Trustee shall provide such consent upon receipt of an Officer's Certificate of the Issuer evidencing satisfaction of such Rating Agency Condition and an Opinion of Counsel of external counsel of the Issuer evidencing that such amendment is in accordance with the provisions of such Basic Document.

(d) Except as set forth in Section 3.21(e), if the Issuer, the Seller, Consumers Energy, the Administrator, the Servicer or any other party to the respective agreement proposes to amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, waiver, supplement, termination or surrender of, the terms of the Sale Agreement, the Administration Agreement, the Servicing Agreement or the Intercreditor Agreement, or waive timely performance or observance by the Seller, Consumers Energy, the Administrator, the Servicer or any other party under the Sale Agreement, the Administration Agreement, the Servicing Agreement or the Intercreditor Agreement, in each case in such a way as would materially and adversely affect the interests of any Holder of Securitization Bonds, the Issuer shall first notify the Rating Agencies of the proposed amendment, modification, waiver, supplement, termination or surrender and shall promptly notify the Indenture Trustee and the Holders of the Securitization Bonds in writing of the proposed amendment, modification, waiver, supplement, termination or surrender and whether the Rating Agency Condition has been satisfied with respect thereto (or, pursuant to an Issuer Request, the Indenture Trustee shall so notify the Holders of the Securitization Bonds on the Issuer's behalf). The Indenture Trustee shall consent to such proposed amendment, modification, waiver, supplement, termination or surrender only if the Rating Agency Condition is satisfied and only with the prior written consent of the Holders of a majority of the Outstanding Amount of Securitization Bonds of the Tranches materially and adversely affected thereby. If any such amendment, modification, waiver, supplement, termination or surrender shall be so consented to by the Indenture Trustee or such Holders, the Issuer agrees to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as shall be necessary or appropriate in the circumstances.

(e) If the Issuer or the Servicer proposes to amend, modify, waive, supplement, terminate or surrender, or to agree to any amendment, modification, supplement, termination, waiver or surrender of, the process for True-Up Adjustments, the Issuer shall notify

the Indenture Trustee and the Holders of the Securitization Bonds and, when required, the Commission in writing of such proposal (or, pursuant to an Issuer Request, the Indenture Trustee shall so notify the Holders of the Securitization Bonds on the Issuer's behalf) and the Indenture Trustee shall consent thereto only with the prior written consent of the Holders of a majority of the Outstanding Amount of Securitization Bonds of the Tranches affected thereby and only if the Rating Agency Condition has been satisfied with respect thereto.

(f) Promptly following a default by the Seller under the Sale Agreement, by the Administrator under the Administration Agreement or by any party under the Intercreditor Agreement, or the occurrence of a Servicer Default under the Servicing Agreement, and at the Issuer's expense, the Issuer agrees to take all such lawful actions as the Indenture Trustee may request to compel or secure the performance and observance by each of the Seller, the Administrator or the Servicer, and by such party to the Intercreditor Agreement, of their obligations under and in accordance with the Sale Agreement, the Servicing Agreement, the Administration Agreement and the Intercreditor Agreement, as the case may be, in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with such agreements to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of any default by the Seller, the Administrator or the Servicer, respectively, thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance of their obligations under the Sale Agreement, the Servicing Agreement, the Administration Agreement or the Intercreditor Agreement, as applicable.

SECTION 3.22. Taxes. So long as any of the Securitization Bonds are Outstanding, the Issuer shall pay all taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the Securitization Bond Collateral; provided, that no such tax need be paid if the Issuer is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Issuer has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

SECTION 3.23. Notices from Holders. The Issuer shall promptly transmit any notice received by it from the Holders to the Indenture Trustee.

ARTICLE IV

SATISFACTION AND DISCHARGE; DEFEASANCE

SECTION 4.01. Satisfaction and Discharge of Indenture; Defeasance.

(a) This Indenture shall cease to be of further effect with respect to the Securitization Bonds, and the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Securitization Bonds, when:

(i) Either:

(A) all Securitization Bonds theretofore authenticated and delivered (other than (1) Securitization Bonds that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.06 and (2) Securitization Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in the last paragraph of Section 3.03) have been delivered to the Indenture Trustee for cancellation; or

(B) either (1) the Scheduled Final Payment Date has occurred with respect to all Securitization Bonds not theretofore delivered to the Indenture Trustee for cancellation or (2) the Securitization Bonds will be due and payable on their respective Scheduled Final Payment Dates within one year, and, in any such case, the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations that through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the Securitization Bonds not theretofore delivered to the Indenture Trustee for cancellation, Ongoing Other Qualified Costs and all other sums payable hereunder by the Issuer with respect to the Securitization Bonds when scheduled to be paid and to discharge the entire indebtedness on the Securitization Bonds when due;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(iii) the Issuer has delivered to the Indenture Trustee an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer and (if required by the Trust Indenture Act or the Indenture Trustee) an Independent Certificate from a firm of registered public accountants, each meeting the applicable requirements of Section 10.01(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Securitization Bonds have been complied with.

(b) Subject to Section 4.01(c) and Section 4.02, the Issuer at any time may terminate (i) all its obligations under this Indenture with respect to the Securitization Bonds ("Legal Defeasance Option") or (ii) its obligations under Section 3.04, Section 3.05, Section 3.06, Section 3.07, Section 3.08, Section 3.09, Section 3.10, Section 3.12, Section 3.13, Section 3.14, Section 3.15, Section 3.16, Section 3.17, Section 3.18 and Section 3.19 and the operation of Section 5.01(c) with respect to the Securitization Bonds ("Covenant Defeasance Option"). The Issuer may exercise the Legal Defeasance Option with respect to the Securitization Bonds notwithstanding its prior exercise of the Covenant Defeasance Option.

If the Issuer exercises the Legal Defeasance Option, the maturity of the Securitization Bonds may not be accelerated because of an Event of Default. If the Issuer

exercises the Covenant Defeasance Option, the maturity of the Securitization Bonds may not be accelerated because of an Event of Default specified in Section 5.01(c).

Upon satisfaction of the conditions set forth herein to the exercise of the Legal Defeasance Option or the Covenant Defeasance Option with respect to the Securitization Bonds, the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

(c) Notwithstanding Section 4.01(a) and Section 4.01(b), (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Securitization Bonds, (iii) rights of Holders to receive payments of principal, premium, if any, and interest, (iv) Section 4.03 and Section 4.04, (v) the rights, obligations and immunities of the Indenture Trustee hereunder (including the rights of the Indenture Trustee under Section 6.07 and the obligations of the Indenture Trustee under Section 4.03) and (vi) the rights of Holders as beneficiaries hereof with respect to the property deposited with the Indenture Trustee payable to all or any of them, each shall survive until this Indenture or certain obligations hereunder have been satisfied and discharged pursuant to Section 4.01(a) or Section 4.01(b). Thereafter the obligations in Section 6.07 and Section 4.04 shall survive.

SECTION 4.02. Conditions to Defeasance. The Issuer may exercise the Legal Defeasance Option or the Covenant Defeasance Option with respect to the Securitization Bonds only if:

(a) the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations that through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the Securitization Bonds not therefore delivered to the Indenture Trustee for cancellation and Ongoing Other Qualified Costs and all other sums payable hereunder by the Issuer with respect to the Securitization Bonds when scheduled to be paid and to discharge the entire indebtedness on the Securitization Bonds when due;

(b) the Issuer delivers to the Indenture Trustee a certificate from a nationally recognized firm of Independent registered public accountants expressing its opinion that the payments of principal of and interest on the deposited U.S. Government Obligations when due and without reinvestment plus any deposited cash will provide cash at such times and in such amounts (but, in the case of the Legal Defeasance Option only, not more than such amounts) as will be sufficient to pay in respect of the Securitization Bonds (i) principal in accordance with the Expected Amortization Schedule therefor, (ii) interest when due and (iii) Ongoing Other Qualified Costs and all other sums payable hereunder by the Issuer with respect to the Securitization Bonds;

(c) in the case of the Legal Defeasance Option, 95 days pass after the deposit is made and during the 95-day period no Default specified in Section 5.01(e) or Section 5.01(f) occurs that is continuing at the end of the period;

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) in the case of an exercise of the Legal Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer stating that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of execution of this Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Securitization Bonds will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(f) in the case of an exercise of the Covenant Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that the Holders of the Securitization Bonds will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(g) the Issuer delivers to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the Legal Defeasance Option or the Covenant Defeasance Option, as applicable, have been complied with as required by this Article IV;

(h) the Issuer delivers to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that: (i) in a case under the Bankruptcy Code in which Consumers Energy (or any of its Affiliates, other than the Issuer) is the debtor, the court would hold that the deposited moneys or U.S. Government Obligations would not be in the bankruptcy estate of Consumers Energy (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations); and (ii) in the event Consumers Energy (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) were to be a debtor in a case under the Bankruptcy Code, the court would not disregard the separate legal existence of Consumers Energy (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) and the Issuer so as to order substantive consolidation under the Bankruptcy Code of the Issuer's assets and liabilities with the assets and liabilities of Consumers Energy or such other Affiliate; and

(i) the Rating Agency Condition shall have been satisfied with respect to the exercise of any Legal Defeasance Option or Covenant Defeasance Option.

Notwithstanding any other provision of this Section 4.02, no delivery of moneys or U.S. Government Obligations to the Indenture Trustee shall terminate any obligation of the Issuer to the Indenture Trustee under this Indenture or the Series Supplement or any obligation of the Issuer to apply such moneys or U.S. Government Obligations under Section 4.03 until principal of and premium, if any, and interest on the Securitization Bonds shall have been paid in accordance with the provisions of this Indenture and the Series Supplement.

SECTION 4.03. Application of Trust Money. All moneys or U.S. Government Obligations deposited with the Indenture Trustee pursuant to Section 4.01 or Section 4.02 shall be held in trust and applied by it, in accordance with the provisions of the Securitization Bonds and this Indenture, to the payment, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders of the particular Securitization Bonds for the payment of which such moneys have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest; but such moneys need not be segregated from other funds except to the extent required herein or in the Servicing Agreement or required by law. Notwithstanding anything to the contrary in this Article IV, the Indenture Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any moneys or U.S. Government Obligations held by it pursuant to Section 4.02 that, in the opinion of a nationally recognized firm of Independent registered public accountants expressed in a written certification thereof delivered to the Indenture Trustee (and not at the cost or expense of the Indenture Trustee), are in excess of the amount thereof that would be required to be deposited for the purpose for which such moneys or U.S. Government Obligations were deposited; provided, that any such payment shall be subject to the satisfaction of the Rating Agency Condition.

SECTION 4.04. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture or the Covenant Defeasance Option or Legal Defeasance Option with respect to the Securitization Bonds, all moneys then held by any Paying Agent other than the Indenture Trustee under the provisions of this Indenture shall, upon demand of the Issuer, be paid to the Indenture Trustee to be held and applied according to Section 3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

SECTION 5.01. Events of Default. "Event of Default" means any one or more of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Securitization Bond when the same becomes due and payable (whether such failure to pay interest is caused by a shortfall in Securitization Charges received or otherwise), and such default shall continue for a period of five Business Days;

(b) default in the payment of the then unpaid principal of any Securitization Bond of any Tranche on the Final Maturity Date for such Tranche;

(c) default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than defaults specified in Section 5.01(a) or Section 5.01(b)), and such default shall continue or not be cured, for a period of 30 days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the

Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least 25 percent of the Outstanding Amount of the Securitization Bonds, a written notice specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder or (ii) the date that the Issuer has actual knowledge of the default;

(d) any representation or warranty of the Issuer made in this Indenture or in any certificate or other writing delivered pursuant hereto or in connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and the circumstance or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured, within 30 days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee

by the Holders of at least twenty-five (25) percent of the Outstanding Amount of the Securitization Bonds, a written notice specifying such incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder or (ii) the date the Issuer has actual knowledge of the default;

(e) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the Securitization Bond Collateral in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Securitization Bond Collateral, or ordering the winding-up or liquidation of the Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days;

(f) the commencement by the Issuer of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case or proceeding under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Securitization Bond Collateral, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing;

(g) any act or failure to act by the State of Michigan or any of its agencies (including the Commission), officers or employees that violates the State Pledge or is not in accordance with the State Pledge; or

(h) any other event designated as such in the Series Supplement.

The Issuer shall deliver to a Responsible Officer of the Indenture Trustee and to the Rating Agencies, within five days after a Responsible Officer of the Issuer has knowledge of the occurrence thereof, written notice in the form of an Officer's Certificate of any event (i) that is an Event of Default under Section 5.01(a), Section 5.01(b), Section 5.01(f), Section 5.01(g) or Section 5.01(h) or (ii) that with the giving of notice, the lapse of time, or both, would become an

Event of Default under Section 5.01(c), Section 5.01(d) or Section 5.01(e), including, in each case, the status of such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

SECTION 5.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default under Section 5.01(g)) should occur and be continuing, then and in every such case the Indenture Trustee or the Holders representing a majority of the Outstanding Amount of the Securitization Bonds may declare the Securitization Bonds to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee if given by Holders), and upon any such declaration the unpaid principal amount of the Securitization Bonds, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter in this Article V provided, the Holders representing a majority of the Outstanding Amount of the Securitization Bonds, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(i) all payments of principal of and premium, if any, and interest on all Securitization Bonds due and owing at such time as if such Event of Default had not occurred and was not continuing and all other amounts that would then be due hereunder or upon the Securitization Bonds if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of the Securitization Bonds that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION 5.03. Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) If an Event of Default under Section 5.01(a) or Section 5.01(b) has occurred and is continuing, subject to Section 10.16, the Indenture Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and, subject to the limitations on recourse set forth herein, may enforce the same against the Issuer or other obligor upon the Securitization Bonds and collect in the manner provided by law out of the property of

the Issuer or other obligor upon the Securitization Bonds wherever situated the moneys payable, or the Securitization Bond Collateral and the proceeds thereof, the whole amount then due and payable on the Securitization Bonds for principal, premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the respective rate borne by the Securitization Bonds or the applicable Tranche and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel.

(b) If an Event of Default (other than Event of Default under Section 5.01(g)) occurs and is continuing, the Indenture Trustee shall, as more particularly provided in Section 5.04, proceed to protect and enforce its rights and the rights of the Holders, by such appropriate Proceedings as the Indenture Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by this Indenture and the Series Supplement or by law, including foreclosing or otherwise enforcing the Lien of the Securitization Bond Collateral securing the Securitization Bonds or applying to a court of competent jurisdiction for sequestration of revenues arising with respect to the Securitization Property.

(c) If an Event of Default under Section 5.01(e) or Section 5.01(f) has occurred and is continuing, the Indenture Trustee, irrespective of whether the principal of any Securitization Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.03, shall be entitled and empowered, by intervention in any Proceedings related to such Event of Default or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Securitization Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Holders allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders in any election of a trustee in bankruptcy, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Holders and of the Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Holders allowed in any judicial proceeding relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Holders to make payments to the Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Holders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

(d) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securitization Bonds or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Holder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(e) All rights of action and of asserting claims under this Indenture, or under any of the Securitization Bonds, may be enforced by the Indenture Trustee without the possession of any of the Securitization Bonds or the production thereof in any trial or other Proceedings relative thereto, and any such action or proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Securitization Bonds.

(f) In any Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Holders of the Securitization Bonds, and it shall not be necessary to make any Holder a party to any such Proceedings.

SECTION 5.04. Remedies; Priorities.

(a) If an Event of Default (other than an Event of Default under Section 5.01(g)) shall have occurred and be continuing, the Indenture Trustee may do one or more of the following (subject to Section 5.05):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Securitization Bonds or under this Indenture with respect thereto, whether by declaration of acceleration or otherwise, and, subject to the limitations on recovery set forth herein, enforce any judgment obtained, and collect from the Issuer or any other obligor moneys adjudged due, upon the Securitization Bonds;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Securitization Bond Collateral;

(iii) exercise any remedies of a secured party under the UCC, the Securitization Law or any other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee and the Holders of the Securitization Bonds;

(iv) at the written direction of the Holders of a majority of the Outstanding Amount of the Securitization Bonds, either sell the Securitization Bond Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any

manner permitted by law, or elect that the Issuer maintain possession of all or a portion of the Securitization Bond Collateral pursuant to Section 5.05 and continue to apply the Securitization Charge Collection as if there had been no declaration of acceleration; and

(v) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, the Administrator or the Servicer under or in connection with, and pursuant to the terms of, the Sale Agreement, the Administration Agreement or the Servicing Agreement;

provided, however, that the Indenture Trustee may not sell or otherwise liquidate any portion of the Securitization Bond Collateral following such an Event of Default, other than an Event of Default described in Section 5.01(a) or Section 5.01(b), unless (A) the Holders of 100 percent of the Outstanding Amount of the Securitization Bonds consent thereto, (B) the proceeds of such sale or liquidation distributable to the Holders are sufficient to discharge in full all amounts then due and unpaid upon the Securitization Bonds for principal, premium, if any, and interest after taking into account payment of all amounts due prior thereto pursuant to the priorities set forth in Section 8.02(e) or (C) the Indenture Trustee determines that the Securitization Bond Collateral will not continue to provide sufficient funds for all payments on the Securitization Bonds as they would have become due if the Securitization Bonds had not been declared due and payable, and the Indenture Trustee obtains the written consent of Holders of at least two-thirds of the Outstanding Amount of the Securitization Bonds. In determining such sufficiency or insufficiency with respect to clause (B) above and clause (C) above, the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Securitization Bond Collateral for such purpose.

(b) If an Event of Default under Section 5.01(g) shall have occurred and be continuing, the Indenture Trustee, for the benefit of the Secured Parties, shall be entitled and empowered, to the extent permitted by applicable law, to institute or participate in Proceedings necessary to compel performance of or to enforce the State Pledge and to collect any monetary damages incurred by the Holders or the Indenture Trustee as a result of any such Event of Default, and may prosecute any such Proceeding to final judgment or decree. Such remedy shall be the only remedy that the Indenture Trustee may exercise if the only Event of Default that has occurred and is continuing is an Event of Default under Section 5.01(g).

(c) If the Indenture Trustee collects any money pursuant to this Article V, it shall pay out such money in accordance with the priorities set forth in Section 8.02(e).

SECTION 5.05. Optional Preservation of the Securitization Bond Collateral. If the Securitization Bonds have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, elect to maintain possession of all or a portion of the Securitization Bond Collateral. It is the desire of the parties hereto and the Holders that there be at all times sufficient funds for the payment of principal of and premium, if any, and interest on the Securitization Bonds, and the Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the Securitization Bond Collateral. In determining whether to maintain possession of the Securitization Bond Collateral or sell or liquidate the same, the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Securitization Bond Collateral for such purpose.

SECTION 5.06. Limitation of Suits. No Holder of any Securitization Bond shall have any right to institute any Proceeding, judicial or otherwise, to avail itself of any remedies provided in the Securitization Law or to avail itself of the right to foreclose on the Securitization Bond Collateral or otherwise enforce the Lien and the security interest on the Securitization Bond Collateral with respect to this Indenture and the Series Supplement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder previously has given written notice to the Indenture Trustee of a continuing Event of Default;

(b) the Holders of a majority of the Outstanding Amount of the Securitization Bonds have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;

(c) such Holder or Holders have offered to the Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(d) the Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by the Holders of a majority of the Outstanding Amount of the Securitization Bonds;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Holders, each representing less than a majority of the Outstanding Amount of the Securitization Bonds, the Indenture Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture.

SECTION 5.07. Unconditional Rights of Holders To Receive Principal, Premium, if any, and Interest. Notwithstanding any other provisions in this Indenture, the Holder of any Securitization Bond shall have the right, which is absolute and unconditional, (a) to receive payment of (i) the interest, if any, on such Securitization Bond on the due dates thereof expressed in such Securitization Bond or in this Indenture or (ii) the unpaid principal, if any, of the Securitization Bonds on the Final Maturity Date therefor and (b) to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 5.08. Restoration of Rights and Remedies. If the Indenture Trustee or any Holder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Holder, then and in every such case the Issuer, the Indenture Trustee and the Holders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Holders shall continue as though no such Proceeding had been instituted.

SECTION 5.09. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.10. Delay or Omission Not a Waiver. No delay or omission of the Indenture Trustee or any Holder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Indenture Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Holders, as the case may be.

SECTION 5.11. Control by Holders. The Holders of a majority of the Outstanding Amount of the Securitization Bonds of an affected Tranche or Tranches shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Securitization Bonds of such Tranche or Tranches or exercising any trust or power conferred on the Indenture Trustee with respect to such Tranche or Tranches; provided, that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture and shall not involve the Indenture Trustee in any personal liability or expense;

(b) subject to other conditions specified in Section 5.04, any direction to the Indenture Trustee to sell or liquidate any Securitization Bond Collateral shall be by the Holders representing 100 percent of the Outstanding Amount of the Securitization Bonds;

(c) if the conditions set forth in Section 5.05 have been satisfied and the Indenture Trustee elects to retain the Securitization Bond Collateral pursuant to Section 5.05, then any direction to the Indenture Trustee by Holders representing less than 100 percent of the Outstanding Amount of the Securitization Bonds to sell or liquidate the Securitization Bond Collateral shall be of no force and effect; and

(d) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction;

provided, however, that the Indenture Trustee's duties shall be subject to Section 6.01, and the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Holders not consenting to such action. Furthermore and without limiting the foregoing, the Indenture Trustee shall not be required to take any action for which it reasonably believes that it will not be indemnified to its satisfaction against any cost, expense or liabilities.

SECTION 5.12. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Securitization Bonds as provided in Section 5.02, the Holders representing a majority of the Outstanding Amount of the Securitization Bonds of an affected Tranche may waive any past Default or Event of Default and its consequences except a Default (a) in payment of principal of or premium, if any, or interest on any of the Securitization Bonds or (b) in respect of a covenant or provision hereof that cannot be modified or amended without the consent of the Holder of each Securitization Bond of all Tranches affected. In the case of any such waiver, the Issuer, the Indenture Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.13. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Securitization Bond by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit,

having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Holder, or group of Holders, in each case holding in the aggregate more than ten percent of the Outstanding Amount of the Securitization Bonds or (c) any suit instituted by any Holder for the enforcement of the payment of (i) interest on any Securitization Bond on or after the due dates expressed in such Securitization Bond and in this Indenture or (ii) the unpaid principal, if any, of any Securitization Bond on or after the Final Maturity Date therefor.

SECTION 5.14. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon or plead or, in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to

the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 5.15. Action on Securitization Bonds. The Indenture Trustee's right to seek and recover judgment on the Securitization Bonds or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Holders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Securitization Bond Collateral or any other assets of the Issuer.

ARTICLE VI

THE INDENTURE TRUSTEE

SECTION 6.01. Duties of Indenture Trustee.

(a) If an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Indenture Trustee may not be relieved from liability for its own negligent action, its own bad faith, its own negligent failure to act or its own willful misconduct, except that:

(i) this Section 6.01(c) does not limit the effect of Section 6.01(b);

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it hereunder.

(d) Every provision of this Indenture that in any way relates to the Indenture Trustee is subject to Section 6.01(a), Section 6.01(b) and Section 6.01(c).

(e) The Indenture Trustee shall not be liable for interest on any money received by it except as the Indenture Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Indenture Trustee need not be segregated from other funds held by the Indenture Trustee except to the extent required by law or the terms of this Indenture, the Sale Agreement, the Servicing Agreement or the Administration Agreement.

(g) No provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayments of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 6.01 and to the provisions of the Trust Indenture Act.

(i) In the event that the Indenture Trustee is also acting as Paying Agent or Securitization Bond Registrar hereunder, the protections of this Article VI shall also be afforded to the Indenture Trustee in its capacity as Paying Agent or Securitization Bond Registrar.

(j) Except for the express duties of the Indenture Trustee with respect to the administrative functions set forth in the Basic Documents, the Indenture Trustee shall have no obligation to administer, service or collect Securitization Property or to maintain, monitor or otherwise supervise the administration, servicing or collection of the Securitization Property.

(k) Under no circumstance shall the Indenture Trustee be liable for any indebtedness of the Issuer, the Servicer or the Seller evidenced by or arising under the Securitization Bonds or the Basic Documents.

(l) Commencing with March 15, 2015, on or before March 15th of each fiscal year ending December 31, so long as the Issuer is required to file Exchange Act reports, the

Indenture Trustee shall (i) deliver to the Issuer a report (in form and substance reasonably satisfactory to the Issuer and addressed to the Issuer and signed by an authorized officer of the Indenture Trustee) regarding the Indenture Trustee's assessment of compliance, during the preceding fiscal year ended December 31, with each of the applicable servicing criteria specified on Exhibit C as required under Rule 13a-18 and Rule 15d-18 under the Exchange Act and Item 1122 of Regulation AB and (ii) deliver to the Issuer a report of an Independent registered public accounting firm reasonably acceptable to the Issuer that attests to and reports on, in accordance with Rule 1-02(a)(3) and Rule 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act, the assessment of compliance made by the Indenture Trustee and delivered pursuant to Section 6.01(l)(i).

SECTION 6.02. Rights of Indenture Trustee.

(a) The Indenture Trustee may conclusively rely and shall be fully protected in relying on any document believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in such document.

(b) Before the Indenture Trustee acts or refrains from acting, it may require and shall be entitled to receive an Officer's Certificate or an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the Seller and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the Issuer (at no cost or expense to the Indenture Trustee) that such action is required or permitted hereunder. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any such agent, attorney, custodian or nominee appointed with due care by it hereunder. The Indenture Trustee shall give prompt written notice to the Issuer, in which case the Issuer shall then give prompt written notice to the Rating Agencies, of the appointment of any such agent, custodian or nominee to whom it delegates any of its express duties under this Indenture; provided, that the Indenture Trustee shall not be obligated to give such notice (i) if the Issuer or the Holders have directed the Indenture Trustee to appoint such agent, custodian or nominee (in which event the Issuer shall give prompt notice to the Rating Agencies of any such direction) or (ii) of the appointment of any agents, custodians or nominees made at any time that an Event of Default on account of non-payment of principal or interest on the Securitization Bonds or bankruptcy or insolvency of the Issuer has occurred and is continuing.

(d) The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers; provided, however, that the Indenture Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(e) The Indenture Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Securitization Bonds

shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Indenture Trustee shall be under no obligation to take any action or exercise any of the rights or powers vested in it by this Indenture or any other Basic Document, or to institute, conduct or defend any litigation hereunder or thereunder or in relation hereto or thereto, at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture and the Series Supplement or otherwise, unless it shall have received security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred.

(g) The Indenture Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(h) Any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request or an Issuer Order.

(i) Whenever in the administration of this Indenture the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate.

(j) The Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer, and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(k) In no event shall the Indenture Trustee be responsible or liable for special, indirect or consequential loss or damage of any kind whatsoever (including loss of profit) irrespective of whether the Indenture Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(l) In no event shall the Indenture Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, it being understood that the Indenture Trustee shall use reasonable efforts

that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 6.03. Individual Rights of Indenture Trustee. The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Securitization Bonds and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Indenture Trustee. Any Paying Agent, Securitization Bond Registrar, co-registrar or co-paying agent or agent appointed under Section 3.02 may do the same with like rights. However, the Indenture Trustee must comply with Section 6.11 and Section 6.12.

SECTION 6.04. Indenture Trustee's Disclaimer.

(a) The Indenture Trustee shall not be responsible for and makes no representation (other than as set forth in Section 6.13) as to the validity or adequacy of this Indenture or the Securitization Bonds, it shall not be accountable for the Issuer's use of the proceeds from the Securitization Bonds, and it shall not be responsible for any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the Securitization Bonds or in the Securitization Bonds other than the Indenture Trustee's certificate of authentication. The Indenture Trustee shall not be responsible for the form, character, genuineness, sufficiency, value or validity of any of the Securitization Bond Collateral (or for the perfection or priority of the Liens thereon), or for or in respect of the Securitization Bonds (other than the certificate of authentication for the Securitization Bonds) or the Basic Documents, and the Indenture Trustee shall in no event assume or incur any liability, duty or obligation to any Holder, other than as expressly provided in this Indenture. The Indenture Trustee shall not be liable for the default or misconduct of the Issuer, the Seller or the Servicer under the Basic Documents or otherwise, and the Indenture Trustee shall have no obligation or liability to perform the obligations of such Persons.

(b) The Indenture Trustee shall not be responsible for (i) the validity of the title of the Issuer to the Securitization Bond Collateral, (ii) insuring the Securitization Bond Collateral or (iii) the payment of taxes, charges, assessments or Liens upon the Securitization Bond Collateral or otherwise as to the maintenance of the Securitization Bond Collateral. The Indenture Trustee shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Indenture or any of the other Basic Documents. The Indenture Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Securitization Bond Collateral.

SECTION 6.05. Notice of Defaults. If a Default occurs and is continuing, the Indenture Trustee shall mail to each Rating Agency and each Holder notice of the Default within ten Business Days after actual notice of such Default was received by a Responsible Officer of the Indenture Trustee (provided that the Indenture Trustee shall give the Rating Agencies prompt notice of any payment default in respect of the Securitization Bonds). Except in the case of a Default in payment of principal of and premium, if any, or interest on any Securitization Bond, the Indenture Trustee may withhold the notice of the Default if and so long as a committee of its Responsible Officers in good faith determines that withholding such notice is in the interests of Holders. In no event shall the Indenture Trustee be deemed to have knowledge of a Default

unless a Responsible Officer of the Indenture Trustee shall have actual knowledge of a Default or shall have received written notice thereof .

SECTION 6.06. Reports by Indenture Trustee to Holders.

(a) So long as Securitization Bonds are Outstanding and the Indenture Trustee is the Securitization Bond Registrar and Paying Agent, upon the written request of any Holder or the Issuer, within the prescribed period of time for tax reporting purposes after the end of each calendar year, the Indenture Trustee shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its U.S. federal income and any applicable local or state tax returns. If the Securitization Bond Registrar and Paying Agent is other than the Indenture Trustee, such Securitization Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its U.S. federal income and any applicable local or state tax returns.

(b) On or prior to each Payment Date or Special Payment Date therefor, the Indenture Trustee will deliver to each Holder of the Securitization Bonds on such Payment Date or Special Payment Date a statement as provided and prepared by the Servicer, which will include (to the extent applicable) the following information (and any other information so specified in the Series Supplement) as to the Securitization Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

(i) the amount of the payment to Holders allocable to principal, if any;

(ii) the amount of the payment to Holders allocable to interest;

(iii) the aggregate Outstanding Amount of the Securitization Bonds, before and after giving effect to any payments allocated to principal reported under Section 6.06(b)(i);

(iv) the difference, if any, between the amount specified in Section 6.06(b)(iii) and the Outstanding Amount specified in the related Expected Amortization Schedule;

(v) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and

(vi) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(c) The Issuer shall send a copy of each of the Certificate of Compliance delivered to it pursuant to Section 3.03 of the Servicing Agreement and the Annual Accountant's Report delivered to it pursuant to Section 3.04 of the Servicing Agreement to the Rating Agencies and to the Servicer for posting on the 17g-5 Website in accordance with Rule 17g-5 under the Exchange Act. A copy of such certificate and report may be obtained by any Holder by a request in writing to the Indenture Trustee.

(d) The Indenture Trustee may consult with counsel, and the advice or opinion of such counsel with respect to legal matters relating to this Indenture and the Securitization Bonds shall be full and complete authorization and protection from liability with respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

SECTION 6.07. Compensation and Indemnity. The Issuer shall pay to the Indenture Trustee from time to time reasonable compensation for its services. The Indenture Trustee's compensation shall not, to the extent permitted by law, be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Indenture Trustee for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. The Issuer shall indemnify and hold harmless the Indenture Trustee and its officers, directors, employees and agents against any and all cost, damage, loss, liability, tax or expense (including reasonable attorneys' fees and expenses) incurred by it in connection with the administration and the enforcement of this Indenture, the Series Supplement and the other Basic Documents and the Indenture Trustee's rights, powers and obligations under this Indenture, the Series Supplement and the other Basic Documents and the performance of its duties hereunder and thereunder and obligations under or pursuant to this Indenture, the Series Supplement and the other Basic Documents other than any such tax on the compensation of the Indenture Trustee for its services as Indenture Trustee. The Indenture Trustee shall notify the Issuer as soon as is reasonably practicable of any claim for which it may seek indemnity. Failure by the Indenture Trustee to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim, the Indenture Trustee may have separate counsel, and the Issuer shall pay the reasonable fees and expenses of such counsel. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee through the Indenture Trustee's own willful misconduct, negligence or bad faith.

The payment obligations to the Indenture Trustee pursuant to this Section 6.07 shall survive the discharge of this Indenture and the Series Supplement or the earlier resignation or removal of the Indenture Trustee. When the Indenture Trustee incurs expenses after the occurrence of a Default specified in Section 5.01(e) or Section 5.01(f) with respect to the Issuer, the expenses are intended to constitute expenses of administration under the Bankruptcy Code or any other applicable U.S. federal or state bankruptcy, insolvency or similar law.

SECTION 6.08. Replacement of Indenture Trustee and Securities Intermediary.

(a) The Indenture Trustee may resign at any time upon 30 days' prior written notice to the Issuer subject to Section 6.08(c). The Holders of a majority of the Outstanding Amount of the Securitization Bonds may remove the Indenture Trustee by so notifying the Indenture Trustee and may appoint a successor Indenture Trustee. The Issuer shall remove the Indenture Trustee if:

(i) the Indenture Trustee fails to comply with Section 6.11;

(ii) the Indenture Trustee is adjudged a bankrupt or insolvent;

(iii) a receiver or other public officer takes charge of the Indenture Trustee or its property;

(iv) the Indenture Trustee otherwise becomes incapable of acting; or

(v) the Indenture Trustee fails to provide to the Issuer any information reasonably requested by the Issuer pertaining to the Indenture Trustee and necessary for the Issuer or the Sponsor to comply with its respective reporting obligations under the Exchange Act and Regulation AB and such failure is not resolved to the Issuer's and the Indenture Trustee's mutual satisfaction within a reasonable period of time.

Any removal or resignation of the Indenture Trustee shall also constitute a removal or resignation of the Securities Intermediary.

(b) If the Indenture Trustee gives notice of resignation or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), the Issuer shall promptly appoint a successor Indenture Trustee and Securities Intermediary.

(c) A successor Indenture Trustee shall deliver a written acceptance of its appointment as the Indenture Trustee and as the Securities Intermediary to the retiring Indenture Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the Indenture Trustee and Securities Intermediary, as applicable, under this Indenture and the other Basic Documents. No resignation or removal of the Indenture Trustee pursuant to this Section 6.08 shall become effective until acceptance of the appointment by a successor Indenture Trustee having the qualifications set forth in Section 6.11. Notice of any such appointment shall be promptly given to each Rating Agency by the successor Indenture Trustee. The successor Indenture Trustee shall mail a notice of its succession to Holders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

(d) If a successor Indenture Trustee does not take office within 60 days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Issuer or the Holders of a majority in Outstanding Amount of the Securitization Bonds may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee fails to comply with Section 6.11, any Holder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) Notwithstanding the replacement of the Indenture Trustee pursuant to this Section 6.08, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Indenture Trustee.

SECTION 6.09. Successor Indenture Trustee by Merger. If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Indenture Trustee; provided, however, that, if such successor Indenture Trustee is not eligible under Section 6.11, then the successor Indenture Trustee shall be replaced in accordance with Section 6.08. Notice of any such event shall be promptly given to each Rating Agency by the successor Indenture Trustee.

In case at the time such successor or successors by merger, conversion, consolidation or transfer shall succeed to the trusts created by this Indenture any of the Securitization Bonds shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor trustee and deliver the Securitization Bonds so authenticated; and, in case at that time any of the Securitization Bonds shall not have been authenticated, any successor to the Indenture Trustee may authenticate the Securitization Bonds either in the name of any predecessor hereunder or in the name of the successor to the Indenture Trustee; and in all such cases such certificates shall have the full force that it is anywhere in the Securitization Bonds or in this Indenture provided that the certificate of the Indenture Trustee shall have.

SECTION 6.10. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the trust created by this Indenture or the Securitization Bond Collateral may at the time be located, the Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the trust created by this Indenture or the Securitization Bond Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Secured Parties, such title to the Securitization Bond Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Holders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08. Notice of any such appointment shall be promptly given to each Rating Agency by the Indenture Trustee.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such

rights, powers, duties and obligations (including the holding of title to the Securitization Bond Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then-separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee, its agent or its attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 6.11. Eligibility; Disqualification. The Indenture Trustee shall at all times satisfy the requirements of Section 310(a)(1) of the Trust Indenture Act, Section 310(a)(5) of the Trust Indenture Act and Section 26(a)(1) of the Investment Company Act. The Indenture Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and shall have a long-term debt rating from each of Moody's and S&P in one of its generic rating categories that signifies investment grade. The Indenture Trustee shall comply with Section 310(b) of the Trust Indenture Act, including the optional provision permitted by the second sentence of Section 310(b)(9) of the Trust Indenture Act; provided, however, that there shall be excluded from the operation of Section 310(b)(1) of the Trust Indenture Act any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in Section 310(b)(1) of the Trust Indenture Act are met.

SECTION 6.12. Preferential Collection of Claims Against Issuer. The Indenture Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. An Indenture Trustee who has

resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent indicated therein.

SECTION 6.13. Representations and Warranties of Indenture Trustee. The Indenture Trustee hereby represents and warrants that:

(a) the Indenture Trustee is a banking corporation validly existing and in good standing under the laws of the State of New York; and

(b) the Indenture Trustee has full power, authority and legal right to execute, deliver and perform its obligations under this Indenture and the other Basic Documents to which the Indenture Trustee is a party and has taken all necessary action to authorize the execution, delivery and performance of obligations by it of this Indenture and such other Basic Documents.

SECTION 6.14. Annual Report by Independent Registered Public Accountants. The Indenture Trustee hereby covenants that it will cooperate fully with the firm of Independent registered public accountants performing the procedures required under Section 3.04 of the Servicing Agreement, it being understood and agreed that the Indenture Trustee will so cooperate in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

SECTION 6.15. Custody of Securitization Bond Collateral. The Indenture Trustee shall hold such of the Securitization Bond Collateral (and any other collateral that may be granted to the Indenture Trustee) as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit and advices of credit in the State of New York. The Indenture Trustee shall hold such of the Securitization Bond Collateral as constitute investment property through the Securities Intermediary (which, as of the date hereof, is The Bank of New York Mellon). The initial Securities Intermediary hereby agrees (and each future Securities Intermediary shall agree) with the Indenture Trustee that (a) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (b) the Securities Intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (c) all property credited to such securities account shall be treated as a financial asset, (d) the Securities Intermediary shall comply with entitlement orders originated by the Indenture Trustee without the further consent of any other Person, (e) the Securities Intermediary will not agree with any Person other than the Indenture Trustee to comply with entitlement orders originated by such other Person, (f) such securities accounts and the property credited thereto shall not be subject to any Lien or right of set-off in favor of the Securities Intermediary or anyone claiming through it (other than the Indenture Trustee) and (g) such agreement shall be governed by the internal laws of the State of New York. Terms used in the preceding sentence that are defined in the UCC and not otherwise defined herein shall have the meaning set forth in the UCC. Except as permitted by this Section 6.15 or elsewhere in this Indenture, the Indenture Trustee shall not hold Securitization Bond Collateral through an agent or a nominee.

ARTICLE VII

HOLDERS' LISTS AND REPORTS

SECTION 7.01. Issuer To Furnish Indenture Trustee Names and Addresses of Holders. The Issuer will furnish or cause to be furnished to the Indenture Trustee (a) not more than five days after the earlier of (i) each Record Date and (ii) six months after the last Record Date, a list, in such form as the Indenture Trustee may reasonably require, of the names and addresses of the Holders as of such Record Date, and (b) at such other times as the Indenture Trustee may request in writing, within 30 days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than ten days prior to the time such list is furnished; provided, however, that, so long as the Indenture Trustee is the Securitization Bond Registrar, no such list shall be required to be furnished.

SECTION 7.02. Preservation of Information; Communications to Holders.

(a) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 and the names and addresses of Holders received by the Indenture Trustee in its capacity as Securitization Bond Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 7.01 upon receipt of a new list so furnished.

(b) Holders may communicate pursuant to Section 312(b) of the Trust Indenture Act with other Holders with respect to their rights under this Indenture or under the Securitization Bonds. In addition, upon the written request of any Holder or group of Holders of Outstanding Securitization Bonds evidencing at least 10 percent of the Outstanding Amount of the Securitization Bonds, the Indenture Trustee shall afford the Holder or Holders making such request a copy of a current list of Holders for purposes of communicating with other Holders with respect to their rights hereunder; provided, that the Indenture Trustee gives prior written notice to the Issuer of such request.

(c) The Issuer, the Indenture Trustee and the Securitization Bond Registrar shall have the protection of Section 312(c) of the Trust Indenture Act.

SECTION 7.03. Reports by Issuer.

(a) The Issuer shall:

(i) so long as the Issuer or the Sponsor is required to file such documents with the SEC, provide to the Indenture Trustee, within 15 days after the Issuer is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) that the Issuer or the Sponsor may be required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act;

(ii) provide to the Indenture Trustee and file with the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such additional information, documents and reports with respect to compliance by the Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(iii) supply to the Indenture Trustee (and the Indenture Trustee shall transmit by mail to all Holders described in Section 313(c) of the Trust Indenture Act), such summaries of any information, documents and reports required to be filed by the Issuer pursuant to Section 7.03(a)(i) and Section 7.03(a)(ii) as may be required by rules and regulations prescribed from time to time by the SEC.

Except as may be provided by Section 313(c) of the Trust Indenture Act, the Issuer may fulfill its obligation to provide the materials described in this Section 7.03(a) by providing such materials in electronic format.

(b) Unless the Issuer otherwise determines, the fiscal year of the Issuer shall end on December 31 of each year.

SECTION 7.04. Reports by Indenture Trustee. If required by Section 313(a) of the Trust Indenture Act, within 60 days after March 30 of each year, commencing with March 30, 2015, the Indenture Trustee shall mail to each Holder as required by Section 313(c) of the Trust Indenture Act a brief report dated as of such date that complies with Section 313(a) of the Trust Indenture Act. The Indenture Trustee also shall comply with Section 313(b) of the Trust Indenture Act; provided, however, that the initial report so issued shall be delivered not more than 12 months after the initial issuance of the Securitization Bonds.

A copy of each report at the time of its mailing to Holders shall be filed by the Servicer with the SEC and each stock exchange, if any, on which the Securitization Bonds are listed. The Issuer shall notify the Indenture Trustee in writing if and when the Securitization Bonds are listed on any stock exchange.

ARTICLE VIII

ACCOUNTS, DISBURSEMENTS AND RELEASES

SECTION 8.01. Collection of Money. Except as otherwise expressly provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture and the other Basic Documents. The Indenture Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Securitization Bond Collateral, the Indenture Trustee may take such action as may be appropriate to enforce such payment or performance, subject to Article VI, including the institution and prosecution of appropriate Proceedings. Any such action

shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

SECTION 8.02. Collection Account.

(a) Prior to the Closing Date, the Issuer shall open or cause to be opened with the Securities Intermediary located at the Indenture Trustee's office located at the Corporate Trust Office, or at another Eligible Institution, one or more segregated trust accounts in the Indenture Trustee's name for the deposit of Securitization Charge Collections and all other amounts received with respect to the Securitization Bond Collateral (the "Collection Account"). There shall be established by the Indenture Trustee in respect of the Collection Account three subaccounts: a general subaccount (the "General Subaccount"); an excess funds subaccount (the "Excess Funds Subaccount"); and a capital subaccount (the "Capital Subaccount" and, together with the General Subaccount and the Excess Funds Subaccount, the "Subaccounts"). For administrative purposes, the Subaccounts may be established by the Securities Intermediary as separate accounts. Such separate accounts will be recognized individually as a Subaccount and collectively as the "Collection Account". Prior to or concurrently with the issuance of Securitization Bonds, the Member shall deposit into the Capital Subaccount an amount equal to the Required Capital Level. All amounts in the Collection Account not allocated to any other subaccount shall be allocated to the General Subaccount. Prior to the initial Payment Date, all amounts in the Collection Account (other than funds deposited into the Capital Subaccount up to the Required Capital Level) shall be allocated to the General Subaccount. All references to the Collection Account shall be deemed to include reference to all subaccounts contained therein. Withdrawals from and deposits to each of the foregoing subaccounts of the Collection Account shall be made as set forth in Section 8.02(d) and Section 8.02(e). The Collection Account shall at all times be maintained in an Eligible Account and will be under the sole dominion and exclusive control of the Indenture Trustee, through the Securities Intermediary, and only the Indenture Trustee shall have access to the Collection Account for the purpose of making deposits in and withdrawals from the Collection Account in accordance with this Indenture. Funds in the Collection Account shall not be commingled with any other moneys. All moneys deposited from time to time in the Collection Account, all deposits therein pursuant to this Indenture and all investments made in Eligible Investments as directed in writing by the Issuer with such moneys, including all income or other gain from such investments, shall be held by the Securities Intermediary in the Collection Account as part of the Securitization Bond Collateral as herein provided. The Securities Intermediary shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction.

(b) The Securities Intermediary hereby confirms that (i) the Collection Account is, or at inception will be established as, a "securities account" as such term is defined in Section 8-501(a) of the UCC, (ii) it is a "securities intermediary" (as such term is defined in Section 8-102(a)(14) of the UCC) and is acting in such capacity with respect to such accounts, (iii) the Indenture Trustee for the benefit of the Secured Parties is the sole "entitlement holder" (as such term is defined in Section 8-102(a)(7) of the UCC) with respect to such accounts and (iv) no other Person shall have the right to give "entitlement orders" (as such term is defined in Section 8-102(a)(8)) with respect to such accounts. The Securities Intermediary hereby further

agrees that each item of property (whether investment property, financial asset, security, instrument or cash) received by it will be credited to the Collection

Account and shall be treated by it as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC. Notwithstanding anything to the contrary, the State of New York shall be deemed to be the jurisdiction of the Securities Intermediary for purposes of Section 8-110 of the UCC, and the Collection Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

(c) The Indenture Trustee shall have sole dominion and exclusive control over all moneys in the Collection Account through the Securities Intermediary and shall apply such amounts therein as provided in this Section 8.02.

(d) Securitization Charge Collections shall be deposited in the General Subaccount as provided in Section 6.11 of the Servicing Agreement. All deposits to and withdrawals from the Collection Account, all allocations to the subaccounts of the Collection Account and any amounts to be paid to the Servicer under Section 8.02(e) shall be made by the Indenture Trustee in accordance with the written instructions provided by the Servicer in the Monthly Servicer's Certificate or the Semi-Annual Servicer's Certificate.

(e) On each Payment Date, the Indenture Trustee shall apply all amounts on deposit in the Collection Account, including all Investment Earnings thereon, in accordance with the Semi-Annual Servicer's Certificate, in the following priority:

(i) payment of the Indenture Trustee's fees, expenses and outstanding indemnity amounts shall be paid to the Indenture Trustee (subject to Section 6.07) in an amount not to exceed the amount set forth in the Series Supplement;

(ii) payment of the Servicing Fee with respect to such Payment Date, plus any unpaid Servicing Fees for prior Payment Dates shall be paid to the Servicer;

(iii) payment of the Administration Fee for such Payment Date shall be paid to the Administrator and the Independent Manager Fee for such Payment Date shall be paid to the Independent Managers, and in each case with any unpaid Administration Fees or Independent Manager Fees from prior Payment Dates;

(iv) payment of all other ordinary periodic Operating Expenses for such Payment Date not described above shall be paid to the parties to which such Operating Expenses are owed;

(v) payment of Periodic Interest for such Payment Date, including any overdue Periodic Interest (together with, to the extent lawful, interest on such overdue Periodic Interest at the applicable Bond Interest Rate), with respect to the Securitization Bonds shall be paid to the Holders of Securitization Bonds;

(vi) payment of the principal required to be paid on the Securitization Bonds on the Final Maturity Date or as a result of an acceleration upon an Event of Default shall be paid to the Holders of Securitization Bonds;

(vii) payment of Periodic Principal for such Payment Date, including any previously unpaid Periodic Principal, with respect to the Securitization Bonds shall be paid to the Holders of Securitization Bonds, pro rata if there is a deficiency;

(viii) payment of any other unpaid Operating Expenses (including any such amounts owed to the Indenture Trustee but unpaid due to the limitation in Section 8.02(e)(i)) and any remaining amounts owed pursuant to the Basic Documents shall be paid to the parties to which such Operating Expenses or remaining amounts are owed;

(ix) replenishment of the amount, if any, by which the Required Capital Level exceeds the amount in the Capital Subaccount as of such Payment Date shall be allocated to the Capital Subaccount;

(x) as long as no Event of Default has occurred or is continuing, the Capital Subaccount Investment Earnings shall be paid to Consumers Energy;

(xi) the balance, if any, shall be allocated to the Excess Funds Subaccount; and

(xii) after the Securitization Bonds have been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due and payable to the Indenture Trustee under Section 6.07 or otherwise, the balance (including all amounts then held in the Capital Subaccount and the Excess Funds Subaccount), if any, shall be paid to the Issuer, free from the Lien of this Indenture and the Series Supplement.

All payments to the Holders of the Securitization Bonds pursuant to Section 8.02(e)(v), Section 8.02(e)(vi) and Section 8.02(e)(vii) shall be made to such Holders pro rata based on the respective amounts of interest and/or principal owed, unless, in the case of Securitization Bonds comprised of two or more Tranches, the Series Supplement provides otherwise. Payments in respect of principal of and premium, if any, and interest on any Tranche of Securitization Bonds will be made on a pro rata basis among all the Holders of such Tranche. In the case of an Event of Default, then, in accordance with Section 5.04(c), in respect of any application of moneys pursuant to Section 8.02(e)(v) or Section 8.02(e)(vi), moneys will be applied pursuant to Section 8.02(e)(v) and Section 8.02(e)(vi), as the case may be, in such order, on a pro rata basis, based upon the interest or the principal owed.

(f) If on any Payment Date, or, for any amounts payable under Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii) and Section 8.02(e)(iv), on any Business Day, funds on deposit in the General Subaccount are insufficient to make the payments contemplated by Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii), Section 8.02(e)(iv), Section 8.02(e)(v), Section 8.02(e)(vi), Section 8.02(e)(vii) and Section 8.02(e)(viii), the Indenture Trustee shall (i) first, draw from amounts on deposit in the Excess Funds Subaccount, and (ii) second, draw from amounts on deposit in the Capital Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii), Section 8.02(e)(iv), Section 8.02(e)(v), Section 8.02(e)(vi), Section 8.02(e)(vii) and Section 8.02(e)(viii). In addition, if on any Payment Date funds on deposit in the General Subaccount are insufficient to make the allocations contemplated by Section 8.02(e)(ix), the Indenture Trustee shall draw any amounts on deposit in the Excess Funds Subaccount to make such allocations to the Capital Subaccount.

(g) On any Business Day upon which the Indenture Trustee receives a written request from the Administrator stating that any Operating Expense payable by the Issuer (but only as described in Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii) and Section 8.02(e)(iv)) will become due and payable prior to the next Payment Date, and setting forth the amount and nature of such Operating Expense, as well as any supporting documentation that the Indenture Trustee may reasonably request, the Indenture Trustee, upon receipt of such information, will make payment of such Operating Expenses on or before the date such payment is due from amounts on deposit in the General Subaccount, the Excess Funds Subaccount and the Capital Subaccount, in that order and only to the extent required to make such payment.

SECTION 8.03. General Provisions Regarding the Collection Account.

(a) So long as no Default or Event of Default shall have occurred and be continuing, all or a portion of the funds in the Collection Account shall be invested in Eligible Investments and reinvested by the Indenture Trustee upon Issuer Order; provided, however, that such Eligible Investments shall not mature or be redeemed later than the Business Day prior to the next Payment Date or Special Payment Date, if applicable, for the Securitization Bonds. All income or other gain from investments of moneys deposited in the Collection Account shall be deposited by the Indenture Trustee in the Collection Account, and any loss resulting from such investments shall be charged to the Collection Account. The Issuer will not direct the Indenture Trustee to make any investment of any funds or to sell any investment held in the Collection Account unless the security interest Granted and perfected in such account will continue to be perfected in such investment or the proceeds of such sale, in either case without any further action by any Person, and, in connection with any direction to the Indenture Trustee to make any such investment or sale, if requested by the Indenture Trustee, the Issuer shall deliver to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) to such effect. In no event shall the Indenture Trustee be liable for the selection of Eligible Investments or for investment losses incurred thereon. The Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction. The Indenture Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction pursuant to an Issuer Order.

(b) Subject to Section 6.01(c), the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from any loss on any Eligible Investment included therein except for losses attributable to the Indenture Trustee's failure to make payments on such Eligible Investments issued by the Indenture Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(c) If (i) the Issuer shall have failed to give written investment directions for any funds on deposit in the Collection Account to the Indenture Trustee by 11:00 a.m. New York City time (or such other time as may be agreed by the Issuer and Indenture Trustee) on any Business Day or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Securitization Bonds but the Securitization Bonds shall not have been declared due and payable pursuant to Section 5.02, then the Indenture Trustee shall, to the fullest extent

practicable, invest and reinvest funds in such Collection Account in Eligible Investments specified in the most recent written investment directions delivered by the Issuer to the Indenture Trustee; provided, that if the Issuer has never delivered written investment directions to the Indenture Trustee, the Indenture Trustee shall not invest or reinvest such funds in any investments.

(d) The parties hereto acknowledge that the Servicer may, pursuant to the Servicing Agreement, select Eligible Investments on behalf of the Issuer.

(e) Except as otherwise provided hereunder or agreed in writing among the parties hereto, the Issuer shall retain the authority to institute, participate and join in any plan of reorganization, readjustment, merger or consolidation with respect to the issuer of any Eligible Investments held hereunder, and, in general, to exercise each and every other power or right with respect to each such asset or investment as Persons generally have and enjoy with respect to their own assets and investment, including power to vote upon any Eligible Investments.

SECTION 8.04. Release of Securitization Bond Collateral.

(a) So long as the Issuer is not in default hereunder and no Default hereunder would occur as a result of such action, the Issuer, through the Servicer, may collect, sell or otherwise dispose of written-off receivables, at any time and from time to time in the ordinary course of business, without any notice to, or release or consent by, the Indenture Trustee, but only as and to the extent permitted by the Basic Documents; provided, however, that any and all proceeds of such dispositions shall become Securitization Bond Collateral and be deposited to the General Subaccount immediately upon receipt thereof by the Issuer or any other Person, including the Servicer. Without limiting the foregoing, the Servicer, may, at any time and from time to time without any notice to, or release or consent by, the Indenture Trustee, sell or otherwise dispose of any Securitization Bond Collateral previously written-off as a defaulted or uncollectible account in accordance with the terms of the Servicing Agreement and the requirements of the proviso in the preceding sentence.

(b) The Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the Lien of this Indenture, or convey the Indenture Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article VIII shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys. The Indenture Trustee shall release property from the Lien of this Indenture pursuant to this Section 8.04(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) and (if required by the Trust Indenture Act) Independent Certificates in accordance with Section 314(c) of the Trust Indenture Act and Section 314(d)(1) of the Trust Indenture Act meeting the applicable requirements of Section 10.01.

(c) The Indenture Trustee shall, at such time as there are no Securitization Bonds Outstanding and all sums payable to the Indenture Trustee pursuant to Section 6.07 or otherwise have been paid, release any remaining portion of the Securitization Bond Collateral

that secured the Securitization Bonds from the Lien of this Indenture and release to the Issuer or any other Person entitled thereto any funds or investments then on deposit in or credited to the Collection Account.

SECTION 8.05. Opinion of Counsel. The Indenture Trustee shall receive at least seven days' notice when requested by the Issuer to take any action pursuant to Section 8.04, accompanied by copies of any instruments involved, and the Indenture Trustee shall also require, as a condition to such action, an Opinion of Counsel of external counsel of the Issuer, in form and substance satisfactory to the Indenture Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Securitization Bonds or the rights of the Holders in contravention of the provisions of this Indenture and the Series Supplement; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Securitization Bond Collateral. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

SECTION 8.06. Reports by Independent Registered Public Accountants. As of the Closing Date, the Issuer shall appoint a firm of Independent registered public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by this Indenture and the Series Supplement. In the event such firm requires the Indenture Trustee to agree to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree, it being understood and agreed that the Indenture Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. Upon any resignation by, or termination by the Issuer of, such firm, the Issuer shall provide written notice thereof to the Indenture Trustee and shall promptly appoint a successor thereto that shall also be a firm of Independent registered public accountants of recognized national reputation. If the Issuer shall fail to appoint a successor to a firm of Independent registered public accountants that has resigned or been terminated within 15 days after such resignation or termination, the Indenture Trustee shall promptly notify the Issuer of such failure in writing. If the Issuer shall not have appointed a successor within ten days thereafter, the Indenture Trustee shall promptly appoint a successor firm of Independent registered public accountants of recognized national reputation; provided, that the Indenture Trustee shall have no liability with respect to such appointment. The fees of such Independent registered public accountants and its successor shall be payable by the Issuer.

ARTICLE IX

SUPPLEMENTAL INDENTURES

SECTION 9.01. Supplemental Indentures Without Consent of Holders.

(a) Without the consent of the Holders of any Securitization Bonds but with prior notice to the Rating Agencies, the Issuer and the Indenture Trustee, when authorized by an

Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as in force at the date of the execution thereof), in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property, including the Securitization Bond Collateral, at any time subject to the Lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien of this Indenture and the Series Supplement, or to subject to the Lien of this Indenture and the Series Supplement additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another Person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Securitization Bonds;

(iii) to add to the covenants of the Issuer, for the benefit of the Secured Parties, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture, including the Series Supplement, that may be inconsistent with any other provision herein or in any supplemental indenture, including the Series Supplement, or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided, that (A) such action shall not, as evidenced by an Opinion of Counsel of external counsel of the Issuer, adversely affect in any material respect the interests of the Holders of the Securitization Bonds and (B) the Rating Agency Condition shall have been satisfied with respect thereto;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Securitization Bonds and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI;

(vii) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act and to add to this Indenture such other provisions as may be expressly required by the Trust Indenture Act;

(viii) to evidence the final terms of the Securitization Bonds in the Series Supplement;

(ix) to qualify the Securitization Bonds for registration with a Clearing Agency; or

(x) to satisfy any Rating Agency requirements.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any of the Holders of the Securitization Bonds, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Securitization Bonds under this Indenture; provided, however, that (i) such action shall not, as evidenced by an Opinion of Counsel of nationally recognized counsel of the Issuer experienced in structured finance transactions, adversely affect in any material respect the interests of the Holders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto.

SECTION 9.02. Supplemental Indentures with Consent of Holders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, with prior notice to the Rating Agencies and with the consent of the Holders of a majority of the Outstanding Amount of the Securitization Bonds of each Tranche to be affected, by Act of such Holders delivered to the Issuer and the Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Securitization Bonds under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Securitization Bond of each Tranche affected thereby:

(i) change the date of payment of any installment of principal of or premium, if any, or interest on any Securitization Bond of such Tranche, or reduce the principal amount thereof, the interest rate thereon or premium, if any, with respect thereto;

(ii) change the provisions of this Indenture and the Series Supplement relating to the application of collections on, or the proceeds of the sale of, the Securitization Bond Collateral to payment of principal of or premium, if any, or interest on the Securitization Bonds, or change any place of payment where, or the coin or currency in which, any Securitization Bond or the interest thereon is payable;

(iii) reduce the percentage of the Outstanding Amount of the Securitization Bonds or of a Tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iv) reduce the percentage of the Outstanding Amount of the Securitization Bonds or Tranche thereof required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the Securitization Bond Collateral pursuant to Section 5.04;

(v) modify any provision of this Section 9.02 or any provision of the other Basic Documents similarly specifying the rights of the Holders to consent to modification thereof, except to increase any percentage specified herein or to provide that those provisions of this Indenture or the other Basic Documents referenced in this Section 9.02 cannot be modified or waived without the consent of the Holder of each Outstanding Securitization Bond affected thereby;

(vi) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest, principal or premium, if any, due on any Securitization Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Amortization Schedule or Final Maturity Date of any Tranche of Securitization Bonds;

(vii) decrease the Required Capital Level;

(viii) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any part of the Securitization Bond Collateral or, except as otherwise permitted or contemplated herein, terminate the Lien of this Indenture on any property at any time subject hereto or deprive the Holder of any Securitization Bond of the security provided by the Lien of this Indenture;

(ix) cause any material adverse U.S. federal income tax consequence to the Seller, the Issuer, the Managers, the Indenture Trustee or the then-existing Holders; or

(x) impair the right to institute suit for the enforcement of the provisions of this Indenture regarding payment or application of funds.

It shall not be necessary for any Act of Holders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture pursuant to this Section 9.02, the Issuer shall mail to the Rating Agencies a copy of such supplemental indenture and to the Holders of the Securitization Bonds to which such supplemental indenture relates either a copy of such supplemental indenture or a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.03. Execution of Supplemental Indentures. In executing any supplemental indenture permitted by this Article IX or the modifications thereby of the trust created by this Indenture, the Indenture Trustee shall be fully protected in relying upon an Opinion of Counsel stating that the execution of such supplemental indenture is authorized and permitted by this Indenture and all conditions precedent, if any, provided for in this Indenture relating to such supplemental indenture or modification have been satisfied. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee's own rights, duties, liabilities or immunities under this Indenture or

otherwise. All fees and expenses in connection with any such supplemental indenture shall be paid by the requesting party.

SECTION 9.04. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to each Tranche of Securitization Bonds affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Indenture Trustee, the Issuer and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.05. Conformity with Trust Indenture Act. Every amendment of this Indenture and every supplemental indenture executed pursuant to this Article IX shall conform to the requirements of the Trust Indenture Act as then in effect so long as this Indenture shall then be qualified under the Trust Indenture Act.

SECTION 9.06. Reference in Securitization Bonds to Supplemental Indentures. Securitization Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Issuer or the Indenture Trustee shall so determine, new Securitization Bonds so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Securitization Bonds.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Compliance Certificates and Opinions, etc.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, (ii) an Opinion of Counsel stating that in the opinion of such counsel the amendment is authorized and permitted and all such conditions precedent, if any, have been complied with and (iii) (if required by the Trust Indenture Act) an Independent Certificate from a firm of registered public accountants meeting the applicable requirements of this Section 10.01, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) Prior to the deposit of any Securitization Bond Collateral or other property or securities with the Indenture Trustee that is to be made the basis for the release of any property or securities subject to the Lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 10.01(a) or elsewhere in this Indenture, furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such deposit) to the Issuer of the Securitization Bond Collateral or other property or securities to be so deposited.

(c) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in Section 10.01(b), the Issuer shall also deliver to the Indenture Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to Section 10.01(b) and this Section 10.01(c), is ten percent or more of the Outstanding Amount of the Securitization Bonds, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than the lesser of (A) $25,000 or (B) one percent of the Outstanding Amount of the Securitization Bonds.

(d) Whenever any property or securities are to be released from the Lien of this Indenture other than pursuant to Section 8.02(e), the Issuer shall also furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(e) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signatory thereof as to the matters described in Section 10.01(d), the Issuer shall also furnish to the Indenture Trustee an Independent Certificate as to the same matters if the fair value of the property or securities with

respect thereto, or securities released from the Lien of this Indenture (other than pursuant to Section 8.02(e)) since the commencement of the then-current calendar year, as set forth in the certificates required by Section 10.01(d) and this Section 10.01(e), equals 10 percent or more of the Outstanding Amount of the Securitization Bonds, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than the lesser of (A) $25,000 or (B) one percent of the then Outstanding Amount of the Securitization Bonds.

(f) Notwithstanding any other provision of this Section 10.01, the Indenture Trustee may (A) collect, liquidate, sell or otherwise dispose of the Securitization Property and the other Securitization Bond Collateral as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Collection Account as and to the extent permitted or required by the Basic Documents.

SECTION 10.02. Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of a Responsible Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer or the Issuer stating that the information with respect to such factual matters is in the possession of the Servicer or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely conclusively upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 10.03. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing, and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 10.03.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Indenture Trustee deems sufficient.

(c) The ownership of Securitization Bonds shall be proved by the Securitization Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Securitization Bonds shall bind the Holder of every Securitization Bond issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Securitization Bond.

SECTION 10.04. Notices, etc., to Indenture Trustee, Issuer and Rating Agencies. Any notice, report or other communication given hereunder shall be in writing and shall be effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the Issuer, to Consumers 2014 Securitization Funding LLC at One Energy Plaza, Jackson, Michigan 49201, Attention: Corporate Secretary, Telephone: (517) 788-1030, Facsimile: (517) 788-6911;

(b) in the case of the Indenture Trustee, to the Corporate Trust Office;

(c) in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: servicerreports@moodys.com (all such notices to be delivered to Moody's in writing by email); and

(d) in the case of S&P, to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to S&P in writing by email).

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

SECTION 10.05. Notices to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Holder affected by such event, at such Holder's address as it appears on the Securitization Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event of Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Where this Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder and shall not under any circumstance constitute a Default or Event of Default.

SECTION 10.06. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

The provisions of Sections 310 through 317 of the Trust Indenture Act that impose duties on any Person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

SECTION 10.07. Successors and Assigns. All covenants and agreements in this Indenture and the Securitization Bonds by the Issuer shall bind its successors and assigns,

whether so expressed or not. All agreements of the Indenture Trustee in this Indenture shall bind its successors.

SECTION 10.08. Severability. Any provision in this Indenture or in the Securitization Bonds that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.09. Benefits of Indenture. Nothing in this Indenture or in the Securitization Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the Securitization Bond Collateral, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 10.10. Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Securitization Bonds or this Indenture) payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 10.11. GOVERNING LAW. **This Indenture shall be governed by and construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws; provided, that the creation, attachment and perfection of any Liens created hereunder in Securitization Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitization Property, shall be governed by the laws of the State of Michigan.**

SECTION 10.12. Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 10.13. Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel at the Issuer's cost and expense (which may be counsel to the Indenture Trustee or any other counsel reasonably acceptable to the Indenture Trustee or, if requested by the Indenture Trustee, external counsel of the Issuer) to the effect that such recording is necessary either for the protection of the Holders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture.

SECTION 10.14. No Recourse to Issuer. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the

Securitization Bonds or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (a) any owner of a membership interest in the Issuer (including Consumers Energy) or (b) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Consumers Energy) in its respective individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed in writing. Notwithstanding any provision of this Indenture or the Series Supplement to the contrary, Holders shall look only to the Securitization Bond Collateral with respect to any amounts due to the Holders hereunder and under the Securitization Bonds and, in the event such Securitization Bond Collateral is insufficient to pay in full the amounts owed on the Securitization Bonds, shall have no recourse against the Issuer in respect of such insufficiency. Each Holder by accepting a Securitization Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitization Bonds.

SECTION 10.15. Basic Documents. The Indenture Trustee is hereby authorized to execute and deliver the Servicing Agreement and to execute and deliver any other Basic Document that it is requested to acknowledge, including, upon receipt of an Issuer Request, the Intercreditor Agreement, so long as the Intercreditor Agreement is substantially in the form of the Intercreditor Agreement dated as of the Closing Date and does not materially and adversely affect any Holder's rights in and to any Securitization Bond Collateral or otherwise hereunder. Such request shall be accompanied by an Opinion of Counsel of external counsel of the Issuer, upon which the Indenture Trustee may rely conclusively with no duty of independent investigation or inquiry, to the effect that all conditions precedent for the execution of the Intercreditor Agreement have been satisfied. The Intercreditor Agreement shall be binding on the Holders.

SECTION 10.16. No Petition. The Indenture Trustee, by entering into this Indenture, and each Holder, by accepting a Securitization Bond (or interest therein) issued hereunder, hereby covenant and agree that they shall not, prior to the date that is one year and one day after the termination of this Indenture, acquiesce, petition or otherwise invoke or cause the Issuer or any Manager to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any bankruptcy or insolvency law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property, or ordering the dissolution, winding up or liquidation of the affairs of the Issuer. Nothing in this Section 10.16 shall preclude, or be deemed to estop, such Holder or the Indenture Trustee (a) from taking or omitting to take any action prior to such date in (i) any case or proceeding voluntarily filed or commenced by or on behalf of the Issuer under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to the Issuer that is filed or commenced by or on behalf of a Person other than such Holder and is not joined in by such Holder (or any Person to which such Holder shall have assigned, transferred or otherwise conveyed any part of the obligations of the Issuer hereunder) under or pursuant to any such law or (b) from commencing or prosecuting any legal action that is not an involuntary case or proceeding under or pursuant to any such law against the Issuer or any of its properties.

SECTION 10.17. Securities Intermediary. The Securities Intermediary, in acting under this Indenture, is entitled to all rights, benefits, protections, immunities and indemnities accorded to The Bank of New York Mellon, a New York banking corporation, in its capacity as Indenture Trustee under this Indenture.

SECTION 10.18. Rule 17g-5 Compliance.

(a) The Indenture Trustee agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Indenture Trustee to any Rating Agency under this Indenture or any other Basic Document to which it is a party for the purpose of determining or confirming the credit rating of the Securitization Bonds or undertaking credit rating surveillance of the Securitization Bonds shall be provided, substantially concurrently, to the Servicer for posting on a password-protected website (the "17g-5 Website"). The Servicer shall be responsible for posting all of the information on the 17g-5 Website.

(b) The Indenture Trustee will not be responsible for creating or maintaining the 17g-5 Website, posting any information to the 17g-5 Website or assuring that the 17g-5 Website complies with the requirements of this Indenture, Rule 17g-5 under the Exchange Act or any other law or regulation. In no event shall the Indenture Trustee be deemed to make any representation in respect of the content of the 17g-5 Website or compliance by the 17g-5 Website with this Indenture, Rule 17g-5 under the Exchange Act or any other law or regulation. The Indenture Trustee shall have no obligation to engage in or respond to any oral communications with respect to the transactions contemplated hereby, any transaction documents relating hereto or in any way relating to the Securitization Bonds or for the purposes of determining the initial credit rating of the Securitization Bonds or undertaking credit rating surveillance of the Securitization Bonds with any Rating Agency or any of its respective officers, directors or employees. The Indenture Trustee shall not be responsible or liable for the dissemination of any identification numbers or passwords for the 17g-5 Website, including by the Servicer, the Rating Agencies, a nationally recognized statistical rating organization ("NRSRO"), any of their respective agents or any other party. Additionally, the Indenture Trustee shall not be liable for the use of the information posted on the 17g-5 Website, whether by the Servicer, the Rating Agencies, an NRSRO or any other third party that may gain access to the 17g-5 Website or the information posted thereon.

SECTION 10.19. Submission to Non-Exclusive Jurisdiction; Waiver of Jury Trial. **Each of the Issuer and the Indenture Trustee hereby irrevocably submits to the non-exclusive jurisdiction of any New York State court sitting in The Borough of Manhattan in The City of New York or any U.S. federal court sitting in The Borough of Manhattan in The City of New York in respect of any suit, action or proceeding arising out of or relating to this Indenture and the Securitization Bonds and irrevocably accepts for itself and in respect of its respective property, generally and unconditionally, jurisdiction of the aforesaid courts. Each of the Issuer and the Indenture Trustee irrevocably waives, to the fullest extent that it may effectively do so under applicable law, trial by jury.**

SECTION 10.20. Certain Tax Laws. In order to comply with applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by

competent authorities) in effect from time to time to which a foreign financial institution, issuer, trustee, paying agent, holder or other institution is or has agreed to be subject related to the Basic Documents, the Issuer agrees (a) to provide to the Indenture Trustee sufficient information about Holders or other applicable parties and/or transactions (including any modification to the terms of such transactions) so as to enable the Indenture Trustee to determine whether it has tax-related obligations under such applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) and (b) that the Indenture Trustee shall be entitled to make any withholding or deduction from payments under the Basic Documents to the extent necessary to comply with such applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) for which the Indenture Trustee shall not have any liability.

{SIGNATURE PAGE FOLLOWS}

IN WITNESS WHEREOF, the Issuer, the Indenture Trustee and the Securities Intermediary have caused this Indenture to be duly executed by their respective officers thereunto duly authorized and duly attested, all as of the day and year first above written.

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

THE BANK OF NEW YORK MELLON,
as Indenture Trustee and as Securities Intermediary

By: /s/ Esther Antoine
Name: Esther Antoine
Title: Vice President

Signature Page to Indenture

STATE OF MICHIGAN)
ss.
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me this 18th day of July, 2014, by Venkat Dhenuvakonda Rao, President, Chief Executive Officer, Chief Financial Officer and Treasurer of CONSUMERS 2014 SECURITIZATION FUNDING LLC, a Delaware limited liability company, on behalf of the company.

/s/ Margaret Hillman
Margaret Hillman, Notary Public
State of Michigan, County of Jackson
My Commission Expires: June 14, 2016
Acting in the County of Jackson

{Seal}

STATE OF NEW YORK)
ss.
COUNTY OF NEW YORK)

The foregoing instrument was acknowledged before me this 21st day of July, 2014, by Esther Antoine, Vice President of THE BANK OF NEW YORK MELLON, as Indenture Trustee and Securities Intermediary, a New York banking corporation, on behalf of the bank.

/s/ Ricky Chou
Ricky Chou
Notary Public, State of New York
No. 01CH6254129
Qualified in Kings County
Commission Expires Jan. 17, 2016

EXHIBIT A

FORM OF SECURITIZATION BOND

See attached.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OR ENTITY IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. { } $ { }
Tranche { } CUSIP No.: { }

THE PRINCIPAL OF THIS TRANCHE { } SENIOR SECURED SECURITIZATION BOND, SERIES 2014A (THIS "SECURITIZATION BOND") WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS SECURITIZATION BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE. THE HOLDER OF THIS SECURITIZATION BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE SECURITIZATION BOND COLLATERAL, AS DESCRIBED IN THE INDENTURE, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS SECURITIZATION BOND UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN SECTION 3.10(b) OR ARTICLE IV OF THE INDENTURE. THE HOLDER OF THIS SECURITIZATION BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE PAYMENT IN FULL OF THIS SECURITIZATION BOND, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER THAT IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR

OTHERWISE CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION THAT IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES.

CONSUMERS 2014 SECURITIZATION FUNDING LLC
SENIOR SECURED SECURITIZATION BONDS, SERIES 2014A, TRANCHE { }

BOND INTEREST RATE	ORIGINAL PRINCIPAL AMOUNT	FINAL MATURITY DATE
{ }%	$ { }	{ }, 20{ }
{ }%	$ { }	{ }, 20{ }
{ }%	$ { }	{ }, 20{ }

CONSUMERS 2014 SECURITIZATION FUNDING LLC, a limited liability company created under the laws of the State of Delaware (herein referred to as the "Issuer"), for value received, hereby promises to pay to { }, or registered assigns, the Original Principal Amount shown above in semi-annual installments on the Payment Dates and in the amounts specified below or, if less, the amounts determined pursuant to Section 8.02 of the Indenture, in each year, commencing on the date determined as provided below and ending on or before the Final Maturity Date shown above and to pay interest, at the Bond Interest Rate shown above, on each { } and { } or, if any such day is not a Business Day, the next Business Day, commencing on { }, 20{ } and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date (each, a "Payment Date"), on the principal amount of this Securitization Bond. Interest on this Securitization Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of { }. Such principal of and interest on this Securitization Bond shall be paid in the manner specified below.

The principal of and interest on this Securitization Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Securitization Bond shall be applied first to interest due and payable on this Securitization Bond as provided above and then to the unpaid principal of and premium, if any, on this Securitization Bond, all in the manner set forth in the Indenture.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual signature, this Securitization Bond shall not be entitled to any benefit under the Indenture referred to below or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Responsible Officer.

Date: { }, 20{ }

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: _____
Name:
Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: { }, 20{ }

This is one of the Tranche { } Senior Secured Securitization Bonds, Series 2014A, designated above and referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Indenture Trustee

By: _____
Name:
Title:

This Senior Secured Securitization Bond, Series 2014A is one of a duly authorized issue of Senior Secured Securitization Bonds, Series 2014A of the Issuer (herein called the "Bonds"), which Bonds are issuable in one or more Tranches. The Bonds consist of { } Tranches, including the Tranche { } Senior Secured Securitization Bonds, Series 2014A, which include this Senior Secured Securitization Bond, Series 2014A (herein called the "Securitization Bonds"), all issued and to be issued under that certain Indenture dated as of July 22, 2014 (as supplemented by the Series Supplement (as defined below), the "Indenture"), between the Issuer and The Bank of New York Mellon, in its capacity as indenture trustee (the "Indenture Trustee", which term includes any successor indenture trustee under the Indenture) and in its separate capacity as a securities intermediary (the "Securities Intermediary", which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Bonds. For purposes herein, "Series Supplement" means that certain Series Supplement dated as of July 22, 2014 between the Issuer and the Indenture Trustee. All terms used in this Securitization Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

All Tranches of Bonds are and will be equally and ratably secured by the Securitization Bond Collateral pledged as security therefor as provided in the Indenture.

The principal of this Securitization Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account are available therefor, and only until the outstanding principal balance thereof on the preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule that is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders representing a majority of the Outstanding Amount of the Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Indenture. The entire unpaid principal amount of this Securitization Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the Bonds representing a majority of the Outstanding Amount of the Bonds have declared the Securitization Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Securitization Bonds shall be made pro rata to the Holders of the Securitization Bonds entitled thereto based on the respective principal amounts of the Securitization Bonds held by them.

Payments of interest on this Securitization Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by

check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Securitization Bond (or one or more Predecessor Securitization Bonds) on the Securitization Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that (a) upon application to the Indenture Trustee by any Holder owning a Global Securitization Bond evidencing this Securitization Bond in the principal amount of $10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder, and (b) if this Securitization Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Securitization Bond evidencing this Securitization Bond unless and until such Global Securitization Bond is exchanged for Definitive Securitization Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to this Securitization Bond on a Payment Date, which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Securitization Bond Register as of the applicable Record Date without requiring that this Securitization Bond be submitted for notation of payment. Any reduction in the principal amount of this Securitization Bond (or any one or more Predecessor Securitization Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Securitization Bond and of any Securitization Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then-remaining unpaid principal amount of this Securitization Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Securitization Bond and shall specify the place where this Securitization Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Bond Interest Rate to the extent lawful.

This Securitization Bond is a "securitization bond" as such term is defined in the Securitization Law. Principal and interest due and payable on this Securitization Bond are payable from and secured primarily by Securitization Property created and established by the Financing Order obtained from the Michigan Public Service Commission pursuant to the Securitization Law. Securitization Property consists of the rights and interests of the Seller in the Financing Order, including the right to impose, collect and receive Securitization Charges, the right to obtain True-Up Adjustments and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests created under the Financing Order.

Under the laws of the State of Michigan in effect on the Closing Date, pursuant to Section 10n(2) of the Securitization Law, the State of Michigan has pledged for the benefit and protection of the Holders, the Indenture Trustee, other Persons acting for the benefit of the Holders and Consumers Energy that the State of Michigan will not take or permit any action that impairs the value of Securitization Property, reduce or alter, except as allowed under Section 10k(3) of the Securitization Law, or impair Securitization Charges to be imposed, collected and

remitted to the Holders, the Indenture Trustee and other Persons acting for the benefit of the Holders, until any principal, interest and premium in respect of Securitization Bonds, and any other charges incurred and contracts to be performed, in connection with Securitization Bonds have been paid or performed in full.

The Issuer and Consumers Energy hereby acknowledge that the purchase of this Securitization Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledge.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Securitization Bond may be registered on the Securitization Bond Register upon surrender of this Securitization Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by, (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee, and (b) such other documents as the Indenture Trustee may require, and thereupon one or more new Securitization Bonds of Authorized Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Securitization Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 2.04 or Section 2.06 of the Indenture not involving any transfer.

Each Holder, by acceptance of a Securitization Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Securitization Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (a) any owner of a membership interest in the Issuer (including Consumers Energy) or (b) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Consumers Energy) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a Securitization Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitization Bonds.

Prior to the due presentment for registration of transfer of this Securitization Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Securitization Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Securitization Bond and for all other purposes whatsoever, whether or not this Securitization Bond be overdue, and none of the Issuer, the Indenture Trustee or any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Securitization Bonds under the Indenture at any time by the Issuer with the consent of the Holders representing a majority of the Outstanding Amount of all Securitization Bonds at the time outstanding of each Tranche to be affected. The Indenture also contains provisions permitting the Holders representing specified percentages of the Outstanding Amount of the Securitization Bonds, on behalf of the Holders of all the Securitization Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the

Indenture and their consequences. Any such consent or waiver by the Holder of this Securitization Bond (or any one of more Predecessor Securitization Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Securitization Bond and of any Securitization Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Securitization Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders of the Securitization Bonds issued thereunder.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Issuer on this Securitization Bond and (b) certain restrictive covenants and the related Events of Default, upon compliance by the Issuer with certain conditions set forth in the Indenture, which provisions apply to this Securitization Bond.

The term "Issuer" as used in this Securitization Bond includes any successor to the Issuer under the Indenture.

The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Holders under the Indenture.

The Securitization Bonds are issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

This Securitization Bond, the Indenture and the Series Supplement shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws; provided, that the creation, attachment and perfection of any Liens created under the Indenture in Securitization Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitization Property, shall be governed by the laws of the State of Michigan.

No reference herein to the Indenture and no provision of this Securitization Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Securitization Bond at the times, place and rate and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Securitization Bond, by acquiring any Securitization Bond or interest therein, (a) express their intention that, solely for the purpose of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, the Securitization Bonds qualify under applicable tax law as indebtedness of the sole owner of the Issuer secured by the Securitization Bond Collateral and (b) solely for purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Securitization Bonds are outstanding, agree to treat the Securitization Bonds as indebtedness of the sole owner of the Issuer secured by the Securitization Bond Collateral unless otherwise required by appropriate taxing authorities.

ABBREVIATIONS

The following abbreviations, when used above on this Securitization Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	Custodian (Custodian) (minor) Under Uniform Gifts to Minor Act ( ) (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

(name and address of assignee)

the within Securitization Bond and all rights thereunder, and hereby irrevocably constitutes and appoints , attorney, to transfer said Securitization Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____
Signature Guaranteed:

_____

The signature to this assignment must correspond with the name of the registered owner as it appears on the within Securitization Bond in every particular, without alteration, enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by an institution that is a member of: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) the Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee.

EXHIBIT B

FORM OF SERIES SUPPLEMENT

See attached.

This SERIES SUPPLEMENT, dated as of July 22, 2014 (this "Supplement"), is by and between CONSUMERS 2014 SECURITIZATION FUNDING LLC, a limited liability company created under the laws of the State of Delaware (the "Issuer"), and The Bank of New York Mellon, a New York banking corporation ("Bank"), in its capacity as indenture trustee (the "Indenture Trustee") for the benefit of the Secured Parties under the Indenture dated as of July 22, 2014, by and between the Issuer and The Bank of New York Mellon, in its capacity as Indenture Trustee and in its separate capacity as a securities intermediary (the "Indenture").

PRELIMINARY STATEMENT

Section 9.01 of the Indenture provides, among other things, that the Issuer and the Indenture Trustee may at any time enter into an indenture supplemental to the Indenture for the purposes of authorizing the issuance by the Issuer of the Securitization Bonds and specifying the terms thereof. The Issuer has duly authorized the creation of the Securitization Bonds with an initial aggregate principal amount of ${ } to be known as Senior Secured Securitization Bonds, Series 2014A (the "Securitization Bonds"), and the Issuer and the Indenture Trustee are executing and delivering this Supplement in order to provide for the Securitization Bonds.

All terms used in this Supplement that are defined in the Indenture, either directly or by reference therein, have the meanings assigned to them therein, except to the extent such terms are defined or modified in this Supplement or the context clearly requires otherwise. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

GRANTING CLAUSE

With respect to the Securitization Bonds, the Issuer hereby Grants to the Indenture Trustee, as Indenture Trustee for the benefit of the Secured Parties of the Securitization Bonds, all of the Issuer's right, title and interest (whether now owned or hereafter acquired or arising) in and to (a) the Securitization Property created under and pursuant to the Financing Order and the Securitization Law, and transferred by the Seller to the Issuer pursuant to the Sale Agreement (including, to the fullest extent permitted by law, the right to impose, collect and receive the Securitization Charges, the right to obtain periodic adjustments to the Securitization Charges, and all revenue, collections, payments, money and proceeds arising out of the rights and interests created under the Financing Order), (b) all Securitization Charges related to the Securitization Property, (c) the Sale Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to the Securitization Property and the Securitization Bonds, (d) the Servicing Agreement, the Administration Agreement, the Intercreditor Agreement and any subservicing, agency, administration or collection agreements executed in connection therewith, to the extent related to the foregoing Securitization Property and the Securitization Bonds, (e) the Collection Account, all subaccounts thereof and all amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all financial assets and securities entitlements carried therein or credited thereto, (f) all rights to

compel the Servicer to file for and obtain periodic adjustments to the Securitization Charges in accordance with Section 10k(3) of the Securitization Law and the Financing Order, (g) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute Securitization Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property, (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing, and (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing, **it being understood that the following do not constitute Securitization Bond Collateral**: (x) cash that has been released pursuant to the terms of the Indenture, including Section 8.02(e)(x) of the Indenture and, following retirement of all Outstanding Securitization Bonds, pursuant to Section 8.02(e)(xii) of the Indenture and (y) amounts deposited with the Issuer on the Closing Date, for

payment of costs of issuance with respect to the Securitization Bonds (together with any interest earnings thereon), it being understood that such amounts described in clause (x) and clause (y) above shall not be subject to Section 3.17 of the Indenture.

The foregoing Grant is made in trust to secure the Secured Obligations equally and ratably without prejudice, priority or distinction, except as expressly provided in the Indenture, to secure compliance with the provisions of the Indenture with respect to the Securitization Bonds, all as provided in the Indenture and to secure the performance by the Issuer of all of its obligations under the Indenture. The Indenture and this Supplement constitute a security agreement within the meaning of the Securitization Law and under the UCC to the extent that the provisions of the UCC are applicable hereto.

The Indenture Trustee, as indenture trustee on behalf of the Secured Parties of the Securitization Bonds, acknowledges such Grant and accepts the trusts under this Supplement and the Indenture in accordance with the provisions of this Supplement and the Indenture.

SECTION 1. Designation. The Securitization Bonds shall be designated generally as the Securitization Bonds{, and further denominated as Tranches { } through { }}.

SECTION 2. Initial Principal Amount; Bond Interest Rate; Scheduled Final Payment Date; Final Maturity Date. The Securitization Bonds {of each Tranche} shall have the initial principal amount, bear interest at the rates per annum (the "Bond Interest Rate") and shall have the Scheduled Final Payment Dates and the Final Maturity Dates set forth below:

{Tranche}	Initial Principal Amount	Bond Interest Rate	Scheduled Final Payment Date	Final Maturity Date
{ }	$ { }	{ }%	{ }, 20{ }	{ }, 20{ }
{ }	$ { }	{ }%	{ }, 20{ }	{ }, 20{ }
{ }	$ { }	{ }%	{ }, 20{ }	{ }, 20{ }

The Bond Interest Rate shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3. Authentication Date; Payment Dates; Expected Amortization Schedule for Principal; Periodic Interest; Book-Entry Securitization Bonds; Waterfall Caps.

(a) Authentication Date. The Securitization Bonds that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on July 22, 2014 (the "Closing Date") shall have as their date of authentication July 22, 2014.

(b) Payment Dates. The "Payment Dates" for the Securitization Bonds are { } and { } of each year or, if any such date is not a Business Day, the next Business Day, commencing on { }, 20{ } and continuing until the earlier of repayment of the Securitization Bonds in full and the Final Maturity Date.

(c) Expected Amortization Schedule for Principal. Unless an Event of Default shall have occurred and be continuing, on each Payment Date, the Indenture Trustee shall distribute to the Holders of record as of the related Record Date amounts payable pursuant to Section 8.02(e) of the Indenture as principal, in the following order and priority: {(1) to the holders of the Tranche { } Securitization Bonds, until the Outstanding Amount of such Tranche of Securitization Bonds thereof has been reduced to zero; (2) to the holders of the Tranche { } Securitization Bonds, until the Outstanding Amount of such Tranche of Securitization Bonds thereof has been reduced to zero; and (3) to the holders of the Tranche { } Securitization Bonds, until the Outstanding Amount of such Tranche of Securitization Bonds thereof has been reduced to zero; provided, however, that in no event shall a principal payment pursuant to this Section 3(c) on any Tranche on a Payment Date be greater than the amount necessary to reduce the Outstanding Amount of such Tranche of Securitization Bonds to the amount specified in the Expected Amortization Schedule that is attached as Schedule A hereto for such Tranche and Payment Date}.

(d) Periodic Interest. "Periodic Interest" will be payable on {each Tranche of} the Securitization Bonds on each Payment Date in an amount equal to one-half of the product of (i) the applicable Bond Interest Rate and (ii) the Outstanding Amount of the {related Tranche of} Securitization Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of the {related Tranche of} Securitization Bonds on such preceding Payment Date; provided, however, that, with respect to the initial Payment Date, or if no payment has yet been made, interest on the outstanding principal balance will accrue from and including the Closing Date to, but excluding, the following Payment Date.

(e) Book-Entry Securitization Bonds. The Securitization Bonds shall be Book-Entry Securitization Bonds, and the applicable provisions of Section 2.11 of the Indenture shall apply to the Securitization Bonds.

(f) Waterfall Caps. The amount payable with respect to the Securitization Bonds pursuant to Section 8.02(e)(i) of the indenture shall not exceed ${ } annually.

SECTION 4. Authorized Denominations. The Securitization Bonds shall be issuable in denominations of {$100,000 and integral multiples of $1,000 in excess thereof} (the "Authorized Denominations").

SECTION 5. Delivery and Payment for the Securitization Bonds; Form of the Securitization Bonds. The Indenture Trustee shall deliver the Securitization Bonds to the Issuer

when authenticated in accordance with Section 2.03 of the Indenture. The Securitization Bonds {of each Tranche} shall be in the form of Exhibit{s} { } hereto.

SECTION 6. Ratification of Indenture. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture, as so supplemented by this Supplement, shall be read, taken and construed as one and the same instrument. This Supplement amends, modifies and supplements the Indenture only insofar as it relates to the Securitization Bonds.

SECTION 7. Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 8. Governing Law. **This Supplement shall be governed by and construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws; provided, that, except as set forth in Section 8.02(b) of the Indenture, the creation, attachment and perfection of any Liens created under the Indenture in Securitization Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitization Property, shall be governed by the laws of the State of Michigan.**

SECTION 9. Issuer Obligation. No recourse may be taken directly or indirectly by the Holders with respect to the obligations of the Issuer on the Securitization Bonds, under the Indenture or this Supplement or any certificate or other writing delivered in connection herewith or therewith, against (a) any owner of a beneficial interest in the Issuer (including Consumers Energy) or (b) any shareholder, partner, owner, beneficiary, officer, director, employee or agent of the Indenture Trustee, the Managers or any owner of a beneficial interest in the Issuer (including Consumers Energy) in its individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed. Each Holder by accepting a Securitization Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitization Bonds.

SECTION 10. Indenture Trustee Disclaimer. The Indenture Trustee is not responsible for the validity or sufficiency of this Supplement or for the recitals contained herein.

SECTION 11. Submission to Non-Exclusive Jurisdiction; Waiver of Jury Trial. **Each of the Issuer and the Indenture Trustee hereby irrevocably submits to the non-exclusive jurisdiction of any New York State court sitting in The Borough of Manhattan in The City of New York or any U.S. federal court sitting in The Borough of Manhattan in The City of New York in respect of any suit, action or proceeding arising out of or relating to this Supplement and the Securitization Bonds and irrevocably accepts for itself and in respect of its respective property, generally and unconditionally, jurisdiction of the**

aforesaid courts. Each of the Issuer and the Indenture Trustee irrevocably waives, to the fullest extent that it may effectively do so under applicable law, trial by jury.

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
as Indenture Trustee and as Securities Intermediary

By: _____
Name:
Title:

SCHEDULE A
TO SERIES SUPPLEMENT

EXPECTED AMORTIZATION SCHEDULE

OUTSTANDING PRINCIPAL BALANCE

Date	Tranche { }	Tranche { }	Tranche { }
Closing Date	$ { }	$ { }	$ { }
{ }, 20{ }	$ { }	$ { }	$ { }

{	}, 20{	}	$	{	}	$	{	}	$	{	}
{	}, 20{	}	$	{	}	$	{	}	$	{	}

EXHIBIT { }
TO SERIES SUPPLEMENT

FORM OF {TRANCHE { } OF} SECURITIZATION BONDS

{ }

EXHIBIT C

SERVICING CRITERIA TO BE ADDRESSED
BY INDENTURE TRUSTEE IN ASSESSMENT OF COMPLIANCE

Regulation AB Reference	Servicing Criteria	Applicable Indenture Trustee Responsibility
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are maintained.	
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.	**X**
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	**X**
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	**X**
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) under the Exchange Act.	**X**
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are: (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	
	Investor Remittances and Reporting	
1122(d)(3)(i)	Reports to investors, including those to be filed with the SEC, are maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports: (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the servicer.	
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	**X**
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction agreements.	**X**
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	**X**

Regulation AB Reference	Servicing Criteria	Applicable Indenture Trustee Responsibility
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	**X**
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.	
1122(d)(4)(v)	The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.	
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets, including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	

APPENDIX A

DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms. The following terms have the following meanings:

"17g-5 Website" is defined in Section 10.18(a) of the Indenture.

"Account Records" is defined in Section 1(a)(i) of the Administration Agreement.

"Act" is defined in Section 10.03(a) of the Indenture.

"Additional Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(iii) of the Servicing Agreement.

"Administration Agreement" means the Administration Agreement, dated as of the Closing Date, by and between Consumers Energy and the Issuer.

"Administration Fee" is defined in Section 2 of the Administration Agreement.

"Administrator" means Consumers Energy, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliate Wheeling" means a Person's use of direct access service where an electric utility delivers electricity generated at a Person's industrial site to that Person or that Person's affiliate at a location, or general aggregated locations, within the State of Michigan that was either one of the following: (a) for at least 90 days during the period from January 1, 1996 to October 1, 1999, supplied by Self-Service Power, but only to the extent of the capacity reserved or load served by Self-Service Power during the period; or (b) capable of being supplied by a Person's cogeneration capacity within the State of Michigan that has had since January 1, 1996 a rated capacity of 15 megawatts or less, was placed in service before December 31, 1975 and has been in continuous service since that date. The term affiliate for purposes of this definition means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another specified entity, where control means, whether through an ownership, beneficial, contractual or equitable interest, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person or the ownership of at least 7% of an entity either directly or indirectly.

"Amendatory Schedule" means a revision to service riders or any other notice filing filed with the Commission in respect of the Securitization Rate Schedule pursuant to a True-Up Adjustment.

"Annual Accountant's Report" is defined in Section 3.04(a) of the Servicing Agreement.

"Annual True-Up Adjustment" means each adjustment to the Securitization Charges made in accordance with Section 4.01(b)(i) of the Servicing Agreement.

"Annual True-Up Adjustment Date" means the first billing cycle of August of each year, commencing in August, 2015.

"Authorized Denomination" means, with respect to any Securitization Bond, the authorized denomination therefor specified in the Series Supplement, which shall be at least $100,000 and, except as otherwise provided in the Series Supplement, integral multiples of $1,000 in excess thereof.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.).

"Basic Documents" means the Indenture, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Certificate of Formation, the LLC Agreement, the Servicing Agreement, the Series Supplement, the Intercreditor Agreement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Bill of Sale" means a bill of sale substantially in the form of Exhibit A to the Sale Agreement delivered pursuant to Section 2.02(a) of the Sale Agreement.

"Billed Securitization Charges" means the amounts of Securitization Charges billed by the Servicer.

"Billing Period" means the period created by dividing the calendar year into 12 consecutive periods of approximately 21 Servicer Business Days.

"Bills" means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by Consumers Energy in its capacity as Servicer.

"Bond Interest Rate" means, with respect to any Tranche of Securitization Bonds, the rate at which interest accrues on the Securitization Bonds of such Tranche, as specified in the Series Supplement.

"Book-Entry Form" means, with respect to any Securitization Bond, that such Securitization Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Securitization Bond was issued.

"Book-Entry Securitization Bonds" means any Securitization Bonds issued in Book-Entry Form; provided, however, that, after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Securitization Bonds are to be issued to the Holder of such Securitization Bonds, such Securitization Bonds shall no longer be "Book-Entry Securitization Bonds".

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are, or DTC or the Corporate Trust Office is, authorized or obligated by law, regulation or executive order to be closed.

"Calculation Period" means, with respect to any True-Up Adjustment, the period comprised of the 12 consecutive Collection Periods beginning with the Collection Period in which such True-Up Adjustment would go into effect; provided, that, in the case of any True-Up Adjustment that would go into effect after the date that is 12 months prior to the last Scheduled Final Payment Date, the Calculation Period shall begin on the date the True-Up Adjustment would go into effect and end on the Payment Date following such True-Up Adjustment date; provided, further, that, for the purpose of calculating the first Periodic Payment Requirement as of the Closing Date, "Calculation Period" means, initially, the period commencing on the Closing Date

and ending on the last day of the billing cycle of July, 2015.

"Capital Subaccount" is defined in Section 8.02(a) of the Indenture.

"Capital Subaccount Investment Earnings" shall mean, for any Payment Date with respect to any Calculation Period, the sum of (a) an amount equal to investment earnings since the previous Payment Date (or, in the case of the first Payment Date, since the Closing Date) on the initial amount deposited by Consumers Energy in the Capital Subaccount plus (b) any such amounts not paid on any prior Payment Date.

"Certificate of Compliance" means the certificate referred to in Section 3.03 of the Servicing Agreement and substantially in the form of Exhibit E to the Servicing Agreement.

"Certificate of Formation" means the Certificate of Formation filed with the Secretary of State of the State of Delaware on March 6, 2014 pursuant to which the Issuer was formed.

"Claim" means a "claim" as defined in Section 101(5) of the Bankruptcy Code.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with such Clearing Agency.

"Closing Date" means July 22, 2014, the date on which the Securitization Bonds are originally issued in accordance with Section 2.10 of the Indenture and the Series Supplement.

"Code" means the Internal Revenue Code of 1986.

"Collection Account" is defined in Section 8.02(a) of the Indenture.

"Collection in Full of the Securitization Charges" means the day on which the aggregate amounts on deposit in the General Subaccount and the Excess Funds Subaccount are sufficient to pay in full all the Outstanding Securitization Bonds and to replenish any shortfall in the Capital Subaccount.

"Collection Period" means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

"Commission" means the Michigan Public Service Commission.

"Commission Regulations" means any regulations, including temporary regulations, promulgated by the Commission pursuant to Michigan law.

"Company Minutes" is defined in Section 1(a)(iv) of the Administration Agreement.

"Consumers Energy" means Consumers Energy Company, a Michigan corporation.

"Corporate Trust Office" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the Closing Date is located at 101 Barclay Street, 7 East, New York, New York 10286, Attention: Asset Backed Securities Unit, Telephone: (212) 815-5331, Facsimile: (212) 815-2830, or at such other address as the Indenture Trustee may designate from time to time by notice to the Holders of Securitization Bonds and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"Covenant Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Customers" means all existing and future retail electric distribution customers of Consumers Energy or its successors, including all existing and future retail electric customers who are obligated to pay Securitization Charges pursuant to the Financing Order, except that "Customers" shall exclude (i) customers taking retail open access service from Consumers Energy as of December 6, 2013 to the extent that those retail open access customers remain, without transition to bundled service, on Consumers Energy's retail choice program, (ii) customers to the extent they obtain or use Self-Service Power and (iii) customers to the extent engaged in Affiliate Wheeling.

"Daily Remittance" is defined in Section 6.11(a) of the Servicing Agreement.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Definitive Securitization Bonds" is defined in Section 2.11 of the Indenture.

"Delaware UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Delaware.

"DTC" means The Depository Trust Company.

"Eligible Account" means a segregated non-interest-bearing trust account with an Eligible Institution.

"Eligible Institution" means:

(a) the corporate trust department of the Indenture Trustee, so long as any of the securities of the Indenture Trustee has a credit rating from each Rating Agency in one of its generic rating categories that signifies investment grade; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank) (i) that has either (A) a long-term issuer rating of "AA-" or higher by S&P and "A2" or higher by Moody's or (B) a short-term issuer rating of "A-1+" or higher by S&P and "P-1" or higher by Moody's or any other long-term, short-term or certificate of deposit rating acceptable to the Rating Agencies, and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation.

If so qualified under clause (b) of this definition, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.

"Eligible Investments" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, or bankers' acceptances issued by, any depository institution (including the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by U.S. federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of Consumers Energy or any of its Affiliates), which at the time of purchase is rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's and S&P;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has a long-term unsecured debt rating of at least "A+" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "Aa3" from Moody's and a short-term unsecured debt rating of at least "P1" from Moody's.

"Event of Default" is defined in Section 5.01 of the Indenture.

"Excess Funds Subaccount" is defined in Section 8.02(a) of the Indenture.

"Exchange Act" means the Securities Exchange Act of 1934.

"Expected Amortization Schedule" means, with respect to any Tranche, the expected amortization schedule related thereto set forth in the Series Supplement.

"Federal Book-Entry Regulations" means 31 C.F.R. Part 357 et seq. (Department of Treasury).

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Servicer from three federal funds brokers of recognized standing selected by it.

"Final" means, with respect to the Financing Order, that the Financing Order has become final, that the Financing Order is not being appealed and that the time for filing an appeal thereof has expired.

"Final Maturity Date" means, with respect to each Tranche of Securitization Bonds, the final maturity date therefor as specified in the Series Supplement.

"Financing Order" means the financing order issued by the Commission to Consumers Energy on December 6, 2013, Case No. U-17473, authorizing the creation of the Securitization Property. Consumers Energy unconditionally accepted all conditions and limitations requested by such order in a letter dated January 24, 2014 from Consumers Energy to the Commission.

"General Subaccount" is defined in Section 8.02(a) of the Indenture.

"Global Securitization Bond" means a Securitization Bond to be issued to the Holders thereof in Book-Entry Form, which Global Securitization Bond shall be issued to the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement.

"Governmental Authority" means any nation or government, any U.S. federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Grant" means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, grant a lien upon, a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the Securitization Bond Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Securitization Bond Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise and generally to do and receive

anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Indemnified Losses" is defined in Section 5.03 of the Servicing Agreement.

"Indemnified Party" is defined in Section 6.02(a) of the Servicing Agreement.

"Indemnified Person" is defined in Section 5.01(f) of the Sale Agreement.

"Indenture" means the Indenture, dated as of the Closing Date, by and between the Issuer and The Bank of New York Mellon, a New York banking corporation, as Indenture Trustee and as Securities Intermediary.

"Indenture Trustee" means The Bank of New York Mellon, a New York banking corporation, as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee for the benefit of the Secured Parties, under the Indenture.

"Independent" means, when used with respect to any specified Person, that such specified Person (a) is in fact independent of the Issuer, any other obligor on the Securitization Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or person performing similar functions.

"Independent Certificate" means a certificate to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such certificate shall state that the signer has read the definition of "Independent" in the Indenture and that the signer is Independent within the meaning thereof.

"Independent Manager" is defined in Section 4.01(a) of the LLC Agreement.

"Independent Manager Fee" is defined in Section 4.01(a) of the LLC Agreement.

"Insolvency Event" means, with respect to a specified Person: (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such specified Person or any substantial part of its property in an involuntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or ordering the winding-up or liquidation of such specified Person's affairs, and such

decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such specified Person of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or the consent by such specified Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such specified Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or the making by such specified Person of any general assignment for the benefit of creditors, or the failure by such specified Person generally to pay its debts as such debts become due, or the taking of action by such specified Person in furtherance of any of the foregoing.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of the Closing Date, by and among the Issuer, the Indenture Trustee, Consumers Energy, the parties to the accounts receivables sale program of Consumers Receivables Funding II, LLC, Consumers Funding LLC and the trustee for the securitization bonds issued by Consumers Funding LLC, and any subsequent such agreement.

"Interim True-Up Adjustment" means either a Semi-Annual Interim True-Up Adjustment made in accordance with Section 4.01(b)(ii) of the Servicing Agreement or an Additional Interim True-Up Adjustment made in accordance with Section 4.01(b)(iii) of the Servicing Agreement.

"Investment Company Act" means the Investment Company Act of 1940.

"Investment Earnings" means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

"Issuer" means Consumers 2014 Securitization Funding LLC, a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the Trust Indenture Act, each other obligor on the Securitization Bonds.

"Issuer Documents" is defined in Section 1(a)(iv) of the Administration Agreement.

"Issuer Order" means a written order signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Issuer Request" means a written request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Legal Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Letter of Representations" means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency's rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitization Bonds.

"Lien" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Consumers 2014 Securitization Funding LLC, dated as of the Closing Date.

"Losses" means (a) any and all amounts of principal of and interest on the Securitization Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic Documents or the Financing Order that are not made when so required and (b) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

"Manager" means each manager of the Issuer under the LLC Agreement.

"Member" has the meaning specified in the first paragraph of the LLC Agreement.

"Michigan UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Michigan.

"Monthly Servicer's Certificate" is defined in Section 3.01(b)(i) of the Servicing Agreement.

"Moody's" means Moody's Investors Service, Inc.. References to Moody's are effective so long as Moody's is a Rating Agency.

"NRSRO" is defined in Section 10.18(b) of the Indenture.

"NY UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of New York.

"Officer's Certificate" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee.

"Ongoing Other Qualified Costs" means the Qualified Costs described as such in the Financing Order, including Operating Expenses and any other costs identified in the Basic Documents; provided, however, that Ongoing Other Qualified Costs do not include the Issuer's costs of issuance of the Securitization Bonds and Consumers Energy's costs of retiring existing debt and equity securities.

"Operating Expenses" means all unreimbursed fees, costs and out-of-pocket expenses of the Issuer, including all amounts owed by the Issuer to the Indenture Trustee (including indemnities, legal fees and expenses) or any Manager, the Servicing Fee, the Administration Fee, legal and accounting fees, Rating Agency and related fees (i.e. website provider fees) and any franchise or other taxes owed by the Issuer, including on investment income in the Collection Account.

"Opinion of Counsel" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"Outstanding" means, as of the date of determination, all Securitization Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Securitization Bonds theretofore canceled by the Securitization Bond Registrar or delivered to the Securitization Bond Registrar for cancellation;

(b) Securitization Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Securitization Bonds; and

(c) Securitization Bonds in exchange for or in lieu of other Securitization Bonds that have been issued pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Securitization Bonds are held by a Protected Purchaser;

provided, that, in determining whether the Holders of the requisite Outstanding Amount of the Securitization Bonds or any Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver under any Basic Document, Securitization Bonds owned by the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding (unless one or more such Persons owns 100% of such Securitization Bonds), except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitization Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Securitization Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Securitization Bonds and that the pledgee is not the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all Securitization Bonds, or, if the context requires, all Securitization Bonds of a Tranche, Outstanding at the date of determination.

"Paying Agent" means, with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Securitization Bonds pursuant to the Indenture.

"Payment Date" means, with respect to any Tranche of Securitization Bonds, the dates specified in the Series Supplement; provided, that if any such date is not a Business Day, the Payment Date shall be the Business Day succeeding such date.

"Periodic Billing Requirement" means, for any Calculation Period, the aggregate amount of Securitization Charges calculated by the Servicer as necessary to be billed during such period in order to collect the Periodic Payment Requirement on a timely basis.

"Periodic Interest" means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

"Periodic Payment Requirement" for any Calculation Period means the total dollar amount of Securitization Charge Collections reasonably calculated by the Servicer in accordance with Section 4.01 of the Servicing Agreement as necessary to be received during such Calculation Period (after giving effect to the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation and that are projected to be available for payments on the Securitization Bonds at the end of such Calculation Period and including any shortfalls in Periodic Payment Requirements for any prior Calculation Period) in order to ensure that, as of the last Payment Date occurring in such Calculation Period, (a) all accrued and unpaid interest on the Securitization Bonds then due shall have been paid in full on a timely basis, (b) the Outstanding Amount of the Securitization Bonds is equal to the Projected Unpaid Balance on each Payment Date during such Calculation Period, (c) the balance on deposit in the Capital Subaccount equals the Required Capital Level and (d) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided, that, with respect to any Annual True-Up Adjustment or Interim True-Up Adjustment occurring after the date that is one year prior to the last Scheduled Final Payment Date for the Securitization Bonds, the Periodic Payment Requirements shall be calculated to ensure that sufficient Securitization Charges will be collected to retire the Securitization Bonds in full as of the next Payment Date.

"Periodic Principal" means, with respect to any Payment Date, the excess, if any, of the Outstanding Amount of Securitization Bonds over the outstanding principal balance specified for such Payment Date on the Expected Amortization Schedule.

"Permitted Lien" means the Lien created by the Indenture.

"Permitted Successor" is defined in Section 5.02 of the Sale Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Predecessor Securitization Bond" means, with respect to any particular Securitization Bond, every previous Securitization Bond evidencing all or a portion of the same debt as that evidenced by such particular Securitization Bond, and, for the purpose of this definition, any Securitization Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Securitization Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Securitization Bond.

"Premises" is defined in Section 1(g) of the Administration Agreement.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Projected Unpaid Balance" means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of Securitization Bonds for such Payment Date set forth in the Expected Amortization Schedule.

"Protected Purchaser" has the meaning specified in Section 8-303 of the UCC.

"Qualified Costs" means all qualified costs as defined in Section 10h(g) of the Securitization Law allowed to be recovered by Consumers Energy under the Financing Order.

"Rating Agency" means, with respect to any Tranche of Securitization Bonds, any of Moody's or S&P that provides a rating with respect to the Securitization Bonds. If no such organization (or successor) is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Indenture Trustee and the Servicer.

"Rating Agency Condition" means, with respect to any action, at least ten Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each of S&P and Moody's to the Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of Securitization Bonds; provided, that, if, within such ten Business Day period, any Rating Agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (a) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request and, if it has, promptly request the related Rating Agency Condition confirmation and (b) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent).

"Record Date" means one Business Day prior to the applicable Payment Date.

"Registered Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Regulation AB" means the rules of the SEC promulgated under Subpart 229.1100 — Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123.

"Reimbursable Expenses" is defined in Section 2 of the Administration Agreement.

"Released Parties" is defined in Section 6.02(d) of the Servicing Agreement.

"Required Capital Level" means an amount of capital equal to 0.5% of the initial principal amount of the Securitization Bonds.

"Requirement of Law" means any foreign, U.S. federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

"Responsible Officer" means, with respect to: (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business. References to S&P are effective so long as S&P is a Rating Agency.

"Sale Agreement" means the Securitization Property Purchase and Sale Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Scheduled Final Payment Date" means, with respect to each Tranche of Securitization Bonds, the date when all interest and principal is scheduled to be paid with respect to that Tranche in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the

avoidance of doubt, the Scheduled Final Payment Date with respect to any Tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such Tranche. The "last Scheduled Final Payment Date" means the Scheduled Final Payment Date of the latest maturing Tranche of Securitization Bonds.

"Scheduled Payment Date" means, with respect to each Tranche of Securitization Bonds, each Payment Date on which principal for such Tranche is to be paid in accordance with the Expected Amortization Schedule for such Tranche.

"SEC" means the Securities and Exchange Commission.

"Secured Obligations" means the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Securitization Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee.

"Secured Parties" means the Indenture Trustee, the Holders and any credit enhancer described in the Series Supplement.

"Securities Act" means the Securities Act of 1933.

"Securities Intermediary" means The Bank of New York Mellon, a New York banking corporation, solely in the capacity of a "securities intermediary" as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

"Securitization Bond Collateral" is defined in the preamble of the Indenture.

"Securitization Bond Register" is defined in Section 2.05 of the Indenture.

"Securitization Bond Registrar" is defined in Section 2.05 of the Indenture.

"Securitization Bonds" means the securitization bonds authorized by the Financing Order and issued under the Indenture.

"Securitization Charge" means any securitization charges as defined in Section 10h(i) of the Securitization Law that are authorized by the Financing Order.

"Securitization Charge Collections" means Securitization Charges actually received by the Servicer to be remitted to the Collection Account.

"Securitization Charge Payments" means the payments made by Customers based on the Securitization Charges.

"Securitization Law" means the laws of the State of Michigan adopted in June 2000 enacted as 2000 PA 142.

"Securitization Property" means all securitization property as defined in Section 10h(j) of the Securitization Law created pursuant to the Financing Order and under the Securitization Law, including the right to impose, collect and receive the Securitization Charges in an amount necessary to provide the full recovery of all Qualified Costs, the right under the Financing Order to obtain periodic adjustments of Securitization Charges under Section 10k(3) of the Securitization Law and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests described under Section 10(j) of the Securitization Law. The term "Securitization Property" when used with respect to Consumers Energy means and includes the rights of Consumers Energy that exist prior to the time that such rights are first transferred in connection with the issuance of the Securitization Bonds so as to become Securitization Property in accordance with Section 10j(2) of the Securitization Law and the Financing Order.

"Securitization Property Records" is defined in Section 5.01 of the Servicing Agreement.

"Securitization Rate Class" means one of the four separate rate classes to whom Securitization Charges are allocated for ratemaking purposes in accordance with the Financing Order.

"Securitization Rate Schedule" means the Tariff sheets to be filed with the Commission stating the amounts of the Securitization Charges, as such Tariff sheets may be amended or modified from time to time pursuant to a True-Up Adjustment.

"Self-Service Power" means (a) electricity generated and consumed at an industrial site or contiguous industrial site or single commercial establishment or single residence without the use of an electric utility's transmission and distribution system or (b) electricity generated primarily by the use of by-product fuels, including waste water solids, which electricity is consumed as part of a contiguous facility, with the use of an electric utility's transmission and distribution system, but only if the point or points of receipt of the power within the facility are not greater than three miles distant from the point of generation. A site or facility with load existing on the effective date of the Securitization Law that is divided by an inland body of water or by a public highway, road or street but that otherwise meets this definition meets the contiguous requirement of this definition regardless of whether Self-Service Power was being generated on the effective date of the Securitization Law. A commercial or industrial facility or single residence that meets the requirements of clause (a) above or clause (b) above meets this definition whether or not the generation facility is owned by an entity different from the owner of the commercial or industrial site or single residence.

"Seller" is defined in the preamble to the Sale Agreement.

"Semi-Annual Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(ii) of the Servicing Agreement.

"Semi-Annual Servicer's Certificate" is defined in Section 4.01(c)(ii) of the Servicing Agreement.

"Series Supplement" means the indenture supplemental to the Indenture in the form attached as Exhibit B to the Indenture that authorizes the issuance of the Securitization Bonds.

"Servicer" means Consumers Energy, as Servicer under the Servicing Agreement.

"Servicer Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business.

"Servicer Default" is defined in Section 7.01 of the Servicing Agreement.

"Servicer Policies and Practices" means, with respect to the Servicer's duties under Exhibit A to the Servicing Agreement, the policies and practices of the Servicer applicable to such duties that the Servicer follows with respect to comparable assets that it services for itself and, if applicable, others.

"Servicing Agreement" means the Securitization Property Servicing Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Servicing Fee" is defined in Section 6.06(a) of the Servicing Agreement.

"Servicing Standard" means the obligation of the Servicer to calculate, apply, remit and reconcile proceeds of the Securitization Property, including Securitization Charge Payments, and all other Securitization Bond Collateral for the benefit of the Issuer and the Holders (a) with the same degree of care and diligence as the Servicer applies with respect to payments owed to it for its own account, (b) in accordance with all applicable procedures and requirements established by the Commission for collection of electric utility tariffs and (c) in accordance with the other terms of the Servicing Agreement.

"Special Payment Date" means the date on which, with respect to any Tranche of Securitization Bonds, any payment of principal of or interest (including any interest accruing upon default) on, or any other amount in respect of, the Securitization Bonds of such Tranche that is not actually paid within five days of the Payment Date applicable thereto is to be made by the Indenture Trustee to the Holders.

"Special Record Date" means, with respect to any Special Payment Date, the close of business on the fifteenth day (whether or not a Business Day) preceding such Special Payment Date.

"Sponsor" means Consumers Energy, in its capacity as "sponsor" of the Securitization Bonds within the meaning of Regulation AB.

"State" means any one of the fifty states of the United States of America or the District of Columbia.

"State Pledge" means the pledge of the State of Michigan as set forth in Section 10n(2) of the Securitization Law.

"Subaccounts" is defined in Section 8.02(a) of the Indenture.

"Successor" means any successor to Consumers Energy under the Securitization Law, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, acquisition, sale or transfer, by operation of law, as a result of electric utility restructuring or otherwise.

"Successor Servicer" is defined in Section 3.07(e) of the Indenture.

"Tariff" means the most current version on file with the Commission of Sheet No. C-43.10 and Sheet No. D-5.10 of Consumers Energy's Rate Book for Electric Service, M.P.S.C. 13 — Electric, or substantially comparable sheets included in a later complete revision of Consumers Energy's Rate Book for Electric Service approved and on file with the Commission.

"Tax Returns" is defined in Section 1(a)(iii) of the Administration Agreement.

"Temporary Securitization Bonds" means Securitization Bonds executed and, upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive Securitization Bonds pursuant to Section 2.04 of the Indenture.

"Termination Notice" is defined in Section 7.01 of the Servicing Agreement.

"Tranche" means any one of the groupings of Securitization Bonds differentiated by amortization schedule, interest rate or sinking fund schedule, as specified in the Series Supplement.

"True-Up Adjustment" means any Annual True-Up Adjustment or Interim True-Up Adjustment, as the case may be.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force on the Closing Date, unless otherwise specifically provided.

"UCC" means the Uniform Commercial Code as in effect in the relevant jurisdiction.

"Underwriters" means the underwriters who purchase Securitization Bonds of any Tranche from the Issuer and sell such Securitization Bonds in a public offering.

"Underwriting Agreement" means the Underwriting Agreement, dated July 14, 2014, by and among Consumers Energy, the representatives of the several Underwriters named therein and the Issuer.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and that are not callable at the option of the issuer thereof.

"Weighted Average Days Outstanding" means the weighted average number of days Consumers Energy's monthly bills to Customers remain outstanding during the calendar year preceding the calculation thereof pursuant to Section 4.01(b)(i) of the Servicing Agreement.

B. Rules of Construction. Unless the context otherwise requires, in each Basic Document to which this Appendix A is attached:

(a) All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control.

(b) The term "including" means "including without limitation", and other forms of the verb "include" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated in any of the Basic Documents, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

(e) The words "hereof", "herein" and "hereunder" and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document. References to Articles, Sections, Appendices and Exhibits in any Basic Document are references to Articles, Sections, Appendices and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document.

(f) The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

(g) The definitions contained in this Appendix A apply equally to the singular and plural forms of such terms, and words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.

(h) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth in such agreement or document) and include any attachments thereto.

(i) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(j) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(k) The word "or" is not exclusive.

(l) All terms defined in the relevant Basic Document to which this Appendix A is attached shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein.

(m) A term has the meaning assigned to it.

Pillsbury Winthrop Shaw Pittman LLP
1540 Broadway | New York, NY 10036-4039 | tel 212.858.1000 | fax 212.858.1500

July 22, 2014

Consumers Energy Company
Consumers 2014 Securitization Funding LLC
One Energy Plaza
Jackson, Michigan 49201

Ladies and Gentlemen:

We have acted as special counsel for Consumers Energy Company, a Michigan corporation ("Consumers Energy"), and Consumers 2014 Securitization Funding LLC, a Delaware limited liability company (the "Company"), in connection with the Registration Statement on Form S-3 (File Nos. 333-195654 and 333-195654-01) (the "Registration Statement") filed on May 2, 2014 and as amended by Amendment No. 1 filed on June 10, 2014 and Amendment No. 2 filed on June 25, 2014 by the Company with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933 (the "Act"), including the prospectus and prospectus supplement therein (collectively, the "Prospectus"), relating to the registration thereunder of the Company's senior secured securitization bonds, series 2014A (the "Securities"). The Securities will be issued in an aggregate principal amount of $378,000,000 pursuant to an Indenture dated as of July 22, 2014 between the Company and The Bank of New York Mellon, a New York banking corporation, as trustee (the "Trustee"), in the form filed as Exhibit 4.1 to the Registration Statement, together with a Series Supplement dated as of July 22, 2014 between the Company and the Trustee establishing the form and terms of such Securities in the form included in such Exhibit 4.1 to the Registration Statement (collectively, the "Indenture").

We have reviewed the Registration Statement, including the Prospectus, and the Indenture. We have also reviewed such other agreements, documents, records, certificates and materials, and have reviewed and are familiar with such limited liability company proceedings and have satisfied ourselves as to such other matters, as we have considered relevant or necessary as a basis for this opinion letter. In such review, we have assumed the accuracy and completeness of all agreements, documents, records, certificates and other materials submitted to us, the conformity with the originals of all such materials submitted to us as copies (whether or not certified and including facsimiles), the authenticity of the originals of such materials and all materials submitted to us as originals, the genuineness of all signatures and the legal capacity of all natural persons. In delivering this opinion letter, we have relied, without independent verification, as to factual matters, on certificates and other written or oral statements of governmental and other public

officials and of officers and representatives of the Company, the underwriters of the Securities and the Trustee.

On the basis of the assumptions and subject to the qualifications and limitations set forth herein, we are of the opinion that:

1. The Company is a limited liability company validly existing and in good standing under the laws of the State of Delaware.

2. The Company has limited liability company power and authority to execute and deliver the Indenture, to authorize and issue the Securities and to perform its obligations under the Indenture and the Securities.

3. The Securities constitute the valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms.

The opinion set forth in paragraph 3 above is subject to and limited by the effect of (a) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance and other similar laws affecting creditors' rights generally, (b) general equitable principles (whether considered in a proceeding in equity or at law) and (c) requirements of reasonableness, good faith, materiality and fair dealing and the discretion of the court before which any proceeding therefor may be brought.

This opinion letter is limited to the law of the State of New York and the Delaware Limited Liability Company Act, in each case as in effect on the date hereof.

We hereby consent to (a) the posting of a copy of this opinion letter to an internet website required under Rule 17g-5 under the Securities Exchange Act of 1934 and maintained by Consumers Energy for the purpose of complying with such rule and (b) the filing of this opinion letter as Exhibit 5.1 to the Company's Current Report on Form 8-K filed by the Company with the Commission on the date hereof and the incorporation thereof in the Registration Statement and to the use of our name under the captions "Legal Matters" in the Prospectus. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Pillsbury Winthrop Shaw Pittman LLP

EXHIBIT 8.1

Pillsbury Winthrop Shaw Pittman LLP
1540 Broadway | New York, NY 10036-4039 | tel 212.858.1000 | fax 212.858.1500

July 22, 2014

Consumers Energy Company
Consumers 2014 Securitization Funding LLC
One Energy Plaza
Jackson, Michigan 49201

Ladies and Gentlemen:

We have acted as special tax counsel for Consumers Energy Company, a Michigan corporation ("Consumers Energy"), and Consumers 2014 Securitization Funding LLC, a Delaware limited liability company (the "Company"), in connection with the Registration Statement on Form S-3 (File Nos. 333-195654 and 333-195654-01) (the "Registration Statement") filed on May 2, 2014 and as amended by Amendment No. 1 filed on June 10, 2014 and Amendment No. 2 filed on June 25, 2014 by the Company with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933 (the "Act"), including the prospectus and prospectus supplement therein (collectively, the "Prospectus"), relating to the registration thereunder of the Company's senior secured securitization bonds, series 2014A (the "Securities"). The Securities will be issued in an aggregate principal amount of $378,000,000 pursuant to an Indenture dated as of July 22, 2014 between the Company and The Bank of New York Mellon, a New York banking corporation, as trustee (the "Trustee"), in the form filed as Exhibit 4.1 to the Registration Statement, together with a Series Supplement dated as of July 22, 2014 between the Company and the Trustee establishing the form and terms of such Securities in the form included in such Exhibit 4.1 to the Registration Statement (collectively, the "Indenture").

We have reviewed the Registration Statement, including the Prospectus, the Indenture and the other Basic Documents (as defined in the Prospectus). We have also reviewed such other agreements, documents, records, certificates and materials, and have reviewed and are familiar with such limited liability company proceedings and have satisfied ourselves as to such other matters, as we have considered relevant or necessary as a basis for this opinion letter. In such review, we have assumed the accuracy and completeness of all agreements, documents, records, certificates and other materials submitted to us, the conformity with the originals of all such materials submitted to us as copies (whether or not certified and including facsimiles), the authenticity of the originals of such materials and all materials submitted to us as originals, the genuineness of all signatures and the legal capacity of all natural persons. In delivering this opinion letter, we have relied, without independent verification, as to factual matters, on certificates and other written or

oral statements of governmental and other public officials and of officers and representatives of the Company, Consumers Energy, the underwriters of the Securities and the Trustee. In addition, we have assumed that the Securities will be issued, and all relevant transactions will occur, in accordance with the Registration Statement, including the Prospectus, the Indenture and the other Basic Documents. We have also assumed that Act 142 (as defined in the Prospectus) is valid and that the Financing Order (as defined in the Prospectus) is valid, complies with Michigan law, is in full force and effect and is final and non-appealable.

On the basis of the assumptions and subject to the qualifications and limitations referred to or set forth herein, we are of the opinion that, for U.S. federal income tax purposes:

1. The Company will not be treated as a taxable entity separate and apart from Consumers Energy.

2. The Securities will be treated as debt of Consumers Energy.

This opinion letter is limited to the U.S. federal income tax matters specifically covered hereby, and we have not been asked to address, nor have we addressed, in this opinion letter any other tax consequences regarding the transaction referred to above or any other transaction. This opinion letter is rendered as of the date hereof and is based on the current provisions of the Internal Revenue Code of 1986, as amended, and the Treasury regulations issued or proposed thereunder, revenue rulings, revenue procedures and other published releases of the Internal Revenue Service and current case law, any of which can change at any time. Any change could apply retroactively and modify the legal conclusions upon which our opinions are based. We do not undertake, and we hereby disclaim, any obligation to advise you of any changes in law or fact, whether or not material, that may be brought to our attention at a later date.

We hereby consent to (a) the posting of a copy of this opinion letter to an internet website required under Rule 17g-5 under the Securities Exchange Act of 1934 and maintained by Consumers Energy for the purpose of complying with such rule and (b) the filing of this opinion letter as Exhibit 8.1 to the Company's Current Report on Form 8-K filed by the Company with the Commission on the date hereof and the incorporation thereof in the Registration Statement and to the use of our name under the captions "Material U.S. Federal Income Tax Consequences", "Legal Matters" and "Prospectus Summary—U.S. Federal Income Tax Status" in the Prospectus. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Pillsbury Winthrop Shaw Pittman LLP

Exhibit 99.1

SECURITIZATION PROPERTY SERVICING AGREEMENT

by and between

CONSUMERS 2014 SECURITIZATION FUNDING LLC,

Issuer

and

CONSUMERS ENERGY COMPANY,

Servicer

Acknowledged and Accepted by

The Bank of New York Mellon, as Indenture Trustee

Dated as of July 22, 2014

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This SECURITIZATION PROPERTY SERVICING AGREEMENT, dated as of July 22, 2014, is by and between CONSUMERS 2014 SECURITIZATION FUNDING LLC, a Delaware limited liability company, as issuer, and CONSUMERS ENERGY COMPANY, a Michigan corporation, as servicer, and acknowledged and accepted by The Bank of New York Mellon, as indenture trustee.

RECITALS

WHEREAS, pursuant to the Securitization Law and the Financing Order, Consumers Energy, in its capacity as seller, and the Issuer are concurrently entering into the Sale Agreement pursuant to which the Seller is selling and the Issuer is purchasing certain Securitization Property created pursuant to the Securitization Law and the Financing Order described therein;

WHEREAS, in connection with its ownership of the Securitization Property and in order to collect the associated Securitization Charges, the Issuer desires to engage the Servicer to carry out the functions described herein and the Servicer desires to be so engaged;

WHEREAS, the Issuer desires to engage the Servicer to act on its behalf in obtaining True-Up Adjustments from the Commission and the Servicer desires to be so engaged;

WHEREAS, the Securitization Charge Collections may be commingled with other funds collected by the Servicer; and

WHEREAS, certain parties may have an interest in such commingled collections, and such parties will have entered into the Intercreditor Agreement, which allows Consumers Energy to allocate the collected, commingled funds according to each party's interest;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. Definitions and Rules of Construction. Capitalized terms used but not otherwise defined in this Servicing Agreement shall have the respective meanings given to such terms in Appendix A, which is hereby incorporated by reference into this Servicing Agreement as if set forth fully in this Servicing Agreement. Not all terms defined in Appendix A are used in this Servicing Agreement. The rules of construction set forth in Appendix A shall apply to this Servicing Agreement and are hereby incorporated by reference into this Servicing Agreement as if set forth fully in this Servicing Agreement.

ARTICLE II
APPOINTMENT AND AUTHORIZATION

SECTION 2.01. Appointment of Servicer; Acceptance of Appointment. The Issuer hereby appoints the Servicer, and the Servicer hereby accepts such appointment, to perform the Servicer's obligations pursuant to this Servicing Agreement on behalf of and for the

benefit of the Issuer or any assignee thereof in accordance with the terms of this Servicing Agreement and applicable law as it applies to the Servicer in its capacity as servicer hereunder. This appointment and the Servicer's acceptance thereof may not be revoked except in accordance with the express terms of this Servicing Agreement.

SECTION 2.02. Authorization. With respect to all or any portion of the Securitization Property, the Servicer shall be, and hereby is, authorized and empowered by the Issuer to (a) execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and (b) on behalf of itself and/or the Issuer, as the case may be, make any filing and participate in proceedings of any kind with any Governmental Authority, including with the Commission. The Issuer shall execute and deliver to the Servicer such documents as have been prepared by the Servicer for execution by the Issuer and shall furnish the Servicer with such other documents as may be in the Issuer's possession, in each case as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder. Upon the Servicer's written request, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the Servicer to carry out its duties hereunder.

SECTION 2.03. Dominion and Control Over the Securitization Property. Notwithstanding any other provision herein, the Issuer shall have dominion and control over the Securitization Property, and the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the Securitization Property and the Securitization Property Records. The Servicer shall not take any action that is not authorized by this Servicing Agreement, that would contravene the Commission Regulations or the Financing Order, that is not consistent with its customary procedures and practices or that shall impair the rights of the Issuer or the Indenture Trustee (on behalf of the Holders) in the Securitization Property, in each case unless such action is required by applicable law or court or regulatory order.

ARTICLE III
ROLE OF SERVICER

SECTION 3.01. Duties of Servicer. The Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The Servicer's duties in general shall include: management, servicing and administration of the Securitization Property; obtaining meter reads, calculating usage and billing, collecting and posting all payments in respect of the Securitization Property or Securitization Charges; responding to inquiries by Customers, the Commission or any other Governmental Authority with respect to the Securitization Property or Securitization Charges; delivering Bills to Customers; investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to the Issuer), processing and depositing collections and making periodic remittances; furnishing periodic reports to the Issuer, the Indenture Trustee and the Rating Agencies; making all filings with the Commission and taking such other action as may be necessary to perfect the Issuer's ownership interests in and the Indenture Trustee's first priority Lien on the Securitization Property; making all filings and taking such other action as may be necessary to perfect and maintain the perfection and priority

of the Indenture Trustee's Lien on all Securitization Bond Collateral; selling as the agent for the Issuer as its interests may appear defaulted or written off accounts in accordance with the Servicer's usual and customary practices; taking all necessary action in connection with True-Up Adjustments as set forth herein; and performing such other duties as may be specified under the Financing Order to be performed by it. Anything to the contrary notwithstanding, the duties of the Servicer set forth in this Servicing Agreement shall be qualified in their entirety by any Commission Regulations, the Financing Order and the U.S. federal securities laws and the rules and regulations promulgated thereunder, including Regulation AB, as in effect at the time such duties are to be performed. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, usage and bill calculation, billing, customer service functions, collections, posting, payment processing and remittance set forth in Exhibit A. Any processing and depositing of collections, making of periodic remittances and furnishing of periodic reports set forth in this Section 3.01(a) shall be subject to the provisions of the Intercreditor Agreement.

(b) Reporting Functions.

(i) Monthly Servicer's Certificate. On or before the last Servicer Business Day of each month, the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit B (a "Monthly Servicer's Certificate") setting forth certain information relating to Securitization Charge Payments received by the Servicer during the Collection Period preceding such date; provided, however, that, for any month in which the Servicer is required to deliver a Semi-Annual Servicer's Certificate pursuant to Section 4.01(c)(ii), the Servicer shall prepare and deliver the Monthly Servicer's Certificate no later than the date of delivery of such Semi-Annual Servicer's Certificate.

(ii) Notification of Laws and Regulations. The Servicer shall immediately notify the Issuer, the Indenture Trustee and the Rating Agencies in writing of any Requirement of Law or Commission Regulations hereafter promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Servicing Agreement.

(iii) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, the Servicer shall provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Securitization Property to the extent it is reasonably available to the Servicer, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer hereunder. In addition, so long as any of the Securitization Bonds are outstanding, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Securitization Charges applicable to each Securitization Rate Class.

(iv) Preparation of Reports. The Servicer shall prepare and deliver such additional reports as required under this Servicing Agreement, including a copy of each Semi-Annual Servicer's Certificate described in Section 4.01(c)(ii), the annual statements of compliance, attestation reports and other certificates described in Section 3.03 and the Annual Accountant's Report described in Section 3.04. In addition, the Servicer shall prepare, procure, deliver and/or file, or cause to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the SEC (and/or any other Governmental Authority) by the Issuer or the Sponsor under the U.S. federal securities or other applicable laws or in accordance with the Basic Documents, including filing with the SEC, if applicable and required by applicable law, a copy or copies of (A) the Monthly Servicer's Certificates described in Section 3.01(b)(i) (under Form 10-D or any other applicable form), (B) the Semi-Annual Servicer's Certificates described in Section 4.01(c)(ii) (under Form 10-D or any other applicable form), (C) the annual statements of compliance, attestation reports and other certificates described in Section 3.03 and (D) the Annual Accountant's Report (and any attestation required under Regulation AB) described in Section 3.04. In addition, the appropriate officer or officers of the Servicer shall (in its separate capacity as Servicer) sign the Sponsor's annual report on Form 10-K (and any other applicable SEC or other reports, attestations, certifications and other documents), to the extent that the Servicer's signature is required by, and consistent with, the U.S. federal securities laws and/or any other applicable law.

(c) Opinions of Counsel. The Servicer shall obtain on behalf of the Issuer and deliver to the Issuer and the Indenture Trustee:

(i) promptly after the execution and delivery of this Servicing Agreement and of each amendment hereto, an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Michigan Department of State and the Secretary of State of the State of Delaware, that are necessary under the UCC and the Securitization Law to fully preserve, protect and perfect the Liens of the Indenture Trustee in the Securitization Property have been authorized, executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens; and

(ii) within 90 days after the beginning of each calendar year beginning with the first calendar year beginning more than three months after the date hereof, an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the Servicer and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the Issuer, dated as of a date during such 90-day period, either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Michigan Department of State and the Secretary of State of the State of Delaware, have

been authorized, executed and filed that are necessary under the UCC and the Securitization Law to fully preserve, protect and perfect the Liens of the Indenture Trustee in the Securitization Property, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens.

Each Opinion of Counsel referred to in Section 3.01(c)(i) or Section 3.01(c)(ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to preserve, protect and perfect such interest or Lien.

SECTION 3.02. Servicing and Maintenance Standards. On behalf of the Issuer, the Servicer shall: (a) manage, service, administer, bill, collect and post collections in respect of the Securitization Property with reasonable care and in material compliance with each applicable Requirement of Law, including all applicable Commission Regulations and guidelines, using the same degree of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others; (b) follow standards, policies and procedures in performing its duties as Servicer that are customary in the electric distribution industry; (c) use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the Securitization Property and to bill, collect and post the Securitization Charges; (d) comply with each Requirement of Law, including all applicable Commission Regulations and guidelines, applicable to and binding on it relating to the Securitization Property; (e) file all reports with the Commission required by the Financing Order; (f) file and maintain the effectiveness of UCC financing statements with respect to the property transferred under the Sale Agreement; and (g) take such other action on behalf of the Issuer to ensure that the Lien of the Indenture Trustee on the Securitization Bond Collateral remains perfected and of first priority. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Securitization Property, which, in the Servicer's judgment, may include the taking of legal action, at the Issuer's expense but subject to the priority of payments set forth in Section 8.02(e) of the Indenture.

SECTION 3.03. Annual Reports on Compliance with Regulation AB.

(a) The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, on or before the earlier of (a) March 31 of each year or (b) with respect to each calendar year during which the Sponsor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which such annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, certificates from a Responsible Officer of the Servicer (i) containing, and certifying as to, the statements of compliance required by Item 1123 of Regulation AB, as then in effect, and (ii) containing, and certifying as to, the statements and assessment of compliance required by Item 1122(a) of Regulation AB, as then in effect. These certificates may be in the form of, or shall include the forms attached as Exhibit D and Exhibit E, with, in the case of Exhibit D, such changes as may be required to conform to the applicable securities law.

(b) The Servicer shall use commercially reasonable efforts to obtain, from each other party participating in the servicing function, any additional certifications as to the statements and assessment required under Item 1122 or Item 1123 of Regulation AB to the extent required in connection with the filing of the annual report on Form 10-K; provided, however, that a failure to obtain such certifications shall not be a breach of the Servicer's duties hereunder. The parties acknowledge that the Indenture Trustee's certifications shall be limited to the Item 1122 certifications described in Exhibit C of the Indenture.

(c) The initial Servicer, in its capacity as Sponsor, shall post on its or its parent company's website and file with or furnish to the SEC,

in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, the information described in Section 3.07(g) of the Indenture to the extent such information is reasonably available to the Sponsor. Except to the extent permitted by applicable law, the initial Servicer, in its capacity as Sponsor, shall not voluntarily suspend or terminate its filing obligations as Sponsor with the SEC as described in this Section 3.03(c). The covenants of the initial Servicer, in its capacity as Sponsor, pursuant to this Section 3.03(c) shall survive the resignation, removal or termination of the initial Servicer as Servicer hereunder.

SECTION 3.04. Annual Report by Independent Registered Public Accountants.

(a) The Servicer shall cause a firm of Independent registered public accountants (which may provide other services to the Servicer or the Seller) to prepare annually, and the Servicer shall deliver annually to the Issuer, the Indenture Trustee and the Rating Agencies on or before the earlier of (i) March 31 of each year, beginning March 31, 2015, or (ii) with respect to each calendar year during which the Sponsor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which such annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, a report (the "Annual Accountant's Report") that attests to, and reports on, the assessment of compliance made by the Servicer and delivered pursuant to Section 3.03. Such attestation shall be in accordance with Rules 1-02(a)(3) and 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act.

(b) The Annual Accountant's Report delivered pursuant to Section 3.04(a) shall also indicate that the accounting firm providing such report is independent of the Servicer in accordance with the rules of the Public Company Accounting Oversight Board and shall include any attestation report required under Item 1122(b) of Regulation AB, as then in effect.

ARTICLE IV
SERVICES RELATED TO TRUE-UP ADJUSTMENTS

SECTION 4.01. True-Up Adjustments. From time to time, until the Collection in Full of the Securitization Charges, the Servicer shall identify the need for Annual True-Up Adjustments, Semi-Annual Interim True-Up Adjustments and Additional Interim True-Up Adjustments and shall take all reasonable action to obtain and implement such True-Up Adjustments, all in accordance with the following:

(a) Expected Amortization Schedule. The Expected Amortization Schedule for the Securitization Bonds is attached hereto as Exhibit F. If the Expected Amortization Schedule is revised, the Servicer shall send a copy of such revised Expected Amortization Schedule to the Issuer, the Indenture Trustee and the Rating Agencies promptly thereafter.

(b) True-Up Adjustments.

(i) Annual True-Up Adjustments and Filings. At the beginning of Consumers Energy's billing cycle that is at least three months but no longer than 12 months following Consumers Energy's first complete billing cycle after the Closing Date, and for Consumers Energy's billing cycle every 12 months thereafter, the Servicer shall: (A) update the data and assumptions underlying the calculation of the Securitization Charges, including projected electricity usage during the next Calculation Period for each Securitization Rate Class and including Periodic Principal, interest and estimated expenses and fees of the Issuer to be paid during such period, the Weighted Average Days Outstanding and write-offs; (B) determine the Periodic Payment Requirements and Periodic Billing Requirement for the next Calculation Period based on such updated data and assumptions; (C) determine the Securitization Charges to be allocated to each Securitization Rate Class during the next Calculation Period based on such Periodic Billing Requirement and the terms of the Financing Order, the Tariff and any other tariffs filed pursuant thereto; (D) make all required public notices and other filings with the Commission to reflect the revised Securitization Charges, including any Amendatory Schedule; and (E) take all reasonable actions and make all reasonable efforts to effect such Annual True-Up Adjustment and to enforce the provisions of the Securitization Law and the Financing Order. The Servicer shall implement the revised Securitization Charges, if any, resulting from such Annual True-Up Adjustment as of the Annual True-Up Adjustment Date.

(ii) Semi-Annual Interim True-Up Adjustments and Filings. No later than 45 days prior to the start of the February billing cycle, commencing with respect to the February 2015 billing cycle, and, one year prior to the Scheduled Final Payment Date for the latest maturing Tranche, within 45 days prior to the dates that are nine months, six months and three months prior to, and the date of, such Scheduled Final Payment Date for the latest maturing Tranche, the Servicer shall: (A) update the data and assumptions underlying the calculation of the Securitization Charges, including projected electricity usage during the next Calculation Period for each Securitization Rate Class and including Periodic Principal, interest and estimated expenses and fees of the Issuer to be paid during such period, the rate of delinquencies and write-offs; (B) determine the Periodic Payment Requirement and Periodic Billing Requirement for the next Calculation Period based on such updated data and assumptions; and (C) based upon such updated data and requirements, project whether existing and projected Securitization Charge Collections together with available fund balances in the Excess Funds Subaccount, will be sufficient (x) to make on a timely basis all scheduled payments of Periodic Principal and interest in respect of each Outstanding Tranche of Securitization Bonds during such Calculation Period, (y) to pay other

Ongoing Other Qualified Costs on a timely basis and (z) to maintain the Capital Subaccount at the Required Capital Level; provided, that, in the case of any Semi-Annual Interim True-Up Adjustment following the Scheduled Final Payment Date for the latest maturing tranche of any Securitization Bonds, the True-Up Adjustment will be calculated to ensure that the Securitization Charges are sufficient to pay the Securitization Bonds in full on the next Scheduled Payment Date. If the Servicer determines that Securitization Charges will not be sufficient for such purposes, the Servicer shall, no later than the date described in the first sentence of this Section 4.01(b)(ii): (1) determine the Securitization Charges to be allocated to each Securitization Rate Class during the next Calculation Period based on such Periodic Billing Requirement and the terms of the Financing Order, the Tariff and other tariffs filed pursuant thereto; (2) make all required public notices and other filings with the Commission to reflect the revised Securitization Charges, including any Amendatory Schedule; and

(3) take all reasonable actions and make all reasonable efforts to effect such Semi-Annual Interim True-Up Adjustment and to enforce the provisions of the Securitization Law and the Financing Order.

(iii) Additional Interim True-Up Adjustments and Filings. In addition to the True-Up Adjustments described in Section 4.01(b)(i) and Section 4.01(b)(ii), the Servicer shall initiate a proceeding with the Commission to implement an Additional Interim True-Up Adjustment (in the same manner as provided for the Semi-Annual Interim True-Up Adjustments) at any time if the Servicer forecasts that Securitization Charge Collections during the current or succeeding Calculation Period will be insufficient (A) to make all scheduled payments of Periodic Principal and interest due in respect of the Securitization Bonds on a timely basis during such Calculation Period, (B) to pay Ongoing Other Qualified Costs on a timely basis and (C) to replenish any draws on the Capital Subaccount.

(c) Reports.

(i) Notification of Amendatory Schedule Filings and True-Up Adjustments. Whenever the Servicer files an Amendatory Schedule with the Commission or implements revised Securitization Charges with notice to the Commission without filing an Amendatory Schedule if permitted by the Financing Order, the Servicer shall send a copy of such filing or notice (together with a copy of all notices and documents that, in the Servicer's reasonable judgment, are material to the adjustments effected by such Amendatory Schedule or notice) to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith. If, for any reason any revised Securitization Charges are not implemented and effective on the applicable date set forth herein, the Servicer shall notify the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Servicer Business Day after such applicable date.

(ii) Semi-Annual Servicer's Certificate. Not later than five Servicer Business Days prior to each Payment Date or Special Payment Date, the Servicer shall deliver a written report substantially in the form of Exhibit C (the "Semi-

Annual Servicer's Certificate") to the Issuer, the Indenture Trustee and the Rating Agencies, which shall include all of the following information (to the extent applicable and including any other information so specified in the Series Supplement) as to the Securitization Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

(A) the amount of the payment to Holders allocable to principal, if any;

(B) the amount of the payment to Holders allocable to interest;

(C) the aggregate Outstanding Amount of the Securitization Bonds, before and after giving effect to any payments allocated to principal reported under Section 4.01(c)(ii)(A);

(D) the difference, if any, between the amount specified in Section 4.01(c)(ii)(C) and the Outstanding Amount specified in the Expected Amortization Schedule;

(E) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and

(F) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(iii) Reports to Customers.

(A) After each revised Securitization Charge has gone into effect pursuant to a True-Up Adjustment, the Servicer shall, to the extent and in the manner and time frame required by any applicable Commission Regulations, cause to be prepared and delivered to Customers any required notices announcing such revised Securitization Charges.

(B) The Servicer shall comply with the requirements of the Financing Order with respect to the filing of the Securitization Rate Schedule to ensure that the Securitization Charges are separate and apart from the Servicer's other charges and appear as a separate line item on the Bills sent to Customers.

SECTION 4.02. Limitation of Liability.

(a) The Issuer and the Servicer expressly agree and acknowledge that:

(i) In connection with any True-Up Adjustment, the Servicer is acting solely in its capacity as the servicing agent hereunder.

(ii) None of the Servicer, the Issuer or the Indenture Trustee is responsible in any manner for, and shall have no liability whatsoever as a result of, any action, decision, ruling or other determination made or not made, or any delay (other than any delay resulting from the Servicer's failure to make any filings required by Section 4.01 in a timely and correct manner or any breach by the Servicer of its duties under this Servicing Agreement that adversely affects the Securitization Property or the True-Up Adjustments), by the Commission in any way related to the Securitization Property or in connection with any True-Up Adjustment, the subject of any filings under Section 4.01, any proposed True-Up Adjustment or the approval of any revised Securitization Charges and the scheduled adjustments thereto.

(iii) Except to the extent that the Servicer is liable under Section 6.02, the Servicer shall have no liability whatsoever relating

to the calculation of any revised Securitization Charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculation regarding expected energy usage volume and the Weighted Average Days Outstanding, write-offs and estimated expenses and fees of the Issuer, so long as the Servicer has acted in good faith and has not acted in a negligent manner in connection therewith, nor shall the Servicer have any liability whatsoever as a result of any Person, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any Securitization Bond generally.

(b) Notwithstanding the foregoing, this Section 4.02 shall not relieve the Servicer of liability for any misrepresentation by the Servicer under Section 6.01 or for any breach by the Servicer of its other obligations under this Servicing Agreement.

ARTICLE V
THE SECURITIZATION PROPERTY

SECTION 5.01. Custody of Securitization Property Records. To assure uniform quality in servicing the Securitization Property and to reduce administrative costs, the Issuer hereby revocably appoints the Servicer, and the Servicer hereby accepts such appointment, to act as the agent of the Issuer as custodian of any and all documents and records that the Seller shall keep on file, in accordance with its customary procedures, relating to the Securitization Property, including copies of the Financing Order and Amendatory Schedules relating thereto and all documents filed with the Commission in connection with any True-Up Adjustment and computational records relating thereto (collectively, the "Securitization Property Records"), which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to all Securitization Property.

SECTION 5.02. Duties of Servicer as Custodian.

(a) Safekeeping. The Servicer shall hold the Securitization Property Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Securitization Property Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with this Servicing

Agreement, the Sale Agreement and the Indenture. In performing its duties as custodian, the Servicer shall act with reasonable care, using that degree of care and diligence that the Servicer exercises with respect to comparable assets that the Servicer services for itself or, if applicable, for others. The Servicer shall promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Securitization Property Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Securitization Property Records. The Servicer's duties to hold the Securitization Property Records set forth in this Section 5.02, to the extent the Securitization Property Records have not been previously transferred to a successor Servicer pursuant to Article VII, shall terminate one year and one day after the earlier of (i) the date on which the Servicer is succeeded by a successor Servicer in accordance with Article VII and (ii) the first date on which no Securitization Bonds are Outstanding.

(b) Maintenance of and Access to Records. The Servicer shall maintain the Securitization Property Records at One Energy Plaza, Jackson, Michigan 49201 or at its facility located at 805 East Morrell Street (formerly known as Bridge Street), Jackson, Michigan 49201, or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location. The Servicer shall make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Securitization Property Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Servicer's normal operations. Nothing in this Section 5.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(b).

(c) Release of Documents. Upon instruction from the Indenture Trustee in accordance with the Indenture, the Servicer shall release any Securitization Property Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable. Nothing in this Section 5.02(c) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(c).

(d) Defending Securitization Property Against Claims. The Servicer, on behalf of the Issuer and the Holders, shall institute any action or proceeding necessary under the Securitization Law or the Financing Order with respect to the Securitization Property, and the Servicer agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of, judicial invalidation of, or supplement to, the Securitization Law or the Financing Order that would be detrimental to the interests of the Holders or that would cause an impairment of the rights of the Issuer or the Holders.

(e) Additional Litigation to Defend Securitization Property. In addition to its obligations under Section 5.02(d), the Servicer shall, at its own expense, institute any action or proceeding necessary to compel performance by the Commission or the State of Michigan of any of their respective obligations or duties under the Securitization Law and the Financing Order with respect to the Securitization Property and to compel performance by applicable parties under the Tariff or any agreement with the Servicer entered into pursuant to the Tariff.

SECTION 5.03. Custodian's Indemnification. The Servicer as custodian shall indemnify the Issuer, any Independent Manager and the Indenture Trustee (for itself and for the benefit of the Holders) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Indemnified Losses") that may be imposed on, incurred by or asserted against each such Person as the result of any negligent act or omission in any way relating to the maintenance and custody by the Servicer, as custodian, of the Securitization Property Records; provided, however, that the Servicer shall not be liable for any portion of any such amount resulting from the willful misconduct, bad faith or negligence of the Issuer,

any Independent Manager or the Indenture Trustee, as the case may be.

Indemnification under this Section 5.03 shall survive resignation or removal of the Indenture Trustee or any Independent Manager and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys' fees and expenses).

SECTION 5.04. Effective Period and Termination. The Servicer's appointment as custodian shall become effective as of the Closing Date and shall continue in full force and effect until terminated pursuant to this Section 5.04. If the Servicer shall resign as Servicer in accordance with the provisions of this Servicing Agreement or if all of the rights and obligations of the Servicer shall have been terminated under Section 7.01, the appointment of the Servicer as custodian shall be terminated effective as of the date on which the termination or resignation of the Servicer is effective. Additionally, if not sooner terminated as provided above, the Servicer's obligations as custodian shall terminate one year and one day after the date on which no Securitization Bonds are Outstanding.

ARTICLE VI
THE SERVICER

SECTION 6.01. Representations and Warranties of Servicer. The Servicer makes the following representations and warranties, as of the Closing Date, and as of such other dates as expressly provided in this Section 6.01, on which the Issuer and the Indenture Trustee are deemed to have relied in entering into this Servicing Agreement relating to the servicing of the Securitization Property. The representations and warranties shall survive the execution and delivery of this Servicing Agreement, the sale of any Securitization Property and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Servicer is duly organized and validly existing and in good standing under the laws of the State of Michigan, with the requisite

corporate or other power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted and to execute, deliver and carry out the terms of this Servicing Agreement and the Intercreditor Agreement, and had at all relevant times, and has, the requisite power, authority and legal right to service the Securitization Property and to hold the Securitization Property Records as custodian.

(b) Due Qualification. The Servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Securitization Property as required by this Servicing Agreement and the Intercreditor Agreement) shall require such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on the Servicer's business, operations, assets, revenues or properties or to its servicing of the Securitization Property).

(c) Power and Authority. The execution, delivery and performance of this Servicing Agreement and the Intercreditor Agreement have been duly authorized by all necessary action on the part of the Servicer under its organizational documents and laws.

(d) Binding Obligation. Each of this Servicing Agreement and the Intercreditor Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Servicing Agreement and the Intercreditor Agreement and the fulfillment of the terms of each such transaction will not: (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the organizational documents of the Servicer, or any indenture or other agreement or instrument to which the Servicer is a party or by which it or any of its property is bound; (ii) result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be granted under the Basic Documents); or (iii) violate any existing law or any existing order, rule or regulation applicable to the Servicer of any Governmental Authority having jurisdiction over the Servicer or its properties.

(f) No Proceedings. There are no proceedings pending, and, to the Servicer's knowledge, there are no proceedings threatened, and, to the Servicer's knowledge, there are no investigations pending or threatened, before any Governmental Authority having jurisdiction over the Servicer or its properties involving or relating to the Servicer or the Issuer or, to the Servicer's knowledge, any other Person (i) asserting the invalidity of this Servicing Agreement or the Intercreditor Agreement or any of the other Basic Documents, (ii) seeking to prevent the issuance of the Securitization Bonds or the consummation of any of the transactions contemplated by this Servicing Agreement or any of the other Basic Documents, (iii) seeking

any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Servicing Agreement, any of the other Basic Documents or the Securitization Bonds or (iv) seeking to adversely affect the U.S. federal income tax or state income or franchise tax classification of the Securitization Bonds as debt.

(g) Approvals. No governmental approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Servicer of this Servicing Agreement or the Intercreditor Agreement, the performance by the Servicer of the transactions contemplated hereby or thereby or the fulfillment by the Servicer of the terms of each, except those that have been obtained or made, those that the Servicer is required to make in the future pursuant to Article IV and those that the Servicer may need to file in the future to continue the effectiveness of any financing statement filed under the UCC.

(h) Reports and Certificates. Each report and certificate delivered in connection with any filing made to the Commission by the Issuer

with respect to the Securitization Charges or True-Up Adjustments will constitute a representation and warranty by the Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the Servicer on the date such report or certificate is delivered).

SECTION 6.02. Indemnities of Servicer; Release of Claims. The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Servicing Agreement.

(a) The Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders) and any Independent Manager, and each of their respective trustees, officers, directors, employees and agents (each, an "Indemnified Party"), for, and defend and hold harmless each such Person from and against, any and all Indemnified Losses imposed on, incurred by or asserted against any such Person as a result of (i) the Servicer's willful misconduct, bad faith or negligence in the performance of its duties or observance of its covenants under this Servicing Agreement and the Intercreditor Agreement or its reckless disregard of its obligations and duties under this Servicing Agreement or the Intercreditor Agreement, (ii) the Servicer's breach of any of its representations and warranties contained in this Servicing Agreement and the Intercreditor Agreement or (iii) any litigation or related expenses relating to the Servicer's status or obligations as Servicer (other than any proceeding the Servicer is required to institute under the Servicing Agreement), except to the extent of Indemnified Losses either resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder or resulting from a breach of a representation or warranty made by such Person seeking indemnification hereunder in any of the Basic Documents that gives rise to the Servicer's breach.

(b) For purposes of Section 6.02(a), in the event of the termination of the rights and obligations of Consumers Energy (or any successor thereto pursuant to Section 6.03) as Servicer pursuant to Section 7.01, or a resignation by such Servicer pursuant to this Servicing Agreement, such Servicer shall be deemed to be the Servicer pending appointment of a successor Servicer pursuant to Section 7.02.

(c) Indemnification under this Section 6.02 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or any Independent Manager or the termination of this Servicing Agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys' fees and expenses).

(d) Except to the extent expressly provided in this Servicing Agreement or the other Basic Documents (including the Servicer's claims with respect to the Servicing Fee and the payment of the purchase price of Securitization Property), the Servicer hereby releases and discharges the Issuer, any Independent Manager and the Indenture Trustee, and each of their respective officers, directors and agents (collectively, the "Released Parties"), from any and all actions, claims and demands whatsoever, whenever arising, which the Servicer, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Securitization Property or the Servicer's activities with respect thereto, other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(e) The Servicer shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any action, proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any action, proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the Servicer under this Section 6.02, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Party to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.02 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.02, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defense of any such action, proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defense of any action, proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel (including local counsel), and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the Servicer and the Indemnified Party shall have reasonably concluded that there may be legal

defenses available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Servicer shall authorize the Indemnified Party to employ separate counsel at the expense of the Servicer or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 6.02 (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim, action, suit or proceeding.

SECTION 6.03. Binding Effect of Servicing Obligations. The obligations to continue to provide service and to collect and account for Securitization Charges will be binding upon the Servicer, any Successor and any other entity that provides distribution services to a Person that is a Michigan customer of Consumers Energy or any Successor so long as the Securitization Charges have not been fully collected and posted. Any Person (a) into which the Servicer may be merged, converted or consolidated and that is a Permitted Successor, (b) that may result from any merger, conversion or consolidation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes

an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Servicing Agreement without further act on the part of any of the parties to this Servicing Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 6.01 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 6.03 and that all conditions precedent, if any, provided for in this Servicing Agreement relating to such transaction have been complied with, (iii) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from external counsel of the Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the Servicer, including filings with the Commission pursuant to the Securitization Law and the UCC, have been executed and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the Securitization Property and reciting the details of such filings or (B) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interests, (iv) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger or succession and such agreement of assumption will not

result in a material adverse U.S. federal income tax consequence to the Issuer or the Holders of Securitization Bonds, (v) the Servicer shall have given the Rating Agencies prior written notice of such transaction and (vi) any applicable requirements of the Intercreditor Agreement have been satisfied. When any Person (or more than one Person) acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 6.03, then, upon satisfaction of all of the other conditions of this Section 6.03, the preceding Servicer shall automatically and without further notice be released from all its obligations hereunder (except for responsibilities for its actions prior to such release).

SECTION 6.04. Limitation on Liability of Servicer and Others. Except as otherwise provided under this Servicing Agreement, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Servicing Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such Person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Servicing Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Servicing Agreement.

Except as provided in this Servicing Agreement, including Section 5.02(d) and Section 5.02(e), the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Securitization Property that is not directly related to one of the Servicer's enumerated duties in this Servicing Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer may, in respect of any Proceeding, undertake any action that it is not specifically identified in this Servicing Agreement as a duty of the Servicer but that the Servicer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the Indenture Trustee under this Servicing Agreement and the interests of the Holders and Customers under this Servicing Agreement.

SECTION 6.05. Consumers Energy Not to Resign as Servicer. Subject to the provisions of Section 6.03, Consumers Energy shall not resign from the obligations and duties hereby imposed on it as Servicer under this Servicing Agreement unless Consumers Energy delivers to the Indenture Trustee an opinion of external counsel to the effect that Consumers Energy's performance of its duties under this Servicing Agreement shall no longer be permissible under applicable law. No such resignation shall become effective until a successor Servicer shall have assumed the responsibilities and obligations of Consumers Energy in accordance with Section 7.02.

SECTION 6.06. Servicing Compensation.

(a) In consideration for its services hereunder, until the Collection in Full of the Securitization Charges, the Servicer shall receive an annual fee (the "Servicing Fee") in an

amount equal to (i) 0.05% of the aggregate initial principal amount of all Securitization Bonds for so long as Consumers Energy or an Affiliate of Consumers Energy is the Servicer or (ii) if Consumers Energy or any of its Affiliates is not the Servicer, an amount agreed upon by the Successor Servicer and the Indenture Trustee, provided, that the Servicing Fee shall not exceed 0.75% of the aggregate initial principal amount of all Securitization Bonds. The Servicing Fee owing shall be calculated based on the initial principal amount of the Securitization Bonds and shall be paid semi-annually, with half of the Servicing Fee being paid on each Payment Date. The Servicer also shall be entitled to retain as additional compensation (A) any interest earnings on Securitization Charge Payments received by the Servicer and invested by the Servicer during each Collection Period prior to remittance to the Collection Account and (B) all late payment charges, if any, collected from Customers to the extent consistent with the Tariff; provided, however, that, if the Servicer has failed to remit the Daily Remittance to the General Subaccount of the Collection Account on the Servicer Business Day that such payment is to be made pursuant to Section 6.11 on more than three occasions during the period that the Securitization Bonds are outstanding, then thereafter the Servicer will be required to pay to the Indenture Trustee interest on each Daily Remittance accrued at the Federal Funds Rate from the Servicer Business Day on which such Daily Remittance was required to be made to the date that such Daily Remittance is actually made.

(b) The Servicing Fee set forth in Section 6.06(a) shall be paid to the Servicer by the Indenture Trustee, on each Payment Date in accordance with the priorities set forth in Section 8.02(e) of the Indenture, by wire transfer of immediately available funds from the Collection Account to an account designated by the Servicer. Any portion of the Servicing Fee not paid on any such date shall be added to the Servicing Fee payable on the subsequent Payment Date. In no event shall the Indenture Trustee be liable for the payment of any Servicing Fee or other amounts specified in this Section 6.06; provided, that this Section 6.06 does not relieve the Indenture Trustee of any duties it has to allocate funds for payment for such fees under Section 8.02 of the Indenture.

(c) Except as expressly provided elsewhere in this Servicing Agreement, the Servicer shall be required to pay from its own account

expenses incurred by the Servicer in connection with its activities hereunder (including any fees to and disbursements by its accountants or counsel or any other Person, any taxes imposed on the Servicer and any expenses incurred in connection with reports to Holders) out of the compensation retained by or paid to it pursuant to this Section 6.06, and the Servicer shall not be entitled to any extra payment or reimbursement therefor.

(d) The foregoing Servicing Fee constitutes a fair and reasonable compensation for the obligations to be performed by the Servicer. Such Servicing Fee shall be determined without regard to the income of the Issuer, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Issuer and shall be considered a fixed Operating Expense of the Issuer subject to the limitations on such expenses set forth in the Financing Order.

SECTION 6.07. Compliance with Applicable Law. The Servicer covenants and agrees, in servicing the Securitization Property, to comply in all material respects with all laws applicable to, and binding upon, the Servicer and relating to the Securitization Property, the

noncompliance with which would have a material adverse effect on the value of the Securitization Property; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the Servicer for noncompliance with any Requirement of Law that the Servicer is contesting in good faith in accordance with its customary standards and procedures. It is expressly acknowledged that the payment of fees to the Rating Agencies shall be at the expense of the Issuer and that, if the Servicer advances such payments to the Rating Agencies, the Issuer shall reimburse the Servicer for any such advances.

SECTION 6.08. Access to Certain Records and Information Regarding Securitization Property. The Servicer shall provide to the Indenture Trustee access to the Securitization Property Records as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents and shall provide access to such records to the Holders as required by applicable law. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the Servicer. Nothing in this Section 6.08 shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 6.08.

SECTION 6.09. Appointments. The Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder, including a collection agent acting pursuant to the Intercreditor Agreement; provided, however, that, unless such Person is an Affiliate of Consumers Energy, the Rating Agency Condition shall have been satisfied in connection therewith; provided, further, that the Servicer shall remain obligated and be liable under this Servicing Agreement for the servicing and administering of the Securitization Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Securitization Property. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and none of the Issuer, the Indenture Trustee, the Holders or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a Servicer resignation under Section 6.05.

SECTION 6.10. No Servicer Advances. The Servicer shall not make any advances of interest on or principal of the Securitization Bonds.

SECTION 6.11. Remittances.

(a) The Securitization Charge Collections on any Servicer Business Day (the "Daily Remittance") shall be calculated according to the procedures set forth in Exhibit A and remitted by the Servicer as soon as reasonably practicable to the General Subaccount of the Collection Account but in no event later than two Servicer Business Days following such Servicer Business Day. Prior to each remittance to the General Subaccount of the Collection Account pursuant to this Section 6.11, the Servicer shall provide written notice (which may be via electronic means, including electronic mail) to the Indenture Trustee and, upon request, to the Issuer of each such remittance (including the exact dollar amount to be remitted). The Servicer shall also, promptly upon receipt, remit to the Collection Account any other proceeds of the

Securitization Bond Collateral that it may receive from time to time. Reconciliations of bank statements shall be as set forth in Exhibit A.

(b) The Servicer agrees and acknowledges that it holds all Securitization Charge Payments collected by it and any other proceeds for the Securitization Bond Collateral received by it for the benefit of the Indenture Trustee and the Holders and that all such amounts will be remitted by the Servicer in accordance with this Section 6.11 without any surcharge, fee, offset, charge or other deduction except for late fees and interest earnings permitted by Section 6.06. The Servicer further agrees not to make any claim to reduce its obligation to remit all Securitization Charge Payments collected by it in accordance with this Servicing Agreement except for late fees permitted by Section 6.06.

(c) Unless otherwise directed to do so by the Issuer, the Servicer shall be responsible for selecting Eligible Investments in which the funds in the Collection Account shall be invested pursuant to Section 8.03 of the Indenture.

SECTION 6.12. Maintenance of Operations. Subject to Section 6.03, Consumers Energy agrees to continue, unless prevented by circumstances beyond its control, to operate its electric distribution system to provide service so long as it is acting as the Servicer under this Servicing Agreement.

ARTICLE VII
DEFAULT

SECTION 7.01. Servicer Default. If any one or more of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of five Business Days after written notice of such failure is received by the Servicer from the Issuer or the Indenture Trustee or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is Consumers Energy or an Affiliate thereof, any failure on the part of Consumers Energy, as the case may be, duly to observe or to perform in any material respect any covenants or agreements of the Servicer or Consumers Energy, as the case may be, set forth in this Servicing Agreement (other than as provided in Section 7.01(a) or Section 7.01(c)) or any other Basic Document to which it is a party, which failure shall (i) materially and adversely affect the rights of the Holders and (ii) continue unremedied for a period of 60 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or Consumers Energy, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Servicer or Consumers Energy, as the case may be, by the Indenture Trustee or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any failure by the Servicer duly to perform its obligations under Section 4.01(b) in the time and manner set forth therein, which failure continues unremedied for a period of five Business Days;

(d) any representation or warranty made by the Servicer in this Servicing Agreement or any other Basic Document shall prove to have been incorrect in a material respect when made, which has a material adverse effect on the Holders and which material adverse effect continues unremedied for a period of 60 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (ii) such failure is discovered by a Responsible Officer of the Servicer; or

(e) an Insolvency Event occurs with respect to the Servicer or Consumers Energy;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, either the Indenture Trustee may (if it is actually known by a Responsible Officer of the Indenture Trustee), or shall upon the instruction of Holders evidencing a majority of the Outstanding Amount of the Securitization Bonds, subject to the terms of the Intercreditor Agreement, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Holders) (a "Termination Notice"), terminate all the rights and obligations (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Servicer until a successor Servicer is appointed) of the Servicer under this Servicing Agreement and under the Intercreditor Agreement. In addition, upon a Servicer Default described in Section 7.01(a), the Holders and the Indenture Trustee as financing parties under the Securitization Law (or any of their representatives) shall be entitled to apply to the Commission or a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Securitization Property. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Servicing Agreement, whether with respect to the Securitization Bonds, the Securitization Property, the Securitization Charges or otherwise, shall, without further action, pass to and be vested in such successor Servicer as may be appointed under Section 7.02; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the Securitization Property Records and related documents, or otherwise. The predecessor Servicer shall cooperate with the successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Servicing Agreement, including the transfer to the successor Servicer for administration by it of all Securitization Property Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Securitization Property or the Securitization Charges. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Securitization Property Records to the successor Servicer. In case a successor Servicer is appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with transferring the Securitization Property Records to the successor Servicer and amending this Servicing Agreement and the Intercreditor Agreement to reflect such succession as Servicer pursuant to this Section 7.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of Consumers

Energy as Servicer shall not terminate Consumers Energy's rights or obligations under the Sale Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

SECTION 7.02. Appointment of Successor.

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.01 or the Servicer's resignation or removal in accordance with the terms of this Servicing Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Servicing Agreement and shall be entitled to receive the requisite portion of the Servicing Fee, until a successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, at the written direction and with the consent of the Holders of a majority of the Outstanding Amount of the Securitization Bonds shall, but subject to the provisions of the Intercreditor Agreement, appoint a successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer and the Indenture Trustee and provide prompt written notice of such assumption to the Issuer and the Rating Agencies. If, within 30 days after the delivery of the Termination Notice, a new Servicer shall not have been appointed, the Indenture Trustee may petition the Commission or a court of competent jurisdiction to appoint a successor Servicer under this Servicing Agreement. A Person shall qualify as a successor Servicer only if (i) such Person is permitted under Commission Regulations to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied, (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Servicing Agreement and (iv) such Person agrees to perform the obligations of the Servicer under the Intercreditor Agreement. In no event shall the Indenture Trustee be liable for its appointment of a successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.02(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in Section 8.02 of the Indenture.

(b) Upon appointment, the successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to the Servicing Fee and all the rights granted to the predecessor Servicer by the terms and provisions of this Servicing Agreement.

SECTION 7.03. Waiver of Past Defaults. The Holders evidencing a majority of the Outstanding Amount of the Securitization Bonds may,

on behalf of all Holders, direct the Indenture Trustee to waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Servicing Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Servicing Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the Servicer shall furnish copies of such waiver to each of the Rating Agencies.

SECTION 7.04. Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.01.

SECTION 7.05. Cooperation with Successor. The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the successor Servicer in performing its obligations hereunder.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.01. Amendment.

(a) This Servicing Agreement may be amended in writing by the Servicer and the Issuer with the prior written consent of the Indenture Trustee and the satisfaction of the Rating Agency Condition; provided, that any such amendment may not adversely affect the interest of any Holder in any material respect without the consent of the Holders of a majority of the Outstanding Amount. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(b) Prior to the execution of any amendment to this Servicing Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel of external counsel stating that such amendment is authorized and permitted by this Servicing Agreement and all conditions precedent, if any, provided for in this Servicing Agreement relating to such amendment have been satisfied and upon the Opinion of Counsel from external counsel referred to in Section 3.01(c)(i). The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects their own rights, duties, indemnities or immunities under this Servicing Agreement or otherwise.

SECTION 8.02. Maintenance of Accounts and Records.

(a) The Servicer shall maintain accounts and records as to the Securitization Property accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Securitization Charge Payments received by the Servicer and Securitization Charge Collections from time to time deposited in the Collection Account.

(b) The Servicer shall permit the Indenture Trustee and its agents at any time during normal business hours, upon reasonable notice to the Servicer and to the extent it does not unreasonably interfere with the Servicer's normal operations, to inspect, audit and make copies of and abstracts from the Servicer's records regarding the Securitization Property and the Securitization Charges. Nothing in this Section 8.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8.02(b).

SECTION 8.03. Notices. Any notice, report or other communication given hereunder shall be in writing and shall be effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the Servicer, to Consumers Energy Company, at One Energy Plaza, Jackson, Michigan 49201, Attention: Corporate Secretary, Telephone: (517) 788-2158, Facsimile: (517) 788-6911;

(b) in the case of the Issuer, to Consumers 2014 Securitization Funding LLC, at One Energy Plaza, Jackson, Michigan 49201, Attention: Manager, Telephone: (517) 788-1030, Facsimile: (517) 788-6911;

(c) in the case of the Indenture Trustee, to the Corporate Trust Office;

(d) in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: servicerreports@moodys.com (all such notices to be delivered to Moody's in writing by email); and

(e) in the case of S&P, to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to S&P in writing by email).

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

SECTION 8.04. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 6.03 and as

provided in the provisions of this Servicing Agreement concerning the resignation of the Servicer, this Servicing Agreement may not be assigned by the Servicer. Any assignment of this Servicing Agreement is subject to satisfaction of any conditions set forth in the Intercreditor Agreement.

SECTION 8.05. Limitations on Rights of Others. The provisions of this Servicing Agreement are solely for the benefit of the Servicer and the Issuer and, to the extent provided herein or in the other Basic Documents, the Indenture Trustee and the Holders, and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Servicing Agreement. Nothing in this Servicing Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Securitization Property or Securitization Bond Collateral or under or in respect of this Servicing Agreement or any covenants, conditions or provisions contained herein. Notwithstanding anything to the contrary contained herein, for the avoidance of doubt, any right, remedy or claim to which any Customer may be entitled pursuant to the Financing Order and to

this Servicing Agreement may be asserted or exercised only by the Commission (or by its counsel in the name of the Commission) for the benefit of such Customer.

SECTION 8.06. Severability. Any provision of this Servicing Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such a construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.07. Separate Counterparts. This Servicing Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 8.08. Governing Law. **This Servicing Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.**

SECTION 8.09. Assignment to Indenture Trustee. The Servicer hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder. In no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section 8.02 of the Indenture.

SECTION 8.10. Nonpetition Covenants. Notwithstanding any prior termination of this Servicing Agreement or the Indenture, the Servicer shall not, prior to the date that is one year and one day after the satisfaction and discharge of the Indenture, acquiesce, petition or otherwise invoke or cause the Issuer to invoke or join with any Person in provoking the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer for any substantial part of the property of the Issuer or ordering the dissolution, winding up or liquidation of the affairs of the Issuer.

SECTION 8.11. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Servicing Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee in the exercise of the powers and authority conferred and vested in it, and that the Indenture Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 8.12. Rule 17g-5 Compliance. The Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer to any Rating Agency under this Servicing Agreement or any other Basic Document to which it is a party for the purpose of determining the initial credit rating of the Securitization Bonds or undertaking credit rating surveillance of the Securitization Bonds with any Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently posted by the Servicer on the 17g-5 Website.

SECTION 8.13. Indenture Trustee Actions. In acting hereunder, the Indenture Trustee shall have the rights, protections and immunities granted to it under the Indenture.

{SIGNATURE PAGE FOLLOWS}

IN WITNESS WHEREOF, the parties hereto have caused this Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: /s/ DV Rao

Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

CONSUMERS ENERGY COMPANY,
as Servicer

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: Vice President and Treasurer

ACKNOWLEDGED AND ACCEPTED:

THE BANK OF NEW YORK MELLON,
as Indenture Trustee

By: /s/ Esther Antoine
Name: Esther Antoine
Title: Vice President

EXHIBIT A

SERVICING PROCEDURES

The Servicer agrees to comply with the following servicing procedures:

SECTION 1. CAPITALIZED TERMS.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Securitization Property Servicing Agreement dated as of July 22, 2014 (the "Servicing Agreement") by and between Consumers Energy Company, as servicer, and Consumers 2014 Securitization Funding LLC.

SECTION 2. SERVICING PROCEDURES.

The following procedures will be used by the Servicer under the Servicing Agreement for calculating the Daily Remittance:

(a) File Creation. Each Servicer Business Day, a file is created from the billing systems containing the billing data (i.e. Securitization Rate Class, total charges billed, total Securitization Charges billed and total kilowatt-hours delivered), and a file is created with collection data (i.e. total collections by Securitization Rate Class).

(b) Billing Data. For an entire Billing Period, the total Billed Securitization Charges for each Securitization Rate Class are divided by the total charges billed by the Servicer (and Consumers Energy) for each Securitization Rate Class, creating the "Securitization Ratio" for each such Securitization Rate Class.

(c) Collection Data. Each Servicer Business Day, after giving effect to collections (including Securitization Charge Collections) on such Servicer Business Day, the total collections for each Securitization Rate Class are multiplied by the prior Billing Period's Securitization Ratio for such Securitization Rate Class. The aggregate of such products for all Securitization Rate Classes constitutes the Daily Remittance for such Servicer Business Day.

(d) Monthly Summary. At the end of each Billing Period, the total of the Daily Remittances for such Billing Period are summarized and reported to the Indenture Trustee.

(e) Reconciliations. Reconciliations will be prepared within one month after the bank statement cutoff date. Explanations for reconciling items shall be included in the monthly summary and resolved during the State of Michigan escheatment period.

EXHIBIT B

FORM OF MONTHLY SERVICER'S CERTIFICATE

See Attached.

MONTHLY SERVICER'S CERTIFICATE

Consumers 2014 Securitization Funding LLC
$378,000,000 Securitization Bonds, Series 2014A

Pursuant to Section 3.01(b) of the Securitization Property Servicing Agreement dated as of July 22, 2014 by and between Consumers Energy Company, as Servicer, and Consumers 2014 Securitization Funding LLC, as Issuer (the "Servicing Agreement"), the Servicer does hereby certify as follows:

Capitalized terms used but not defined in this Monthly Servicer's Certificate have their respective meanings as set forth in the Servicing Agreement. References herein to certain sections and subsections are references to the respective sections or subsections of the Servicing Agreement.

Current BILLING MONTH: { }

Current BILLING MONTH: { / /20 } - { / /20 } COLLECTION CURVE { }%

Standard Billing for prior BILLING MONTH

Residential Total Billed	${ }	
Residential SECURITIZATION CHARGE ("SC") Billed	${ }	{ . }%
Primary Total Billed	${ }	
Primary SC Billed	${ }	{ . }%
Secondary Total Billed	${ }	
Secondary SC Billed	${ }	{ . }%
Other Total Billed	${ }	
Other SC Billed	${ }	{ . }%

YTD Net Write-offs as a % of Billed Revenue	
Non-Residential Class Customer Write-offs	{ . }%
Residential Class Customer Write-offs	{ . }%
Total Write-offs	{ . }%

Aggregate SC Collections

Total SC Remitted for BILLING MONTH	
Residential SC Collected	${ }
Primary SC Collected	${ }
Secondary SC Collected	${ }
Other SC Collected	${ }
Sub-Total of SC Collected	${ }
Total SC Collected and Remitted	**${ }**
Aggregate SC Remittances for { 20 } BILLING MONTH	${ }
Aggregate SC Remittances for { 20 } BILLING MONTH	${ }
Aggregate SC Remittances for { 20 } BILLING MONTH	${ }
Total Current SC Remittances	**${ }**

Current BILLING MONTH: { / /20 } - { / /20 } COLLECTION CURVE { }%

Calculated SC Collected Amount

Residential

Rate Code	Description	Amount Collected
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
	Total Residential	**$ { }**

Primary

Rate Code	Description	Amount Collected
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }

	Total Primary	**$ { }**

Secondary

Rate Code	Description	Amount Collected
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
	Total Secondary	**$ { }**

Other

Rate Code	Description	Amount Collected
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	**$ { }**
	Total Other	**$ { }**

Total SC Collected	**$ { }**

Executed as of this { } day of { } 20{ }.

CONSUMERS ENERGY COMPANY,
as Servicer

By: _____
Name:
Title:

CC: Consumers 2014 Securitization Funding LLC

EXHIBIT C

FORM OF SEMI-ANNUAL SERVICER'S CERTIFICATE

See attached.

C-1

SEMI-ANNUAL SERVICER'S CERTIFICATE

Pursuant to Section 4.01(c)(ii) of the Securitization Property Servicing Agreement, dated as of July 22, 2014 (the "Servicing Agreement"), by and between CONSUMERS ENERGY COMPANY, as servicer (the "Servicer"), and CONSUMERS 2014 SECURITIZATION FUNDING LLC, the Servicer does hereby certify, for the { }, 20{ } Payment Date (the "Current Payment Date"), as follows:

Capitalized terms used but not defined herein have their respective meanings as set forth in the Servicing Agreement. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Indenture, as the context indicates.

Collection Periods: { } to { }

Payment Date: { }, 20{ }

1. Collections Allocable and Aggregate Amounts Available for the Current Payment Date:

i.	Remittances for the { } Collection Period	${ }
ii.	Remittances for the { } Collection Period	${ }
iii.	Remittances for the { } Collection Period	${ }
iv.	Remittances for the { } Collection Period	${ }
v.	Remittances for the { } Collection Period	${ }
vi.	Remittances for the { } Collection Period	${ }
vii.	Investment Earnings on Capital Subaccount	${ }
viii.	Investment Earnings on Excess Funds Subaccount	${ }
ix.	Investment Earnings on General Subaccount	${ }
x.	**General Subaccount Balance (sum of i through ix above)**	**${ }**
xi.	Excess Funds Subaccount Balance as of prior Payment Date	${ }
xii.	Capital Subaccount Balance as of prior Payment Date	${ }
xiii.	**Collection Account Balance (sum of xi through xii above)**	**${ }**

2. Outstanding Amounts of as of prior Payment Date:

i.	Tranche { } Outstanding Amount	${ }
ii.	Tranche { } Outstanding Amount	${ }
iii.	Tranche { } Outstanding Amount	${ }
iv.	**Aggregate Outstanding Amount of all Tranches**	**${ }**

3. Required Funding/Payments as of Current Payment Date:

		Principal	Principal Due
i.	Tranche { }		$ { }
ii.	Tranche { }		$ { }
iii.	Tranche { }		$ { }
iv.	**All Tranches**		**$ { }**

Interest

Tranche	Interest Rate	Days in Interest Period(1)	Principal Balance	Interest Due
v. Tranche { }	{ }%	{ }	$ { }	$ { }
vi. Tranche { }	{ }%	{ }	$ { }	$ { }
vii. Tranche { }	{ }%	{ }	$ { }	$ { }
viii.	**All Tranches**			**$ { }**

	Required Level	Funding Required
ix. Capital Subaccount	$ { }	$ { }

4. Allocation of Remittances as of Current Payment Date Pursuant to 8.02(e) of Indenture:

i. Trustee Fees and Expenses; Indemnity Amounts(2)	${ }
ii. Servicing Fee	${ }
iii. Administration Fee	${ }
iv. Operating Expenses	${ }

Tranche	Aggregate	Per $1,000 of Original Principal Amount
v. Semi-Annual Interest (including any past-due for prior periods)		$ { }
1. Tranche { } Interest Payment	$ { }	$ { }
2. Tranche { } Interest Payment	$ { }	$ { }
3. Tranche { } Interest Payment	$ { }	$ { }
	$ { }	
vi. Principal Due and Payable as a Result of an Event of Default or on Final Maturity Date		$ { }
1. Tranche { } Interest Payment	$ { }	$ { }
2. Tranche { } Interest Payment	$ { }	$ { }
3. Tranche { } Interest Payment	$ { }	$ { }
	$ { }	
vii. Semi-Annual Principal		$ { }
1. Tranche { } Interest Payment	$ { }	$ { }
2. Tranche { } Interest Payment	$ { }	$ { }
3. Tranche { } Interest Payment	$ { }	$ { }
	$ { }	
viii. Other unpaid Operating Expenses		$ { }
ix. Funding of Capital Subaccount (to required level)		$ { }

(1) On 30/360 day basis for initial payment date; otherwise use one-half of annual rate.
(2) Subject to ${ } annual cap.

x. Capital Subaccount Investment Earnings to Consumers Energy	$ { }
xi. Deposit to Excess Funds Subaccount	$ { }
xii. Released to Issuer upon Retirement of all Securitization Bonds	$ { }
xiii. Aggregate Remittances as of Current Payment Date	**$ { }**

5. Outstanding Amount and Collection Account Balance as of Current Payment Date (after giving effect to payments to be made on such Payment Date):

i.	Tranche { }	$ {	}
ii.	Tranche { }	$ {	}
iii.	Tranche { }	$ {	}
iv.	**Aggregate Outstanding Amount of all Tranches**	**$ {**	**}**
v.	Excess Funds Subaccount Balance	$ {	}
vi.	Capital Subaccount Balance	$ {	}
vii.	**Aggregate Collection Account Balance**	**$ {**	**}**

6. Subaccount Withdrawals as of Current Payment Date (if applicable, pursuant to Section 8.02(e) of Indenture:

i.	Excess Funds Subaccount	$ {	}
ii.	Capital Subaccount	$ {	}
iii.	**Total Withdrawals**	**$ {**	**}**

7. Shortfalls in Interest and Principal Payments as of Current Payment Date:

i.	Semi-annual Interest		
	Tranche { } Interest Payment	$ {	}
	Tranche { } Interest Payment	$ {	}
	Tranche { } Interest Payment	$ {	}
	Total	**$ {**	**}**
ii.	Semi-annual Principal		
	Tranche { } Principal Payment	$ {	}
	Tranche { } Principal Payment	$ {	}
	Tranche { } Principal Payment	$ {	}
	Total	**$ {**	**}**

8. Shortfalls in Payment of Capital Subaccount Investment Earnings as of Current Payment Date:

i.	Capital Subaccount Investment Earnings	$ {	}

9. Shortfalls in Required Subaccount Levels as of Current Payment Date:

i.	Capital Subaccount	$ {	}

In WITNESS WHEREOF, the undersigned has duly executed and delivered this Semi-Annual Servicer's Certificate this { } day of { }, 20{ }.

CONSUMERS ENERGY COMPANY,
as Servicer

By: _____
Name:
Title:

EXHIBIT D

FORM OF SERVICER CERTIFICATE

See attached.

SERVICER CERTIFICATE

The undersigned hereby certifies that the undersigned is the duly elected and acting { } of CONSUMERS ENERGY COMPANY, as servicer (the "Servicer") under the Securitization Property Servicing Agreement dated as of July 22, 2014 (the "Servicing Agreement") by and between the Servicer and CONSUMERS 2014 SECURITIZATION FUNDING LLC, and further certifies that:

1. The undersigned is responsible for assessing the Servicer's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria").

2. With respect to each of the Servicing Criteria, the undersigned has made the following assessment of the Servicing Criteria in accordance

with Item 1122(d) of Regulation AB, with such discussion regarding the performance of such Servicing Criteria during the fiscal year covered by the Sponsor's annual report on Form 10-K:

Regulation AB Reference	Servicing Criteria	Assessment
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	Not applicable; no servicing activities were outsourced.
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for pool assets are maintained.	Not applicable; transaction agreements do not provide for a back-up servicer.
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	Not applicable; transaction agreements do not require a fidelity bond or errors and omissions policy.
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.	Applicable.
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	Applicable.

Regulation AB Reference	Servicing Criteria	Assessment
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	Applicable; no advances by the Servicer are permitted under the transaction agreements, except for payments of certain indemnities.
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	Applicable, but no current assessment is required since the related accounts are maintained by the Indenture Trustee.
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) under the Exchange Act.	Applicable, but no current assessment required; all "custodial accounts" are maintained by the Indenture Trustee.
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	Not applicable; all payments made by wire transfer.
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are: (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	Applicable; assessment below.

Regulation AB Reference	Servicing Criteria	Assessment
	Investor Remittances and Reporting	

1122(d)(3)(i)	Reports to investors, including those to be filed with the SEC, are maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports: (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the servicer.	Applicable; assessment below.
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	Not applicable; investor records maintained by the Indenture Trustee.
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction agreements.	Applicable.
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	Applicable; assessment below.
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	Applicable; assessment below.
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	Applicable; assessment below.
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	Not applicable; no removals or substitutions of Securitization Property are contemplated or allowed under the transaction documents.
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset agreements.	Applicable; assessment below.

Regulation AB Reference	Servicing Criteria	Assessment
1122(d)(4)(v)	The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.	Not applicable; because underlying obligation (Securitization Charge) is not an interest-bearing instrument.
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	Applicable; assessment below.
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	Applicable; limited assessment below. Servicer actions governed by Commission regulations.
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets, including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	Applicable, but does not require assessment since no explicit documentation requirement with respect to delinquent accounts are imposed under the transaction agreements due to availability of "true-up" mechanism.
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	Not applicable; Securitization Charges are not interest-bearing instruments.
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements.	Not applicable.

Regulation AB Reference	Servicing Criteria	Assessment
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	Not applicable; Servicer does not make payments on behalf of obligors.
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers under the transaction agreements.
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers to pay principal or interest on the bonds.
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	Not applicable; no external enhancement is required under the transaction agreements.

3. To the best of the undersigned's knowledge, based on such review, the Servicer is in compliance in all material respects with the applicable servicing criteria set forth above as of and for the period ended the end of the fiscal year covered by the Sponsor's annual report on Form 10-K. {If not true, include description of any material instance of noncompliance.}

4. {PricewaterhouseCoopers LLP, an independent registered public accounting firm, has issued an attestation report on the Servicer's assessment of compliance with the applicable servicing criteria as of and for the period ended the end of the fiscal year covered by the Sponsor's annual report on Form 10-K.

5.} Capitalized terms used but not defined herein have their respective meanings as set forth in the Servicing Agreement.

Executed as of this { } day of { }, 20{ }.

CONSUMERS ENERGY COMPANY,
as Servicer

By: _____
Name:
Title:

EXHIBIT E

FORM OF CERTIFICATE OF COMPLIANCE

See attached.

CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that the undersigned is the duly elected and acting { } of CONSUMERS ENERGY COMPANY, as servicer (the "Servicer") under the Securitization Property Servicing Agreement dated as of July 22, 2014 (the "Servicing Agreement") by and between the Servicer and CONSUMERS 2014 SECURITIZATION FUNDING LLC, and further certifies that:

1. A review of the activities of the Servicer and of its performance under the Servicing Agreement during the twelve months ended { }, 20{ } has been made under the supervision of the undersigned pursuant to Section 3.03 of the Servicing Agreement.

2. To the undersigned's knowledge, based on such review, the Servicer has fulfilled all of its obligations in all material respects

under the Servicing Agreement throughout the twelve months ended { }, 20{ }, except as set forth on Exhibit A hereto.

Executed as of this { } day of { }, 20{ }.

CONSUMERS ENERGY COMPANY,
as Servicer

By: _____
Name:
Title:

EXHIBIT A
TO
CERTIFICATE OF COMPLIANCE

LIST OF SERVICER DEFAULTS

The following Servicer Defaults, or events that with the giving of notice, the lapse of time, or both, would become Servicer Defaults, known to the undersigned occurred during the twelve months ended { }, 20{ }:

Nature of Default	Status
{ }	{ }

EXHIBIT F

EXPECTED AMORTIZATION SCHEDULE

See Attached.

EXPECTED AMORTIZATION SCHEDULE

Outstanding Principal Balance Per Tranche

Semi-Annual Payment Date	Tranche A-1 Balance	Tranche A-2 Balance	Tranche A-3 Balance
Closing Date	$ 124,500,000.00	$ 139,000,000.00	$ 114,500,000.00
05/01/15	$ 111,459,019.74	$ 139,000,000.00	$ 114,500,000.00
11/01/15	$ 98,993,029.25	$ 139,000,000.00	$ 114,500,000.00
05/01/16	$ 86,805,748.60	$ 139,000,000.00	$ 114,500,000.00
11/01/16	$ 74,376,732.93	$ 139,000,000.00	$ 114,500,000.00
05/01/17	$ 61,823,849.44	$ 139,000,000.00	$ 114,500,000.00
11/01/17	$ 48,965,946.28	$ 139,000,000.00	$ 114,500,000.00
05/01/18	$ 36,505,831.08	$ 139,000,000.00	$ 114,500,000.00
11/01/18	$ 23,697,663.02	$ 139,000,000.00	$ 114,500,000.00
05/01/19	$ 10,850,402.08	$ 139,000,000.00	$ 114,500,000.00
11/01/19	—	$ 136,784,621.67	$ 114,500,000.00
05/01/20	—	$ 123,832,978.20	$ 114,500,000.00
11/01/20	—	$ 110,544,516.62	$ 114,500,000.00
05/01/21	—	$ 97,129,942.59	$ 114,500,000.00
11/01/21	—	$ 83,296,263.74	$ 114,500,000.00
05/01/22	—	$ 69,627,888.41	$ 114,500,000.00
11/01/22	—	$ 55,511,769.55	$ 114,500,000.00
05/01/23	—	$ 41,307,040.44	$ 114,500,000.00
11/01/23	—	$ 26,734,292.38	$ 114,500,000.00
05/01/24	—	$ 12,140,566.27	$ 114,500,000.00
11/01/24	—	—	$ 111,687,407.75
05/01/25	—	—	$ 96,596,587.62
11/01/25	—	—	$ 81,003,751.37
05/01/26	—	—	$ 65,515,731.30
11/01/26	—	—	$ 49,502,297.99
05/01/27	—	—	$ 33,330,923.03
11/01/27	—	—	$ 16,714,614.06
05/01/28	—	—	—

APPENDIX A

DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms. The following terms have the following meanings:

"17g-5 Website" is defined in Section 10.18(a) of the Indenture.

"Account Records" is defined in Section 1(a)(i) of the Administration Agreement.

"Act" is defined in Section 10.03(a) of the Indenture.

"Additional Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(iii) of the Servicing Agreement.

"Administration Agreement" means the Administration Agreement, dated as of the Closing Date, by and between Consumers Energy and the Issuer.

"Administration Fee" is defined in Section 2 of the Administration Agreement.

"Administrator" means Consumers Energy, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliate Wheeling" means a Person's use of direct access service where an electric utility delivers electricity generated at a Person's industrial site to that Person or that Person's affiliate at a location, or general aggregated locations, within the State of Michigan that was either one of the following: (a) for at least 90 days during the period from January 1, 1996 to October 1, 1999, supplied by Self-Service Power, but only to the extent of the capacity reserved or load served by Self-Service Power during the period; or (b) capable of being supplied by a Person's cogeneration capacity within the State of Michigan that has had since January 1, 1996 a rated capacity of 15 megawatts or less, was placed in service before December 31, 1975 and has been in continuous service since that date. The term affiliate for purposes of this definition means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another specified entity, where control means, whether through an ownership, beneficial, contractual or equitable interest, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person or the ownership of at least 7% of an entity either directly or indirectly.

"Amendatory Schedule" means a revision to service riders or any other notice filing filed with the Commission in respect of the Securitization Rate Schedule pursuant to a True-Up Adjustment.

"Annual Accountant's Report" is defined in Section 3.04(a) of the Servicing Agreement.

"Annual True-Up Adjustment" means each adjustment to the Securitization Charges made in accordance with Section 4.01(b)(i) of the Servicing Agreement.

"Annual True-Up Adjustment Date" means the first billing cycle of August of each year, commencing in August, 2015.

"Authorized Denomination" means, with respect to any Securitization Bond, the authorized denomination therefor specified in the Series Supplement, which shall be at least $100,000 and, except as otherwise provided in the Series Supplement, integral multiples of $1,000 in excess thereof.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.).

"Basic Documents" means the Indenture, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Certificate of Formation, the LLC Agreement, the Servicing Agreement, the Series Supplement, the Intercreditor Agreement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Bill of Sale" means a bill of sale substantially in the form of Exhibit A to the Sale Agreement delivered pursuant to Section 2.02(a) of the Sale Agreement.

"Billed Securitization Charges" means the amounts of Securitization Charges billed by the Servicer.

"Billing Period" means the period created by dividing the calendar year into 12 consecutive periods of approximately 21 Servicer Business Days.

"Bills" means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by Consumers Energy in its capacity as Servicer.

"Bond Interest Rate" means, with respect to any Tranche of Securitization Bonds, the rate at which interest accrues on the Securitization Bonds of such Tranche, as specified in the Series Supplement.

"Book-Entry Form" means, with respect to any Securitization Bond, that such Securitization Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Securitization Bond was issued.

"Book-Entry Securitization Bonds" means any Securitization Bonds issued in Book-Entry Form; provided, however, that, after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Securitization Bonds are to be issued to the Holder of such Securitization Bonds, such Securitization Bonds shall no longer be "Book-Entry Securitization Bonds".

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are, or DTC or the Corporate Trust Office is, authorized or obligated by law, regulation or executive order to be closed.

"Calculation Period" means, with respect to any True-Up Adjustment, the period comprised of the 12 consecutive Collection Periods beginning with the Collection Period in which such True-Up Adjustment would go into effect; provided, that, in the case of any True-Up Adjustment that would go into effect after the date that is 12 months prior to the last Scheduled Final Payment Date, the Calculation Period shall begin on the date the True-Up Adjustment would go into effect and end on the Payment Date following such True-Up Adjustment date; provided, further, that, for the purpose of calculating the first Periodic Payment Requirement as of the Closing Date, "Calculation Period" means, initially, the period commencing on the Closing Date and ending on the last day of the billing cycle of July, 2015.

"Capital Subaccount" is defined in Section 8.02(a) of the Indenture.

"Capital Subaccount Investment Earnings" shall mean, for any Payment Date with respect to any Calculation Period, the sum of (a) an amount equal to investment earnings since the previous Payment Date (or, in the case of the first Payment Date, since the Closing Date) on the initial amount deposited by Consumers Energy in the Capital Subaccount plus (b) any such amounts not paid on any prior Payment Date.

"Certificate of Compliance" means the certificate referred to in Section 3.03 of the Servicing Agreement and substantially in the form of Exhibit E to the Servicing Agreement.

"Certificate of Formation" means the Certificate of Formation filed with the Secretary of State of the State of Delaware on March 6, 2014 pursuant to which the Issuer was formed.

"Claim" means a "claim" as defined in Section 101(5) of the Bankruptcy Code.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with such Clearing Agency.

"Closing Date" means July 22, 2014, the date on which the Securitization Bonds are originally issued in accordance with Section 2.10 of the Indenture and the Series Supplement.

"Code" means the Internal Revenue Code of 1986.

"Collection Account" is defined in Section 8.02(a) of the Indenture.

"Collection in Full of the Securitization Charges" means the day on which the aggregate amounts on deposit in the General Subaccount and the Excess Funds Subaccount are sufficient to pay in full all the Outstanding Securitization Bonds and to replenish any shortfall in the Capital Subaccount.

"Collection Period" means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

"Commission" means the Michigan Public Service Commission.

"Commission Regulations" means any regulations, including temporary regulations, promulgated by the Commission pursuant to Michigan law.

"Company Minutes" is defined in Section 1(a)(iv) of the Administration Agreement.

"Consumers Energy" means Consumers Energy Company, a Michigan corporation.

"Corporate Trust Office" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the Closing Date is located at 101 Barclay Street, 7 East, New York, New York 10286, Attention: Asset Backed Securities Unit, Telephone: (212) 815-5331, Facsimile: (212) 815-2830, or at such other address as the Indenture Trustee may designate from time to time by notice to

the Holders of Securitization Bonds and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"Covenant Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Customers" means all existing and future retail electric distribution customers of Consumers Energy or its successors, including all existing and future retail electric customers who are obligated to pay Securitization Charges pursuant to the Financing Order, except that "Customers" shall exclude (i) customers taking retail open access service from Consumers Energy as of December 6, 2013 to the extent that those retail open access customers remain, without transition to bundled service, on Consumers Energy's retail choice program, (ii) customers to the extent they obtain or use Self-Service Power and (iii) customers to the extent engaged in Affiliate Wheeling.

"Daily Remittance" is defined in Section 6.11(a) of the Servicing Agreement.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Definitive Securitization Bonds" is defined in Section 2.11 of the Indenture.

"Delaware UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Delaware.

"DTC" means The Depository Trust Company.

"Eligible Account" means a segregated non-interest-bearing trust account with an Eligible Institution.

"Eligible Institution" means:

(a) the corporate trust department of the Indenture Trustee, so long as any of the securities of the Indenture Trustee has a credit rating from each Rating Agency in one of its generic rating categories that signifies investment grade; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank) (i) that has either (A) a long-term issuer rating of "AA-" or higher by S&P and "A2" or higher by Moody's or (B) a short-term issuer rating of "A-1+" or higher by S&P and "P-1" or higher by Moody's or any other long-term, short-term or certificate of deposit rating acceptable to the Rating Agencies, and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation.

If so qualified under clause (b) of this definition, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.

"Eligible Investments" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, or bankers' acceptances issued by, any depository institution (including the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by U.S. federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of Consumers Energy or any of its Affiliates), which at the time of purchase is rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's and S&P;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has a long-term unsecured debt rating of at least "A+" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "Aa3" from Moody's and a short-term unsecured debt rating of at least "P1" from Moody's.

"Event of Default" is defined in Section 5.01 of the Indenture.

"Excess Funds Subaccount" is defined in Section 8.02(a) of the Indenture.

"Exchange Act" means the Securities Exchange Act of 1934.

"Expected Amortization Schedule" means, with respect to any Tranche, the expected amortization schedule related thereto set forth in the Series Supplement.

"Federal Book-Entry Regulations" means 31 C.F.R. Part 357 et seq. (Department of Treasury).

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Servicer from three federal funds brokers of recognized standing selected by it.

"Final" means, with respect to the Financing Order, that the Financing Order has become final, that the Financing Order is not being appealed and that the time for filing an appeal thereof has expired.

"Final Maturity Date" means, with respect to each Tranche of Securitization Bonds, the final maturity date therefor as specified in the Series Supplement.

"Financing Order" means the financing order issued by the Commission to Consumers Energy on December 6, 2013, Case No. U-17473, authorizing the creation of the Securitization Property. Consumers Energy unconditionally accepted all conditions and limitations requested by such order in a letter dated January 24, 2014 from Consumers Energy to the Commission.

"General Subaccount" is defined in Section 8.02(a) of the Indenture.

"Global Securitization Bond" means a Securitization Bond to be issued to the Holders thereof in Book-Entry Form, which Global Securitization Bond shall be issued to the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement.

"Governmental Authority" means any nation or government, any U.S. federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Grant" means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, grant a lien upon, a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the Securitization Bond Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Securitization Bond Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise and generally to do and receive

anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Indemnified Losses" is defined in Section 5.03 of the Servicing Agreement.

"Indemnified Party" is defined in Section 6.02(a) of the Servicing Agreement.

"Indemnified Person" is defined in Section 5.01(f) of the Sale Agreement.

"Indenture" means the Indenture, dated as of the Closing Date, by and between the Issuer and The Bank of New York Mellon, a New York banking corporation, as Indenture Trustee and as Securities Intermediary.

"Indenture Trustee" means The Bank of New York Mellon, a New York banking corporation, as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee for the benefit of the Secured Parties, under the Indenture.

"Independent" means, when used with respect to any specified Person, that such specified Person (a) is in fact independent of the Issuer, any other obligor on the Securitization Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or person performing similar functions.

"Independent Certificate" means a certificate to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such certificate shall state that the signer has read the definition of "Independent" in the Indenture and that the signer is Independent within the meaning thereof.

"Independent Manager" is defined in Section 4.01(a) of the LLC Agreement.

"Independent Manager Fee" is defined in Section 4.01(a) of the LLC Agreement.

"Insolvency Event" means, with respect to a specified Person: (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such specified Person or any substantial part of its property in an involuntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or ordering the winding-up or liquidation of such specified Person's affairs, and such

decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such specified Person of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or the consent by such specified Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such specified Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or the making by such specified Person of any general assignment for the benefit of creditors, or the failure by such specified Person generally to pay its debts as such debts become due, or the taking of action by such specified Person in furtherance of any of the foregoing.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of the Closing Date, by and among the Issuer, the Indenture Trustee, Consumers Energy, the parties to the accounts receivables sale program of Consumers Receivables Funding II, LLC, Consumers Funding LLC and the trustee for the securitization bonds issued by Consumers Funding LLC, and any subsequent such agreement.

"Interim True-Up Adjustment" means either a Semi-Annual Interim True-Up Adjustment made in accordance with Section 4.01(b)(ii) of the Servicing Agreement or an Additional Interim True-Up Adjustment made in accordance with Section 4.01(b)(iii) of the Servicing Agreement.

"Investment Company Act" means the Investment Company Act of 1940.

"Investment Earnings" means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

"Issuer" means Consumers 2014 Securitization Funding LLC, a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the Trust Indenture Act, each other obligor on the Securitization Bonds.

"Issuer Documents" is defined in Section 1(a)(iv) of the Administration Agreement.

"Issuer Order" means a written order signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Issuer Request" means a written request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Legal Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Letter of Representations" means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency's rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitization Bonds.

"Lien" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Consumers 2014 Securitization Funding LLC, dated as of the Closing Date.

"Losses" means (a) any and all amounts of principal of and interest on the Securitization Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic

Documents or the Financing Order that are not made when so required and (b) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

"Manager" means each manager of the Issuer under the LLC Agreement.

"Member" has the meaning specified in the first paragraph of the LLC Agreement.

"Michigan UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Michigan.

"Monthly Servicer's Certificate" is defined in Section 3.01(b)(i) of the Servicing Agreement.

"Moody's" means Moody's Investors Service, Inc.. References to Moody's are effective so long as Moody's is a Rating Agency.

"NRSRO" is defined in Section 10.18(b) of the Indenture.

"NY UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of New York.

"Officer's Certificate" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee.

"Ongoing Other Qualified Costs" means the Qualified Costs described as such in the Financing Order, including Operating Expenses and any other costs identified in the Basic Documents; provided, however, that Ongoing Other Qualified Costs do not include the Issuer's costs of issuance of the Securitization Bonds and Consumers Energy's costs of retiring existing debt and equity securities.

"Operating Expenses" means all unreimbursed fees, costs and out-of-pocket expenses of the Issuer, including all amounts owed by the Issuer to the Indenture Trustee (including indemnities, legal fees and expenses) or any Manager, the Servicing Fee, the Administration Fee, legal and accounting fees, Rating Agency and related fees (i.e. website provider fees) and any franchise or other taxes owed by the Issuer, including on investment income in the Collection Account.

"Opinion of Counsel" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"Outstanding" means, as of the date of determination, all Securitization Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Securitization Bonds theretofore canceled by the Securitization Bond Registrar or delivered to the Securitization Bond Registrar for cancellation;

(b) Securitization Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Securitization Bonds; and

(c) Securitization Bonds in exchange for or in lieu of other Securitization Bonds that have been issued pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Securitization Bonds are held by a Protected Purchaser;

provided, that, in determining whether the Holders of the requisite Outstanding Amount of the Securitization Bonds or any Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver under any Basic Document, Securitization Bonds owned by the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding (unless one or more such Persons owns 100% of such Securitization Bonds), except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitization Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Securitization Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Securitization Bonds and that the pledgee is not the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all Securitization Bonds, or, if the context requires, all Securitization Bonds of a Tranche, Outstanding at the date of determination.

"Paying Agent" means, with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Securitization Bonds pursuant to the Indenture.

"Payment Date" means, with respect to any Tranche of Securitization Bonds, the dates specified in the Series Supplement; provided, that if any such date is not a Business Day, the Payment Date shall be the Business Day succeeding such date.

"Periodic Billing Requirement" means, for any Calculation Period, the aggregate amount of Securitization Charges calculated by the Servicer as necessary to be billed during such period in order to collect the Periodic Payment Requirement on a timely basis.

"Periodic Interest" means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

"Periodic Payment Requirement" for any Calculation Period means the total dollar amount of Securitization Charge Collections reasonably calculated by the Servicer in accordance with Section 4.01 of the Servicing Agreement as necessary to be received during such Calculation Period (after giving effect to the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation and that are projected to be available for payments on the Securitization Bonds at the end of such Calculation Period and including any shortfalls in Periodic Payment Requirements for any prior Calculation Period) in order to ensure that, as of the last Payment Date occurring in such Calculation Period, (a) all accrued and unpaid interest on the Securitization Bonds then due shall have been paid in full on a timely basis, (b) the Outstanding Amount of the Securitization Bonds is equal to the Projected Unpaid Balance on each Payment Date during such Calculation Period, (c) the balance on deposit in the Capital Subaccount equals the Required Capital Level and (d) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided, that, with respect to any Annual True-Up Adjustment or Interim True-Up Adjustment occurring after the date that is one year prior to the last Scheduled Final Payment Date for the Securitization Bonds, the Periodic Payment Requirements shall be calculated to ensure that sufficient Securitization Charges will be collected to retire the Securitization Bonds in full as of the next Payment Date.

"Periodic Principal" means, with respect to any Payment Date, the excess, if any, of the Outstanding Amount of Securitization Bonds over the outstanding principal balance specified for such Payment Date on the Expected Amortization Schedule.

"Permitted Lien" means the Lien created by the Indenture.

"Permitted Successor" is defined in Section 5.02 of the Sale Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Predecessor Securitization Bond" means, with respect to any particular Securitization Bond, every previous Securitization Bond evidencing all or a portion of the same debt as that evidenced by such particular Securitization Bond, and, for the purpose of this definition, any Securitization Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Securitization Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Securitization Bond.

"Premises" is defined in Section 1(g) of the Administration Agreement.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Projected Unpaid Balance" means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of Securitization Bonds for such Payment Date set forth in the Expected Amortization Schedule.

"Protected Purchaser" has the meaning specified in Section 8-303 of the UCC.

"Qualified Costs" means all qualified costs as defined in Section 10h(g) of the Securitization Law allowed to be recovered by Consumers Energy under the Financing Order.

"Rating Agency" means, with respect to any Tranche of Securitization Bonds, any of Moody's or S&P that provides a rating with respect to the Securitization Bonds. If no such organization (or successor) is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Indenture Trustee and the Servicer.

"Rating Agency Condition" means, with respect to any action, at least ten Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each of S&P and Moody's to the Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of Securitization Bonds; provided, that, if, within such ten Business Day period, any Rating Agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (a) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request and, if it has, promptly request the related Rating Agency Condition confirmation and (b) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent).

"Record Date" means one Business Day prior to the applicable Payment Date.

"Registered Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Regulation AB" means the rules of the SEC promulgated under Subpart 229.1100 — Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123.

"Reimbursable Expenses" is defined in Section 2 of the Administration Agreement.

"Released Parties" is defined in Section 6.02(d) of the Servicing Agreement.

"Required Capital Level" means an amount of capital equal to 0.5% of the initial principal amount of the Securitization Bonds.

"Requirement of Law" means any foreign, U.S. federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

"Responsible Officer" means, with respect to: (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business. References to S&P are effective so long as S&P is a Rating Agency.

"Sale Agreement" means the Securitization Property Purchase and Sale Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Scheduled Final Payment Date" means, with respect to each Tranche of Securitization Bonds, the date when all interest and principal is scheduled to be paid with respect to that Tranche in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date with respect to any Tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such Tranche. The "last Scheduled Final Payment Date" means the Scheduled Final Payment Date of the latest maturing Tranche of Securitization Bonds.

"Scheduled Payment Date" means, with respect to each Tranche of Securitization Bonds, each Payment Date on which principal for such Tranche is to be paid in accordance with the Expected Amortization Schedule for such Tranche.

"SEC" means the Securities and Exchange Commission.

"Secured Obligations" means the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Securitization Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee.

"Secured Parties" means the Indenture Trustee, the Holders and any credit enhancer described in the Series Supplement.

"Securities Act" means the Securities Act of 1933.

"Securities Intermediary" means The Bank of New York Mellon, a New York banking corporation, solely in the capacity of a "securities intermediary" as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

"Securitization Bond Collateral" is defined in the preamble of the Indenture.

"Securitization Bond Register" is defined in Section 2.05 of the Indenture.

"Securitization Bond Registrar" is defined in Section 2.05 of the Indenture.

"Securitization Bonds" means the securitization bonds authorized by the Financing Order and issued under the Indenture.

"Securitization Charge" means any securitization charges as defined in Section 10h(i) of the Securitization Law that are authorized by the Financing Order.

"Securitization Charge Collections" means Securitization Charges actually received by the Servicer to be remitted to the Collection Account.

"Securitization Charge Payments" means the payments made by Customers based on the Securitization Charges.

"Securitization Law" means the laws of the State of Michigan adopted in June 2000 enacted as 2000 PA 142.

"Securitization Property" means all securitization property as defined in Section 10h(j) of the Securitization Law created pursuant to the Financing Order and under the Securitization Law, including the right to impose, collect and receive the Securitization Charges in an amount necessary to provide the full recovery of all Qualified Costs, the right under the Financing Order to obtain periodic adjustments of Securitization Charges under Section 10k(3) of the Securitization Law and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests described under Section 10(j) of the Securitization Law. The term "Securitization Property" when used with respect to Consumers Energy means and includes the rights of Consumers Energy that exist prior to the time that such rights are first transferred in connection with the issuance of the Securitization Bonds so as to become Securitization Property in accordance with Section 10j(2) of the Securitization Law and the Financing Order.

"Securitization Property Records" is defined in Section 5.01 of the Servicing Agreement.

"Securitization Rate Class" means one of the four separate rate classes to whom Securitization Charges are allocated for ratemaking purposes in accordance with the Financing Order.

"Securitization Rate Schedule" means the Tariff sheets to be filed with the Commission stating the amounts of the Securitization Charges, as such Tariff sheets may be amended or modified from time to time pursuant to a True-Up Adjustment.

"Self-Service Power" means (a) electricity generated and consumed at an industrial site or contiguous industrial site or single commercial establishment or single residence without the use of an electric utility's transmission and distribution system or (b) electricity generated primarily by the use of by-product fuels, including waste water solids, which electricity is consumed as part of a contiguous facility, with the use of an electric utility's transmission and distribution system, but only if the point or points of receipt of the power within the facility are not greater than three miles distant from the point of generation. A site or facility with load existing on the effective date of the Securitization Law that is divided by an inland body of water or by a public highway, road or street but that otherwise meets this definition meets the contiguous requirement of this definition regardless of whether Self-Service Power was being generated on the effective date of the Securitization Law. A commercial or industrial facility or single residence that meets the requirements of clause (a) above or clause (b) above meets this definition whether or not the generation facility is owned by an entity different from the owner of the commercial or industrial site or single residence.

"Seller" is defined in the preamble to the Sale Agreement.

"Semi-Annual Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(ii) of the Servicing Agreement.

"Semi-Annual Servicer's Certificate" is defined in Section 4.01(c)(ii) of the Servicing Agreement.

"Series Supplement" means the indenture supplemental to the Indenture in the form attached as Exhibit B to the Indenture that authorizes the issuance of the Securitization Bonds.

"Servicer" means Consumers Energy, as Servicer under the Servicing Agreement.

"Servicer Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business.

"Servicer Default" is defined in Section 7.01 of the Servicing Agreement.

"Servicer Policies and Practices" means, with respect to the Servicer's duties under Exhibit A to the Servicing Agreement, the policies and practices of the Servicer applicable to such duties that the Servicer follows with respect to comparable assets that it services for itself and, if applicable, others.

"Servicing Agreement" means the Securitization Property Servicing Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Servicing Fee" is defined in Section 6.06(a) of the Servicing Agreement.

"Servicing Standard" means the obligation of the Servicer to calculate, apply, remit and reconcile proceeds of the Securitization Property, including Securitization Charge Payments, and all other Securitization Bond Collateral for the benefit of the Issuer and the Holders (a) with the same degree of care and diligence as the Servicer applies with respect to payments owed to it for its own account, (b) in accordance with all applicable procedures and requirements established by the Commission for collection of electric utility tariffs and (c) in accordance with the other terms of the Servicing Agreement.

"Special Payment Date" means the date on which, with respect to any Tranche of Securitization Bonds, any payment of principal of or interest (including any interest accruing upon default) on, or any other amount in respect of, the Securitization Bonds of such Tranche that is not actually paid within five days of the Payment Date applicable thereto is to be made by the Indenture Trustee to the Holders.

"Special Record Date" means, with respect to any Special Payment Date, the close of business on the fifteenth day (whether or not a Business Day) preceding such Special Payment Date.

"Sponsor" means Consumers Energy, in its capacity as "sponsor" of the Securitization Bonds within the meaning of Regulation AB.

"State" means any one of the fifty states of the United States of America or the District of Columbia.

"State Pledge" means the pledge of the State of Michigan as set forth in Section 10n(2) of the Securitization Law.

"Subaccounts" is defined in Section 8.02(a) of the Indenture.

"Successor" means any successor to Consumers Energy under the Securitization Law, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, acquisition, sale or transfer, by operation of law, as a result of electric utility restructuring or otherwise.

"Successor Servicer" is defined in Section 3.07(e) of the Indenture.

"Tariff" means the most current version on file with the Commission of Sheet No. C-43.10 and Sheet No. D-5.10 of Consumers Energy's Rate Book for Electric Service, M.P.S.C. 13 — Electric, or substantially comparable sheets included in a later complete revision of Consumers Energy's Rate Book for Electric Service approved and on file with the Commission.

"Tax Returns" is defined in Section 1(a)(iii) of the Administration Agreement.

"Temporary Securitization Bonds" means Securitization Bonds executed and, upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive Securitization Bonds pursuant to Section 2.04 of the Indenture.

"Termination Notice" is defined in Section 7.01 of the Servicing Agreement.

"Tranche" means any one of the groupings of Securitization Bonds differentiated by amortization schedule, interest rate or sinking fund schedule, as specified in the Series Supplement.

"True-Up Adjustment" means any Annual True-Up Adjustment or Interim True-Up Adjustment, as the case may be.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force on the Closing Date, unless otherwise specifically provided.

"UCC" means the Uniform Commercial Code as in effect in the relevant jurisdiction.

"Underwriters" means the underwriters who purchase Securitization Bonds of any Tranche from the Issuer and sell such Securitization Bonds in a public offering.

"Underwriting Agreement" means the Underwriting Agreement, dated July 14, 2014, by and among Consumers Energy, the representatives of the several Underwriters named therein and the Issuer.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and that are not callable at the option of the issuer thereof.

"Weighted Average Days Outstanding" means the weighted average number of days Consumers Energy's monthly bills to Customers remain outstanding during the calendar year preceding the calculation thereof pursuant to Section 4.01(b)(i) of the Servicing Agreement.

B. Rules of Construction. Unless the context otherwise requires, in each Basic Document to which this Appendix A is attached:

(a) All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control.

(b) The term "including" means "including without limitation", and other forms of the verb "include" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated in any of the Basic Documents, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

(e) The words "hereof", "herein" and "hereunder" and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document. References to Articles, Sections, Appendices and Exhibits in any Basic Document are references to Articles, Sections, Appendices and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document.

(f) The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

(g) The definitions contained in this Appendix A apply equally to the singular and plural forms of such terms, and words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.

(h) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth in such agreement or document) and include any attachments thereto.

(i) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(j) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(k) The word "or" is not exclusive.

(l) All terms defined in the relevant Basic Document to which this Appendix A is attached shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein.

(m) A term has the meaning assigned to it.

Exhibit 99.2

SECURITIZATION PROPERTY PURCHASE AND SALE AGREEMENT

by and between

CONSUMERS 2014 SECURITIZATION FUNDING LLC,

Issuer

and

CONSUMERS ENERGY COMPANY,

Seller

Acknowledged and Accepted by

The Bank of New York Mellon, as Indenture Trustee

Dated as of July 22, 2014

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This SECURITIZATION PROPERTY PURCHASE AND SALE AGREEMENT, dated as of July 22, 2014, is by and between CONSUMERS 2014 SECURITIZATION FUNDING LLC, a Delaware limited liability company, and Consumers Energy Company, a Michigan corporation, and acknowledged and accepted by The Bank of New York Mellon, as indenture trustee.

RECITALS

WHEREAS, the Issuer desires to purchase the Securitization Property created pursuant to the Securitization Law;

WHEREAS, the Seller is willing to sell its rights and interests under the Financing Order to the Issuer, whereupon such rights and interests will become the Securitization Property;

WHEREAS, the Issuer, in order to finance the purchase of the Securitization Property, will issue the Securitization Bonds under the Indenture; and

WHEREAS, the Issuer, to secure its obligations under the Securitization Bonds and the Indenture, will pledge, among other things, all right, title and interest of the Issuer in and to the Securitization Property and this Sale Agreement to the Indenture Trustee for the benefit of the Secured Parties.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. Definitions and Rules of Construction. Capitalized terms used but not otherwise defined in this Sale Agreement shall have the respective meanings given to such terms in Appendix A, which is hereby incorporated by reference into this Sale Agreement as if set forth fully in this Sale Agreement. Not all terms defined in Appendix A are used in this Sale Agreement. The rules of construction set forth in Appendix A shall apply to this Sale Agreement and are hereby incorporated by reference into this Sale Agreement as if set forth fully in this Sale Agreement.

ARTICLE II
CONVEYANCE OF SECURITIZATION PROPERTY

SECTION 2.01. Conveyance of Securitization Property.

(a) In consideration of the Issuer's delivery to or upon the order of the Seller of $354,437,762.02, subject to the conditions specified in Section 2.02, the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse or warranty, except as set forth herein, all right, title and interest of the Seller in and to the Securitization Property (such sale, transfer, assignment, setting over and conveyance of the Securitization Property includes, to the fullest extent permitted by the Securitization Law and

the Michigan UCC, the property, rights and interests of Consumers Energy under the Financing Order, including the right to impose, collect and receive Securitization Charges, the right to obtain True-Up Adjustments and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests created under the Financing Order). Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale or other absolute transfer and, pursuant to Section 10*l*(1) of the Securitization Law, shall be treated as a true sale and not as a secured transaction. The Seller and the Issuer agree that after giving effect to the sale, transfer, assignment, setting over and conveyance contemplated hereby the Seller has no right, title or interest in or to the Securitization Property to which a security interest could attach because (i) it has sold, transferred, assigned, set over and conveyed all right, title and interest in and to the Securitization Property to the Issuer, (ii) as provided in Section 10*l*(1) of the Securitization Law, legal and equitable title shall have passed to the Issuer and (iii) as provided in Section 10m(3) of the Securitization Law, appropriate financing statements have been filed and such transfer is perfected against all third parties, including subsequent judicial or other lien creditors. If such sale, transfer, assignment, setting over and conveyance is held by any court of competent jurisdiction not to be a true sale as provided in Section 10*l*(1) of the Securitization Law, then such sale, transfer, assignment, setting over and conveyance shall be treated as a pledge of the Securitization Property and as the creation of a security interest (within the meaning of the Securitization Law and the UCC) in the Securitization Property and, without prejudice to its position that it has absolutely transferred all of its rights in the Securitization Property to the Issuer, the Seller hereby grants a security interest in the Securitization Property to the Issuer (and to the Indenture Trustee for the benefit of the Secured Parties) to secure their respective rights under the Basic Documents to receive the Securitization Charges

and all other Securitization Property.

(b) Subject to Section 2.02, the Issuer does hereby purchase the Securitization Property from the Seller for the consideration set forth in Section 2.01(a).

SECTION 2.02. Conditions to Conveyance of Securitization Property. The obligation of the Issuer to purchase Securitization Property on the Closing Date shall be subject to the satisfaction of each of the following conditions:

(a) on or prior to the Closing Date, the Seller shall have delivered to the Issuer a duly executed Bill of Sale identifying the Securitization Property to be conveyed on the Closing Date;

(b) on or prior to the Closing Date, the Seller shall have obtained the Financing Order creating the Securitization Property;

(c) as of the Closing Date, the Seller is not insolvent and will not have been made insolvent by such sale and the Seller is not aware of any pending insolvency with respect to itself;

(d) as of the Closing Date, (i) the representations and warranties of the Seller set forth in this Sale Agreement shall be true and correct with the same force and effect as if made on the Closing Date (except to the extent that they relate to an earlier date), (ii) on and as of the

Closing Date no breach of any covenant or agreement of the Seller contained in this Sale Agreement has occurred and is continuing and (iii) no Servicer Default shall have occurred and be continuing;

(e) as of the Closing Date, (i) the Issuer shall have sufficient funds available to pay the purchase price for the Securitization Property to be conveyed on such date and (ii) all conditions to the issuance of the Securitization Bonds intended to provide such funds set forth in the Indenture shall have been satisfied or waived;

(f) on or prior to the Closing Date, the Seller shall have taken all action required to transfer to the Issuer ownership of the Securitization Property to be conveyed on such date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Basic Documents and to perfect such transfer, including filing any statements or filings under the Securitization Law or the UCC, and the Issuer or the Servicer, on behalf of the Issuer, shall have taken any action required for the Issuer to grant the Indenture Trustee a first priority perfected security interest in the Securitization Bond Collateral and maintain such security interest as of such date;

(g) the Seller shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel required by the Rating Agencies;

(h) the Seller shall have received and delivered to the Issuer and the Indenture Trustee an opinion or opinions of outside tax counsel (as selected by the Seller, and in form and substance reasonably satisfactory to the Issuer and the Indenture Trustee) to the effect that, for U.S. federal income tax purposes, (i) the Issuer will not be treated as a taxable entity separate and apart from its sole owner, (ii) the Securitization Bonds will be treated as debt of the Issuer's sole owner and (iii) the Seller will not be treated as recognizing gross income upon the issuance of the Securitization Bonds;

(i) on and as of the Closing Date, each of the Certificate of Formation, the LLC Agreement, the Servicing Agreement, this Sale Agreement, the Indenture, the Financing Order and the Securitization Law shall be in full force and effect;

(j) the Securitization Bonds shall have received any rating or ratings required by the Financing Order; and

(k) the Seller shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in this Section 2.02.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER

Subject to Section 3.09, the Seller makes the following representations and warranties, as of the Closing Date, and the Seller acknowledges that the Issuer has relied thereon in acquiring the Securitization Property. The representations and warranties shall survive the sale and transfer of Securitization Property to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture. The Seller agrees that (i) the Issuer may assign the right to enforce the

following representations and warranties to the Indenture Trustee and (ii) the following representations and warranties inure to the benefit of the Issuer and the Indenture Trustee.

SECTION 3.01. Organization and Good Standing. The Seller is a corporation duly organized and validly existing and is in good standing under the laws of the State of Michigan, with the requisite corporate power and authority to own its properties as such properties are currently owned and to conduct its business as such business is now conducted by it, and has the requisite corporate power and authority to obtain the Financing Order and own the rights and interests under the Financing Order and to sell and assign those rights and interests to the Issuer, whereupon such rights and interests shall become "securitization property" as defined in the Securitization Law.

SECTION 3.02. Due Qualification. The Seller is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the

Seller's business, operations, assets, revenues or properties, the Securitization Property, the Issuer or the Securitization Bonds).

SECTION 3.03. Power and Authority. The Seller has the requisite corporate power and authority to execute and deliver this Sale Agreement and to carry out its terms. The Seller has full corporate power and authority to own the Securitization Property and to sell and assign the Securitization Property to the Issuer. The execution, delivery and performance of obligations under this Sale Agreement have been duly authorized by all necessary action on the part of the Seller under its organizational documents and laws.

SECTION 3.04. Binding Obligation. This Sale Agreement constitutes a legal, valid and binding obligation of the Seller enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' or secured parties' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

SECTION 3.05. No Violation. The consummation of the transactions contemplated by this Sale Agreement and the fulfillment of the terms hereof do not: (a) conflict with or result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the Seller's organizational documents or any indenture or other agreement or instrument to which the Seller is a party or by which it or any of its properties is bound; (b) result in the creation or imposition of any Lien upon any of the Seller's properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be granted in the Issuer's favor or any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Securitization Law or any other Lien that may be granted under the Basic Documents); or (c) violate any existing law or any existing order, rule or regulation applicable to the Seller issued by any Governmental Authority having jurisdiction

over the Seller or its properties.

SECTION 3.06. No Proceedings. There are no proceedings pending, and, to the Seller's knowledge, there are no proceedings threatened, and, to the Seller's knowledge, there are no investigations pending or threatened, in each case, before any Governmental Authority having jurisdiction over the Seller or its properties involving or relating to the Seller or the Issuer or, to the Seller's knowledge, any other Person: (a) asserting the invalidity of the Securitization Law, the Financing Order, this Sale Agreement, any of the other Basic Documents or the Securitization Bonds; (b) seeking to prevent the issuance of the Securitization Bonds or the consummation of any of the transactions contemplated by this Sale Agreement or any of the other Basic Documents; (c) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, the Securitization Law, the Financing Order, this Sale Agreement, any of the other Basic Documents or the Securitization Bonds; or (d) seeking to adversely affect the U.S. federal income tax or state income or franchise tax classification of the Securitization Bonds as debt.

SECTION 3.07. Approvals. No approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Seller of this Sale Agreement, the performance by the Seller of the transactions contemplated hereby or the fulfillment by the Seller of the terms hereof, except those that have been obtained or made and those that the Seller, in its capacity as Servicer under the Servicing Agreement, is required to make in the future pursuant to the Servicing Agreement. The Seller has provided the Commission with a copy of each registration statement, prospectus or other closing document filed with the SEC as part of the transactions contemplated hereby immediately following the filing of the original document.

SECTION 3.08. The Securitization Property.

(a) Information. Subject to Section 3.08(f), at the Closing Date, all written information, as amended or supplemented from time to time, provided by the Seller to the Issuer with respect to the Securitization Property (including the Expected Amortization Schedule and the Financing Order) is true and correct in all material respects.

(b) Title. It is the intention of the parties hereto that (other than for U.S. federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes) the transfers and assignments herein contemplated each constitute a sale and absolute transfer of the Securitization Property from the Seller to the Issuer and that no interest in, or right or title to, the Securitization Property shall be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. No portion of the Securitization Property has been sold, transferred, assigned, pledged or otherwise conveyed by the Seller to any Person other than the Issuer, and, to the Seller's knowledge (after due inquiry), no security agreement, financing statement or equivalent security or lien instrument listing the Seller as debtor covering all or any part of the Securitization Property is on file or of record in any jurisdiction, except such as may have been filed, recorded or made in favor of the Issuer or the Indenture Trustee in connection with the

Basic Documents. The Seller has not authorized the filing of and is not aware (after due inquiry) of any financing statement against it that includes a description of collateral including the Securitization Property other than any financing statement filed, recorded or made in favor of the Issuer or the Indenture Trustee in connection with the Basic Documents. The Seller is not aware (after due inquiry) of any judgment or tax lien filings against either the Seller or the Issuer. At the Closing Date, immediately prior to the sale of the Securitization Property hereunder, the Seller is the original and the sole owner of the Securitization Property free and clear of all Liens and rights of any other Person, and no offsets, defenses or counterclaims exist or have been asserted with respect thereto.

(c) Transfer Filings. On the Closing Date, immediately upon the sale hereunder, the Securitization Property shall be validly transferred and sold to the Issuer, the Issuer shall own all the Securitization Property free and clear of all Liens (except for the Lien created in favor of the Indenture Trustee granted under the Indenture and perfected pursuant to the Securitization Law) and all filings and actions to be made or taken by the Seller (including filings with the Michigan Department of State pursuant to the Securitization Law) necessary in any jurisdiction to give the Issuer a perfected ownership interest (subject to any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Indenture and perfected pursuant to the Securitization Law) in the Securitization Property have been made or taken. No further action is required to maintain such ownership interest (subject to

any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Indenture and perfected pursuant to the Securitization Law) and to give the Indenture Trustee a first priority perfected security interest in the Securitization Property. All filings and action have also been made or taken to perfect the security interest in the Securitization Property granted by the Seller to the Issuer (subject to any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Indenture and perfected pursuant to the Securitization Law) and, to the extent necessary, the Indenture Trustee pursuant to Section 2.01.

(d) Financing Order; Other Approvals. On the Closing Date, under the laws of the State of Michigan and the United States in effect on the Closing Date: (i) the Financing Order pursuant to which the rights and interests of the Seller, including the right of Consumers Energy and any Successor to impose, collect and receive the Securitization Charges and the interest in and to the Securitization Property transferred on such date have been created, is Final and is in full force and effect; (ii) as of the issuance of the Securitization Bonds, the Securitization Bonds are entitled to the protection of the Securitization Law and, accordingly, the Financing Order and the Securitization Charges are not revocable by the Commission; (iii) as of the issuance of the Securitization Bonds, the Securitization Rate Schedule has been filed and is in full force and effect, the Securitization Rate Schedule is consistent with the Financing Order, and any electric tariff implemented consistent with a financing order issued by the Commission is not subject to modification by the Commission except for true-up adjustments made in accordance with the Securitization Law; (iv) the process by which the Financing Order creating the Securitization Property transferred on such date was adopted and approved complies with all applicable laws, rules and regulations; (v) the Financing Order is not subject to appeal and is legally enforceable, and the process by which it was issued complied with all applicable laws, rules and regulations; and (vi) no other approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with

the creation of the Securitization Property transferred on such date, except those that have been obtained or made.

(e) State Action. Under the Securitization Law, the State of Michigan may not take or permit any action that would impair the value of the Securitization Property, reduce or alter, except as allowed under Section 10k(3) of the Securitization Law, or impair the Securitization Charges to be imposed, collected and remitted to the Issuer, until the principal, interest and premium, and any other charges incurred and contracts to be performed, in connection with the Securitization Bonds have been paid and performed in full. Under the contract clauses of the State of Michigan and United States Constitutions, the State of Michigan, including the Commission, could not constitutionally take any action of a legislative character, including the repeal or amendment of the Securitization Law or the Financing Order (including repeal or amendment by voter initiative as defined in the Michigan Constitution or by amendment of the Michigan Constitution), that would substantially impair the value of the Securitization Property or substantially reduce or alter, except as allowed under Section 10k(3) of the Securitization Law, or substantially impair the Securitization Charges to be imposed, collected and remitted to the Issuer, unless this action is a reasonable exercise of the State of Michigan's sovereign powers and of a character reasonable and appropriate to the public purpose justifying this action and, under the takings clauses of the State of Michigan and United States Constitutions, the State of Michigan, including the Commission, could not repeal or amend the Securitization Law or the Financing Order (including repeal or amendment by voter initiative as defined in the Michigan Constitution or by amendment of the Michigan Constitution) or take any other action in contravention of its pledge described in the first sentence of this Section 3.08(e), without paying just compensation to the Holders, as determined by a court of competent jurisdiction, if this action would constitute a permanent appropriation of a substantial property interest of the Holders in the Securitization Property and deprive the Holders of their reasonable expectations arising from their investment in the Securitization Bonds. However, there is no assurance that, even if a court were to award just compensation, it would be sufficient to pay the full amount of principal of and interest on the Securitization Bonds.

(f) Assumptions. On the Closing Date, based upon the information available to the Seller on such date, the assumptions used in calculating the Securitization Charges are reasonable and are made in good faith. Notwithstanding the foregoing, the Seller makes no representation or warranty, express or implied, that amounts actually collected arising from those Securitization Charges will in fact be sufficient to meet the payment obligations on the related Securitization Bonds or that the assumptions used in calculating such Securitization Charges will in fact be realized.

(g) Creation of Securitization Property. Upon the effectiveness of the Financing Order and the transfer of the Securitization Property pursuant to this Sale Agreement: (i) the rights and interests of the Seller under the Financing Order, including the right of the Seller and any Successor to impose, collect and receive the Securitization Charges authorized in the Financing Order, become "securitization property" as defined in the Securitization Law; (ii) the Securitization Property constitutes a present property right vested in the Issuer; (iii) the Securitization Property includes (A) the rights and interests of the Seller in the Financing Order, including the right of the Seller and any Successor to impose, collect and receive Securitization Charges from Customers, and including the right to obtain True-Up

Adjustments, and all revenue, collections, payments, money and proceeds arising out of rights and interests created under the Financing Order, and (B) the right of the Seller and any Successor to impose, collect and receive periodic adjustments (with respect to adjustments, in the manner and with the effect provided in Section 4.01(b) of the Servicing Agreement) of such Securitization Charges, and the rates and other charges authorized by the Financing Order and all revenue, collections, payments, money and proceeds of or arising out of the Securitization Charges; (iv) the owner of the Securitization Property is legally entitled to bill Securitization Charges for a period not greater than 15 years after the date the Securitization Charges are first billed and to collect and post payments in respect of the Securitization Charges in the aggregate sufficient to pay the interest on and principal of the Securitization Bonds in accordance with the Indenture, to pay Ongoing Other Qualified Costs and to replenish the Capital Subaccount to the Required Capital Level until the Securitization Bonds are paid in full; and (v) the Securitization Property is not subject to any Lien other than any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Indenture and perfected pursuant to the Securitization Law.

(h) Nature of Representations and Warranties. The representations and warranties set forth in this Section 3.08, insofar as they involve conclusions of law, are made not on the basis that the Seller purports to be a legal expert or to be rendering legal advice, but rather to reflect the parties' good faith understanding of the legal basis on which the parties are entering into this Sale Agreement and the other Basic Documents and the basis on which the Holders are purchasing the Securitization Bonds, and to reflect the parties' agreement that, if such understanding turns out to be incorrect or inaccurate, the Seller will be obligated to indemnify the Issuer and its permitted assigns (to the extent required by and in accordance with Section 5.01), and that the Issuer and its permitted assigns will be entitled to enforce any rights and remedies under the Basic Documents on account of such inaccuracy to the same extent as if the Seller had breached any other representations or warranties hereunder.

(i) Prospectus. As of the date hereof, the information describing the Seller under the caption "The Depositor, Seller, Initial Servicer and Sponsor" in the prospectus dated July 14, 2014 relating to the Securitization Bonds is true and correct in all material respects.

(j) Solvency. After giving effect to the sale of the Securitization Property hereunder, the Seller:

(i) is solvent and expects to remain solvent;

(ii) is adequately capitalized to conduct its business and affairs considering its size and the nature of its business and intended purpose;

(iii) is not engaged in nor does it expect to engage in a business for which its remaining property represents unreasonably small capital;

(iv) reasonably believes that it will be able to pay its debts as they come due; and

(v) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(k) No Court Order. There is no order by any court providing for the revocation, alteration, limitation or other impairment of the Securitization Law, the Financing Order, the Securitization Property or the Securitization Charges or any rights arising under any of them or that seeks to enjoin the performance of any obligations under the Financing Order.

(l) Survival of Representations and Warranties The representations and warranties set forth in this Section 3.08 shall survive the execution and delivery of this Sale Agreement and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Article VI and as to which the Rating Agency Condition has been satisfied.

SECTION 3.09. Limitations on Representations and Warranties. Without prejudice to any of the other rights of the parties, the Seller will not be in breach of any representation or warranty as a result of a change in law by means of any legislative enactment, constitutional amendment or voter initiative. **The Seller makes no representation or warranty, express or implied, that Billed Securitization Charges will be actually collected from Customers.**

ARTICLE IV
COVENANTS OF THE SELLER

SECTION 4.01. Existence. Subject to Section 5.02, so long as any of the Securitization Bonds are Outstanding, the Seller (a) will keep in full force and effect its existence and remain in good standing under the laws of the jurisdiction of its organization, (b) will obtain and preserve its qualification to do business in each jurisdiction where such existence or qualification is or shall be necessary to protect the validity and enforceability of this Sale Agreement, the other Basic Documents to which the Seller is a party and each other instrument or agreement necessary or appropriate to the proper administration of this Sale Agreement and the transactions contemplated hereby or to the extent necessary for the Seller to perform its obligations hereunder or thereunder and (c) will continue to operate its electric distribution system to provide service to its Customers.

SECTION 4.02. No Liens. Except for the conveyances hereunder or any Lien pursuant to the Indenture in favor of the Indenture Trustee for the benefit of the Holders and any Lien that may be granted under the Basic Documents, the Seller will not sell, pledge, assign or transfer, or grant, create, incur, assume or suffer to exist any Lien on, any of the Securitization Property, or any interest therein, and the Seller shall defend the right, title and interest of the Issuer and the Indenture Trustee, on behalf of the Secured Parties, in, to and under the Securitization Property against all claims of third parties claiming through or under the Seller. Consumers Energy, in its capacity as the Seller, will not at any time assert any Lien against, or with respect to, any of the Securitization Property.

SECTION 4.03. Delivery of Collections. In the event that the Seller receives any Securitization Charge Collections or other payments in respect of the Securitization Charges or the proceeds thereof other than in its capacity as the Servicer, the Seller agrees to pay to the

Servicer, on behalf of the Issuer, all payments received by it in respect thereof as soon as practicable after receipt thereof. Prior to such remittance to the Servicer by the Seller, the Seller agrees that such amounts are held by it in trust for the Issuer and the Indenture Trustee.

SECTION 4.04. Notice of Liens. The Seller shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any of the Securitization Property, other than the conveyances hereunder and any Lien pursuant to the Basic Documents, including the Lien in favor of the Indenture Trustee for the benefit of the Holders.

SECTION 4.05. Compliance with Law. The Seller hereby agrees to comply with its organizational documents and all laws, treaties, rules, regulations and determinations of any Governmental Authority applicable to it, except to the extent that failure to so comply would not materially adversely affect the Issuer's or the Indenture Trustee's interests in the Securitization Property or under any of the Basic Documents to which the Seller is party or the Seller's performance of its obligations hereunder or under any of the other Basic Documents to which it is party.

SECTION 4.06. Covenants Related to Securitization Bonds and Securitization Property.

(a) So long as any of the Securitization Bonds are Outstanding, the Seller shall treat the Securitization Property as the Issuer's property for all purposes other than financial reporting, state or U.S. federal regulatory or tax purposes, and the Seller shall treat the Securitization Bonds as debt for all purposes and specifically as debt of the Issuer, other than for financial reporting, state or U.S. federal regulatory or tax purposes.

(b) Solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, so long as any of the Securitization Bonds are Outstanding, the Seller agrees to treat the Securitization Bonds as indebtedness of the Seller (as the sole owner of the Issuer) secured by the Securitization Bond Collateral unless otherwise required by appropriate taxing authorities.

(c) So long as any of the Securitization Bonds are Outstanding, the Seller shall disclose in its financial statements that the Issuer and not the Seller is the owner of the Securitization Property and that the assets of the Issuer are not available to pay creditors of the Seller or its Affiliates (other than the Issuer).

(d) So long as any of the Securitization Bonds are Outstanding, the Seller shall not own or purchase any Securitization Bonds.

(e) So long as the Securitization Bonds are Outstanding, the Seller shall disclose the effects of all transactions between the Seller and the Issuer in accordance with generally accepted accounting principles.

(f) The Seller agrees that, upon the sale by the Seller of the Securitization Property to the Issuer pursuant to this Sale Agreement, (i) to the fullest extent permitted by law, including

applicable Commission Regulations and the Securitization Law, the Issuer shall have all of the rights originally held by the Seller with respect to the Securitization Property, including the right (subject to the terms of the Servicing Agreement) to exercise any and all rights and remedies to collect any amounts payable by any Customer in respect of the Securitization Property, notwithstanding any objection or direction to the contrary by the Seller (and the Seller agrees not to make any such objection or to take any such contrary action) and (ii) any payment by any Customer directly to the Issuer shall discharge such Customer's obligations, if any, in respect of the Securitization Property to the extent of such payment, notwithstanding any objection or direction to the contrary by the Seller.

(g) So long as any of the Securitization Bonds are Outstanding, (i) in all proceedings relating directly or indirectly to the Securitization Property, the Seller shall affirmatively certify and confirm that it has sold all of its rights and interests in and to such property (other than for financial reporting, regulatory or tax purposes), (ii) the Seller shall not make any statement or reference in respect of the Securitization Property that is inconsistent with the ownership interest of the Issuer (other than for financial accounting or tax purposes or as required for state or U.S. federal regulatory purposes), (iii) the Seller shall not take any action in respect of the Securitization Property except solely in its capacity as the Servicer thereof pursuant to the Servicing Agreement or as otherwise contemplated by the Basic Documents and (iv) neither the Seller nor the Issuer shall take any action, file any tax return or make any election inconsistent with the treatment of the Issuer, for U.S. federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the Seller (or, if relevant, from another sole owner of the Issuer).

SECTION 4.07. Protection of Title. The Seller shall execute and file such filings, including filings with the Michigan Department of State pursuant to the Securitization Law, and cause to be executed and filed such filings, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer, and the back-up precautionary security interest of the Issuer pursuant to Section 2.01, and the first priority security interest of the Indenture Trustee in the Securitization Property, including all filings required under the Securitization Law and the UCC relating to the transfer of the ownership of the rights and interest in the Securitization Property by the Seller to the Issuer or the pledge of the Issuer's interest in the Securitization Property to the Indenture Trustee. The Seller shall deliver or cause to be delivered to the Issuer and the Indenture Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. The Seller shall institute any action or proceeding necessary to compel performance by the Commission, the State of Michigan or any of their respective agents of any of their obligations or duties under the Securitization Law or the Financing Order, and the Seller agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary (a) to seek to protect the Issuer and the Secured Parties from claims, state actions or other actions or proceedings of third parties that, if successfully pursued, would result in a breach of any representation set forth in Article III or any covenant set forth in Article IV and (b) to seek to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law or the Financing Order or the rights of Holders by legislative enactment or constitutional amendment that would be materially adverse to the Issuer

or the Secured Parties or that would otherwise cause an impairment of the rights of the Issuer or the Secured Parties. The costs of any such actions or proceedings will be payable by the Seller.

SECTION 4.08. Nonpetition Covenants. Notwithstanding any prior termination of this Sale Agreement or the Indenture, the Seller shall not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Securitization Bonds or any other amounts owed under the Indenture, petition or otherwise invoke or cause the Issuer to invoke the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer, or ordering the winding up or liquidation of the affairs of the Issuer.

SECTION 4.09. Taxes. So long as any of the Securitization Bonds are outstanding, the Seller shall, and shall cause each of its subsidiaries to, pay all taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the Securitization Property; provided, that no such tax need be paid if the Seller or one of its Affiliates is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Seller or such Affiliate has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

SECTION 4.10. Notice of Breach to Rating Agencies, Etc. Promptly after obtaining knowledge thereof, in the event of a breach in any material

respect (without regard to any materiality qualifier contained in such representation, warranty or covenant) of any of the Seller's representations, warranties or covenants contained herein, the Seller shall promptly notify the Issuer, the Indenture Trustee and the Rating Agencies of such breach. For the avoidance of doubt, any breach that would adversely affect scheduled payments on the Securitization Bonds will be deemed to be a material breach for purposes of this Section 4.10.

SECTION 4.11. Use of Proceeds. The Seller shall use the proceeds of the sale of the Securitization Property in accordance with the Financing Order and the Securitization Law.

SECTION 4.12. Further Assurances. Upon the request of the Issuer, the Seller shall execute and deliver such further instruments and do such further acts as may be reasonably necessary to carry out the provisions and purposes of this Sale Agreement.

SECTION 4.13. Intercreditor Agreement. The Seller shall not become a party to any (i) trade receivables purchase and sale agreement or similar arrangement under which it sells all or any portion of its accounts receivables owing from Michigan electric distribution customers unless the Indenture Trustee, the Seller and the other parties to such additional arrangement shall have entered into the Intercreditor Agreement in connection therewith and the

terms of the documentation evidencing such trade receivables purchase and sale arrangement or similar arrangement shall expressly exclude Securitization Property (including Securitization Charges) from any receivables or other assets pledged or sold under such arrangement or (ii) sale agreement selling to any other Affiliate property consisting of charges similar to the securitization charges sold pursuant to this Sale Agreement, payable by Customers pursuant to the Securitization Law or any similar law, unless the Seller and the other parties to such arrangement shall have entered into the Intercreditor Agreement in connection with any agreement or similar arrangement described in this Section 4.13.

ARTICLE V
THE SELLER

SECTION 5.01. Liability of Seller; Indemnities.

(a) The Seller shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Seller under this Sale Agreement.

(b) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees, trustees, managers and agents for, and defend and hold harmless each such Person from and against, any and all taxes (other than taxes imposed on Holders as a result of their ownership of a Securitization Bond) that may at any time be imposed on or asserted against any such Person as a result of the sale of the Securitization Property to the Issuer, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes, but excluding any taxes imposed as a result of a failure of such Person to withhold or remit taxes with respect to payments on any Securitization Bond, it being understood that the Holders shall be entitled to enforce their rights against the Seller under this Section 5.01(b) solely through a cause of action brought for their benefit by the Indenture Trustee.

(c) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees, trustees, managers and agents for, and defend and hold harmless each such Person from and against, any and all taxes (other than taxes imposed on Holders as a result of their ownership of a Securitization Bond) that may at any time be imposed on or asserted against any such Person as a result of the Issuer's ownership and assignment of the Securitization Property, the issuance and sale by the Issuer of the Securitization Bonds or the other transactions contemplated in the Basic Documents, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes, but excluding any taxes imposed as a result of a failure of such Person to withhold or remit taxes with respect to payments on any Securitization Bond.

(d) The Seller shall indemnify the Issuer, the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, all Losses that may be imposed on, incurred by or asserted against each such Person, in each such case, as a result of the

Seller's breach of any of its representations, warranties or covenants contained in this Sale Agreement.

(e) Indemnification under Section 5.01(b), Section 5.01(c), Section 5.01(d) and Section 5.01(f) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys' fees and expenses), except as otherwise expressly provided in this Sale Agreement.

(f) The Seller shall indemnify the Indenture Trustee (for itself) and each Independent Manager, and any of their respective officers, directors, employees and agents (each, an "Indemnified Person"), for, and defend and hold harmless each such Person from and against, any and all Losses incurred by any of such Indemnified Persons as a result of the Seller's breach of any of its representations and warranties or covenants contained in this Sale Agreement, except to the extent of Losses either resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person or resulting from a breach of a representation or warranty made by such Indemnified Person in any of the Basic Documents that gives rise to the Seller's breach. The Seller shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any action, proceeding or investigation without the prior written consent of the Seller, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Person of notice of the commencement of any action, proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Seller under this Section 5.01(f), notify the Seller in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Seller shall relieve the Seller from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.01(f) only to the extent that the Seller suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.01(f), the Seller shall be entitled to conduct and control, at its

expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, proceeding or investigation (in which case the Seller shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Seller's election to assume the defense of any action, proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Seller shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the defendants in any such action include both the Indemnified Person and the Seller and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Seller, (ii) the Seller shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Seller shall authorize the Indemnified Person to employ separate counsel at the expense of the Seller or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Seller shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate.

(g) The Seller shall indemnify the Servicer (if the Servicer is not the Seller) for the costs of any action instituted by the Servicer pursuant to Section 5.02(d) of the Servicing Agreement that are not paid as Operating Expenses in accordance with the priorities set forth in Section 8.02(e) of the Indenture.

(h) The remedies provided in this Sale Agreement are the sole and exclusive remedies against the Seller for breach of its representations and warranties in this Sale Agreement.

(i) Indemnification under this Section 5.01 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or the termination of this Sale Agreement and will rank in priority with other general, unsecured obligations of the Seller. The Seller shall not indemnify any party under this Section 5.01 for any changes in law after the Closing Date, whether such changes in law are effected by means of any legislative enactment, any constitutional amendment or any final and non-appealable judicial decision.

SECTION 5.02. Merger, Conversion or Consolidation of, or Assumption of the Obligations of, Seller. Any Person (a) into which the Seller may be merged, converted or consolidated, (b) that may result from any merger, conversion or consolidation to which the Seller shall be a party, (c) that may succeed to the electric distribution properties and assets of the Seller substantially as a whole or (d) that otherwise succeeds to all or substantially all of the electric distribution assets of the Seller (a "Permitted Successor"), and which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Seller hereunder (including the Seller's obligations under Section 5.01 incurred at any time prior to or after the date of such assumption), shall be the successor to the Seller under this Sale Agreement without further act on the part of any of the parties to this Sale Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation, warranty or covenant made pursuant to Article III or Article IV shall be breached and no Servicer Default, and no event that, after notice or lapse of time, or both, would become a Servicer Default, shall have occurred and be continuing, (ii) the Seller shall have delivered to the Issuer, the Indenture Trustee and each Rating Agency an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption comply with this Section 5.02 and that all conditions precedent, if any, provided for in this Sale Agreement relating to such transaction have been complied with, (iii) the Seller shall have delivered to the Issuer, the Indenture Trustee and each Rating Agency an Opinion of Counsel from external counsel of the Seller either (A) stating that, in the opinion of such counsel, all filings to be made by the Seller and the Issuer, including any filings with the Commission pursuant to the Securitization Law, have been authorized, executed and filed that are necessary to fully preserve and protect the respective interest of the Issuer and the Indenture Trustee in all of the Securitization Property and reciting the details of such filings, or (B) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interests, (iv) the Seller shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from external tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger or succession and such agreement of assumption will not result in a material U.S. federal income tax consequence to the Issuer or the Holders of Securitization Bonds and (v) the Seller shall have given the Rating Agencies prior written notice of such transaction. When any Person (or more than one Person) acquires the

properties and assets of the Seller substantially as a whole or otherwise becomes the successor, whether by merger, conversion, consolidation, sale, transfer, lease, management contract or otherwise, to all or substantially all of the assets of the Seller in accordance with the terms of this Section 5.02, then, upon satisfaction of all of the other conditions of this Section 5.02, the preceding Seller shall automatically and without further notice be released from all of its obligations hereunder.

SECTION 5.03. Limitation on Liability of Seller and Others. The Seller and any director, officer, employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising hereunder. Subject to Section 4.07, the Seller shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations under this Sale Agreement and that in its opinion may involve it in any expense or liability.

ARTICLE VI
MISCELLANEOUS PROVISIONS

SECTION 6.01. Amendment. This Sale Agreement may be amended in writing by the Seller and the Issuer with (a) the prior written consent of the Indenture Trustee, (b) the satisfaction of the Rating Agency Condition and (c) if any amendment would adversely affect in any material respect the interest of any Holder of the Securitization Bonds, the consent of a majority of the Holders of each affected Tranche of Securitization Bonds. In determining whether a majority of Holders have consented, Securitization Bonds owned by the Issuer or any Affiliate of the Issuer shall be disregarded, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such consent, the Indenture Trustee shall only be required to disregard any Securitization Bonds it actually knows to be so owned. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

Prior to the execution of any amendment to this Sale Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon (i) an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the Seller and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the Seller stating that the execution of such amendment is authorized and permitted by this Sale Agreement and that all conditions precedent provided for in this Sale Agreement relating to such amendment have been complied with and (ii) the Opinion of Counsel referred to in Section 3.01(c)(i) of the Servicing Agreement. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects the Indenture Trustee's own rights, duties or immunities under this Sale Agreement or otherwise.

SECTION 6.02. Notices. Any notice, report or other communication given hereunder shall be in writing and shall be effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to

which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the Seller, to Consumers Energy Company, at One Energy Plaza, Jackson, Michigan 49201, Attention: Corporate Secretary, Telephone: (517) 788-2158, Facsimile: (517) 788-6911;

(b) in the case of the Issuer, to Consumers 2014 Securitization Funding LLC, at One Energy Plaza, Jackson, Michigan 49201, Attention: Manager, Telephone: (517) 788-1030, Facsimile: (517) 788-6911;

(c) in the case of the Indenture Trustee, to the Corporate Trust Office;

(d) in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: servicerreports@moodys.com (all such notices to be delivered to Moody's in writing by email); and

(e) in the case of S&P, to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to S&P in writing by email).

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

SECTION 6.03. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 5.02, this Sale Agreement may not be assigned by the Seller.

SECTION 6.04. Limitations on Rights of Third Parties. The provisions of this Sale Agreement are solely for the benefit of the Seller, the Issuer, the Indenture Trustee (for the benefit of the Secured Parties) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Sale Agreement. Nothing in this Sale Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Securitization Property or under or in respect of this Sale Agreement or any covenants, conditions or provisions contained herein.

SECTION 6.05. Severability. Any provision of this Sale Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 6.06. Separate Counterparts. This Sale Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 6.07. Governing Law. **This Sale Agreement shall be construed in accordance with the laws of the State of Michigan, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.**

SECTION 6.08. Assignment to Indenture Trustee. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Secured Parties of all right, title and interest of the Issuer in, to and under this Sale Agreement, the Securitization Property and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties.

SECTION 6.09. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Sale Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Secured Parties, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 6.10. Waivers. Any term or provision of this Sale Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Sale Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating

Agencies. The failure of any party hereto to enforce at any time any provision of this Sale Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Sale Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Sale Agreement shall be held to constitute a waiver of any other or subsequent breach.

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IN WITNESS WHEREOF, the parties hereto have caused this Sale Agreement to be duly executed by their respective officers as of the day and year first above written.

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

CONSUMERS ENERGY COMPANY,
as Seller

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: Vice President

ACKNOWLEDGED AND ACCEPTED:

THE BANK OF NEW YORK MELLON,
as Indenture Trustee

By: /s/ Esther Antoine
Name: Esther Antoine
Title: Vice President

Signature Page to
Securitization Property Purchase and Sale Agreement

EXHIBIT A

FORM OF BILL OF SALE

See attached.

BILL OF SALE

This Bill of Sale is being delivered pursuant to the Securitization Property Purchase and Sale Agreement, dated as of July 22, 2014 (the "Sale Agreement"), by and between Consumers Energy Company (the "Seller") and Consumers 2014 Securitization Funding LLC (the "Issuer"). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Sale Agreement.

In consideration of the Issuer's delivery to or upon the order of the Seller of $354,437,762.02, the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse or warranty, except as set forth in the Sale Agreement, all right, title and interest of the Seller in and to the Securitization Property created or arising under the Financing Order dated December 9, 2013 issued by the Michigan Public Service Commission under the Securitization Law (such sale, transfer, assignment, setting over and conveyance of the Securitization Property includes, to the fullest extent permitted by the Securitization Law, the property, rights and interests of Consumers Energy under the Financing Order, including the right to impose, collect and receive Securitization Charges, the right to obtain True-Up Adjustments and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests created under the Financing Order. Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale or other absolute transfer and, pursuant to Section 10*l*(1) of the Securitization Law, shall be treated as a true sale and not as a secured transaction. The Seller and the Issuer agree that after giving effect to the sale, transfer, assignment, setting over and conveyance contemplated hereby the Seller has no right, title or interest in or to the Securitization Property to which a security interest could attach because (i) it has sold, transferred, assigned, set over and conveyed all right, title and interest in and to the Securitization Property to the Issuer, (ii) as provided in Section 10*l*(1) of the Securitization Law, legal and equitable title shall have passed to the Issuer and (iii) as provided in Section 10m(3) of the Securitization Law, appropriate financing statements have been filed and such transfer is perfected against all third parties, including subsequent judicial or other lien creditors. If such sale, transfer, assignment, setting over and

conveyance is held by any court of competent jurisdiction not to be a true sale as provided in Section 10*l*(1) of the Securitization Law, then such sale, transfer, assignment, setting over and conveyance shall be treated as a pledge of the Securitization Property and as the creation of a security interest (within the meaning of the Securitization Law and the UCC) in the Securitization Property and, without prejudice to its position that it has absolutely transferred all of its rights in the Securitization Property to the Issuer, the Seller hereby grants a security interest in the Securitization Property to the Issuer (and to the Indenture Trustee for the benefit of the Secured Parties) to secure their respective rights under the Basic Documents to receive the Securitization Charges and all other Securitization Property.

The Issuer does hereby purchase the Securitization Property from the Seller for the consideration set forth in the preceding paragraph.

Each of the Seller and the Issuer acknowledges and agrees that the purchase price for the Securitization Property sold pursuant to this Bill of Sale and the Sale Agreement is equal to its fair market value at the time of sale.

The Seller confirms that (i) each of the representations and warranties on the part of the Seller contained in the Sale Agreement are true and correct in all respects on the date hereof as if made on the date hereof and (ii) each condition precedent that must be satisfied under Section 2.02 of the Sale Agreement has been satisfied upon or prior to the execution and delivery of this Bill of Sale by the Seller.

This Bill of Sale may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

This Bill of Sale shall be construed in accordance with the laws of the State of Michigan, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such law.

IN WITNESS WHEREOF, the Seller and the Issuer have duly executed this Bill of Sale as of this 22nd day of July, 2014.

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: _____
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

CONSUMERS ENERGY COMPANY,
as Seller

By: _____
Name: Venkat Dhenuvakonda Rao
Title: Vice President and Treasurer

Signature Page to Bill of Sale

APPENDIX A

DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms. The following terms have the following meanings:

"17g-5 Website" is defined in Section 10.18(a) of the Indenture.

"Account Records" is defined in Section 1(a)(i) of the Administration Agreement.

"Act" is defined in Section 10.03(a) of the Indenture.

"Additional Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(iii) of the Servicing Agreement.

"Administration Agreement" means the Administration Agreement, dated as of the Closing Date, by and between Consumers Energy and the Issuer.

"Administration Fee" is defined in Section 2 of the Administration Agreement.

"Administrator" means Consumers Energy, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliate Wheeling" means a Person's use of direct access service where an electric utility delivers electricity generated at a Person's industrial site to that Person or that Person's affiliate at a location, or general aggregated locations, within the State of Michigan that was either one of the following: (a) for at least 90 days during the period from January 1, 1996 to October 1, 1999, supplied by Self-Service Power, but only to the extent of the capacity reserved or load served by Self-Service Power during the period; or (b) capable of being supplied by a Person's cogeneration capacity within the State of Michigan that has had since January 1, 1996 a rated capacity of 15 megawatts or less, was placed in service before December 31, 1975 and has been in continuous service since that date. The term affiliate for purposes of this definition means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another specified entity, where control means, whether through an ownership, beneficial, contractual or equitable interest, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person or the ownership of at least 7% of an entity either directly or indirectly.

"Amendatory Schedule" means a revision to service riders or any other notice filing filed with the Commission in respect of the Securitization Rate Schedule pursuant to a True-Up Adjustment.

"Annual Accountant's Report" is defined in Section 3.04(a) of the Servicing Agreement.

"Annual True-Up Adjustment" means each adjustment to the Securitization Charges made in accordance with Section 4.01(b)(i) of the Servicing Agreement.

"Annual True-Up Adjustment Date" means the first billing cycle of August of each year, commencing in August, 2015.

"Authorized Denomination" means, with respect to any Securitization Bond, the authorized denomination therefor specified in the Series Supplement, which shall be at least $100,000 and, except as otherwise provided in the Series Supplement, integral multiples of $1,000 in excess thereof.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.).

"Basic Documents" means the Indenture, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Certificate of Formation, the LLC Agreement, the Servicing Agreement, the Series Supplement, the Intercreditor Agreement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Bill of Sale" means a bill of sale substantially in the form of Exhibit A to the Sale Agreement delivered pursuant to Section 2.02(a) of the Sale Agreement.

"Billed Securitization Charges" means the amounts of Securitization Charges billed by the Servicer.

"Billing Period" means the period created by dividing the calendar year into 12 consecutive periods of approximately 21 Servicer Business Days.

"Bills" means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by Consumers Energy in its capacity as Servicer.

"Bond Interest Rate" means, with respect to any Tranche of Securitization Bonds, the rate at which interest accrues on the Securitization Bonds of such Tranche, as specified in the Series Supplement.

"Book-Entry Form" means, with respect to any Securitization Bond, that such Securitization Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Securitization Bond was issued.

"Book-Entry Securitization Bonds" means any Securitization Bonds issued in Book-Entry Form; provided, however, that, after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Securitization Bonds are to be issued to the Holder of such Securitization Bonds, such Securitization Bonds shall no longer be "Book-Entry Securitization Bonds".

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are, or DTC or the Corporate Trust Office is, authorized or obligated by law, regulation or executive order to be closed.

"Calculation Period" means, with respect to any True-Up Adjustment, the period comprised of the 12 consecutive Collection Periods beginning with the Collection Period in which such True-Up Adjustment would go into effect; provided, that, in the case of any True-Up Adjustment that would go into effect after the date that is 12 months prior to the last Scheduled Final Payment Date, the Calculation Period shall begin on the date the True-

Up Adjustment would go into effect and end on the Payment Date following such True-Up Adjustment date; provided, further, that, for the purpose of calculating the first Periodic Payment Requirement as of the Closing Date, "Calculation Period" means, initially, the period commencing on the Closing Date and ending on the last day of the billing cycle of July, 2015.

"Capital Subaccount" is defined in Section 8.02(a) of the Indenture.

"Capital Subaccount Investment Earnings" shall mean, for any Payment Date with respect to any Calculation Period, the sum of (a) an amount equal to investment earnings since the previous Payment Date (or, in the case of the first Payment Date, since the Closing Date) on the initial amount deposited by Consumers Energy in the Capital Subaccount plus (b) any such amounts not paid on any prior Payment Date.

"Certificate of Compliance" means the certificate referred to in Section 3.03 of the Servicing Agreement and substantially in the form of Exhibit E to the Servicing Agreement.

"Certificate of Formation" means the Certificate of Formation filed with the Secretary of State of the State of Delaware on March 6, 2014 pursuant to which the Issuer was formed.

"Claim" means a "claim" as defined in Section 101(5) of the Bankruptcy Code.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with such Clearing Agency.

"Closing Date" means July 22, 2014, the date on which the Securitization Bonds are originally issued in accordance with Section 2.10 of the Indenture and the Series Supplement.

"Code" means the Internal Revenue Code of 1986.

"Collection Account" is defined in Section 8.02(a) of the Indenture.

"Collection in Full of the Securitization Charges" means the day on which the aggregate amounts on deposit in the General Subaccount and the Excess Funds Subaccount are sufficient to pay in full all the Outstanding Securitization Bonds and to replenish any shortfall in the Capital Subaccount.

"Collection Period" means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

"Commission" means the Michigan Public Service Commission.

"Commission Regulations" means any regulations, including temporary regulations, promulgated by the Commission pursuant to Michigan law.

"Company Minutes" is defined in Section 1(a)(iv) of the Administration Agreement.

"Consumers Energy" means Consumers Energy Company, a Michigan corporation.

"Corporate Trust Office" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the Closing Date is located at 101 Barclay Street, 7 East, New York, New York 10286, Attention: Asset Backed Securities Unit, Telephone: (212) 815-5331, Facsimile: (212) 815-2830, or at such other address as the Indenture Trustee may designate from time to time by notice to the Holders of Securitization Bonds and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"Covenant Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Customers" means all existing and future retail electric distribution customers of Consumers Energy or its successors, including all existing and future retail electric customers who are obligated to pay Securitization Charges pursuant to the Financing Order, except that "Customers" shall exclude (i) customers taking retail open access service from Consumers Energy as of December 6, 2013 to the extent that those retail open access customers remain, without transition to bundled service, on Consumers Energy's retail choice program, (ii) customers to the extent they obtain or use Self-Service Power and (iii) customers to the extent engaged in Affiliate Wheeling.

"Daily Remittance" is defined in Section 6.11(a) of the Servicing Agreement.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Definitive Securitization Bonds" is defined in Section 2.11 of the Indenture.

"Delaware UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Delaware.

"DTC" means The Depository Trust Company.

"Eligible Account" means a segregated non-interest-bearing trust account with an Eligible Institution.

"Eligible Institution" means:

(a) the corporate trust department of the Indenture Trustee, so long as any of the securities of the Indenture Trustee has a credit rating from each Rating Agency in one of its generic rating categories that signifies investment grade; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank) (i) that has either (A) a long-term issuer rating of "AA-" or higher by S&P and "A2" or higher by Moody's or (B) a short-term issuer rating of "A-1+" or higher by S&P and "P-1" or higher by Moody's or any other long-term, short-term or certificate of deposit rating acceptable to the Rating Agencies, and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation.

If so qualified under clause (b) of this definition, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.

"Eligible Investments" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, or bankers' acceptances issued by, any depository institution (including the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by U.S. federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of Consumers Energy or any of its Affiliates), which at the time of purchase is rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's and S&P;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has a long-term unsecured debt rating of at least "A+" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "Aa3" from Moody's and a short-term unsecured debt rating of at least "P1" from Moody's.

"Event of Default" is defined in Section 5.01 of the Indenture.

"Excess Funds Subaccount" is defined in Section 8.02(a) of the Indenture.

"Exchange Act" means the Securities Exchange Act of 1934.

"Expected Amortization Schedule" means, with respect to any Tranche, the expected amortization schedule related thereto set forth in the Series Supplement.

"Federal Book-Entry Regulations" means 31 C.F.R. Part 357 et seq. (Department of Treasury).

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Servicer from three federal funds brokers of recognized standing selected by it.

"Final" means, with respect to the Financing Order, that the Financing Order has become final, that the Financing Order is not being appealed and that the time for filing an appeal thereof has expired.

"Final Maturity Date" means, with respect to each Tranche of Securitization Bonds, the final maturity date therefor as specified in the Series Supplement.

"Financing Order" means the financing order issued by the Commission to Consumers Energy on December 6, 2013, Case No. U-17473, authorizing the creation of the Securitization Property. Consumers Energy unconditionally accepted all conditions and limitations requested by such order in a letter dated January 24, 2014 from Consumers Energy to the Commission.

"General Subaccount" is defined in Section 8.02(a) of the Indenture.

"Global Securitization Bond" means a Securitization Bond to be issued to the Holders thereof in Book-Entry Form, which Global Securitization Bond shall be issued to the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement.

"Governmental Authority" means any nation or government, any U.S. federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Grant" means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, grant a lien upon, a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the Securitization Bond Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Securitization Bond Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise and generally to do and receive

anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Indemnified Losses" is defined in Section 5.03 of the Servicing Agreement.

"Indemnified Party" is defined in Section 6.02(a) of the Servicing Agreement.

"Indemnified Person" is defined in Section 5.01(f) of the Sale Agreement.

"Indenture" means the Indenture, dated as of the Closing Date, by and between the Issuer and The Bank of New York Mellon, a New York banking corporation, as Indenture Trustee and as Securities Intermediary.

"Indenture Trustee" means The Bank of New York Mellon, a New York banking corporation, as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee for the benefit of the Secured Parties, under the Indenture.

"Independent" means, when used with respect to any specified Person, that such specified Person (a) is in fact independent of the Issuer, any other obligor on the Securitization Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or person performing similar functions.

"Independent Certificate" means a certificate to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such certificate shall state that the signer has read the definition of "Independent" in the Indenture and that the signer is Independent within the meaning thereof.

"Independent Manager" is defined in Section 4.01(a) of the LLC Agreement.

"Independent Manager Fee" is defined in Section 4.01(a) of the LLC Agreement.

"Insolvency Event" means, with respect to a specified Person: (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such specified Person or any substantial part of its property in an involuntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee,

sequestrator or similar official for such specified Person or for any substantial part of its property, or ordering the winding-up or liquidation of such specified Person's affairs, and such

decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such specified Person of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or the consent by such specified Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such specified Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or the making by such specified Person of any general assignment for the benefit of creditors, or the failure by such specified Person generally to pay its debts as such debts become due, or the taking of action by such specified Person in furtherance of any of the foregoing.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of the Closing Date, by and among the Issuer, the Indenture Trustee, Consumers Energy, the parties to the accounts receivables sale program of Consumers Receivables Funding II, LLC, Consumers Funding LLC and the trustee for the securitization bonds issued by Consumers Funding LLC, and any subsequent such agreement.

"Interim True-Up Adjustment" means either a Semi-Annual Interim True-Up Adjustment made in accordance with Section 4.01(b)(ii) of the Servicing Agreement or an Additional Interim True-Up Adjustment made in accordance with Section 4.01(b)(iii) of the Servicing Agreement.

"Investment Company Act" means the Investment Company Act of 1940.

"Investment Earnings" means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

"Issuer" means Consumers 2014 Securitization Funding LLC, a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the Trust Indenture Act, each other obligor on the Securitization Bonds.

"Issuer Documents" is defined in Section 1(a)(iv) of the Administration Agreement.

"Issuer Order" means a written order signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Issuer Request" means a written request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Legal Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Letter of Representations" means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency's rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitization Bonds.

"Lien" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Consumers 2014 Securitization Funding LLC, dated as of the Closing Date.

"Losses" means (a) any and all amounts of principal of and interest on the Securitization Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic Documents or the Financing Order that are not made when so required and (b) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

"Manager" means each manager of the Issuer under the LLC Agreement.

"Member" has the meaning specified in the first paragraph of the LLC Agreement.

"Michigan UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Michigan.

"Monthly Servicer's Certificate" is defined in Section 3.01(b)(i) of the Servicing Agreement.

"Moody's" means Moody's Investors Service, Inc.. References to Moody's are effective so long as Moody's is a Rating Agency.

"NRSRO" is defined in Section 10.18(b) of the Indenture.

"NY UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of New York.

"Officer's Certificate" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee.

"Ongoing Other Qualified Costs" means the Qualified Costs described as such in the Financing Order, including Operating Expenses and any other costs identified in the Basic Documents; provided, however, that Ongoing Other Qualified Costs do not include the Issuer's costs of issuance of the

Securitization Bonds and Consumers Energy's costs of retiring existing debt and equity securities.

"Operating Expenses" means all unreimbursed fees, costs and out-of-pocket expenses of the Issuer, including all amounts owed by the Issuer to the Indenture Trustee (including indemnities, legal fees and expenses) or any Manager, the Servicing Fee, the Administration Fee, legal and accounting fees, Rating Agency and related fees (i.e. website provider fees) and any franchise or other taxes owed by the Issuer, including on investment income in the Collection Account.

"Opinion of Counsel" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"Outstanding" means, as of the date of determination, all Securitization Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Securitization Bonds theretofore canceled by the Securitization Bond Registrar or delivered to the Securitization Bond Registrar for cancellation;

(b) Securitization Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Securitization Bonds; and

(c) Securitization Bonds in exchange for or in lieu of other Securitization Bonds that have been issued pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Securitization Bonds are held by a Protected Purchaser;

provided, that, in determining whether the Holders of the requisite Outstanding Amount of the Securitization Bonds or any Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver under any Basic Document, Securitization Bonds owned by the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding (unless one or more such Persons owns 100% of such Securitization Bonds), except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitization Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Securitization Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Securitization Bonds and that the pledgee is not the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all Securitization Bonds, or, if the context requires, all Securitization Bonds of a Tranche, Outstanding at the date of determination.

"Paying Agent" means, with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Securitization Bonds pursuant to the Indenture.

"Payment Date" means, with respect to any Tranche of Securitization Bonds, the dates specified in the Series Supplement; provided, that if any such date is not a Business Day, the Payment Date shall be the Business Day succeeding such date.

"Periodic Billing Requirement" means, for any Calculation Period, the aggregate amount of Securitization Charges calculated by the Servicer as necessary to be billed during such period in order to collect the Periodic Payment Requirement on a timely basis.

"Periodic Interest" means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

"Periodic Payment Requirement" for any Calculation Period means the total dollar amount of Securitization Charge Collections reasonably calculated by the Servicer in accordance with Section 4.01 of the Servicing Agreement as necessary to be received during such Calculation Period (after giving effect to the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation and that are projected to be available for payments on the Securitization Bonds at the end of such Calculation Period and including any shortfalls in Periodic Payment Requirements for any prior Calculation Period) in order to ensure that, as of the last Payment Date occurring in such Calculation Period, (a) all accrued and unpaid interest on the Securitization Bonds then due shall have been paid in full on a timely basis, (b) the Outstanding Amount of the Securitization Bonds is equal to the Projected Unpaid Balance on each Payment Date during such Calculation Period, (c) the balance on deposit in the Capital Subaccount equals the Required Capital Level and (d) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided, that, with respect to any Annual True-Up Adjustment or Interim True-Up Adjustment occurring after the date that is one year prior to the last Scheduled Final Payment Date for the Securitization Bonds, the Periodic Payment Requirements shall be calculated to ensure that sufficient Securitization Charges will be collected to retire the Securitization Bonds in full as of the next Payment Date.

"Periodic Principal" means, with respect to any Payment Date, the excess, if any, of the Outstanding Amount of Securitization Bonds over the outstanding principal balance specified for such Payment Date on the Expected Amortization Schedule.

"Permitted Lien" means the Lien created by the Indenture.

"Permitted Successor" is defined in Section 5.02 of the Sale Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Predecessor Securitization Bond" means, with respect to any particular Securitization Bond, every previous Securitization Bond evidencing all or a portion of the same debt as that evidenced by such particular Securitization Bond, and, for the purpose of this definition, any Securitization Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Securitization Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Securitization Bond.

"Premises" is defined in Section 1(g) of the Administration Agreement.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Projected Unpaid Balance" means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of Securitization Bonds for such Payment Date set forth in the Expected Amortization Schedule.

"Protected Purchaser" has the meaning specified in Section 8-303 of the UCC.

"Qualified Costs" means all qualified costs as defined in Section 10h(g) of the Securitization Law allowed to be recovered by Consumers Energy under the Financing Order.

"Rating Agency" means, with respect to any Tranche of Securitization Bonds, any of Moody's or S&P that provides a rating with respect to the Securitization Bonds. If no such organization (or successor) is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Indenture Trustee and the Servicer.

"Rating Agency Condition" means, with respect to any action, at least ten Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each of S&P and Moody's to the Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of Securitization Bonds; provided, that, if, within such ten Business Day period, any Rating Agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (a) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request and, if it has, promptly request the related Rating Agency Condition confirmation and (b) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent).

"Record Date" means one Business Day prior to the applicable Payment Date.

"Registered Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Regulation AB" means the rules of the SEC promulgated under Subpart 229.1100 — Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123.

"Reimbursable Expenses" is defined in Section 2 of the Administration Agreement.

"Released Parties" is defined in Section 6.02(d) of the Servicing Agreement.

"Required Capital Level" means an amount of capital equal to 0.5% of the initial principal amount of the Securitization Bonds.

"Requirement of Law" means any foreign, U.S. federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

"Responsible Officer" means, with respect to: (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business. References to S&P are effective so long as S&P is a Rating Agency.

"Sale Agreement" means the Securitization Property Purchase and Sale Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Scheduled Final Payment Date" means, with respect to each Tranche of Securitization Bonds, the date when all interest and principal is scheduled to be paid with respect to that Tranche in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date with respect to any Tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such Tranche. The "last Scheduled Final Payment Date" means the Scheduled Final Payment Date of the latest maturing Tranche of Securitization Bonds.

"Scheduled Payment Date" means, with respect to each Tranche of Securitization Bonds, each Payment Date on which principal for such Tranche is to be paid in accordance with the Expected Amortization Schedule for such Tranche.

"SEC" means the Securities and Exchange Commission.

"Secured Obligations" means the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Securitization Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee.

"Secured Parties" means the Indenture Trustee, the Holders and any credit enhancer described in the Series Supplement.

"Securities Act" means the Securities Act of 1933.

"Securities Intermediary" means The Bank of New York Mellon, a New York banking corporation, solely in the capacity of a "securities intermediary" as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

"Securitization Bond Collateral" is defined in the preamble of the Indenture.

"Securitization Bond Register" is defined in Section 2.05 of the Indenture.

"Securitization Bond Registrar" is defined in Section 2.05 of the Indenture.

"Securitization Bonds" means the securitization bonds authorized by the Financing Order and issued under the Indenture.

"Securitization Charge" means any securitization charges as defined in Section 10h(i) of the Securitization Law that are authorized by the Financing Order.

"Securitization Charge Collections" means Securitization Charges actually received by the Servicer to be remitted to the Collection Account.

"Securitization Charge Payments" means the payments made by Customers based on the Securitization Charges.

"Securitization Law" means the laws of the State of Michigan adopted in June 2000 enacted as 2000 PA 142.

"Securitization Property" means all securitization property as defined in Section 10h(j) of the Securitization Law created pursuant to the Financing Order and under the Securitization Law, including the right to impose, collect and receive the Securitization Charges in an amount necessary to provide the full recovery of all Qualified Costs, the right under the Financing Order to obtain periodic adjustments of Securitization Charges under Section 10k(3) of the Securitization Law and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests described under Section 10(j) of the Securitization Law. The term "Securitization Property" when used with respect to Consumers Energy means and includes the rights of Consumers Energy that exist prior to the time that such rights are first transferred in connection with the issuance of the Securitization Bonds so as to become Securitization Property in accordance with Section 10j(2) of the Securitization Law and the Financing Order.

"Securitization Property Records" is defined in Section 5.01 of the Servicing Agreement.

"Securitization Rate Class" means one of the four separate rate classes to whom Securitization Charges are allocated for ratemaking purposes in accordance with the Financing Order.

"Securitization Rate Schedule" means the Tariff sheets to be filed with the Commission stating the amounts of the Securitization Charges, as such Tariff sheets may be amended or modified from time to time pursuant to a True-Up Adjustment.

"Self-Service Power" means (a) electricity generated and consumed at an industrial site or contiguous industrial site or single commercial establishment or single residence without the use of an electric utility's transmission and distribution system or (b) electricity generated primarily by the use of by-product fuels, including waste water solids, which electricity is consumed as part of a contiguous facility, with the use of an electric utility's transmission and distribution system, but only if the point or points of receipt of the power within the facility are not greater than three miles distant from the point of generation. A site or facility with load existing on the effective date of the Securitization Law that is divided by an inland body of water or by a public highway, road or street but that otherwise meets this definition meets the contiguous requirement of this definition regardless of whether Self-Service Power was being generated on the effective date of the Securitization Law. A commercial or industrial facility or single residence that meets the requirements of clause (a) above or clause (b) above meets this definition whether or not the generation facility is owned by an entity different from the owner of the commercial or industrial site or single residence.

"Seller" is defined in the preamble to the Sale Agreement.

"Semi-Annual Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(ii) of the Servicing Agreement.

"Semi-Annual Servicer's Certificate" is defined in Section 4.01(c)(ii) of the Servicing Agreement.

"Series Supplement" means the indenture supplemental to the Indenture in the form attached as Exhibit B to the Indenture that authorizes the issuance of the Securitization Bonds.

"Servicer" means Consumers Energy, as Servicer under the Servicing Agreement.

"Servicer Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business.

"Servicer Default" is defined in Section 7.01 of the Servicing Agreement.

"Servicer Policies and Practices" means, with respect to the Servicer's duties under Exhibit A to the Servicing Agreement, the policies and practices of the Servicer applicable to such duties that the Servicer follows with respect to comparable assets that it services for itself and, if applicable, others.

"Servicing Agreement" means the Securitization Property Servicing Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Servicing Fee" is defined in Section 6.06(a) of the Servicing Agreement.

"Servicing Standard" means the obligation of the Servicer to calculate, apply, remit and reconcile proceeds of the Securitization Property, including Securitization Charge Payments, and all other Securitization Bond Collateral for the benefit of the Issuer and the Holders (a) with the same degree of care and diligence as the Servicer applies with respect to payments owed to it for its own account, (b) in accordance with all applicable procedures and requirements established by the Commission for collection of electric utility tariffs and (c) in accordance with the other terms of the Servicing Agreement.

"Special Payment Date" means the date on which, with respect to any Tranche of Securitization Bonds, any payment of principal of or interest (including any interest accruing upon default) on, or any other amount in respect of, the Securitization Bonds of such Tranche that is not actually paid within five days of the Payment Date applicable thereto is to be made by the Indenture Trustee to the Holders.

"Special Record Date" means, with respect to any Special Payment Date, the close of business on the fifteenth day (whether or not a Business Day) preceding such Special Payment Date.

"Sponsor" means Consumers Energy, in its capacity as "sponsor" of the Securitization Bonds within the meaning of Regulation AB.

"State" means any one of the fifty states of the United States of America or the District of Columbia.

"State Pledge" means the pledge of the State of Michigan as set forth in Section 10n(2) of the Securitization Law.

"Subaccounts" is defined in Section 8.02(a) of the Indenture.

"Successor" means any successor to Consumers Energy under the Securitization Law, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, acquisition, sale or transfer, by operation of law, as a result of electric utility restructuring or otherwise.

"Successor Servicer" is defined in Section 3.07(e) of the Indenture.

"Tariff" means the most current version on file with the Commission of Sheet No. C-43.10 and Sheet No. D-5.10 of Consumers Energy's Rate Book for Electric Service, M.P.S.C. 13 — Electric, or substantially comparable sheets included in a later complete revision of Consumers Energy's Rate Book for Electric Service approved and on file with the Commission.

"Tax Returns" is defined in Section 1(a)(iii) of the Administration Agreement.

"Temporary Securitization Bonds" means Securitization Bonds executed and, upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive Securitization Bonds pursuant to Section 2.04 of the Indenture.

"Termination Notice" is defined in Section 7.01 of the Servicing Agreement.

"Tranche" means any one of the groupings of Securitization Bonds differentiated by amortization schedule, interest rate or sinking fund schedule, as specified in the Series Supplement.

"True-Up Adjustment" means any Annual True-Up Adjustment or Interim True-Up Adjustment, as the case may be.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force on the Closing Date, unless otherwise specifically provided.

"UCC" means the Uniform Commercial Code as in effect in the relevant jurisdiction.

"Underwriters" means the underwriters who purchase Securitization Bonds of any Tranche from the Issuer and sell such Securitization Bonds in a public offering.

"Underwriting Agreement" means the Underwriting Agreement, dated July 14, 2014, by and among Consumers Energy, the representatives of the several Underwriters named therein and the Issuer.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and that are not callable at the option of the issuer thereof.

"Weighted Average Days Outstanding" means the weighted average number of days Consumers Energy's monthly bills to Customers remain outstanding during the calendar year preceding the calculation thereof pursuant to Section 4.01(b)(i) of the Servicing Agreement.

B. Rules of Construction. Unless the context otherwise requires, in each Basic Document to which this Appendix A is attached:

(a) All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control.

(b) The term "including" means "including without limitation", and other forms of the verb "include" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated in any of the Basic Documents, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

(e) The words "hereof", "herein" and "hereunder" and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document. References to Articles, Sections, Appendices and Exhibits in any Basic Document are references to Articles, Sections, Appendices and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document.

(f) The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

(g) The definitions contained in this Appendix A apply equally to the singular and plural forms of such terms, and words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.

(h) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth in such agreement or document) and include any attachments thereto.

(i) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(j) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(k) The word "or" is not exclusive.

(l) All terms defined in the relevant Basic Document to which this Appendix A is attached shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein.

(m) A term has the meaning assigned to it.

Exhibit 99.3

ADMINISTRATION AGREEMENT

This ADMINISTRATION AGREEMENT, dated as of July 22, 2014, is entered into by and between CONSUMERS ENERGY COMPANY, as administrator, and CONSUMERS 2014 SECURITIZATION FUNDING LLC, a Delaware limited liability company.

Capitalized terms used but not otherwise defined in this Administration Agreement shall have the respective meanings given to such terms in Appendix A, which is hereby incorporated by reference into this Administration Agreement as if set forth fully in this Administration Agreement. Not all terms defined in Appendix A are used in this Administration Agreement. The rules of construction set forth in Appendix A shall apply to this Administration Agreement and are hereby incorporated by reference into this Administration Agreement as if set forth fully in this Administration Agreement.

W I T N E S S E T H:

WHEREAS, the Issuer is issuing Securitization Bonds pursuant to the Indenture and the Series Supplement;

WHEREAS, the Issuer has entered into certain agreements in connection with the issuance of the Securitization Bonds, including (a) the Indenture, (b) the Servicing Agreement, (c) the Sale Agreement and (d) the other Basic Documents to which the Issuer is a party relating to the Securitization Bonds;

WHEREAS, pursuant to the Basic Documents, the Issuer is required to perform certain duties in connection with the Basic Documents, the Securitization Bonds and the Securitization Bond Collateral pledged to the Indenture Trustee pursuant to the Indenture;

WHEREAS, the Issuer has no employees, other than its officers and managers, and does not intend to hire any employees, and consequently desires to have the Administrator perform certain of the duties of the Issuer referred to above and to provide such additional services consistent with the terms of this Administration Agreement and the other Basic Documents as the Issuer may from time to time request; and

WHEREAS, the Administrator has the capacity to provide the services and the facilities required thereby and is willing to perform such services and provide such facilities for the Issuer on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Duties of the Administrator; Management Services. The Administrator hereby agrees to provide the following corporate management services to the Issuer and to cause third

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parties to provide professional services required for or contemplated by such services in accordance with the provisions of this Administration Agreement:

(a) furnish the Issuer with ordinary clerical, bookkeeping and other corporate administrative services necessary and appropriate for the Issuer, including the following services:

(i) maintain at the Premises general accounting records of the Issuer (the "Account Records"), subject to year-end audit, in accordance with generally accepted accounting principles, separate and apart from its own accounting records, prepare or cause to be prepared such quarterly and annual financial statements as may be necessary or appropriate and arrange for year-end audits of the Issuer's financial statements by the Issuer's independent accountants;

(ii) prepare and, after execution by the Issuer, file with the SEC and any applicable state agencies documents required to be filed by the Issuer with the SEC and any applicable state agencies, including periodic reports required to be filed under the Exchange Act;

(iii) prepare for execution by the Issuer and cause to be filed such income, franchise or other tax returns of the Issuer as shall be required to be filed by applicable law (the "Tax Returns") and cause to be paid on behalf of the Issuer from the Issuer's funds any taxes required to be paid by the Issuer under applicable law;

(iv) prepare or cause to be prepared for execution by the Issuer's Managers minutes of the meetings of the Issuer's Managers and such other documents deemed appropriate by the Issuer to maintain the separate limited liability company existence and good standing of the Issuer (the "Company Minutes") or otherwise required under the Basic Documents (together with the Account Records, the Tax Returns, the Company Minutes, the LLC Agreement and the Certificate of Formation, the "Issuer Documents") and any other documents deliverable by the Issuer thereunder or in connection therewith; and

(v) hold, maintain and preserve at the Premises (or such other place as shall be required by any of the Basic Documents) executed copies (to the extent applicable) of the Issuer Documents and other documents executed by the Issuer thereunder or in connection therewith;

(b) take such actions on behalf of the Issuer as are necessary or desirable for the Issuer to keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware and obtain and preserve its qualification to do business in each jurisdiction in which it becomes necessary to be so qualified;

(c) take such actions on the behalf of the Issuer as are necessary for the issuance and delivery of the Securitization Bonds;

(d) provide for the performance by the Issuer of its obligations under each of the Basic Documents, and prepare, or cause to be prepared, all documents, reports, filings,

instruments, notices, certificates and opinions that it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Basic Documents;

(e) to the full extent allowable under applicable law, enforce each of the rights of the Issuer under the Basic Documents, at the direction of the Indenture Trustee;

(f) provide for the defense, at the direction of the Issuer's Managers, of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any of its assets;

(g) provide office space (the "Premises") for the Issuer and such reasonable ancillary services as are necessary to carry out the obligations of the Administrator hereunder, including telecopying, duplicating and word processing services;

(h) undertake such other administrative services as may be appropriate, necessary or requested by the Issuer; and

(i) provide such other services as are incidental to the foregoing or as the Issuer and the Administrator may agree.

In providing the services under this Section 1 and as otherwise provided under this Administration Agreement, the Administrator will not knowingly take any actions on behalf of the Issuer that (i) the Issuer is prohibited from taking under the Basic Documents, or (ii) would cause the Issuer to be in violation of any U.S. federal, state or local law or the LLC Agreement.

In performing its duties hereunder, the Administrator shall use the same degree of care and diligence that the Administrator exercises with respect to performing such duties for its own account and, if applicable, for others.

2. Compensation. As compensation for the performance of the Administrator's obligations under this Administration Agreement (including the compensation of Persons serving as Manager(s), other than the Independent Manager(s), and officers of the Issuer, but, for the avoidance of doubt, excluding the performance by Consumers Energy of its obligations in its capacity as Servicer), the Administrator shall be entitled to $50,000 annually (the "Administration Fee"), payable by the Issuer in installments of $25,000 on each Payment Date. In addition, the Administrator shall be entitled to be reimbursed by the Issuer for all costs and expenses of services performed by unaffiliated third parties and actually incurred by the Administrator in connection with the performance of its obligations under this Administration Agreement in accordance with Section 3 (but, for the avoidance of doubt, excluding any such costs and expenses incurred by Consumers Energy in its capacity as Servicer), to the extent that such costs and expenses are supported by invoices or other customary documentation and are reasonably allocated to the Issuer ("Reimbursable Expenses").

3. Third Party Services. Any services required for or contemplated by the performance of the above-referenced services by the Administrator to be provided by unaffiliated third parties (including independent accountants' fees and counsel fees) may, if provided for or otherwise contemplated by the Financing Order and if the Issuer deems it necessary or desirable, be arranged by the Issuer or by the Administrator at the direction (which may be general or specific) of the Issuer. Costs and expenses associated with the contracting for such third-party

professional services may be paid directly by the Issuer or paid by the Administrator and reimbursed by the Issuer in accordance with Section 2, or otherwise as the Administrator and the Issuer may mutually arrange.

4. Additional Information to be Furnished to the Issuer. The Administrator shall furnish to the Issuer from time to time such additional information regarding the Securitization Bond Collateral as the Issuer shall reasonably request.

5. Independence of the Administrator. For all purposes of this Administration Agreement, the Administrator shall be an independent contractor and shall not be subject to the supervision of the Issuer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by the Issuer, the Administrator shall have no authority, and shall not hold itself out as having the authority, to act for or represent the Issuer in any way and shall not otherwise be deemed an agent of the Issuer.

6. No Joint Venture. Nothing contained in this Administration Agreement (a) shall constitute the Administrator and the Issuer as partners or co-members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (b) shall be construed to impose any liability as such on either of them or (c) shall be deemed to confer on either of them any express, implied or apparent authority to incur any obligation or liability on behalf of the other.

7. Other Activities of Administrator. Nothing herein shall prevent the Administrator or any of its members, managers, officers, employees or affiliates from engaging in other businesses or, in its sole discretion, from acting in a similar capacity as an administrator for any other Person even though such Person may engage in business activities similar to those of the Issuer.

8. Term of Agreement; Resignation and Removal of Administrator.

(a) This Administration Agreement shall continue in force until the payment in full of the Securitization Bonds and any other amount that may become due and payable under the Indenture, upon which event this Administration Agreement shall automatically terminate.

(b) Subject to Section 8(e) and Section 8(f), the Administrator may resign its duties hereunder by providing the Issuer and the Rating Agencies with at least 60 days' prior written notice.

(c) Subject to Section 8(e) and Section 8(f), the Issuer may remove the Administrator without cause by providing the Administrator and the Rating Agencies with at least 60 days' prior written notice.

(d) Subject to Section 8(e) and Section 8(f), at the sole option of the Issuer, the Administrator may be removed immediately upon written notice of termination from the Issuer to the Administrator and the Rating Agencies if any of the following events shall occur:

(i) the Administrator shall default in the performance of any of its duties under this Administration Agreement and, after notice of such default, shall fail to cure

such default within ten days (or, if such default cannot be cured in such time, shall (A) fail to give within ten days such assurance of cure as shall be reasonably satisfactory to the Issuer and (B) fail to cure such default within 30 days thereafter);

(ii) a court of competent jurisdiction shall enter a decree or order for relief, and such decree or order shall not have been vacated within 60 days, in respect of the Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such court shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Administrator or any substantial part of its property or order the winding-up or liquidation of its affairs; or

(iii) the Administrator shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, shall consent to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Administrator or any substantial part of its property, shall consent to the taking of possession by any such official of any substantial part of its property, shall make any general assignment for the benefit of creditors or shall fail generally to pay its debts as they become due.

The Administrator agrees that if any of the events specified in Section 8(d)(ii) or Section 8(d)(iii) shall occur, it shall give written notice thereof to the Issuer and the Indenture Trustee as soon as practicable but in any event within seven days after the happening of such event.

(e) No resignation or removal of the Administrator pursuant to this Section 8 shall be effective until a successor Administrator has been appointed by the Issuer, and such successor Administrator has agreed in writing to be bound by the terms of this Administration Agreement in the same manner as the Administrator is bound hereunder.

(f) The appointment of any successor Administrator shall be effective only after satisfaction of the Rating Agency Condition with respect to the proposed appointment.

9. Action upon Termination, Resignation or Removal. Promptly upon the effective date of termination of this Administration Agreement pursuant to Section 8(a), the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Section 8(c) or Section 8(d), the Administrator shall be entitled to be paid a pro-rated portion of the annual fee described in Section 2 through the date of termination and all Reimbursable Expenses incurred by it through the date of such termination, resignation or removal. The Administrator shall forthwith upon such termination pursuant to Section 8(a) deliver to the Issuer all property and documents of or relating to the Securitization Bond Collateral then in the custody of the Administrator. In the event of the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Section 8(c) or Section 8(d), the Administrator shall cooperate with the Issuer and take all reasonable steps requested to assist the Issuer in making an orderly transfer of the duties of the Administrator.

10. Administrator's Liability. Except as otherwise provided herein, the Administrator assumes no liability other than to render or stand ready to render the services called for herein, and neither the Administrator nor any of its members, managers, officers, employees or affiliates shall be responsible for any action of the Issuer or any of the members, managers, officers, employees or affiliates of the Issuer (other than the Administrator itself). The Administrator shall not be liable for nor shall it have any obligation with regard to any of the liabilities, whether direct or indirect, absolute or contingent, of the Issuer or any of the members, managers, officers, employees or affiliates of the Issuer (other than the Administrator itself).

11. Indemnity.

(a) **Subject to the priority of payments set forth in the Indenture, the Issuer shall indemnify the Administrator and its shareholders, directors, officers, employees and affiliates against all losses, claims, damages, penalties, judgments, liabilities and expenses (including all expenses of litigation or preparation therefor whether or not the Administrator is a party thereto) that any of them may pay or incur arising out of or relating to this Administration Agreement and the services called for herein; provided, however, that such indemnity shall not apply to any such loss, claim, damage, penalty, judgment, liability or expense resulting from the Administrator's negligence or willful misconduct in the performance of its obligations hereunder.**

(b) **The Administrator shall indemnify the Issuer and its members, managers, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including all expenses of litigation or preparation therefor whether or not the Issuer is a party thereto) that any of them may incur as a result of the Administrator's negligence or willful misconduct in the performance of its obligations hereunder.**

12. Notices. Any notice, report or other communication given hereunder shall be in writing and shall be effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) if to the Issuer, to Consumers 2014 Securitization Funding LLC, at One Energy Plaza, Jackson, Michigan 49201, Attention: Manager, Telephone: (517) 788-1030, Facsimile: (517) 788-6911;

(b) if to the Administrator, to Consumers Energy Company, at One Energy Plaza, Jackson, Michigan 49201, Attention: Corporate Secretary, Telephone: (517) 788-2158, Facsimile: (517) 788-6911; and

(c) if to the Indenture Trustee, to the Corporate Trust Office.

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

13. Amendments. This Administration Agreement may be amended from time to time by a written amendment duly executed and delivered by each of the Issuer and the Administrator, with the prior written consent of the Indenture Trustee, the satisfaction of the Rating Agency Condition; provided, that any such amendment may not adversely affect the interest of any
Holder in any material respect without the consent of the Holders of a majority of the outstanding principal amount of the Securitization Bonds. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

14. Successors and Assigns. This Administration Agreement may not be assigned by the Administrator unless such assignment is previously consented to in writing by the Issuer and the Indenture Trustee and subject to the satisfaction of the Rating Agency Condition in connection therewith. Any assignment with such consent and satisfaction, if accepted by the assignee, shall bind the assignee hereunder in the same manner as the Administrator is bound hereunder. Notwithstanding the foregoing, this Administration Agreement may be assigned by the Administrator without the consent of the Issuer or the Indenture Trustee and without satisfaction of the Rating Agency Condition to a corporation or other organization that is a successor (by merger, reorganization, consolidation or purchase of assets) to the Administrator, including any Permitted Successor; provided, that such successor or organization executes and delivers to the Issuer an agreement in which such corporation or other organization agrees to be bound hereunder by the terms of said assignment in the same manner as the Administrator is bound hereunder. Subject to the foregoing, this Administration Agreement shall bind any successors or assigns of the parties hereto. Upon satisfaction of all of the conditions of this Section 14, the preceding Administrator shall automatically and without further notice be released from all of its obligations hereunder.

15. Governing Law. **This Administration Agreement shall be construed in accordance with the laws of the State of Michigan, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.**

16. Counterparts. This Administration Agreement may be executed in counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same Administration Agreement.

17. Severability. Any provision of this Administration Agreement that is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

18. Nonpetition Covenant. Notwithstanding any prior termination of this Administration Agreement, the Administrator covenants that it shall not, prior to the date that is one year and one day after payment in full of the Securitization Bonds, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator,

assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property or ordering the winding up or liquidation of the affairs of the Issuer.

19. Assignment to Indenture Trustee. The Administrator hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties.

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IN WITNESS WHEREOF, the parties have caused this Administration Agreement to be duly executed and delivered as of the day and year first above written.

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

CONSUMERS ENERGY COMPANY,
as Administrator

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: Vice President and Treasurer

Signature Page to
Administration Agreement

APPENDIX A

DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms. The following terms have the following meanings:

"17g-5 Website" is defined in Section 10.18(a) of the Indenture.

"Account Records" is defined in Section 1(a)(i) of the Administration Agreement.

"Act" is defined in Section 10.03(a) of the Indenture.

"Additional Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(iii) of the Servicing Agreement.

"Administration Agreement" means the Administration Agreement, dated as of the Closing Date, by and between Consumers Energy and the Issuer.

"Administration Fee" is defined in Section 2 of the Administration Agreement.

"Administrator" means Consumers Energy, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliate Wheeling" means a Person's use of direct access service where an electric utility delivers electricity generated at a Person's industrial site to that Person or that Person's affiliate at a location, or general aggregated locations, within the State of Michigan that was either one of the following: (a) for at least 90 days during the period from January 1, 1996 to October 1, 1999, supplied by Self-Service Power, but only to the extent of the capacity reserved or load served by Self-Service Power during the period; or (b) capable of being supplied by a Person's cogeneration capacity within the State of Michigan that has had since January 1, 1996 a rated capacity of 15 megawatts or less, was placed in service before December 31, 1975 and has been in continuous service since that date. The term affiliate for purposes of this definition means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another specified entity, where control means, whether through an ownership, beneficial, contractual or equitable interest, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person or the ownership of at least 7% of an entity either directly or indirectly.

"Amendatory Schedule" means a revision to service riders or any other notice filing filed with the Commission in respect of the Securitization Rate Schedule pursuant to a True-Up Adjustment.

"Annual Accountant's Report" is defined in Section 3.04(a) of the Servicing Agreement.

"Annual True-Up Adjustment" means each adjustment to the Securitization Charges made in accordance with Section 4.01(b)(i) of the Servicing Agreement.

"Annual True-Up Adjustment Date" means the first billing cycle of August of each year, commencing in August, 2015.

"Authorized Denomination" means, with respect to any Securitization Bond, the authorized denomination therefor specified in the Series Supplement, which shall be at least $100,000 and, except as otherwise provided in the Series Supplement, integral multiples of $1,000 in excess thereof.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.).

"Basic Documents" means the Indenture, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Certificate of Formation, the LLC Agreement, the Servicing Agreement, the Series Supplement, the Intercreditor Agreement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Bill of Sale" means a bill of sale substantially in the form of Exhibit A to the Sale Agreement delivered pursuant to Section 2.02(a) of the Sale Agreement.

"Billed Securitization Charges" means the amounts of Securitization Charges billed by the Servicer.

"Billing Period" means the period created by dividing the calendar year into 12 consecutive periods of approximately 21 Servicer Business Days.

"Bills" means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by Consumers Energy in its capacity as Servicer.

"Bond Interest Rate" means, with respect to any Tranche of Securitization Bonds, the rate at which interest accrues on the Securitization Bonds of such Tranche, as specified in the Series Supplement.

"Book-Entry Form" means, with respect to any Securitization Bond, that such Securitization Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Securitization Bond was issued.

"Book-Entry Securitization Bonds" means any Securitization Bonds issued in Book-Entry Form; provided, however, that, after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Securitization Bonds are to be issued to the Holder of such Securitization Bonds, such Securitization Bonds shall no longer be "Book-Entry Securitization Bonds".

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are, or DTC or the Corporate Trust Office is, authorized or obligated by law, regulation or executive order to be closed.

"Calculation Period" means, with respect to any True-Up Adjustment, the period comprised of the 12 consecutive Collection Periods beginning with the Collection Period in which such True-Up Adjustment would go into effect; provided, that, in the case of any True-Up Adjustment that would go into effect after the date that is 12 months prior to the last Scheduled Final Payment Date, the Calculation Period shall begin on the date the True-Up Adjustment would go into effect and end on the Payment Date following such True-Up Adjustment date; provided, further, that, for the purpose of calculating the first Periodic Payment Requirement as of the Closing Date, "Calculation Period" means, initially, the period commencing on the Closing Date and ending on the last day of the billing cycle of July, 2015.

"Capital Subaccount" is defined in Section 8.02(a) of the Indenture.

"Capital Subaccount Investment Earnings" shall mean, for any Payment Date with respect to any Calculation Period, the sum of (a) an amount equal to investment earnings since the previous Payment Date (or, in the case of the first Payment Date, since the Closing Date) on the initial amount deposited by Consumers Energy in the Capital Subaccount plus (b) any such amounts not paid on any prior Payment Date.

"Certificate of Compliance" means the certificate referred to in Section 3.03 of the Servicing Agreement and substantially in the form of Exhibit E to the Servicing Agreement.

"Certificate of Formation" means the Certificate of Formation filed with the Secretary of State of the State of Delaware on March 6, 2014 pursuant to which the Issuer was formed.

"Claim" means a "claim" as defined in Section 101(5) of the Bankruptcy Code.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with such Clearing Agency.

"Closing Date" means July 22, 2014, the date on which the Securitization Bonds are originally issued in accordance with Section 2.10 of the Indenture and the Series Supplement.

"Code" means the Internal Revenue Code of 1986.

"Collection Account" is defined in Section 8.02(a) of the Indenture.

"Collection in Full of the Securitization Charges" means the day on which the aggregate amounts on deposit in the General Subaccount and the Excess Funds Subaccount are sufficient to pay in full all the Outstanding Securitization Bonds and to replenish any shortfall in the Capital Subaccount.

"Collection Period" means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

"Commission" means the Michigan Public Service Commission.

"Commission Regulations" means any regulations, including temporary regulations, promulgated by the Commission pursuant to Michigan law.

"Company Minutes" is defined in Section 1(a)(iv) of the Administration Agreement.

"Consumers Energy" means Consumers Energy Company, a Michigan corporation.

"Corporate Trust Office" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the Closing Date is located at 101 Barclay Street, 7 East, New York, New York 10286, Attention: Asset Backed Securities Unit, Telephone: (212) 815-5331, Facsimile: (212) 815-2830, or at such other address as the Indenture Trustee may designate from time to time by notice to the Holders of Securitization Bonds and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"Covenant Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Customers" means all existing and future retail electric distribution customers of Consumers Energy or its successors, including all existing and future retail electric customers who are obligated to pay Securitization Charges pursuant to the Financing Order, except that "Customers" shall exclude (i) customers taking retail open access service from Consumers Energy as of December 6, 2013 to the extent that those retail open access customers remain, without transition to bundled service, on Consumers Energy's retail choice program, (ii) customers to the extent they obtain or use Self-Service Power and (iii) customers to the extent engaged in Affiliate Wheeling.

"Daily Remittance" is defined in Section 6.11(a) of the Servicing Agreement.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Definitive Securitization Bonds" is defined in Section 2.11 of the Indenture.

"Delaware UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Delaware.

"DTC" means The Depository Trust Company.

"Eligible Account" means a segregated non-interest-bearing trust account with an Eligible Institution.

"Eligible Institution" means:

(a) the corporate trust department of the Indenture Trustee, so long as any of the securities of the Indenture Trustee has a credit rating from each Rating Agency in one of its generic rating categories that signifies investment grade; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank) (i) that has either (A) a long-term issuer rating of "AA-" or higher by S&P and "A2" or higher by Moody's or (B) a short-term issuer rating of "A-1+" or higher by S&P and "P-1" or higher by Moody's or any other long-term, short-term or certificate of deposit rating acceptable to the Rating Agencies, and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation.

If so qualified under clause (b) of this definition, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.

"Eligible Investments" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, or bankers' acceptances issued by, any depository institution (including the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by U.S. federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of Consumers Energy or any of its Affiliates), which at the time of purchase is rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's and S&P;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has a long-term unsecured debt rating of at least "A+" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "Aa3" from Moody's and a short-term unsecured debt rating of at least "P1" from Moody's.

"Event of Default" is defined in Section 5.01 of the Indenture.

"Excess Funds Subaccount" is defined in Section 8.02(a) of the Indenture.

"Exchange Act" means the Securities Exchange Act of 1934.

"Expected Amortization Schedule" means, with respect to any Tranche, the expected amortization schedule related thereto set forth in the Series Supplement.

"Federal Book-Entry Regulations" means 31 C.F.R. Part 357 et seq. (Department of Treasury).

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Servicer from three federal funds brokers of recognized standing selected by it.

"Final" means, with respect to the Financing Order, that the Financing Order has become final, that the Financing Order is not being appealed and that the time for filing an appeal thereof has expired.

"Final Maturity Date" means, with respect to each Tranche of Securitization Bonds, the final maturity date therefor as specified in the Series Supplement.

"Financing Order" means the financing order issued by the Commission to Consumers Energy on December 6, 2013, Case No. U-17473, authorizing the creation of the Securitization Property. Consumers Energy unconditionally accepted all conditions and limitations requested by such order in a letter dated January 24, 2014 from Consumers Energy to the Commission.

"General Subaccount" is defined in Section 8.02(a) of the Indenture.

"Global Securitization Bond" means a Securitization Bond to be issued to the Holders thereof in Book-Entry Form, which Global Securitization Bond shall be issued to the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement.

"Governmental Authority" means any nation or government, any U.S. federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Grant" means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, grant a lien upon, a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the Securitization Bond Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Securitization Bond Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise and generally to do and receive

anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Indemnified Losses" is defined in Section 5.03 of the Servicing Agreement.

"Indemnified Party" is defined in Section 6.02(a) of the Servicing Agreement.

"Indemnified Person" is defined in Section 5.01(f) of the Sale Agreement.

"Indenture" means the Indenture, dated as of the Closing Date, by and between the Issuer and The Bank of New York Mellon, a New York banking corporation, as Indenture Trustee and as Securities Intermediary.

"Indenture Trustee" means The Bank of New York Mellon, a New York banking corporation, as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee for the benefit of the Secured Parties, under the Indenture.

"Independent" means, when used with respect to any specified Person, that such specified Person (a) is in fact independent of the Issuer, any other obligor on the Securitization Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or person performing similar functions.

"Independent Certificate" means a certificate to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such certificate shall state that the signer has read the definition of "Independent" in the Indenture and that the signer is Independent within the meaning thereof.

"Independent Manager" is defined in Section 4.01(a) of the LLC Agreement.

"Independent Manager Fee" is defined in Section 4.01(a) of the LLC Agreement.

"Insolvency Event" means, with respect to a specified Person: (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such specified Person or any substantial part of its property in an involuntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or ordering the winding-up or liquidation of such specified Person's affairs, and such

decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such specified Person of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or the consent by such specified Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such specified Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or the making by such specified Person of any general assignment for the benefit of creditors, or the failure by such specified Person generally to pay its debts as such debts become due, or the taking of action by such specified Person in furtherance of any of the foregoing.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of the Closing Date, by and among the Issuer, the Indenture Trustee, Consumers Energy, the parties to the accounts receivables sale program of Consumers Receivables Funding II, LLC, Consumers Funding LLC and the trustee for the securitization bonds issued by Consumers Funding LLC, and any subsequent such agreement.

"Interim True-Up Adjustment" means either a Semi-Annual Interim True-Up Adjustment made in accordance with Section 4.01(b)(ii) of the Servicing Agreement or an Additional Interim True-Up Adjustment made in accordance with Section 4.01(b)(iii) of the Servicing Agreement.

"Investment Company Act" means the Investment Company Act of 1940.

"Investment Earnings" means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

"Issuer" means Consumers 2014 Securitization Funding LLC, a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the Trust Indenture Act, each other obligor on the Securitization Bonds.

"Issuer Documents" is defined in Section 1(a)(iv) of the Administration Agreement.

"Issuer Order" means a written order signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Issuer Request" means a written request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Legal Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Letter of Representations" means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency's rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitization Bonds.

"Lien" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Consumers 2014 Securitization Funding LLC, dated as of the Closing Date.

"Losses" means (a) any and all amounts of principal of and interest on the Securitization Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic Documents or the Financing Order that are not made when so required and (b) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

"Manager" means each manager of the Issuer under the LLC Agreement.

"Member" has the meaning specified in the first paragraph of the LLC Agreement.

"Michigan UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Michigan.

"Monthly Servicer's Certificate" is defined in Section 3.01(b)(i) of the Servicing Agreement.

"Moody's" means Moody's Investors Service, Inc.. References to Moody's are effective so long as Moody's is a Rating Agency.

"NRSRO" is defined in Section 10.18(b) of the Indenture.

"NY UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of New York.

"Officer's Certificate" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee.

"Ongoing Other Qualified Costs" means the Qualified Costs described as such in the Financing Order, including Operating Expenses and any other costs identified in the Basic Documents; provided, however, that Ongoing Other Qualified Costs do not include the Issuer's costs of issuance of the Securitization Bonds and Consumers Energy's costs of retiring existing debt and equity securities.

"Operating Expenses" means all unreimbursed fees, costs and out-of-pocket expenses of the Issuer, including all amounts owed by the Issuer to the Indenture Trustee (including indemnities, legal fees and expenses) or any Manager, the Servicing Fee, the Administration Fee, legal and accounting fees, Rating Agency and related fees (i.e. website provider fees) and any franchise or other taxes owed by the Issuer, including on investment income in the Collection Account.

"Opinion of Counsel" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"Outstanding" means, as of the date of determination, all Securitization Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Securitization Bonds theretofore canceled by the Securitization Bond Registrar or delivered to the Securitization Bond Registrar for cancellation;

(b) Securitization Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Securitization Bonds; and

(c) Securitization Bonds in exchange for or in lieu of other Securitization Bonds that have been issued pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Securitization Bonds are held by a Protected Purchaser;

provided, that, in determining whether the Holders of the requisite Outstanding Amount of the Securitization Bonds or any Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver under any Basic Document, Securitization Bonds owned by the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding (unless one or more such Persons owns 100% of such Securitization Bonds), except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitization Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Securitization Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Securitization Bonds and that the pledgee is not the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all Securitization Bonds, or, if the context requires, all Securitization Bonds of a Tranche, Outstanding at the date of determination.

"Paying Agent" means, with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Securitization Bonds pursuant to the Indenture.

"Payment Date" means, with respect to any Tranche of Securitization Bonds, the dates specified in the Series Supplement; provided, that if any such date is not a Business Day, the Payment Date shall be the Business Day succeeding such date.

"Periodic Billing Requirement" means, for any Calculation Period, the aggregate amount of Securitization Charges calculated by the Servicer as necessary to be billed during such period in order to collect the Periodic Payment Requirement on a timely basis.

"Periodic Interest" means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

"Periodic Payment Requirement" for any Calculation Period means the total dollar amount of Securitization Charge Collections reasonably calculated by the Servicer in accordance with Section 4.01 of the Servicing Agreement as necessary to be received during such Calculation Period (after giving effect to the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation and that are projected to be available for payments on the Securitization Bonds at the end of such Calculation Period and including any shortfalls in Periodic Payment Requirements for any prior Calculation Period) in order to ensure that, as of the last Payment Date occurring in such Calculation Period, (a) all accrued and unpaid interest on the Securitization Bonds then due shall have been paid in full on a timely basis, (b) the Outstanding Amount of the Securitization Bonds is equal to the Projected Unpaid Balance on each Payment Date during such Calculation Period, (c) the balance on deposit in the Capital Subaccount equals the Required Capital Level and (d) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided, that, with respect to any Annual True-Up Adjustment or Interim True-Up Adjustment occurring after the date that is one year prior to the last Scheduled Final Payment Date for the Securitization Bonds, the Periodic Payment Requirements shall be calculated to ensure that sufficient Securitization Charges will be collected to retire the Securitization Bonds in full as of the next Payment Date.

"Periodic Principal" means, with respect to any Payment Date, the excess, if any, of the Outstanding Amount of Securitization Bonds over the outstanding principal balance specified for such Payment Date on the Expected Amortization Schedule.

"Permitted Lien" means the Lien created by the Indenture.

"Permitted Successor" is defined in Section 5.02 of the Sale Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Predecessor Securitization Bond" means, with respect to any particular Securitization Bond, every previous Securitization Bond evidencing all or a portion of the same debt as that evidenced by such particular Securitization Bond, and, for the purpose of this definition, any Securitization Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Securitization Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Securitization Bond.

"Premises" is defined in Section 1(g) of the Administration Agreement.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Projected Unpaid Balance" means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of Securitization Bonds for such Payment Date set forth in the Expected Amortization Schedule.

"Protected Purchaser" has the meaning specified in Section 8-303 of the UCC.

"Qualified Costs" means all qualified costs as defined in Section 10h(g) of the Securitization Law allowed to be recovered by Consumers Energy under the Financing Order.

"Rating Agency" means, with respect to any Tranche of Securitization Bonds, any of Moody's or S&P that provides a rating with respect to the Securitization Bonds. If no such organization (or successor) is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Indenture Trustee and the Servicer.

"Rating Agency Condition" means, with respect to any action, at least ten Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each of S&P and Moody's to the Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of Securitization Bonds; provided, that, if, within such ten Business Day period, any Rating Agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (a) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request and, if it has, promptly request the related Rating Agency Condition confirmation and (b) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent).

"Record Date" means one Business Day prior to the applicable Payment Date.

"Registered Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Regulation AB" means the rules of the SEC promulgated under Subpart 229.1100 — Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123.

"Reimbursable Expenses" is defined in Section 2 of the Administration Agreement.

"Released Parties" is defined in Section 6.02(d) of the Servicing Agreement.

"Required Capital Level" means an amount of capital equal to 0.5% of the initial principal amount of the Securitization Bonds.

"Requirement of Law" means any foreign, U.S. federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

"Responsible Officer" means, with respect to: (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business. References to S&P are effective so long as S&P is a Rating Agency.

"Sale Agreement" means the Securitization Property Purchase and Sale Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Scheduled Final Payment Date" means, with respect to each Tranche of Securitization Bonds, the date when all interest and principal is scheduled to be paid with respect to that Tranche in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date with respect to any Tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such Tranche. The "last Scheduled Final Payment Date" means the Scheduled Final Payment Date of the latest maturing Tranche of Securitization Bonds.

"Scheduled Payment Date" means, with respect to each Tranche of Securitization Bonds, each Payment Date on which principal for such Tranche is to be paid in accordance with the Expected Amortization Schedule for such Tranche.

"SEC" means the Securities and Exchange Commission.

"Secured Obligations" means the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Securitization Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee.

"Secured Parties" means the Indenture Trustee, the Holders and any credit enhancer described in the Series Supplement.

"Securities Act" means the Securities Act of 1933.

"Securities Intermediary" means The Bank of New York Mellon, a New York banking corporation, solely in the capacity of a "securities intermediary" as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

"Securitization Bond Collateral" is defined in the preamble of the Indenture.

"Securitization Bond Register" is defined in Section 2.05 of the Indenture.

"Securitization Bond Registrar" is defined in Section 2.05 of the Indenture.

"Securitization Bonds" means the securitization bonds authorized by the Financing Order and issued under the Indenture.

"Securitization Charge" means any securitization charges as defined in Section 10h(i) of the Securitization Law that are authorized by the Financing Order.

"Securitization Charge Collections" means Securitization Charges actually received by the Servicer to be remitted to the Collection Account.

"Securitization Charge Payments" means the payments made by Customers based on the Securitization Charges.

"Securitization Law" means the laws of the State of Michigan adopted in June 2000 enacted as 2000 PA 142.

"Securitization Property" means all securitization property as defined in Section 10h(j) of the Securitization Law created pursuant to the Financing Order and under the Securitization Law, including the right to impose, collect and receive the Securitization Charges in an amount necessary to

provide the full recovery of all Qualified Costs, the right under the Financing Order to obtain periodic adjustments of Securitization Charges under Section 10k(3) of the Securitization Law and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests described under Section 10(j) of the Securitization Law. The term "Securitization Property" when used with respect to Consumers Energy means and includes the rights of Consumers Energy that exist prior to the time that such rights are first transferred in connection with the issuance of the Securitization Bonds so as to become Securitization Property in accordance with Section 10j(2) of the Securitization Law and the Financing Order.

"Securitization Property Records" is defined in Section 5.01 of the Servicing Agreement.

"Securitization Rate Class" means one of the four separate rate classes to whom Securitization Charges are allocated for ratemaking purposes in accordance with the Financing Order.

"Securitization Rate Schedule" means the Tariff sheets to be filed with the Commission stating the amounts of the Securitization Charges, as such Tariff sheets may be amended or modified from time to time pursuant to a True-Up Adjustment.

"Self-Service Power" means (a) electricity generated and consumed at an industrial site or contiguous industrial site or single commercial establishment or single residence without the use of an electric utility's transmission and distribution system or (b) electricity generated primarily by the use of by-product fuels, including waste water solids, which electricity is consumed as part of a contiguous facility, with the use of an electric utility's transmission and distribution system, but only if the point or points of receipt of the power within the facility are not greater than three miles distant from the point of generation. A site or facility with load existing on the effective date of the Securitization Law that is divided by an inland body of water or by a public highway, road or street but that otherwise meets this definition meets the contiguous requirement of this definition regardless of whether Self-Service Power was being generated on the effective date of the Securitization Law. A commercial or industrial facility or single residence that meets the requirements of clause (a) above or clause (b) above meets this definition whether or not the generation facility is owned by an entity different from the owner of the commercial or industrial site or single residence.

"Seller" is defined in the preamble to the Sale Agreement.

"Semi-Annual Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(ii) of the Servicing Agreement.

"Semi-Annual Servicer's Certificate" is defined in Section 4.01(c)(ii) of the Servicing Agreement.

"Series Supplement" means the indenture supplemental to the Indenture in the form attached as Exhibit B to the Indenture that authorizes the issuance of the Securitization Bonds.

"Servicer" means Consumers Energy, as Servicer under the Servicing Agreement.

"Servicer Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business.

"Servicer Default" is defined in Section 7.01 of the Servicing Agreement.

"Servicer Policies and Practices" means, with respect to the Servicer's duties under Exhibit A to the Servicing Agreement, the policies and practices of the Servicer applicable to such duties that the Servicer follows with respect to comparable assets that it services for itself and, if applicable, others.

"Servicing Agreement" means the Securitization Property Servicing Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Servicing Fee" is defined in Section 6.06(a) of the Servicing Agreement.

"Servicing Standard" means the obligation of the Servicer to calculate, apply, remit and reconcile proceeds of the Securitization Property, including Securitization Charge Payments, and all other Securitization Bond Collateral for the benefit of the Issuer and the Holders (a) with the same degree of care and diligence as the Servicer applies with respect to payments owed to it for its own account, (b) in accordance with all applicable procedures and requirements established by the Commission for collection of electric utility tariffs and (c) in accordance with the other terms of the Servicing Agreement.

"Special Payment Date" means the date on which, with respect to any Tranche of Securitization Bonds, any payment of principal of or interest (including any interest accruing upon default) on, or any other amount in respect of, the Securitization Bonds of such Tranche that is not actually paid within five days of the Payment Date applicable thereto is to be made by the Indenture Trustee to the Holders.

"Special Record Date" means, with respect to any Special Payment Date, the close of business on the fifteenth day (whether or not a Business Day) preceding such Special Payment Date.

"Sponsor" means Consumers Energy, in its capacity as "sponsor" of the Securitization Bonds within the meaning of Regulation AB.

"State" means any one of the fifty states of the United States of America or the District of Columbia.

"State Pledge" means the pledge of the State of Michigan as set forth in Section 10n(2) of the Securitization Law.

"Subaccounts" is defined in Section 8.02(a) of the Indenture.

"Successor" means any successor to Consumers Energy under the Securitization Law, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, acquisition, sale or transfer, by operation of law, as a result of electric utility restructuring or otherwise.

"Successor Servicer" is defined in Section 3.07(e) of the Indenture.

"Tariff" means the most current version on file with the Commission of Sheet No. C-43.10 and Sheet No. D-5.10 of Consumers Energy's Rate Book for Electric Service, M.P.S.C. 13 — Electric, or substantially comparable sheets included in a later complete revision of Consumers Energy's Rate Book for Electric Service approved and on file with the Commission.

"Tax Returns" is defined in Section 1(a)(iii) of the Administration Agreement.

"Temporary Securitization Bonds" means Securitization Bonds executed and, upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive Securitization Bonds pursuant to Section 2.04 of the Indenture.

"Termination Notice" is defined in Section 7.01 of the Servicing Agreement.

"Tranche" means any one of the groupings of Securitization Bonds differentiated by amortization schedule, interest rate or sinking fund schedule, as specified in the Series Supplement.

"True-Up Adjustment" means any Annual True-Up Adjustment or Interim True-Up Adjustment, as the case may be.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force on the Closing Date, unless otherwise specifically provided.

"UCC" means the Uniform Commercial Code as in effect in the relevant jurisdiction.

"Underwriters" means the underwriters who purchase Securitization Bonds of any Tranche from the Issuer and sell such Securitization Bonds in a public offering.

"Underwriting Agreement" means the Underwriting Agreement, dated July 14, 2014, by and among Consumers Energy, the representatives of the several Underwriters named therein and the Issuer.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and that are not callable at the option of the issuer thereof.

"Weighted Average Days Outstanding" means the weighted average number of days Consumers Energy's monthly bills to Customers remain outstanding during the calendar year preceding the calculation thereof pursuant to Section 4.01(b)(i) of the Servicing Agreement.

B. Rules of Construction. Unless the context otherwise requires, in each Basic Document to which this Appendix A is attached:

(a) All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control.

(b) The term "including" means "including without limitation", and other forms of the verb "include" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated in any of the Basic Documents, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

(e) The words "hereof", "herein" and "hereunder" and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document. References to Articles, Sections, Appendices and Exhibits in any Basic Document are references to Articles, Sections, Appendices and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document.

(f) The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

(g) The definitions contained in this Appendix A apply equally to the singular and plural forms of such terms, and words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.

(h) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth in such agreement or document) and include any attachments thereto.

(i) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(j) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(k) The word "or" is not exclusive.

(l) All terms defined in the relevant Basic Document to which this Appendix A is attached shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein.

(m) A term has the meaning assigned to it.

Exhibit 99.5

July 22, 2014
To Each of the Entities Listed
on Schedule A Attached Hereto

Re: Consumers 2014 Securitization Funding LLC
– Federal Constitutional Issues

Ladies and Gentlemen:

We have acted as special counsel for Consumers Energy Company, a Michigan corporation ("Consumers Energy"), and Consumers 2014 Securitization Funding LLC, a Delaware limited liability company (the "Issuer"), in connection with the Registration Statement on Form S-3 (File Nos. 333-195654 and 333-195654-01) filed on May 2, 2014 and as amended by Amendment No. 1 filed on June 10, 2014 and Amendment No.2 filed on June 25, 2014 by the Issuer with the Securities and Exchange Commission pursuant to the Securities Act of 1933, including the prospectus dated July 7, 2014 and the prospectus supplement dated July 14, 2014, relating to the registration thereunder of the Issuer's senior secured securitization bonds, series 2014A (the "Bonds").

The Bonds will be issued in an aggregate principal amount of $378,000,000 pursuant to an Indenture dated as of the date hereof between the Issuer and The Bank of New York Mellon, a New York banking corporation, as trustee (the "Trustee"), together with a Series Supplement dated as of the date hereof between the Issuer and the Trustee establishing the form and terms of such Bonds (collectively, the "Indenture"). Under the Indenture, the Trustee holds, among other things, Securitization Property as described below as collateral security for the payment of the Bonds. Capitalized terms used but not otherwise defined herein shall have the respective meanings specified in the Indenture. We are delivering this opinion letter pursuant to Section 9(f)(v) of the Underwriting Agreement. In rendering our opinions, we have reviewed copies of the documents identified above.

We have assumed the following facts and matters of law without investigation: Michigan 2000 PA 142, as amended ("Act 142"), provides for certain electric utilities in Michigan to refinance certain amounts, identified as "qualified costs" in Act 142, through the issuance of securitization bonds.(1) Act 142, which is codified at Sections 460.10h, 10i, 10j, 10k, 10*l*, 10m, 10n, 10o, and 10z of the Michigan Compiled Laws ("MCL"), assigns certain powers and duties to the Michigan Public Service Commission ("MPSC") in connection with securitization and provides for the creation of "securitization property" and the

(1) *See Attorney General v. Pub. Serv. Comm'n*, 634 N.W.2d 710, 711 (Mich. Ct. App. 2001).

issuance of "securitization bonds."(2) Section 460.10n(2) of Act 142 (the "State Pledge") contains certain promises by the State of Michigan (the "State") with respect to the Bonds and the Securitization Property, as discussed further in Section I.A. below.

The Securitization Property was created in favor of Consumers Energy pursuant to a financing order (the "Order") issued on December 6, 2013 by the MPSC in Case Number U-17473, pursuant to its authority under Act 142. On the date hereof, Consumers Energy is irrevocably selling, transferring, assigning, setting over and otherwise conveying to the Issuer all right, title and interest of Consumers Energy in and to the Securitization Property. The Securitization Property includes the right to impose and collect certain "securitization charges" described in the Order (the "Securitization Charges"). We have assumed that the Securitization Charges constitute securitization charges within the meaning of Act 142 and may be periodically adjusted, in the manner authorized in the Order.(3) The Order provides:

> Consumers Energy Company, and any successor to Consumers Energy Company, shall impose and collect from customers, in the manner provided by this financing order, securitization charges in amounts sufficient to provide for the full and timely recovery of the amount securitized, the ongoing other qualified costs of the special purpose entity, and federal, state, and local taxes related to the securitization charge.

The Order was issued in response to an application for its issuance that was filed by Consumers Energy with the MPSC pursuant to the provisions of Act 142. The Order became final and not subject to further appeal on January 24, 2014. Consumers Energy filed a letter with the MPSC on January 24, 2014, as required by the Order, to provide Consumers Energy's express written acceptance of all conditions and limitations that the Order places on Consumers Energy.

Section 460.10n(2) of Act 142 provides:

> The state pledges, for the benefit and protection of the financing parties and the electric utility, that it will not

(2) *E.g.*, MCL §§ 460.10i, 460.10j, 460.10k, 460.10n.
(3) We refer you to the opinion of Miller Canfield Paddock and Stone, P.L.C., of even date herewith, that the Securitization Charges constitute securitization charges within the meaning of Act 142 under Michigan law. We do not undertake to express any opinions on matters of Michigan law.

> take or permit any action that would impair the value of securitization property, reduce or alter, except as allowed under section 10k(3), or impair the securitization charges to be imposed, collected, and remitted to financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the related securitization bonds have been paid and performed in full. Any party issuing securitization bonds is authorized to include this pledge in any documentation relating to those bonds.

As authorized by Section 460.10n(2) of Act 142 and the Order, the language of the State Pledge has been included in the Indenture and in the Bonds.

QUESTIONS PRESENTED AND OPINIONS

You have requested our opinions as to:

(1) whether the State Pledge would be held by a federal court to create a contractual relationship between the State of Michigan and the holders of the Bonds (the "Bondholders") for purposes of Article I, Section 10 of the United States Constitution ("Contract Clause")(4);

(2) whether Bondholders (or the Trustee on their behalf) would be successful in a federal court in challenging under the Contract Clause the constitutionality of legislation passed by the Michigan legislature ("Legislature") that becomes law or any action of the MPSC exercising legislative powers prior to the time that the Bonds and related financing costs are fully paid and discharged (collectively referred to herein as "Legislative Action") that in either case limits, alters, impairs or reduces the value of the Securitization Property or the Securitization Charges (collectively referred to herein as an "Impairment");

(4) The Contract Clause provides: "No State shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts; pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contracts, or grant any Title of Nobility."

(3) whether a federal court would grant preliminary injunctive relief under federal law to prevent, prior to trial and decision on the merits, implementation of Legislative Action that limits, alters, impairs or reduces the value of the Securitization Property or the Securitization Charges("Preliminary Injunctive Relief");

(4) assuming a favorable final adjudication of such claim in a federal court, whether permanent injunctive relief would be available to prevent permanent implementation of the challenged Legislative Action ("Permanent Injunctive Relief"); and

(5) whether a federal court would hold, under the "Takings Clause" of the Fifth Amendment to the United States Constitution(5) (made applicable to the State because of the Fourteenth Amendment to the United States Constitution), that the State could not repeal or amend Act 142 or take any other action in contravention of the State Pledge without paying just compensation to the Bondholders if doing so (a) completely deprived Bondholders of all economically beneficial use of the Securitization Property or (b) unduly interfered with the reasonable expectations of the Bondholders arising from their investment in the Bonds.

Based upon our review of relevant reported decisions, as set forth in this letter, but subject to the qualifications, limitations and assumptions (including the assumption that any Impairment would be "substantial") set forth in this letter, it is our opinion that a federal district court of competent jurisdiction, in a properly prepared and presented case:

(1) would hold that the State Pledge creates a contractual relationship between the State and the Bondholders for purposes of the Contract Clause;

(2) would hold that, absent a demonstration by the State that an Impairment is justified by a significant and legitimate public purpose and that such Impairment is reasonable and necessary, the Bondholders (or the Trustee acting on their behalf) would be successful in a federal court in challenging under the Contract Clause the constitutionality of any Legislative Action determined by such court to limit, alter, impair or reduce the value of the

(5) The Takings Clause to the Fifth Amendment of the United States Constitution provides: "nor shall private property be taken for public use, without just compensation."

Securitization Property or the Securitization Charges so as to cause a substantial Impairment prior to the time that the Bonds and related financing costs are fully paid and discharged;

(3) would, depending on the strength of the showing by the plaintiff, balance the factors for determining whether to grant or deny Preliminary Injunctive Relief and would have discretion to grant Preliminary Injunctive Relief; and could also, depending on the strength of the showing by the plaintiff, find the test for Permanent Injunctive Relief satisfied and would have discretion to grant Permanent Injunctive Relief; and

(4) would hold that the Takings Clause would require the State to pay just compensation to Bondholders if the court determines that the State's repeal or amendment of Act 142, or any other action taken by the State in contravention of the State Pledge, (a) completely deprived Bondholders of all economically beneficial use of the Securitization Property or (b) unduly interfered with the reasonable expectations of the Bondholders arising from their investment in the Bonds.

It is important to note that judicial analysis of issues relating to the Contract Clause or the Takings Clause has typically proceeded on a case-by-case basis and that the court's determination, in most instances, depends on the facts and circumstances of the particular case. It is also important to note we are not aware of any reported controlling judicial precedents directly on point. Our analysis is necessarily a reasoned application of judicial decisions involving similar or analogous circumstances. Moreover, the application of equitable principles, including the determination whether to grant or deny Permanent Injunctive Relief or Preliminary Injunctive Relief, is subject to the discretion of the court being asked to grant such relief. We cannot predict the facts and circumstances that will be present in the future and may be relevant to the exercise of such discretion.

DISCUSSION

I. THE SCOPE OF THE CONTRACT CLAUSE

Based on our analysis of relevant judicial authority, as set forth below, it is our opinion, subject to all of the qualifications, limitations and assumptions set forth in this letter (including the assumption that any Impairment would be "substantial"), that, absent a demonstration by the State that an Impairment is justified by a significant and legitimate public purpose and that such Impairment is reasonable and necessary, a reviewing court would conclude that the State Pledge provides a basis upon which the Bondholders (or the Trustee acting on their

behalf) would be successful in a federal court in challenging under the Contract Clause the constitutionality of any Legislative Action determined by such court to limit, alter, impair or reduce the value of the Securitization Property or the Securitization Charges so as to cause a substantial Impairment prior to the time that the Bonds and related financing costs are fully paid and discharged.

The Contract Clause provides, in pertinent part: "No State shall… pass any… Law impairing the Obligation of Contracts." The general purpose of the Contract Clause is "to encourage trade and credit by promoting confidence in the stability of contractual obligations."(6) It is well established that "the Contract Clause limits the power of the States to modify their own contracts as well as to regulate those between private parties."(7) However, the Contract Clause's prohibition of impairment is not absolute; the U.S. Supreme Court has made clear that "[a]lthough the language of the Contract Clause is facially absolute, its prohibition must be accommodated to the inherent police power of the State 'to safeguard the vital interests of its people.'"(8)

The U.S. Supreme Court has applied a three-part analysis to determine whether a particular legislative action violates the Contract Clause:

(1) whether the legislative action operates as a substantial impairment of a contractual relationship;

(2) if there is such an impairment, whether the legislative action is justified by a significant and legitimate public purpose; and

(3) whether the adjustment of the rights and responsibilities of the contracting parties is reasonable and appropriate to the public purpose behind the legislative action.(9)

Under this analysis, the threshold inquiry is whether the legislative action operates as a substantial impairment of a contractual relationship.(10) This inquiry has three components:

(6) *U.S. Trust Co. v. New Jersey*, 431 U.S. 1, 5 (1977) (cited herein as "*U.S. Trust*").
(7) *Id.* at 17.
(8) *Energy Reserves Grp., Inc. v. Kan. Power & Light Co.*, 459 U.S. 400, 410 (1983) (cited herein as "*Energy Reserves*") (quoting *Home Bldg. & Loan Ass'n v. Blaisdell*, 290 U.S. 398, 434 (1934) (cited herein as "*Blaisdell*")).
(9) *See Energy Reserves*, 459 U.S. at 411-12. *See also Toledo Area AFL-CIO Council v. Pizza*, 154 F. 3d 307, 323 (6th Cir. 1998) (applying U.S. Supreme Court's three-part analysis).

(1) whether there is a contractual relationship;

(2) whether the change in law impairs that contractual relationship; and

(3) whether the impairment is substantial.

In addition, the U.S. Supreme Court has articulated the "reserved powers doctrine,"—which "concerns the ability of the State to enter into an agreement that limits its power to act in the future . . . [T]he Contract Clause does not require a State to adhere to a contract that surrenders an essential attribute of its sovereignty." (11)

The following three subparts address:

(a) whether there is a contractual relationship between the State and the Bondholders;

(b) if so, whether such contract would violate the "reserved powers doctrine," which would render the contract unenforceable; and

(c) the State's burden to justify an impairment.

It is important to note that any determination of whether a particular Legislative Action constitutes a substantial impairment of a particular contract would necessarily be a fact-specific analysis.(12) Accordingly, nothing in this letter expresses any opinion as to whether a court might find a "substantial impairment" by legislative action in any particular circumstances with respect to the Order, the Securitization Property, the Securitization Charges or the Bonds. For purposes of this letter, we assume in addressing the other parts of the analysis that an impairment would be "substantial."

(10) *Energy Reserves*, 459 U.S. at 411.
(11) *U.S. Trust*, 431 U.S. at 23.
(12) In one example, the U.S. Supreme Court in the *U.S. Trust* case found a substantial impairment where the States of New York and New Jersey repealed outright an "important security provision" securing repayment of bonds. While observing that "no one can be sure precisely how much financial loss the bondholders suffered," the U.S. Supreme Court concluded that "the question of valuation need not be resolved in the instant case because the State

has made no effort to compensate the bondholders for any loss sustained by the repeal." *Id.* at 19.

In Part II of this letter, we address the relief available in a challenge under the Contract Clause.

A. Existence of a Contractual Relationship

In addressing whether there is a contractual relationship, the U.S. Supreme Court has recognized that "absent some clear indication that the legislature intends to bind itself contractually," there is a presumption that a law is not intended to create private contractual rights but instead "merely declares a policy to be pursued until the legislature shall ordain otherwise."(13) This presumption reflects the fact that the principal function of a legislature is not to make contracts, but rather to make laws that establish the state's policies, which may change.(14) Thus, this presumption must be overcome by a party asserting the existence of a contract.(15)

In determining whether a particular statute creates a contractual obligation, "it is of first importance to examine the language of the statute."(16) The U.S. Supreme Court has underscored that, in this determination, "the cardinal inquiry is as to the terms of the statute supposed to create such a contract."(17) "In general, a statute is itself treated as a contract when the language and circumstances evince a legislative intent to create private rights of a contractual nature enforceable against the State."(18)

In the *U.S. Trust* case, the U.S. Supreme Court agreed with a trial court's findings that a statutory covenant was properly characterized as a contractual obligation of the two states that had created it.(19) The covenant at issue limited the ability of the Port Authority of New York and New Jersey to subsidize rail passenger transportation from revenues and reserves pledged as security for certain bonds.(20) In finding that the statutory covenant constituted a contract

(13) *National R.R. Passenger Corp. v. Atchison, Topeka & Santa Fe Ry. Co.*, 470 U.S. 451, 466 (1985) (cited herein as "*National R.R.*") (quoting *Dodge v. Bd. of Educ.*, 302 U.S. 74, 78 (1937)).
(14) *Id.*
(15) *Id.*
(16) *Id.* (quoting *Dodge v. Bd. of Educ.*, 302 U.S. 74, 78 (1937)).
(17) *Indiana ex rel. Anderson v. Brand*, 303 U.S. 95, 104 (1938) (cited herein as "*Brand*").
(18) *U.S. Trust*, 431 U.S. at 17, n.14.
(19) *Id.* at 17-18.
(20) *See id.* at 9-11.

between the two States and bondholders, the U.S. Supreme Court concluded: "The intent to make a contract is clear from the statutory language: 'The 2 states covenant and agree with each other and with holders of any affected bonds . . . .'"(21) In a subsequent case discussing the statutory covenant at issue in *U.S. Trust*, the U.S. Supreme Court observed: "Resort need not be had to a dictionary or case law to recognize the language of contract."(22)

The *U.S. Trust* opinion also cites the U.S. Supreme Court's much earlier decision in *Brand*.(23) There, the U.S. Supreme Court determined that Indiana's "Teachers' Tenure Act" created binding and enforceable contract rights.(24) The U.S. Supreme Court based its decision, in part, on the legislature's use of the word "contract" throughout the statute to describe the relationship between the state and the school teachers.(25)

A statute's mere use of the term "contract," or other language of contract, in a statute does not necessarily evidence an intent to bind the government contractually.(26) For example, a statute may use the term "contract" to define the relationship between private parties, rather than the relationship between the government and private parties.(27)

Here, in our view, the language of the State Pledge should properly be viewed as creating a contractual obligation of the State. As in *U.S. Trust*, "[t]he intent to make a contract is clear from the statutory language."(28) The pertinent features of the State Pledge include:

(1) The State expressly pledges that it will not impair the value of securitization property — "The state pledges, for the benefit and protection of the financing parties and the electric utility, that it will not take or permit any action that would impair the value of securitization property . . . ."(29)

(21) *Id.* at 18 (quoting 1962 N.J. Laws, c. 8, s 6; 1962 N.Y. Laws, c. 209, s 6).
(22) *National R.R.*, 470 U.S. at 470.
(23) *Id.* at 466 (citing *Brand*).
(24) *Brand*, 303 U.S. at 104-105.
(25) *Id.*
(26) *National R.R.*, 470 U.S. at 467.
(27) *Id.*
(28) *U.S. Trust*, 431 U.S. at 18.
(29) MCL § 460.10n(2).

(2) The State expressly states the duration of its pledge: it will not impair the value of securitization property "until the principal, interest

and premium, and any other charges incurred and contracts to be performed in connection with the related securitization bonds have been paid and performed in full."(30)

(3) The State expressly authorizes an issuer of securitization bonds to include the State Pledge in bond documentation — "Any party issuing securitization bonds is authorized to include this pledge in any documentation relating to those bonds."(31)

In the statutory State Pledge, the State "pledges" that it will not impair the value of securitization property. In this context, the use of the term "pledges" is quite similar to the use of the term "covenant" in the statutory covenant at issue in the *U.S. Trust* case.(32) In *U.S. Trust*, the U.S. Supreme Court found "[t]he intent to make a contract is clear" from the statutory language in which the two states "covenant" with the holders of any affected bonds.(33)

In *U.S. Trust*, the bonds at issue were issued by the Port Authority of New York and New Jersey, a governmental agency. The bonds contemplated by the State Pledge, in contrast, are to be issued by electric utilities.(34) However, Act 142 requires that an electric utility must obtain a financing order from the MPSC before any securitization bonds are issued. Therefore, the issuance of any securitization bonds must be sanctioned by the State, acting through the MPSC. In that respect, the situation may be viewed as analogous to the situation in *U.S. Trust*.

(30) *Id.*
(31) *Id.*
(32) *Compare* 1 The Compact Edition of the Oxford English Dictionary 585 (1971) (defining "covenant, [noun]" as "[a] mutual agreement between two or more persons to do or refrain from doing certain acts; a compact, contract, bargain; sometimes, the undertaking, pledge, or promise of one of the parties.") *with id.* at 2207 (defining "pledge, [noun]" as "[a] solemn engagement to do or refrain from doing something; a promise, vow."); *compare id.* at 586 (defining "covenant, [verb]" as "[t]o enter into a covenant or formal agreement; to agree formally or solemnly; to contract.") *with id.* at 2207 (defining "pledge, [verb]" as "[t]o guarantee or assure the performance of. To solemnly promise, or undertake to give.").
(33) *U.S. Trust*, 431 U.S. at 18.
(34) *See* MCL § 460.10n(2).

In our view, the State Pledge should properly be viewed as creating a contractual relationship between the State and the Bondholders for purposes of analysis under the Contract Clause.

B. The "Reserved-Powers Doctrine"

The "reserved-powers doctrine" limits the ability of the state to enter into a contract that "surrenders an essential attribute of sovereignty."(35) Under the doctrine, a state's contract is invalid if it purports to "contract away" certain "reserved powers."(36) For example, the U.S. Supreme Court has held that a state cannot "contract away" the power of eminent domain or its police power.(37)

However, the U.S. Supreme Court has recognized that "[w]hatever the propriety of a State's binding itself to a future course of conduct in other contexts, the power to enter into effective financial contracts cannot be questioned."(38) Thus, for example, states are bound by their debt contracts — a state may not authorize a municipality to borrow money, and then later restrict its taxing power so that the debt cannot be repaid.(39) In the *U.S. Trust* case, the U.S. Supreme Court found a promise to be "purely financial" and thus not within the reserved powers that cannot be contracted away.(40) The financial obligation involved in *U.S. Trust* was a promise by the States of New York and New Jersey that revenues and reserves securing bonds issued by the Port Authority of New York and New Jersey would not be depleted beyond a certain level — "[s]uch a promise is purely financial."(41)

In our view, under existing case law, the State Pledge does not violate the "reserved-powers doctrine" — it does not surrender "an essential attribute" of the State's sovereignty. The State Pledge does not purport to contract away the power of eminent domain or its police power to protect the public health and safety. The State Pledge is, in effect, a financial promise. The State Pledge is expressly made "for the benefit and protection of the financing parties and the electric utility."(42) The State promises that it will not impair the value of securitization property or

(35) *U.S. Trust*, 431 U.S. at 23.
(36) *See id.*
(37) *Id.* at 24, n.21 (citing *W. River Bridge Co. v. Dix*, 47 U.S. 507, 525-26 (1848)); *Stone v. Mississippi*, 101 U.S. 814, 817 (1880).
(38) *U.S. Trust*, 431 U.S. at 24.
(39) *Id.* at 24, n.22.
(40) *Id.* at 24-25.
(41) *Id.* at 25.
(42) MCL § 460.10n(2).

securitization charges until the principal, interest, and premium "have been paid and performed in full."(43) In addition, significantly, the State Pledge provides that "[a]ny party issuing securitization bonds is authorized to include this pledge in any documentation relating to those bonds."(44) Based on those provisions, in our view, the State Pledge should be viewed as a financial promise, made by the State with the expectation that it would be relied upon by purchasers of bonds that included the State Pledge in any documentation relating to those bonds.

In our view, the State Pledge is akin to the promise found by the U.S. Supreme Court to be "purely financial" in the *U.S. Trust* case. In *U.S. Trust*, the States of New York and New Jersey promised not to deplete the revenues and reserves securing bonds beyond a certain level.(45) With the State Pledge, the State has promised not to impair the value of securitization property or securitization charges. In our view, the State Pledge should be viewed as a financial promise that does not violate the "reserved-powers doctrine."

C. The State's Burden to Justify an Impairment

If there is substantial impairment of a contractual relationship, the next inquiries are whether the state's impairment is justified by a "significant and legitimate public purpose"(46) and, if so, whether the state's impairment is "reasonable and necessary"(47) — that is, whether the adjustment of the rights and responsibilities of the contracting parties is reasonable and appropriate to the public purpose behind the legislative action.(48)

Several decisions of the U.S. Supreme Court illustrate the scope of the state's burden to justify an impairment. The U.S. Supreme Court has described its 1934 decision in *Blaisdell* as "the leading case in the modern era of Contract Clause interpretation."(49) At issue in *Blaisdell* was a Minnesota mortgage moratorium statute, enacted in 1933 during the depth of the Great Depression.(50) The Minnesota statute was a temporary measure that allowed judicial extension of the time for redemption; a mortgagor who remained in possession during the

(43) *Id.*
(44) *Id.*
(45) *U.S. Trust*, 431 U.S. at 25.
(46) *Energy Reserves*, 459 U.S. at 412.
(47) *U.S. Trust*, 431 U.S. at 25.
(48) *Energy Reserves*, 459 U.S. at 412.
(49) *U.S. Trust*, 431 U.S. at 15.
(50) *See U.S. Trust*, 431 U.S. at 15.

extension period was required to pay a reasonable income or rental value to the mortgagee.(51) The U.S. Supreme Court concluded that the statute was justified under the Contract Clause.(52) The U.S. Supreme Court listed five factors that it deemed significant in its analysis — whether the statute:

(1)Was an emergency measure;

(2) Was one to protect a basic societal interest, rather than particular individuals;

(3) Was tailored appropriately to its purpose;

(4) Imposed reasonable conditions; and

(5) Was limited to the duration of the emergency.(53)

In several cases contemporaneous with *Blaisdell*, the U.S. Supreme Court struck down other laws passed in response to the economic emergency created by the Great Depression.(54)

In determining whether a particular regulation is necessary or reasonable, the courts normally give deference to the judgment of the legislature.(55) That is not the case, however, where a state "itself is a contracting party."(56) Thus, the U.S. Supreme Court has observed: "Unless the State itself is a contracting party, '[a]s is customary in reviewing economic and social regulation, . . . courts properly defer to legislative judgment as to the necessity and reasonableness of a particular measure.'"(57) In contrast, "[i]n almost every case," the U.S. Supreme Court "has held a governmental unit to its contractual obligations when it enters financial or other markets."(58)

(51) *See id.*
(52) *See id.*
(53) *See Blaisdell*, 290 U.S. at 444-447. S*ee also Energy Reserves*, 459 U.S. at 410, n.11 (stating factors).
(54) *See, e.g.*, *Treigle v. Acme Homestead Ass'n*, 297 U.S. 189 (1936); *W.B. Worthen Co. v. Kavanaugh*, 295 U.S. 56 (1935); *W.B. Worthen Co. v. Thomas*, 292 U.S. 426 (1936).
(55) *Energy Reserves*, 459 U.S. at 412-413.
(56) *Id.* at 412.
(57) *Id.* at 412-13 (quoting *U.S. Trust*, 431 U.S. at 22-23).
(58) *Energy Reserves*, 459 U.S. at 412, n.14.

The leading Contract Clause case where the state was a contracting party is *U.S. Trust*, in which the U.S. Supreme Court held that a state could not retroactively alter a statutory bond covenant relied upon by bond purchasers.(59) As noted, the statutory covenant at issue in *U.S. Trust* limited the ability of the Port Authority of New York and New Jersey to subsidize rail passenger transportation from revenues and reserves pledged as security for certain bonds. (60) Twelve years after entering into the statutory covenant, the states repealed it.(61) The states contended that the repeal of the covenant was necessary to subsidize improved commuter railroad services, as new planned mass transit facilities could not possibly be self-supporting. They contended that the goals of mass transportation, energy conservation and environmental protection were so important that any harm to bondholders from the repeal of the statutory covenant was greatly outweighed by the public benefit.(62) The U.S. Supreme Court rejected this justification, concluding that "the repeal was neither necessary to achievement of the plan nor reasonable in light of the circumstances."(63)

The U.S. Supreme Court reasoned: "First it cannot be said that total repeal of the covenant was essential; a less drastic modification would have permitted the contemplated plan without entirely removing the covenant's limitations on the use of Port Authority revenues and reserves to subsidize commuter railroads."(64) "Second, without modifying the covenant at all, the States could have adopted alternative means of achieving their twin goals of discouraging automobile use and improving mass transit" — for example, by taxing gasoline or parking and using the revenues to subsidize mass transit projects.(65) Therefore, the repeal of the statutory covenant was not reasonable in light of the circumstances.(66)

The U.S. Supreme Court contrasted the repeal of the statutory covenant in *U.S. Trust* with the situation in *El Paso v. Simmons*, where the U.S. Supreme

(59) *See id*. at 410 (discussing *U.S. Trust*).
(60) *U.S. Trust*, 431 U.S. at 9-10.
(61) *Id*. at 12-14.
(62) *Id*. at 28-29.
(63) *Id*. at 29.
(64) *Id*. at 29-30.
(65) *Id*. at 30; *id*. n.29.
(66) *Id*. at 31.

Court had upheld a Texas law shortening the time within which a defaulted land claim could be reinstated:(67)

> [A] comparison with *El Paso v. Simmons*, *supra*, again is instructive. There a 19th century statute had effects that were unforeseen and unintended by the legislature when originally adopted. As a result speculators were placed in a position to obtain windfall benefits. The Court held that adoption of a statute of limitation was a reasonable means to 'restrict a party to those gains reasonably to be expected from the contract' when it was adopted. (68)

In contrast to *El Paso*, the need for mass transportation in *U.S. Trust* was not a new development — the statutory covenant had been adopted with full knowledge of that need, as well as the likelihood that publicly owned commuter railroads would produce substantial deficits.(69) Significantly, the U.S. Supreme Court underscored that "the covenant was specifically intended to protect the pledged revenues and reserves against the possibility that such concerns would lead the Port Authority into greater involvement in deficit mass transit."(70)

In *U.S. Trust*, the U.S. Supreme Court noted that "[t]he only time in this century that alteration of a municipal bond contract has been sustained by this Court was in *Faitoute Iron & Steel Co. v. City of Ashbury Park*."(71) *Faitoute* involved a state statute providing that a bankrupt local government could be placed in receivership by a state agency.(72) Pursuant to a plan adopted under such a receivership, the holders of certain revenue bonds received new securities bearing lower interest rates and later maturity dates.(73)

According to the U.S. Supreme Court in *U.S. Trust*, the Contract Clause objections in *Faitoute* failed because the state's plan "enabled the city to meet its financial obligations more effectively" and "was adopted with the purpose and

(67) *Id*. at 31. *See also City of El Paso v. Simmons*, 379 U.S. 497, 514 (1965) (cited herein as "*El Paso*") (noting that the promise of reinstatement in *El Paso* had not been "the central undertaking of the seller nor the primary consideration for the buyer's undertaking").
(68) *U.S. Trust*, 431 U.S. at 31 (quoting *El Paso*, 379 U.S. at 515).
(69) *Id*. at 31-32.
(70) *Id*. at 32.
(71) *Id*. at 27.
(72) *See id*.
(73) *Id*. at 28.

effect of protecting the creditors."(74) In contrast, the impairment resulting from the repeal of the statutory covenant in *U.S. Trust* was "much more serious" and was not intended to benefit the bondholders.(75)

Thus, under *U.S. Trust* and other U.S. Supreme Court cases, if there is a substantial impairment of a contractual relationship, the state has the burden of showing that the impairment is justified by a "significant and legitimate public purpose"(76) and is "reasonable and necessary."(77) Under the Contract Clause analysis, "a State is not free to impose a drastic impairment when an evident and more moderate course would serve its purposes equally well."(78) Similar to the situation in *U.S. Trust*, here the State Pledge could be viewed as a covenant "specifically intended to protect the pledged revenues and reserves" against the possibility of future impairment by the State.(79)

II. RELIEF AVAILABLE IN A CHALLENGE UNDER THE CONTRACT CLAUSE

A. Permanent Injunctive Relief

In a Contract Clause challenge to Legislative Action alleged to cause an Impairment, the plaintiff might consider seeking one or more remedies, including (1) a declaration of the invalidity of such Legislative Action, (2) an order permanently enjoining State officials from enforcing the provisions of such Legislative Action, and (3) less likely, a claim for damages against the State. Whether a plaintiff could obtain a declaration of invalidity under the Contract Clause will depend on application of the principles discussed in Part I of this letter, as well as whether the plaintiff can demonstrate that the Legislative Action effects a substantial impairment. If a court determines the Legislative Action to be invalid under the Contract Clause, the plaintiff would have to meet several requirements in order to obtain Permanent Injunctive Relief. If the case were

(74) *Id*. *See also Faitoute*, 316 U.S. at 511 ("The necessity compelled by unexpected financial conditions to modify an original arrangement for discharging a city's debt is implied in every such obligation for the very reason that thereby the obligation is discharged, not impaired"); *U.S. Trust*, 431 U.S. at 28 (quoting *Faitoute*).
(75) *U.S. Trust*, 431 U.S. at 28.

(76) *Energy Reserves*, 459 U.S. at 411.
(77) *U.S. Trust*, 431 U.S. at 25.
(78) *Id.* at 31.
(79) *See id.* at 32.

brought in federal court, the requirements for issuance of a permanent injunction would be governed by federal law. The following discussion relates to federal law only.

A plaintiff seeking a permanent injunction must satisfy a four-factor test before a federal district court may grant such relief.(80) A plaintiff must demonstrate (1) that it has suffered, or faces a real threat of, an irreparable injury, (2) that monetary damages, or other remedies available at law, are inadequate to compensate for that injury, (3) that an equitable remedy is warranted in light of the balance of hardships between the plaintiff and defendant and (4) that a permanent injunction would not disserve the public interest.(81) Ultimately, the decision to grant or deny permanent injunctive relief is within the discretion of the district court; on appeal, the district court's decision is reviewable only for abuse of discretion.(82) In the context of an alleged constitutional violation, the U.S. Court of Appeals for the Sixth Circuit (which includes federal district courts in Michigan) has stated that "a party is entitled to a permanent injunction if it can establish that it suffered a constitutional violation and will suffer 'continuing irreparable injury' for which there is no adequate remedy at law."(83)

The "irreparable injury" and "no adequate remedy" factors are closely related—the Sixth Circuit has stated that "[i]n general, a harm is irreparable where there is no adequate remedy at law, such as monetary damages."(84) A remedy at law may be inadequate even if there are economic damages in some circumstances—for example, some courts have found that a remedy at law is inadequate if legal redress may be obtained only by pursuing a multiplicity of actions.(85) In addition, a remedy at law may be inadequate "if the nature of the plaintiff's loss would make damages difficult to calculate."(86) Also, there may be no adequate remedy at law if the defendant cannot be compelled to respond in

(80) *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006).
(81) *See id.*; *City of Los Angeles v. Lyons*, 461 U.S. 95, 111 (1983).
(82) *eBay Inc.*, 547 U.S. at 391.
(83) *ACLU of Ky. v. McCreary Cnty., Ky.*, 607 F.3d 439, 445 (6th Cir. 2010) (quoting *Women's Med. Prof'l Corp. v. Baird*, 438 F.3d 595, 602 (6th Cir. 2006)). *See also Kallstrom v. City of Columbus*, 136 F.3d 1055, 1067 (6th Cir. 1998).
(84) *Janvey v. Alguire*, 647 F.3d 585, 600 (6th Cir. 2011).
(85) *Id. See also Warren v. City of Athens, Ohio*, 411 F.3d 697, 711 (6th Cir. 2005) (noting continuing nature of irreparable injury).
(86) *See United States v. Miami Univ.*, 294 F.3d 797, 819 (6th Cir. 2002) (quoting *Basicomputer Corp. v. Scott*, 793 F.2d 507, 511 (6th Cir. 1992).

damages.(87) Here, if plaintiffs could not obtain adequate money damages from the State or its officials, then a legal remedy may be inadequate.

In a Contract Clause challenge to Legislative Action alleged to cause an Impairment, the plaintiff could assert one or more of these theories in attempting to satisfy the test for permanent injunctive relief. In our opinion, depending on the strength of the showing by the plaintiff, a federal district court could find the test satisfied and, if it did so, it would have discretion to grant permanent injunctive relief.

B. Preliminary Injunctive Relief

If the plaintiff in a Contract Clause challenge to Legislative Action alleged to cause an Impairment seeks Preliminary Injunctive Relief, he or she would have to meet several requirements in order to obtain a preliminary injunction. If the case were brought in federal court, the requirements for issuance of a preliminary injunction would be governed by federal law. The following discussion relates to federal law only.

The purpose of a preliminary injunction is to preserve the relative positions of the parties until a trial on the merits can be held.(88) In considering a motion for preliminary injunction, a federal district court will balance four factors: (1) whether the movant has a strong likelihood of success on the merits; (2) whether the movant would suffer irreparable injury without a preliminary injunction; (3) whether the issuance of a preliminary injunction would cause substantial harm to others; and (4) whether the public interest would be served by the issuance of a preliminary injunction.(89) These four factors are to be balanced; they are not strict prerequisites, each of which must be independently satisfied. Thus, the federal district court is not required to make specific findings concerning each of the four factors, if fewer than four factors are dispositive in granting or denying a preliminary injunction.(90) However, the U.S. Court of Appeals for the Sixth Circuit (which includes federal district courts in Michigan) has stated that "it is generally

(87) *See Dresser-Rand Co. v. Virtual Automation Inc.*, 361 F.3d. 831, 848 (5th Cir. 2004) (defendant incapable of responding in damages because of insolvency).
(88) *Certified Restoration Dry Cleaning Network, L.L.C. v. Tenke Corp.*, 511 F.3d 535, 542 (6th Cir. 2007).
(89) *Id.*
(90) *Id.*

useful for the district court to analyze all four of the preliminary injunction factors."(91)

A preliminary injunction is "an extraordinary remedy."(92) The Sixth Circuit has stated that "[t]he purpose of a preliminary injunction is always to prevent irreparable injury so as to preserve the court's ability to render a meaningful decision on the merits."(93) Ultimately, the decision to grant or deny a

preliminary injunction is within the discretion of the district court; on appeal, if any, the district court's decision is reviewable only for abuse of discretion.(94)

We would expect a federal court to issue a preliminary injunction only if it was persuaded that (a) the plaintiff was likely to prevail on the merits and (b) the plaintiff would suffer irreparable injury absent such an injunction. Thus, addressing the four factors discussed above, the plaintiff would need to advance a persuasive theory why a preliminary injunction was needed to prevent irreparable injury prior to trial and decision on the merits by the district court. In our view, depending on the strength of the showing by the plaintiff, a federal district court could balance the factors for determining whether to grant or deny a preliminary injunction and would have discretion to grant Preliminary Injunctive Relief.

III. THE SCOPE OF THE TAKINGS CLAUSE

The Takings Clause of the Fifth Amendment of the United States Constitution provides: "nor shall private property be taken for public use, without just compensation." The prohibition of the Takings Clause applies to action by the states by virtue of the Fourteenth Amendment.(95) The Takings Clause bars a state from taking private property without paying for it, no matter which branch of state government effects the taking.(96)

(91) *Id.* (quoting *Leary v. Daeschner*, 228 F.3d 729, 739, n.3 (6th Cir. 2000)).
(92) *Stenberg v. Cheker Oil Co.*, 573 F.2d 921, 925 (6th Cir. 1978).
(93) *Id. See also Roland Mach. Co. v. Dresser Indus., Inc.,* 749 F.2d 380, 386 (7th Cir. 1984) (preliminary injunction available only where harm cannot be prevented or fully rectified by ultimate relief in final judgment after trial).
(94) *See Certified Restoration Dry Cleaning Network, L.L.C.*, 511 F.3d at 540-41.
(95) *Webb's Fabulous Pharm., Inc. v. Beckwith*, 449 U.S. 155, 160 (1980).
(96) *Stop the Beach Renourishment, Inc. v. Fla. Dept. of Env't Prot.*, 560 U.S. 702, 715 (2010).

The Takings Clause covers both tangible and intangible property.(97) The U.S. Supreme Court has recognized that "intangible property rights protected by state law are deserving of the protection of the Takings Clause."(98) Thus, for example, valid contracts are property protected by the Takings Clause.(99) However, "the fact that legislation disregards or destroys existing contractual rights does not always transform the regulation into an illegal taking."(100)

The U.S. Supreme Court has observed that there is "no magic formula" to determine in every case whether a government interference with property is a taking.(101) The classic taking is a transfer of property to the state or to another private party by eminent domain.(102) The Takings Clause also applies to other state actions that achieve the same thing, as when the government uses its own property in a way that destroys private property.(103) Similarly, it is a taking when a state regulation forces a property owner to submit to a permanent physical occupation, or deprives a property owner of all economically beneficial use of such owner's property.(104) Also, a state effects a taking if it recharacterizes private property as public property.(105)

The U.S. Supreme Court has established that a taking occurs: (1) where the government authorizes a permanent physical invasion of property; and (2) where a regulation completely deprives an owner of all economically beneficial use of property.(106) Outside of these two narrow categories, takings challenges are governed by a three-factor test set forth by the U.S. Supreme Court in the *Penn Central* case, which identified "several factors that have particular significance": (1) the character of the governmental action; (2) the economic impact of the

(97) *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1003 (1984).
(98) *Id.*
(99) *Lynch v. United States*, 292 U.S. 571, 579 (1934).
(100) *Connolly v. Pension Benefit Guar. Corp.*, 475 U.S. 211, 224 (1986).
(101) *Ark. Game & Fish Comm'n v. United States*, 133 S. Ct. 511, 518 (2012).
(102) *Stop the Beach Renourishment, Inc.,* 560 U.S. at 713.
(103) *Id.* (citing *United States v. Causby*, 328 U.S. 256, 261-62 (1946); *Pumpelly v. Green Bay Co.*, 80 U.S. 166 (1872)).
(104) *Id.* (citing *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 416, 425-26 (1982); *Lucas v. S.C. Coastal Council*, 505 U.S. 1003, 1019 (1992)).
(105) *Id.* (citing *Webbs Fabulous Pharm., Inc.*, 449 U.S. at 163-65).
(106) *Lingle v. Chevron U.S.A., Inc.*, 544 U.S. 528, 538 (2005); *Ark. Game & Fish Comm'n*, 133 S. Ct. at 518.

regulation on the claimant; and (3) the extent to which the regulation has interfered with investment-backed expectations.(107)

The first factor — the character of the governmental action — requires a court to identify the type of action involved. For example, a physical invasion may be viewed differently than action that "merely affects property interests through 'some public program adjusting the benefits and burdens of economic life to promote the common good.'"(108)

The second factor — the economic impact of the regulation on the claimant — requires a court to evaluate the magnitude of the economic impact on the claimant. While the total destruction by the government of all value of a property may be a taking, "not every destruction or injury to property by governmental action has been held to be a 'taking' in the constitutional sense."(109) "Government hardly could go on if to some extent values incident to property could not be diminished without paying for every such change in the general law."(110) Nonetheless, the general rule is that while property may be regulated to a certain extent, "if regulation goes too far, it will be recognized as a taking."(111)

The third factor — the extent to which the regulation has interfered with investment-backed expectations — requires a court to determine whether a claimant had sufficient notice at the time of its investment of the possibility of future governmental interference with its property rights.(112) A reasonable investment-backed expectation must be more than a "unilateral expectation or an abstract need."(113) Thus, "legislation readjusting rights and burdens is not unlawful solely because it upsets otherwise settled expectations."(114) The U.S. Supreme Court has observed, for example, that "[t]hose who do business

in the regulated

(107) *Penn Central Transp. Co. v. New York City*, 438 U.S. 104, 124 (1978). *See also Ark. Game & Fish Comm'n*, 133 S. Ct. at 518; *Lingle*, 544 U.S. at 538-39.
(108) *Lingle*, 544 U.S. at 539 (quoting *Penn Central Transp. Co.*, 438 U.S. at 124) .
(109) *Armstrong v. United States*, 364 U.S. 40, 48 (1960).
(110) *Pa. Coal Co. v. Mahon*, 260 U.S. 393, 413 (1922).
(111) *Id.* at 415.
(112) *See Ruckelshaus*, 467 U.S. at 1006 (noting claimant was on notice of agency procedure); *Connolly*, 475 U.S. at 227 (noting claimants "had more than sufficient notice" of current regulation and possibility of future obligations).
(113) *Ruckelshaus,* 467 U.S. at 1005 (quoting *Webb's Fabulous Pharm.*, 449 U.S. at 161).
(114) *Usery v. Turner Elkhorn Mining Co.*, 428 U.S. 1, 16 (1976).

field cannot object if the legislative scheme is buttressed by subsequent amendments to achieve the legislative end."(115)

The U.S. Supreme Court has recognized that a case where governmental action results in a complete destruction of a property right "fits but awkwardly into the analytic framework employed in *Penn Central*."(116) Nevertheless, the U.S. Supreme Court has found the *Penn Central* framework to be "firmly established" and applied that framework in the course of finding that a total abrogation of a property right may go "too far" and be a taking.(117)

We are not aware of any case law that addresses the applicability of the Takings Clause in the context of action by a state to abrogate or impair contracts otherwise binding on the state.

With respect to the reasonable investment-backed expectations of Bondholders, we note that, in the State Pledge, the State promises that it will not impair the value of securitization property or securitization charges until the principal, interest and premium "have been paid and performed in full."(118) In addition, significantly, the State Pledge provides that "[a]ny party issuing securitization bonds is authorized to include this pledge in any documentation relating to those bonds."(119) Further, Section 460.10i(4) of Act 142 provides that a financing order under Act 142 "shall be irrevocable."(120) Based on those provisions, in our view, Bondholders should be viewed as having reasonable investment-backed expectations that the State will not impair the value of the Securitization Property.

Based on our analysis of relevant judicial authority, it is our opinion, as set forth above, subject to all of the qualifications, limitations and assumptions set forth in this letter, that a federal district court would hold that the Takings Clause would require the State to pay just compensation to Bondholders if the court determines that the State's repeal or amendment of Act 142, or any other action taken by the State in contravention of the State Pledge, (1) completely deprived Bondholders of all economically beneficial use of the Securitization Property or

(115) *Connolly*, 475 U.S. at 227 (quoting *FHA v. The Darlington, Inc.*, 358 U.S. 84, 91 (1958)).
(116) *United States v. Sec. Indus. Bank*, 459 U.S. 70, 75-76 (1982).
(117) *See Hodel v. Irving*, 481 U.S. 704, 713, 714-717, 718 (1987).
(118) MCL § 460.10n(2).
(119) *Id.*
(120) MCL § 460.10i(4).

(2) unduly interfered with the reasonable expectations of the Bondholders arising from their investment in the Bonds. As noted above, in determining what is an undue interference, a court would consider all of the factors in the three-factor test set forth by the U.S. Supreme Court. Moreover, the outcome of any claim that action by the State impairing the value of the Securitization Property without compensation violates the Takings Clause would likely depend on a number of factors, such as (1) the character of the State's impairment of the Securitization Property, (2) the magnitude of economic impact of the impairment on Bondholders and (3) the extent to which the impairment interferes with reasonable investment-backed expectations of Bondholders. We express no opinion as to:

(1) whether any award of just compensation would be sufficient to pay the full amount of principal of, and interest on, the Bonds;

(2) whether any court would have or would exercise jurisdiction to hear a Takings Clause challenge;

(3) when such a challenge would be ripe (including, among other issues, whether the Bondholders or the Trustee might be required to seek compensation under state law); or

(4) whether the State would be entitled to assert sovereign immunity in a particular forum.

This opinion letter is limited to the U.S. federal constitutional matters specifically covered hereby, and we have not been asked to address, nor have we addressed, in this opinion letter any other legal issues regarding the transaction referred to above or any other transaction. We have not undertaken to express any opinions on matters of state law. This opinion letter is rendered as of the date hereof and is based on the current provisions of the United States Constitution and current case law. Any decision after the date of this opinion letter could change the law as described in this opinion letter and could apply such change retroactively. We do not undertake, and we hereby disclaim, any obligation to advise you of any changes in law or fact, whether or not material, that may be brought to our attention at a later date.

In rendering the opinions set forth herein, we note that any conclusions as to what a court "would" hold on any particular issue is not a guarantee of what a court will hold but, rather, sets forth our conclusions as to what would or should be the proper result for a court if the facts are as we assumed, the issues

were properly presented to it, and the court followed existing precedent as to applicable legal principles in its proceedings. A court's decision with respect to the matters described herein would be based upon its own analysis and interpretation of the facts before it and applicable legal and equitable principles. A court could reach a

conclusion different from ours, which conclusion would not necessarily constitute reversible error.

While a copy of this opinion letter may be posted to the internet website maintained by Consumers Energy solely for the purpose of complying with Rule 17g-5 under the Securities Exchange Act of 1934, it may not be relied upon for any purpose whatsoever by any person or entity who views it on such website. This opinion letter is delivered only to you solely for your benefit in connection with the transaction contemplated by the Underwriting Agreement and may not be used, circulated, furnished, quoted or otherwise referred to or relied upon for any other purpose or by any other person or entity (including by any person or entity that acquires any of the Bonds from any of the Underwriters) for any purpose without our prior written consent.

Very truly yours,
/s/ Pillsbury Winthrop Shaw Pittman LLP

Schedule A

Citigroup Global Markets Inc.
390 Greenwich Street
New York, New York 10013

Goldman, Sachs & Co.
200 West Street
New York, New York 10282

As Representatives of the several Underwriters

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One Energy Plaza
Jackson, Michigan 49201

Consumers 2014 Securitization Funding LLC
One Energy Plaza
Jackson, Michigan 49201

The Bank of New York Mellon
101 Barclay Street 7W
New York, New York 10286
Attention: Corporate Trust Administration

Moody's Investors Service, Inc.
7 World Trade Center at 250 Greenwich Street
New York, New York 10007

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041
Attention: Structured Credit

EXHIBIT 99.6

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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ILLINOIS: Chicago
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OHIO: Cincinnati

CANADA: Toronto • Windsor
CHINA: Shanghai
MEXICO: Monterrey
POLAND: Gdynia
Warsaw • Wrocław

July 22, 2014

Each Person Listed on
the Attached Schedule I

Re: Consumers 2014 Securitization Funding LLC and Consumers Energy Company Michigan Constitutional Issues

Ladies and Gentlemen:

We have acted as special Michigan counsel to Consumers Energy Company ("Consumers"), an operating electric utility incorporated under the laws of the State of Michigan, in connection with the sale on the date hereof by Consumers to Consumers 2014 Securitization Funding LLC, a Delaware limited liability company (the "Issuer"), of the Securitization Property, as defined in the Sale Agreement referred to below and the issuance by the Issuer of the Securitization Bonds referred to below.

The Transaction

The State of Michigan enacted 2000 PA 142, as amended ("Act 142"), which permits an electric utility to seek approval from the Michigan Public Service Commission (the "MPSC") to recover certain qualified costs. The MPSC in its Order in Case No. U-17473 dated December 6, 2013 (the "Financing Order") established the existence of securitization property in favor of Consumers (the "Securitization Property") pursuant to the provisions of Act 142.

On the date hereof, Consumers has sold the Securitization Property to the Issuer under the Securitization Property Purchase and Sale Agreement dated July 22, 2014 (the "Sale Agreement") between Consumers and the Issuer and the related bill of sale dated July 22, 2014. On the date hereof, the Issuer has issued its Senior Secured Securitization Bonds, Series 2014A (the "Securitization Bonds") under an Indenture dated July 22, 2014 between the Issuer and The Bank of New York Mellon as Trustee (the "Trustee"), as supplemented by a Series Supplement dated July 22, 2014 between the Issuer and the Trustee (as so supplemented the "Indenture"). Capitalized terms used and not otherwise defined herein have the meanings set forth in Appendix A to the Sale Agreement.

Facts and Assumptions

In connection with rendering the opinions set forth below, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of certain of the Basic Documents and such other documents relating to the transaction as we have deemed necessary or advisable as a basis for such opinion. In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents. In making our examination of documents, we have assumed that the parties to such documents had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents, and the validity and binding effect thereof. We have made no independent investigation of the facts referred to herein, and with respect to such facts have relied, for the purpose of rendering this opinion and except as otherwise stated herein, exclusively on the statements contained and matters provided for in the Basic Documents and such other documents relating to the transaction as we deemed advisable, including the factual representations, warranties and covenants contained therein as made by the respective parties thereto.

Opinion Requested

You have requested our opinion as to whether the State of Michigan may repeal or amend Act 142 or take any other action of a legislative character, that substantially impairs the rights of holders of Securitization Bonds ("Securitization Bondholders"), taking into consideration both the Contract Clause and the Takings Clause of the Constitution of the State of Michigan. You have also asked whether Section 10n(2) of Act 142 ("Section 10n(2)") was validly enacted by the State of Michigan and is valid and enforceable.

Discussion of the State Pledge

Act 142 provides in Section 10n(2):

> The state pledges, for the benefit and protection of the financing parties and the electric utility, that it will not take or permit any action that would impair the value of securitization property, reduce or alter, except as allowed under Section 10k(3) [the adjustment provisions], or impair the securitization charges to be imposed, collected, and remitted to the financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the related securitization bonds have been paid and

performed in full. Any

party issuing securitization bonds is authorized to include this pledge in any documentation relating to those bonds.

We have assumed for purposes of this opinion that the foregoing pledge has been included in the Securitization Bonds and in the Indenture.

The general rule is that one Legislature cannot bind the hands of a subsequent Legislature. Atlas v Wayne County, 281 Mich 596, 599; 275 NW 507 (1937) ("The presumption is against making a statute irrepealable."). However, the Section 10n(2) pledge fits within an exception to the general rule. As noted by the Michigan Supreme Court in In re Request for Advisory Opinion Regarding Constitutionality of 2011 PA 38, 490 Mich 295; 806 NW2d 683 (2011):

> [T]his venerable principle that a legislative body may not bind its successors can be limited in some circumstances because of its tension with the constitutional prohibitions against the impairment of contracts, thus enabling one legislature to *contractually bind* another.

Id., at 319-20 (emphasis added). *See also*, Detroit v Detroit & Howell Plank Road Company, 43 Mich 140, 145 (1880) ("Legislators cannot thus bind the hands of their successors where the elements of contract, concession and consideration *do not appear*." (emphasis added)); Gale v Board of Supervisors of Oakland County, 260 Mich 399, 404 (1932) ("Legislative acts, as distinguished from contracts, do not tie the hands of succeeding legislatures".).

The Legislature by appropriate action does have the authority to enter into a contract on behalf of the State of Michigan. The Michigan Constitution is not a grant of power to the Legislature as is the United States Constitution, but rather it is a limitation on general legislative power. In re Brewster Housing Site, 291 Mich 313; 289 NW 493 (1939). Except as limited by the Michigan Constitution, "the Legislature has general power to contract." Advisory Opinion on Constitutionality of 1976 PA 240, 400 Mich 311, 318; 254 NWd 544 (1977).

While there are no cases that precisely replicate the facts in the present case, there are authorities from which one can reasonably conclude that a court would likely find that the Legislature's actions embodied in Section 10n(2) create a binding contract. According to the Michigan Supreme Court, " '[b]efore a statute . . . should be held to be irrepealable or not subject to amendment, an intent not to repeal or amend must be so directly and unmistakably expressed as to leave no reason for doubt.' " In re Request for Advisory Opinion Regarding Constitutionality of 2011 PA 38, at 320-21. The Court went on to state that language creating an expression of actual intent, such as a covenant not to amend, is necessary to contractually bind future legislatures. In this case, the language used in Section 10n(2), pledging not to impair the

value of the securitization property or the securitization charges, demonstrates such an "unmistakably expressed" intent to bind future legislatures.

Moreover, there is consideration flowing to the State of Michigan, which receives the benefit of open access for electric utility customers and an overall reduction in residential electric utility rates that the provisions of Act 142 will facilitate. A similar situation arose in Detroit & Howell Plank Road Company, supra, where the Michigan Supreme Court found that 1879 legislation authorizing the City of Detroit to compel a corporation to remove its toll gate was unconstitutional because it constituted a reduction of tolls otherwise prohibited by the Plank-Road Act for a period of 60 years beginning in 1848. The Court's ruling was based on its finding that the Plank-Road Act included a binding pledge of the State of Michigan not to reduce tolls which amounted to a contract with the corporation that constructed the plank road. The Court in this case recognized that the State of Michigan received a general benefit for the public welfare in having the road constructed by a private company and refused to grant mandamus to enforce the new legislation which would impair rights created by contract. *See also*, Pingree v Michigan Central Rail Company, 118 Mich 314; 76 NW 636 (1898). Given the express pledge by the State of Michigan contained in Act 142 and the existence of consideration to the State in the form of general public benefit, it is reasonable to conclude that the pledge contained in Section 10n(2) is intended to and does create a valid agreement of the State of Michigan which binds future legislatures to that agreement.

Discussion of the Contract Clause

The Contract Clause of the Michigan Constitution of 1963, Article 1, Section 10, provides: "No bill of attainder, ex post facto law or law impairing the obligation of contract shall be enacted." The Contract Clause of the Michigan Constitution is coterminous with the Contract Clause of the United States Constitution, Article I, Section 10, which provides that "no State shall . . . pass any . . . Law impairing the Obligation of Contracts." The Michigan Contract Clause is "substantially identical to the federal constitution" and is "not interpreted more expansively than its federal counterpart." Attorney General v Michigan Public Service Commission, 249 Mich App 424, 434; 642 NW2d 691 (2002) (citing In re Certified Question, 447 Mich 765; 527 NW2d 468 (1994)). Both the State and federal Contract Clause provide protection for contractual obligations from impairment by enactment of State law. Campbell v Michigan Judges Retirement Bd, 378 Mich 169, 180; 143 NW2d 755, 757 (1966) ("Michigan Constitution of 1908, Article II, § 9, followed by Michigan Constitution of 1963, Article I, § 10, and Article I, § 10, of the United States Constitution, prohibit the impairment by State law of the obligation of a contract. Vested rights acquired under contract may not be destroyed by subsequent State legislation or even by an amendment of the State Constitution.").

The United States Supreme Court has concluded that a legislative covenant made in a state statute can constitute a contractual obligation of the state: "The intent to make a contract is clear from the statutory language: 'The 2 States covenant and agree with .... the holders of any

affected bonds...' 1962 NJ Laws, c. 8, s 6." United States Trust Co v New Jersey, 431 US 1, 18 (1977). The Court went on to state in that case that "in return for their promise, the States received the benefit they bargained for: public marketability of Port Authority bonds to finance construction of the World Trade Center and acquisition of the Hudson & Manhattan Railroad. We therefore have no doubt that the 1962 covenant has been properly characterized as a contractual obligation of the two States."

Similarly, the Michigan Supreme Court has made it clear that, if the intent to contract is clearly expressed, a statute can create contractual rights protected by the Contract Clause of the Michigan Constitution. In re Certified Question, supra, at 778 ("As a general rule, vested rights are not created by a statute that is later revoked or modified by the Legislature if 'the Legislature did not covenant not to amend the legislation.' Franks v White Pine Copper Div, 422 Mich 636, 654; 375 NW2d 715 (1985). Yet, a statute can create a contract if the language and circumstances demonstrate a clear expression of legislative intent to create private rights of a contractual nature enforceable against the state."); Nichols v Williams, 338 Mich 617, 622; 62 NW2d 103 (1954) ("Nevertheless, it is established that a legislative enactment may contain provisions which, when accepted as the basis of action by individuals, become contracts between them and the State or its subdivisions within the protection of Article 1, § 10...", quoting from Gruen v State Tax Commission, 35 Wash 2d 1; 211 P2d 651, 681(1949); Ziegler v Witherspoon, 331 Mich 337, 353; 49 NW2d 318, 327 (1951) ("[B]ondholders are protected against subsequent legislation that will impair the contractual obligation evidenced by the bond."). The Ziegler case involved the sale of bonds to construct a freeway system in southeast Michigan. The statute authorizing the bonds, 1950 PA 22, authorized the State and local governments to make an irrevocable pledge of sufficient funds to pay the bonds. When the plaintiff contended that the pledge was revocable by "subsequent legislation, or by constitutional amendment…", id. at 352, the Michigan Supreme Court disagreed, noting that:

> It is well settled that a State may disable itself by contract from exercising its taxing power in particular cases. It is equally clear that where a State has authorized a municipal corporation to contract and to exercise the power of local taxation to the extent necessary to meet its engagements, the power thus given cannot be withdrawn until the contract is satisfied.

Id. at 353-354, quoting from Von Hoffman v City of Quincy, 71 US 535 (1867).

Section 10j of Act 142 provides a "clear expression of legislative intent to create private rights of a contractual nature" stating that:

> Securitization property shall constitute a *present property right* even though the imposition and collection of securitization charges depends on the further acts of the electric utility or others that have

> not yet occurred. The rights of an electric utility to securitization property before its sale to any assignee shall be considered a *property interest in a contract*. The financing order shall remain in effect and the securitization property shall continue to exist until the commission approved securitization bonds and expenses related to the bonds have been paid in full.

Furthermore, Act 142 contains a pledge in Section 10n(2) which as previously discussed indicates the intent of the Legislature to create contract rights for the benefit of financing parties as defined in Act 142.

A "financing party" is defined in Section 10h(e) of Act 142 as "a holder of securitization bonds, including trustees, collateral agents, and other persons acting for the benefit of the holder." The language contained in these provisions of Act 142 demonstrates the clear intent of the Legislature to create contractual rights for the benefit of holders of Securitization Bonds .

In Studier v Michigan Pubic School Employees' Retirement Board, 472 Mich 642; 698 NW2d 350 (2005) the Michigan Supreme Court considered an impairment of contract claim brought by retirees receiving health care benefits from the Michigan Public School Employees Retirement System following a change in state law requiring increases in deductibles for health care coverage and increased copayment for prescription medications. The Michigan Supreme Court found that no impairment of contract occurred by these actions because a lack of showing that the Legislature intended to be contractually bound by the provisions of the legislation creating these benefits, stating:

> The plaintiffs in this case have failed to overcome the strong presumption that the Legislature did not intend to surrender its legislative powers by entering into a contractual agreement to provide retirement health care benefits to public school employees when it enacted MCL 38.1391(1). Nowhere in MCL 38.1391(1), or in the rest of the statute, did the Legislature provide for a written contract on behalf of the state of Michigan or even use terms typically associated with contractual relationships, such as "contract," "covenant," or "vested rights." Had the Legislature intended to surrender its legislative powers through the creation of contractual rights, it would have expressly done so by employing such terms.

Id., at 663, 664.

The Michigan Supreme Court in a footnote in Studier, id., at 664, provided examples of how the Legislature can appropriately bind the State in a contract by referring to language in existing legislation where contract rights were created saying:

> It is clear that the Legislature can use such nomenclature when it wishes to. For instance, when enacting 1982 PA 259, which requires the state treasurer to pay the principal of and interest on all state obligations, the Legislature provided in MCL 12.64: "*This act shall be deemed a contract* with the holders from time to time of obligations of this state." (Emphasis added.) Similarly, when enacting the State Housing Development Authority Act, 1966 PA 346, the Legislature provided in MCL 125.1434: "*The state pledges and agrees* with the holders of any notes or bonds issued under this act, *that the state will not limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of the holders* until the notes or bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds." (Emphasis added.)

The approach taken by the Legislature in creating rights for the holders of securitization bonds in Act 142 is similar to that taken by the Legislature in creating contract rights for holders of bonds issued by the State Housing Development Authority. Both Act 142 and the State Housing Development Authority Act provide a specific "state pledge" and authorization for that pledge to be included in agreements with bondholders.

However, neither the United States Contract Clause nor the Michigan Contract Clause are a complete bar to legislative enactments that have the effect or consequence of altering contractual obligations. *See* First Nat. Bank of Chicago v Dept. of Treasury, 280 Mich App 571, 760 NW2d 775 (2008) (*rev'd on other grounds* 485 Mich 980, 774 NW2dd 912 (2009)) ("The Contracts Clause prohibition against any state law that impairs the obligations of contract is not absolute and must be 'accommodated to the inherent police power of the State to safeguard the vital interest of its people.' quoting from Romein v. Gen. Motors Corp., 436 Mich 515, 534, 462 NW2d 555 (1990)). The court begins with the presumption that the statute in question is constitutional, and the burden is on the plaintiff to prove it is unconstitutional. Wells Fargo Bank, NA v. Cherryland Mall Ltd Partnership, 300 Mich App 361, 835 NW2d 593 (2013); Wayne County Board of Commissioners v Wayne County Airport Authority, 253 Mich App 144, 163 (2002). The Michigan Supreme Court has stated, "Under modern Contract Clause analysis, a balancing approach has been adopted by the courts, weighing the degree of the impairment of the contractual rights and obligations of the parties against the justification for the impairment as an act of the state's police power to implement legislation for a legitimate public purpose. Michigan

courts have followed this lead." Blue Cross and Blue Shield of Michigan v. Milliken, 42 Mich 1, 20; 367 NW2d 1 (1985).

The Michigan Supreme Court described this balancing test as follows:

> The federal balancing approach has been adopted by our Court for purposes of adjudicating state Contract Clause claims as well as federal Contract Clause claims. See Van Slooten v Larsen , supra ; Metropolitan Funeral System Ass'n v Ins Comm'r , supra . Thus, in scrutinizing Contract Clause claims under the state and federal constitutions, the aforementioned cases establish the following standard:
>
> 1—The first inquiry is "whether the state law has, in fact, operated as a substantial impairment of a contractual relationship" (emphasis added). Allied Structural Steel Co v Spannaus , 438 US 244; 98 S Ct 2722.
>
> 2—A critical factor to be considered in determining the extent of the impairment is "whether the industry the complaining party has entered has been regulated in the past." Energy Reserves, supra .
>
> 3—If the impairment is minimal, then there is no unconstitutional impairment of contract and our inquiry may end at this step.
>
> 4—If, however, the impairment is severe, then there are two further inquiries, both of which must be affirmatively shown to justify the legislative impairment:
>
> a) Is there a significant and legitimate public purpose behind the regulation, and
>
> b) If there is a legitimate public purpose, are the means adopted to implement the legislation reasonably related to the public purpose?

Blue Cross and Blue Shield of Michigan at 422 Mich 22-23; see also Van Slooten v Larsen , 86 Mich App 437, 450; 272 NW2d 675, 680 (1978) ("In each case where there is an alleged impairment of the obligation of contract, the state's economic interests and sovereign right to protect the general welfare of the people must be balanced against the constitutional limitation.")

Only one case has addressed the issue of impairment of contract in relation to Act 142. In Consumers Energy Co v Michigan Public Service Commission, 268 Mich App 171; 707 NW 2d 633 (2005), Consumers filed a claim against the MPSC, alleging that an MPSC order giving credits to customers who selected an alternative supplier to offset securitization charges impaired Consumers' contract with securitization bondholders. More specifically, it alleged that the MPSC order violated Section 10n(2) of Act. 142. Id. at 185-86. The Court held that, because the credits were refunding from excess securitization savings, the order of the MPSC did not "impair the imposition, collection, or remitting of securitization funds and, accordingly, does not violate M.C.L. § 460.10n(2)." Id. at 186. In reaching this conclusion, the Court noted that "despite this offset, securitization charges are collected from ROA [retail open access] customers and used for securitization purposes, but then ROA customers are in effect credited or refunded the same amount from another source, i.e., excess securitization savings." Id . at 186. It is worth noting that neither party in this case challenged the validity of the Section 10n(2) pledge that existed in this prior securitization financing under Act 142.

Conclusion

There is no way to predict how a future court will react to a specific challenge brought to Section 10n(2) under state law. However, based on and subject to the foregoing, as well as the further qualification that there is no definitive judicial authority confirming the correctness of the analysis discussed above, we are of the opinion that Section 10n(2) was validly enacted and is enforceable as a contractual obligation of the State of Michigan while the Securitization Bonds remain outstanding.

We have considered existing case law, concerning the application of the Contract Clause of the Michigan Constitution to legislation which reduces or eliminates taxes, public charges or other sources of revenues which support bonds issued by public instrumentalities or private issuers, or which otherwise reduces or eliminates security for bonds. Based on interpretation of existing case law, in our opinion, under the Contract Clause of the Michigan Constitution, any attempt by the State of Michigan, including the MPSC, to take any action of a legislative character, including, but not limited to, repeal or amendment of Act 142 or the Financing Order (including repeal or amendment by voter initiative pursuant to Article 2, Section 9 of the Michigan Constitution), that substantially impairs the value of the Securitization Property, or substantially reduces, alters or impairs the Securitization Charges (as described in the Financing Order) to be imposed, collected, and remitted to the Issuer (except as allowed under the adjustment provisions authorized in Section 10k(3) of Act 142), if such action violates the pledge contained in Section 10n(2) or would substantially impair the rights vested in the Securitization Bondholders by the Financing Order, would not be upheld by a court properly briefed, exercising reasonable judgment after full consideration of all relevant factors, unless that action is a reasonable exercise of the State of Michigan's sovereign powers involving a significant and

legitimate public purpose and of a character reasonable and appropriate to the public purpose justifying this action.

Discussion of the Takings Clause

The Michigan Constitution contains in Article 10, Section 2, a prohibition against takings without just compensation: "Private property shall not be taken for public use without just compensation therefor being first made or secured in a manner prescribed by law." This provision of the Michigan Constitution was amended in 2006 to further restrict the circumstances under which the State of Michigan can take private property for public use. The amendment added a definition to this section of the term "public use" which provides:

> "Public use" does not include the taking of private property for transfer to a private entity for the purpose of economic development or enhancement of tax revenues. Private property otherwise may be taken for reasons of public use as that term is understood on the effective date of the amendment to this constitution that added this paragraph."

This provision of the Michigan Constitution (the "Michigan Takings Clause") provides protection from the taking of private property similar to the protection provided by the United States Constitution. The Fifth Amendment of the United States Constitution states, "nor shall private property be taken for public use, without just compensation." The Fifth Amendment is made applicable to state action via the Fourteenth Amendment. Palazzolo v Rhode Island, 533 US 606 (2001); Webb's Fabulous Pharmacies v Beckwith, 449 US 155 (1980); Keystone Bituminous Coal Ass'n v DeBenedictis, 480 US 470 (1987). Because Michigan Courts frequently rely on federal court precedent in deciding cases under the Michigan Takings Clause our analysis encompasses a review of these federal court cases.

The Fifth Amendment protection of the United States Constitution referred to above (the "US Takings Clause") covers both tangible and intangible property, including contract and lien rights. Ruckelshaus v Monsanto, 467 US 986 (1984); Armstrong v US, 364 US 40, 48 (1960). In fact, the federal courts have stated:

> When the Government and private parties Contract . . ., the private party usually acquires an intangible property interest within the meaning of the Takings Clause in the contract. The express rights under this contract are just as concrete as the inherent rights arising from ownership of real property, personal property, or an actual sum of money.

Adams v United States, 391 F3d 1212, 1221-22 (Fed. Cir. 2004). *See also*, Lynch v US, 292 US 571, 579 (1934) ("The Fifth Amendment commands that property be not taken without making just compensation. Valid contracts are property whether the obligor be a private individual, a municipality, a state, or the United States."). However, "the fact that legislation disregards or destroys existing contractual rights does not always transform the regulation into an illegal taking. . . . This is not to say that contractual rights are never property rights or that the Government may always take them for its own benefit without compensation." Connolly v Pension Benefit Guaranty Corp, 475 US 211, 223-24 (1986).

We are not aware of any case law which definitively addresses the applicability of the MichiganTakings Clause in the context of the proper exercise by the State of Michigan of its police power to abrogate or impair contracts otherwise binding on the State. One Michigan Court of Appeals case suggests that the taking of such a contract by the State of Michigan would require payment of just compensation. In this case, Petition of Mackie, 5 Mich App 572, 577; 147 NW2d 441, (1967), the Court of Appeals affirmed the decision of the trial court, and quoted the following with apparent approval, from the trial court's opinion:

> With respect to this matter I charge you that such a contractual right, that is, an agreement arising from a contract whereby a person or the State of Michigan agrees to do something, or agrees to perform future benefit of certain property owners, or for the benefit of a piece of property, cannot be taken without awarding just compensation in exchange therefor.
>
> When contract rights are taken for public use, there is a constitutional right to compensation in the same manner as when other property rights are taken. In other words, the State may, if it sees fit, rescind its contract, but it can do so only by the exercise of the power of Eminent Domain, and such rescission or failure by the State to act in the manner called for by the contract is a taking of property in the constitutional sense, and for such taking the State is obliged to pay an award for damages for compensation for the breach of contract.
>
> Now the proper method of awarding compensation for such a taking would be the cost of doing those things which the State by contract had agreed to do.

The idea that the "property" which can be the subject of a takings claim could be contract rights is also suggested in the Michigan Court of Appeals case of Charles Murphy MD, PC v City of Detroit, 201 Mich App 54; 506 NW2d 5 (1993):

> Both our state and federal constitutions provide that private property may not be taken for public use without just compensation. U.S. Const., Am. V; Const. 1963, art. 10, § 2. *"Property" embraces everything over which a person may have a right to exclusive control or dominion.* Rassner v Federal Collateral Society, Inc, 299 Mich 206, 213-214; 300 NW 45 (1941); People v McKendrick, 188 Mich App 128, 136; 468 NW2d 903 (1991).

Id. at 55-56 (emphasis added). Given the clear rulings of the federal courts that a governmental "taking" of contract rights is compensable, and in view of the Mackie and Charles Murphy cases, we believe a Michigan Court would conclude that the contract rights created by Act 142 between the State of Michigan

and the Securitization Bondholders would be the type of "property" that can be protected by the Michigan Takings Clause.

Challenges to legislation pursuant to the US Takings Clause do not follow any set formula, but instead rely "on ad hoc, factual inquiries into the circumstances of each particular case." Connolly, supra, at 224 (citing Monsanto, supra, at 1005). Until recently, federal courts relied heavily on a set of three factors in determining whether there was a regulatory taking. However, the Supreme Court has since discouraged the use of any specific factors, returning the focus of the decision to the concepts of "fairness and justice." *See*, Tahoe-Sierra Preservation Council, Inc. v Tahoe Regional Planning Agency, 535 US 302, 335-36 (2002); Palazollo, supra, at 636 (O'Connor, J. concurring); Bass Enterprises Production Co v US, 381 F3d 1360 (2004). Previously, courts focused on the following three factors: (i) the character of the governmental action; (ii) the economic impact of the regulation on the claimant; and (iii) the extent to which the regulation has interfered with distinct investment-backed expectations. Penn Central, 438 US 104, 124 (1978); Monsanto, supra. Though the Supreme Court has moved away from designating any set factors for the determination of a taking, these factors are likely to still be considered relevant in determining whether "fairness and justice" are present. *See* Palazollo, supra, at 633-34 ("We have 'identified several factors that have particular significance' in these 'essentially ad hoc, factual inquiries.' Two such factors are '[t]he economic impact of the regulation on the claimant and, particularly the extent to which the regulation has interfered with distinctive investment backed expectations." (citations omitted)). Therefore, it is important to note that, while these three factors have frequently been discussed in association with a US Takings Clause challenge, the courts will also take into consideration all relevant circumstances.

The Michigan courts have followed a similar analysis when determining whether a compensable taking has occurred. As noted by the Charles Murphy court:

> A "taking" for purposes of inverse condemnation means that government action has permanently deprived the property owner of any possession or use of the property. Jack Loeks Theatres, Inc v

> Kentwood, 189 Mich App 603, 608; 474 NW2d 140 (1991), modified in part 439 Mich 968; 483 NW2d 365 (1992). While there is no exact formula to establish a de facto taking, there must be some action by the government specifically directed toward the plaintiff's property that has the effect of limiting the use of the property. "[T]he form, intensity, and deliberateness of the governmental actions toward the injured party's property must be examined." (citation omitted).

Id. at 56. *See also*, Wiggins v City of Burton 291 Mich App 532, 571, 805 NW2d 517 (2011) ("'[n]o precise formula exists' for determining whether a governmental invasion or intrusion constitutes a taking of private property." quoting Hinojosa v Dept of Natural Resources, 263 Mich App 537, 548, 688 NW2d 55 (2004)).

Though the Michigan courts have generally held that no precise formula exists for determining if there has been a taking, the court in Chelsea Investment Group LLC v City of Chelsea, 288 Mich App 239, 261-62 (2010) required regulatory taking claims to satisfy the three-factor balancing test set out by the United States Supreme Court in Penn Central, supra, as noted above. Other courts have held that the plaintiff is required to "prove a causal connection between the government's action and the alleged damages." Hinojosa, supra, at 549. Furthermore, an "uncompensated taking claim" requires a vested property right to be affected. Attorney General, 294 Mich App at 436. "To constitute a vested right, the interest must be 'something more than such a mere expectation as may be based upon an anticipated continuance of the present general laws; it must have become a title, legal or equitable, to the present or future enjoyment of property.'" (quoting Minty v Bd of State Auditors, 336 Mich. 370, 390 (1953) (quoting 2 Cooley, Constitutional Limitations (8th ed.) at 749)).

Based on the discussion in the above contracts section, the right to the Securitization Property would be vested. Thus, the outcome of any claim that interference by the State of Michigan with the value of the Securitization Property without just compensation is unconstitutional, would likely depend on factors such as the State interest furthered by that interference and the extent of financial loss to Securitization Bondholders caused by that interference. These two factors depend in large part on the nature of the governmental action which is being challenged, and therefore, it is difficult to assess at this juncture, before such action has occurred, whether or not such action would run afoul of the Michigan Takings Clause.

Conclusion

Based on our interpretation of existing case law, in our opinion, under the Michigan Takings Clause, any attempt by the State of Michigan, including the MPSC, to repeal or amend Act 142 or the Financing Order (including repeal or amendment by voter initiative pursuant to Article 2, Section 9 of the Michigan Constitution) or take any other action in contravention of the

pledge contained in Section 10n(2) of Act 142 without paying just compensation to the Securitization Bondholders, as determined by a court of competent jurisdiction, if such action would constitute a permanent appropriation of a substantial property interest of the Securitization Bondholders in the Securitization Property and deprive the Securitization Bondholders of their reasonable expectations arising from their investments in the Securitization Bonds, would not be upheld by a court properly briefed, exercising reasonable judgment after full consideration of all relevant factors. There is no assurance, however, that, even if a court were to award just compensation, it would be sufficient to pay the full amount of principal of and interest on the Securitization Bonds.

General Matters

The opinions expressed above are not intended to be a guaranty or a prediction with certainty as to what a particular court would actually hold, but an opinion as to the decision a court would reach if the issue were properly presented to it and the court followed what we believe to be the applicable legal principles that exist on the date of this opinion. We note that a court's decision regarding matters upon which we opine in this letter would be based on the court's own analysis and interpretation of the factual evidence before the court and of applicable legal principles. Moreover, there can be no assurance that a repeal of or amendment to Act 142 will not be sought or adopted or that any action by the State of Michigan may not occur, any of which might constitute a violation of the State of Michigan's pledge to the Securitization Bondholders, although no such action has been taken in the thirteen years since

securitization bonds were first issued under the provisions of Act 142. Given the lack of judicial precedent directly on point, and the novelty of the security for the Securitization Bondholders, the outcome of any litigation cannot be predicted with certainty. In the event of any State legislation which adversely impacts the rights of Securitization Bondholders, costly and time-consuming litigation might ensue that would have the potential to adversely affect, at least temporarily, the price and liquidity of the Securitization Bonds.

The foregoing opinion is expressly subject to there being no material change in the law, and there being no additional facts which would materially affect the assumptions set forth herein. We do not undertake to supplement this opinion with respect to factual matters or changes in the law (whether constitutional, statutory or judicial) which may hereafter occur. This letter does not address and contains no United States federal tax advice and may not be relied upon for purposes of avoiding United States federal tax penalties.

While a copy of this letter may be posted to an internet website required under Rule 17g-5 under the Securities and Exchange Act of 1934 and maintained by Consumers solely for the purpose of complying with such rule, (i) this letter is being furnished to you by us, as special Michigan counsel to Consumers, solely for your benefit in connection with the issuance of the Securitization Bonds by the Issuer, and (ii) this letter may not to be used, circulated, quoted, relied upon or

otherwise referred to for any other purpose or by any other person without our prior express written consent.

Very truly yours,
/s/ Miller, Canfield, Paddock and Stone, P.L.C.

Schedule I

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As Representatives of the several Underwriters

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Moody's Investors Service
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New York, NY 10041
Attention: Structured Credit

This SERIES SUPPLEMENT, dated as of July 22, 2014 (this "Supplement"), is by and between CONSUMERS 2014 SECURITIZATION FUNDING LLC, a limited liability company created under the laws of the State of Delaware (the "Issuer"), and The Bank of New York Mellon, a New York banking corporation ("Bank"), in its capacity as indenture trustee (the "Indenture Trustee") for the benefit of the Secured Parties under the Indenture dated as of July 22, 2014, by and between the Issuer and The Bank of New York Mellon, in its capacity as Indenture Trustee and in its separate capacity as a securities intermediary (the "Indenture").

PRELIMINARY STATEMENT

Section 9.01 of the Indenture provides, among other things, that the Issuer and the Indenture Trustee may at any time enter into an indenture supplemental to the Indenture for the purposes of authorizing the issuance by the Issuer of the Securitization Bonds and specifying the terms thereof. The Issuer has duly authorized the creation of the Securitization Bonds with an initial aggregate principal amount of $378,000,000 to be known as Senior Secured Securitization Bonds, Series 2014A (the "Securitization Bonds"), and the Issuer and the Indenture Trustee are executing and delivering this Supplement in order to provide for the Securitization Bonds.

All terms used in this Supplement that are defined in the Indenture, either directly or by reference therein, have the meanings assigned to them therein, except to the extent such terms are defined or modified in this Supplement or the context clearly requires otherwise. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

GRANTING CLAUSE

With respect to the Securitization Bonds, the Issuer hereby Grants to the Indenture Trustee, as Indenture Trustee for the benefit of the Secured Parties of the Securitization Bonds, all of the Issuer's right, title and interest (whether now owned or hereafter acquired or arising) in and to (a) the Securitization Property created under and pursuant to the Financing Order and the Securitization Law, and transferred by the Seller to the Issuer pursuant to the Sale Agreement (including, to the fullest extent permitted by law, the right to impose, collect and receive the Securitization Charges, the right to obtain periodic adjustments to the Securitization Charges, and all revenue, collections, payments, money and proceeds arising out of the rights and interests created under the Financing Order), (b) all Securitization Charges related to the Securitization Property, (c) the Sale Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to the Securitization Property and the Securitization Bonds, (d) the Servicing Agreement, the Administration Agreement, the Intercreditor Agreement and any subservicing, agency, administration or collection agreements executed in connection therewith, to the extent related to the foregoing Securitization Property and the Securitization Bonds, (e) the Collection Account, all subaccounts thereof and all amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all financial assets and securities entitlements carried therein or credited thereto, (f) all rights to compel the Servicer to file for and obtain periodic adjustments to the Securitization Charges in accordance with Section 10k(3) of the Securitization Law and the Financing Order, (g) all

present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute Securitization Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property, (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing, and (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing, **it being understood that the following do not constitute Securitization Bond Collateral**: (x) cash that has been released pursuant to the terms of the Indenture, including Section 8.02(e)(x) of the Indenture and, following retirement of all Outstanding Securitization Bonds, pursuant to Section 8.02(e)(xii) of the Indenture and (y) amounts deposited with the Issuer on the Closing Date, for payment of costs of issuance with respect to the Securitization Bonds (together with any interest earnings thereon), it being understood that such amounts described in clause (x) and clause (y) above shall not be subject to Section 3.17 of the Indenture.

The foregoing Grant is made in trust to secure the Secured Obligations equally and ratably without prejudice, priority or distinction, except as expressly provided in the Indenture, to secure compliance with the provisions of the Indenture with respect to the Securitization Bonds, all as provided in the Indenture and to secure the performance by the Issuer of all of its obligations under the Indenture. The Indenture and this Supplement constitute a security agreement within the meaning of the Securitization Law and under the UCC to the extent that the provisions of the UCC are applicable hereto.

The Indenture Trustee, as indenture trustee on behalf of the Secured Parties of the Securitization Bonds, acknowledges such Grant and accepts the trusts under this Supplement and the Indenture in accordance with the provisions of this Supplement and the Indenture.

SECTION 1. Designation. The Securitization Bonds shall be designated generally as the Securitization Bonds, and further denominated as Tranches A-1 through A-3.

SECTION 2. Initial Principal Amount; Bond Interest Rate; Scheduled Final Payment Date; Final Maturity Date. The Securitization Bonds of each Tranche shall have the initial principal amount, bear interest at the rates per annum (the "Bond Interest Rate") and shall have the Scheduled Final Payment Dates and the Final Maturity Dates set forth below:

Tranche	Initial Principal Amount	Bond Interest Rate	Scheduled Final Payment Date	Final Maturity Date
A-1	$ 124,500,000	1.334%	November 1, 2019	November 1, 2020
A-2	$ 139,000,000	2.962%	November 1, 2024	November 1, 2025
A-3	$ 114,500,000	3.528%	May 1, 2028	May 1, 2029

The Bond Interest Rate shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3. Authentication Date; Payment Dates; Expected Amortization Schedule for Principal; Periodic Interest; Book-Entry Securitization Bonds; Waterfall Caps.

(a) Authentication Date. The Securitization Bonds that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on July 22, 2014 (the "Closing Date") shall have as their date of authentication July 22, 2014.

(b) Payment Dates. The "Payment Dates" for the Securitization Bonds are May 1 and November 1 of each year or, if any such date is not a Business Day, the next Business Day, commencing on May 1, 2015 and continuing until the earlier of repayment of the Securitization Bonds in full and the Final Maturity Date.

(c) Expected Amortization Schedule for Principal. Unless an Event of Default shall have occurred and be continuing, on each Payment Date, the Indenture Trustee shall distribute to the Holders of record as of the related Record Date amounts payable pursuant to Section 8.02(e) of the Indenture as principal, in the following order and priority: (1) to the holders of the Tranche A-1 Securitization Bonds, until the Outstanding Amount of such Tranche of Securitization Bonds thereof has been reduced to zero; (2) to the holders of the Tranche A-2 Securitization Bonds, until the Outstanding Amount of such Tranche of Securitization Bonds thereof has been reduced to zero; and (3) to the holders of the Tranche A-3 Securitization Bonds, until the Outstanding Amount of such Tranche of Securitization Bonds thereof has been reduced to zero; provided, however, that in no event shall a principal payment pursuant to this Section 3(c) on any Tranche on a Payment Date be greater than the amount necessary to reduce the Outstanding Amount of such Tranche of Securitization Bonds to the amount specified in the Expected Amortization Schedule that is attached as Schedule A hereto for such Tranche and Payment Date}.

(d) Periodic Interest. "Periodic Interest" will be payable on each Tranche of the Securitization Bonds on each Payment Date in an amount equal to one-half of the product of (i) the applicable Bond Interest Rate and (ii) the Outstanding Amount of the related Tranche of Securitization Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of the related Tranche of Securitization Bonds on such preceding Payment Date; provided, however, that, with respect to the initial Payment Date, or if no payment has yet been made, interest on the outstanding principal balance will accrue from and including the Closing Date to, but excluding, the following Payment Date.

(e) Book-Entry Securitization Bonds. The Securitization Bonds shall be Book-Entry Securitization Bonds, and the applicable provisions of Section 2.11 of the Indenture shall apply to the Securitization Bonds.

(f) Waterfall Caps. The amount payable with respect to the Securitization Bonds pursuant to Section 8.02(e)(i) of the Indenture shall not exceed $500,000 annually.

SECTION 4. Authorized Denominations. The Securitization Bonds shall be issuable in denominations of $100,000 and integral multiples of $1,000 in excess thereof (the "Authorized Denominations").

SECTION 5. Delivery and Payment for the Securitization Bonds; Form of the Securitization Bonds. The Indenture Trustee shall deliver the Securitization Bonds to the Issuer when authenticated in accordance with Section 2.03 of the Indenture. The Securitization Bonds of each Tranche shall be in the form of Exhibits A, B and C hereto.

SECTION 6. Ratification of Indenture. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture, as so supplemented by this Supplement, shall be read, taken and construed as one and the same instrument. This Supplement amends, modifies and supplements the Indenture only insofar as it relates to the Securitization Bonds.

SECTION 7. Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 8. Governing Law. **This Supplement shall be governed by and construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws; provided, that, except as set forth in Section 8.02(b) of the Indenture, the creation, attachment and perfection of any Liens created under the Indenture in Securitization Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitization Property, shall be governed by the laws of the State of Michigan.**

SECTION 9. Issuer Obligation. No recourse may be taken directly or indirectly by the Holders with respect to the obligations of the Issuer on the Securitization Bonds, under the Indenture or this Supplement or any certificate or other writing delivered in connection herewith or therewith, against (a) any owner of a beneficial interest in the Issuer (including Consumers Energy) or (b) any shareholder, partner, owner, beneficiary, officer, director, employee or agent of the Indenture Trustee, the Managers or any owner of a beneficial interest in the Issuer (including Consumers Energy) in its individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed. Each Holder by accepting a Securitization Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitization Bonds.

SECTION 10. Indenture Trustee Disclaimer. The Indenture Trustee is not responsible for the validity or sufficiency of this Supplement or for the recitals contained herein.

SECTION 11. Submission to Non-Exclusive Jurisdiction; Waiver of Jury Trial. **Each of the Issuer and the Indenture Trustee hereby irrevocably submits to the non-exclusive jurisdiction of any New York State court sitting in The Borough of Manhattan in The City of New York or any U.S. federal court sitting in The Borough of Manhattan in The City of New York in respect of any suit, action or proceeding arising out of or relating to this Supplement and the Securitization Bonds and irrevocably accepts for itself and in**

respect of its respective property, generally and unconditionally, jurisdiction of the aforesaid courts. Each of the Issuer and the Indenture Trustee irrevocably waives, to the fullest extent that it may effectively do so under applicable law, trial by jury.

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

THE BANK OF NEW YORK MELLON,
as Indenture Trustee and as Securities Intermediary

By: /s/ Esther Antoine
Name: Esther Antoine
Title: Vice President

[Signature Page to Series Supplement]

SCHEDULE A
TO SERIES SUPPLEMENT

EXPECTED AMORTIZATION SCHEDULE

OUTSTANDING PRINCIPAL BALANCE

Date	Tranche A-1	Tranche A-2	Tranche A-3
Closing Date	$ 124,500,000.00	$ 139,000,000.00	$ 114,500,000.00
05/01/15	$ 111,459,019.74	$ 139,000,000.00	$ 114,500,000.00
11/01/15	$ 98,993,029.25	$ 139,000,000.00	$ 114,500,000.00
05/01/16	$ 86,805,748.60	$ 139,000,000.00	$ 114,500,000.00
11/01/16	$ 74,376,732.93	$ 139,000,000.00	$ 114,500,000.00
05/01/17	$ 61,823,849.44	$ 139,000,000.00	$ 114,500,000.00
11/01/17	$ 48,965,946.28	$ 139,000,000.00	$ 114,500,000.00
05/01/18	$ 36,505,831.08	$ 139,000,000.00	$ 114,500,000.00
11/01/18	$ 23,697,663.02	$ 139,000,000.00	$ 114,500,000.00
05/01/19	$ 10,850,402.08	$ 139,000,000.00	$ 114,500,000.00
11/01/19	—	$ 136,784,621.67	$ 114,500,000.00
05/01/20	—	$ 123,832,978.20	$ 114,500,000.00
11/01/20	—	$ 110,544,516.62	$ 114,500,000.00
05/01/21	—	$ 97,129,942.59	$ 114,500,000.00
11/01/21	—	$ 83,296,263.74	$ 114,500,000.00
05/01/22	—	$ 69,627,888.41	$ 114,500,000.00
11/01/22	—	$ 55,511,769.55	$ 114,500,000.00
05/01/23	—	$ 41,307,040.44	$ 114,500,000.00
11/01/23	—	$ 26,734,292.38	$ 114,500,000.00
05/01/24	—	$ 12,140,566.27	$ 114,500,000.00
11/01/24	—	—	$ 111,687,407.75
05/01/25	—	—	$ 96,596,587.62
11/01/25	—	—	$ 81,003,751.37
05/01/26	—	—	$ 65,515,731.30
11/01/26	—	—	$ 49,502,297.99
05/01/27	—	—	$ 33,330,923.03
11/01/27	—	—	$ 16,714,614.06
05/01/28	—	—	—

EXHIBIT A
TO SERIES SUPPLEMENT

FORM OF TRANCHE A-1 OF SECURITIZATION BONDS

See attached.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OR ENTITY IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. 1 $124,500,000
Tranche A-1 CUSIP No.: 210717 AA2

THE PRINCIPAL OF THIS TRANCHE A-1 SENIOR SECURED SECURITIZATION BOND, SERIES 2014A (THIS "SECURITIZATION BOND") WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS SECURITIZATION BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE. THE HOLDER OF THIS SECURITIZATION BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE SECURITIZATION BOND COLLATERAL, AS DESCRIBED IN THE INDENTURE, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS SECURITIZATION BOND UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN SECTION 3.10(b) OR ARTICLE IV OF THE INDENTURE. THE HOLDER OF THIS SECURITIZATION BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE PAYMENT IN FULL OF THIS SECURITIZATION BOND, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER THAT IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR OTHERWISE

CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION THAT IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES.

CONSUMERS 2014 SECURITIZATION FUNDING LLC
SENIOR SECURED SECURITIZATION BONDS, SERIES 2014A, TRANCHE A-1

BOND INTEREST RATE	ORIGINAL PRINCIPAL AMOUNT	FINAL MATURITY DATE
1.334%	$ 124,500,000	November 1, 2020

CONSUMERS 2014 SECURITIZATION FUNDING LLC, a limited liability company created under the laws of the State of Delaware (herein referred to as the "Issuer"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the Original Principal Amount shown above in semi-annual installments on the Payment Dates and in the amounts specified below or, if less, the amounts determined pursuant to Section 8.02 of the Indenture, in each year, commencing on the date determined as provided below and ending on or before the Final Maturity Date shown above and to pay interest, at the Bond Interest Rate shown above, on each May 1 and November 1 or, if any such day is not a Business Day, the next Business Day, commencing on May 1, 2015 and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date (each, a "Payment Date"), on the principal amount of this Securitization Bond. Interest on this Securitization Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Such principal of and interest on this Securitization Bond shall be paid in the manner specified below.

The principal of and interest on this Securitization Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Securitization Bond shall be applied first to interest due and payable on this Securitization Bond as provided above and then to the unpaid principal of and premium, if any, on this Securitization Bond, all in the manner set forth in the Indenture.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual signature,

this Securitization Bond shall not be entitled to any benefit under the Indenture referred to below or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Responsible Officer.

Date: July 22, 2014

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: _____
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: July 22, 2014

This is one of the Tranche A-1 Senior Secured Securitization Bonds, Series 2014A, designated above and referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Indenture Trustee

By: _____
Name: Esther Antoine
Title: Vice President

This Senior Secured Securitization Bond, Series 2014A is one of a duly authorized issue of Senior Secured Securitization Bonds, Series 2014A of the Issuer (herein called the "Bonds"), which Bonds are issuable in one or more Tranches. The Bonds consist of three Tranches, including the Tranche A-1 Senior Secured Securitization Bonds, Series 2014A, which include this Senior Secured Securitization Bond, Series 2014A (herein called the "Securitization Bonds"), all issued and to be issued under that certain Indenture dated as of July 22, 2014 (as supplemented by the Series Supplement (as defined below), the "Indenture"), between the Issuer and The Bank of New York Mellon, in its capacity as indenture trustee (the "Indenture Trustee", which term includes any successor indenture trustee under the Indenture) and in its separate capacity as a securities intermediary (the "Securities Intermediary", which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Bonds. For purposes herein, "Series Supplement" means that certain Series Supplement dated as of July 22, 2014 between the Issuer and the Indenture Trustee. All terms used in this Securitization Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

All Tranches of Bonds are and will be equally and ratably secured by the Securitization Bond Collateral pledged as security therefor as provided in the Indenture.

The principal of this Securitization Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account are available therefor, and only until the outstanding principal balance thereof on the preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule that is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders representing a majority of the Outstanding Amount of the Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Indenture. The entire unpaid principal amount of this Securitization Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the Bonds representing a majority of the Outstanding Amount of the Bonds have declared the Securitization Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Securitization Bonds shall be made pro rata to the Holders of the Securitization Bonds entitled thereto based on the respective principal amounts of the Securitization Bonds held by them.

Payments of interest on this Securitization Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by

check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Securitization Bond (or one or more Predecessor Securitization Bonds) on the Securitization Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that (a) upon application to the Indenture Trustee by any Holder owning a Global Securitization Bond evidencing this Securitization Bond in the principal amount of $10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder, and (b) if this Securitization Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Securitization Bond evidencing this Securitization Bond unless and until such Global Securitization Bond is exchanged for Definitive Securitization Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to this Securitization Bond on a Payment Date, which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Securitization Bond Register as of the applicable Record Date without requiring that this Securitization Bond be submitted for notation of payment. Any reduction in the principal amount of this Securitization Bond (or any one or more Predecessor Securitization Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Securitization Bond and of any Securitization Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then-remaining unpaid principal amount of this Securitization Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Securitization Bond and shall specify the place where this Securitization Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Bond Interest Rate to the extent lawful.

This Securitization Bond is a "securitization bond" as such term is defined in the Securitization Law. Principal and interest due and payable on this Securitization Bond are payable from and secured primarily by Securitization Property created and established by the Financing Order obtained from the Michigan Public Service Commission pursuant to the Securitization Law. Securitization Property consists of the rights and interests of the Seller in the Financing Order, including the right to impose, collect and receive Securitization Charges, the right to obtain True-Up Adjustments and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests created under the Financing Order.

Under the laws of the State of Michigan in effect on the Closing Date, pursuant to Section 10n(2) of the Securitization Law, the State of Michigan has pledged for the benefit and protection of the Holders, the Indenture Trustee, other Persons acting for the benefit of the Holders and Consumers Energy that the State of Michigan will not take or permit any action that impairs the value of Securitization Property, reduce or alter, except as allowed under Section 10k(3) of the Securitization Law, or impair Securitization Charges to be imposed, collected and

remitted to the Holders, the Indenture Trustee and other Persons acting for the benefit of the Holders, until any principal, interest and premium in respect of Securitization Bonds, and any other charges incurred and contracts to be performed, in connection with Securitization Bonds have been paid or performed in full.

The Issuer and Consumers Energy hereby acknowledge that the purchase of this Securitization Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledge.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Securitization Bond may be registered on the Securitization Bond Register upon surrender of this Securitization Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by, (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee, and (b) such other documents as the Indenture Trustee may require, and thereupon one or more new Securitization Bonds of Authorized Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Securitization Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 2.04 or Section 2.06 of the Indenture not involving any transfer.

Each Holder, by acceptance of a Securitization Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Securitization Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (a) any owner of a membership interest in the Issuer (including Consumers Energy) or (b) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Consumers Energy) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a Securitization Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitization Bonds.

Prior to the due presentment for registration of transfer of this Securitization Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Securitization Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Securitization Bond and for all other purposes whatsoever, whether or not this Securitization Bond be overdue, and none of the Issuer, the Indenture Trustee or any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Securitization Bonds under the Indenture at any time by the Issuer with the consent of the Holders representing a majority of the Outstanding Amount of all Securitization Bonds at the time outstanding of each Tranche to be affected. The Indenture

also contains provisions permitting the Holders representing specified percentages of the Outstanding Amount of the Securitization Bonds, on behalf of the Holders of all the Securitization Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Securitization Bond (or any one of more Predecessor Securitization Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Securitization Bond and of any Securitization Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Securitization Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders of the Securitization Bonds issued thereunder.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Issuer on this Securitization Bond and (b) certain restrictive covenants and the related Events of Default, upon compliance by the Issuer with certain conditions set forth in the Indenture, which provisions apply to this Securitization Bond.

The term "Issuer" as used in this Securitization Bond includes any successor to the Issuer under the Indenture.

The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Holders under the Indenture.

The Securitization Bonds are issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

This Securitization Bond, the Indenture and the Series Supplement shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws; provided, that the creation, attachment and perfection of any Liens created under the Indenture in Securitization Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitization Property, shall be governed by the laws of the State of Michigan.

No reference herein to the Indenture and no provision of this Securitization Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Securitization Bond at the times, place and rate and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Securitization Bond, by acquiring any Securitization Bond or interest therein, (a) express their intention that, solely for the purpose of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, the Securitization Bonds qualify under applicable tax law as indebtedness of the sole owner of the Issuer secured by the Securitization Bond Collateral and (b) solely for purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Securitization Bonds are outstanding, agree to treat the Securitization Bonds as indebtedness of the sole owner of the Issuer secured by the Securitization Bond Collateral unless otherwise required by appropriate taxing authorities.

ABBREVIATIONS

The following abbreviations, when used above on this Securitization Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	Custodian (Custodian) (minor) Under Uniform Gifts to Minor Act ( ) (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

(name and address of assignee)

the within Securitization Bond and all rights thereunder, and hereby irrevocably constitutes and appoints , attorney, to transfer said Securitization Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Signature Guaranteed:

_____

The signature to this assignment must correspond with the name of the registered owner as it appears on the within Securitization Bond in every particular, without alteration, enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by an institution that is a member of: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) the Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee.

EXHIBIT B
TO SERIES SUPPLEMENT

FORM OF TRANCHE A-2 OF SECURITIZATION BONDS

See attached.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OR ENTITY IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. 2 $139,000,000
Tranche A-2 CUSIP No.: 210717 AB0

THE PRINCIPAL OF THIS TRANCHE A-2 SENIOR SECURED SECURITIZATION BOND, SERIES 2014A (THIS "SECURITIZATION BOND") WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS SECURITIZATION BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE. THE HOLDER OF THIS SECURITIZATION BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE SECURITIZATION BOND COLLATERAL, AS DESCRIBED IN THE INDENTURE, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS SECURITIZATION BOND UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN SECTION 3.10(b) OR ARTICLE IV OF THE INDENTURE. THE HOLDER OF THIS SECURITIZATION BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE PAYMENT IN FULL OF THIS SECURITIZATION BOND, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER THAT IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR OTHERWISE

CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION THAT IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES.

CONSUMERS 2014 SECURITIZATION FUNDING LLC
SENIOR SECURED SECURITIZATION BONDS, SERIES 2014A, TRANCHE A-2

BOND INTEREST RATE	ORIGINAL PRINCIPAL AMOUNT	FINAL MATURITY DATE
2.962%	$ 139,000,000	November 1, 2025

CONSUMERS 2014 SECURITIZATION FUNDING LLC, a limited liability company created under the laws of the State of Delaware (herein referred to as the "Issuer"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the Original Principal Amount shown above in semi-annual installments on the Payment Dates and in the amounts specified below or, if less, the amounts determined pursuant to Section 8.02 of the Indenture, in each year, commencing on the date determined as provided below and ending on or before the Final Maturity Date shown above and to pay interest, at the Bond Interest Rate shown above, on each May 1 and November 1 or, if any such day is not a Business Day, the next Business Day, commencing on May 1, 2015 and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date (each, a "Payment Date"), on the principal amount of this Securitization Bond. Interest on this Securitization Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Such principal of and interest on this Securitization Bond shall be paid in the manner specified below.

The principal of and interest on this Securitization Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Securitization Bond shall be applied first to interest due and payable on this Securitization Bond as provided above and then to the unpaid principal of and premium, if any, on this Securitization Bond, all in the manner set forth in the Indenture.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual signature, this Securitization Bond shall not be entitled to any benefit under the Indenture referred to below or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Responsible Officer.

Date: July 22, 2014

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: _____
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: July 22, 2014

This is one of the Tranche A-2 Senior Secured Securitization Bonds, Series 2014A, designated above and referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Indenture Trustee

By: _____
Name: Esther Antoine
Title: Vice President

This Senior Secured Securitization Bond, Series 2014A is one of a duly authorized issue of Senior Secured Securitization Bonds, Series 2014A of the Issuer (herein called the "Bonds"), which Bonds are issuable in one or more Tranches. The Bonds consist of three Tranches, including the Tranche A-2 Senior Secured Securitization Bonds, Series 2014A, which include this Senior Secured Securitization Bond, Series 2014A (herein called the "Securitization Bonds"), all issued and to be issued under that certain Indenture dated as of July 22, 2014 (as supplemented by the Series Supplement (as defined below), the "Indenture"), between the Issuer and The Bank of New York Mellon, in its capacity as indenture trustee (the "Indenture Trustee", which term includes any successor indenture trustee under the Indenture) and in its separate capacity as a securities intermediary (the "Securities Intermediary", which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Bonds. For purposes herein, "Series Supplement" means that certain Series Supplement dated as of July 22, 2014 between the Issuer and the Indenture Trustee. All terms used in this Securitization Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

All Tranches of Bonds are and will be equally and ratably secured by the Securitization Bond Collateral pledged as security therefor as provided in the Indenture.

The principal of this Securitization Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account are available therefor, and only until the outstanding principal balance thereof on the preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule that is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders representing a majority of the Outstanding Amount of the Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Indenture. The entire unpaid principal amount of this Securitization Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the Bonds representing a majority of the Outstanding Amount of the Bonds have declared the Securitization Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Securitization Bonds shall be made pro rata to the Holders of the Securitization Bonds entitled thereto based on the respective principal amounts of the Securitization Bonds held by them.

Payments of interest on this Securitization Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by

check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Securitization Bond (or one or more Predecessor Securitization Bonds) on the Securitization Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that (a) upon application to the Indenture Trustee by any Holder owning a Global Securitization Bond evidencing this Securitization Bond in the principal amount of $10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder, and (b) if this Securitization Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Securitization Bond evidencing this Securitization Bond unless and until such Global Securitization Bond is exchanged for Definitive Securitization Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to this Securitization Bond on a Payment Date, which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Securitization Bond Register as of the applicable Record Date without requiring that this Securitization Bond be submitted for notation of payment. Any reduction in the principal amount of this Securitization Bond (or any one or more Predecessor Securitization Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Securitization Bond and of any Securitization Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then-remaining unpaid principal amount of this Securitization Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Securitization Bond and shall specify the place where this Securitization Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Bond Interest Rate to the extent lawful.

This Securitization Bond is a "securitization bond" as such term is defined in the Securitization Law. Principal and interest due and payable on this Securitization Bond are payable from and secured primarily by Securitization Property created and established by the Financing Order obtained from the Michigan Public Service Commission pursuant to the Securitization Law. Securitization Property consists of the rights and interests of the Seller in the Financing Order, including the right to impose, collect and receive Securitization Charges, the right to obtain True-Up Adjustments and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests created under the Financing Order.

Under the laws of the State of Michigan in effect on the Closing Date, pursuant to Section 10n(2) of the Securitization Law, the State of Michigan has pledged for the benefit and protection of the Holders, the Indenture Trustee, other Persons acting for the benefit of the Holders and Consumers Energy that the State of Michigan will not take or permit any action that impairs the value of Securitization Property, reduce or alter, except as allowed under Section 10k(3) of the Securitization Law, or impair Securitization Charges to be imposed, collected and

remitted to the Holders, the Indenture Trustee and other Persons acting for the benefit of the Holders, until any principal, interest and premium in respect of Securitization Bonds, and any other charges incurred and contracts to be performed, in connection with Securitization Bonds have been paid or performed in full.

The Issuer and Consumers Energy hereby acknowledge that the purchase of this Securitization Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledge.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Securitization Bond may be registered on the Securitization Bond Register upon surrender of this Securitization Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by, (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee, and (b) such other documents as the Indenture Trustee may require, and thereupon one or more new Securitization Bonds of Authorized Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Securitization Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 2.04 or Section 2.06 of the Indenture not involving any transfer.

Each Holder, by acceptance of a Securitization Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Securitization Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (a) any owner of a membership interest in the Issuer (including Consumers Energy) or (b) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Consumers Energy) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a Securitization Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitization Bonds.

Prior to the due presentment for registration of transfer of this Securitization Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Securitization Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Securitization Bond and for all other purposes whatsoever, whether or not this Securitization Bond be overdue, and none of the Issuer, the Indenture Trustee or any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Securitization Bonds under the Indenture at any time by the Issuer with the consent of the Holders representing a majority of the Outstanding Amount of all Securitization Bonds at the time outstanding of each Tranche to be affected. The Indenture also contains provisions permitting the Holders representing specified percentages of the Outstanding Amount of the Securitization Bonds, on behalf of the Holders of all the Securitization Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Securitization Bond (or any one of more Predecessor Securitization Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Securitization Bond and of any Securitization Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Securitization Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders of the Securitization Bonds issued thereunder.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Issuer on this Securitization Bond and (b) certain restrictive covenants and the related Events of Default, upon compliance by the Issuer with certain conditions set forth in the Indenture, which provisions apply to this Securitization Bond.

The term "Issuer" as used in this Securitization Bond includes any successor to the Issuer under the Indenture.

The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Holders under the Indenture.

The Securitization Bonds are issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

This Securitization Bond, the Indenture and the Series Supplement shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws; provided, that the creation, attachment and perfection of any Liens created under the Indenture in Securitization Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitization Property, shall be governed by the laws of the State of Michigan.

No reference herein to the Indenture and no provision of this Securitization Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Securitization Bond at the times, place and rate and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Securitization Bond, by acquiring any Securitization Bond or interest therein, (a) express their intention that, solely for the purpose of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, the Securitization Bonds qualify under applicable tax law as indebtedness of the sole owner of the Issuer secured by the Securitization Bond Collateral and (b) solely for purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Securitization Bonds are outstanding, agree to treat the Securitization Bonds as indebtedness of the sole owner of the Issuer secured by the Securitization Bond Collateral unless otherwise required by appropriate taxing authorities.

ABBREVIATIONS

The following abbreviations, when used above on this Securitization Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties

JT TEN as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT Custodian
(Custodian) (minor)
Under Uniform Gifts to Minor Act ( )
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within Securitization Bond and all rights thereunder, and hereby irrevocably constitutes and appoints , attorney, to transfer said Securitization Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____
Signature Guaranteed:

_____

The signature to this assignment must correspond with the name of the registered owner as it appears on the within Securitization Bond in every particular, without alteration, enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by an institution that is a member of: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) the Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee.

EXHIBIT C
TO SERIES SUPPLEMENT

FORM OF TRANCHE A-3 OF SECURITIZATION BONDS

See attached.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OR ENTITY IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. 3 $114,500,000
Tranche A-3 CUSIP No.: 210717 AC8

THE PRINCIPAL OF THIS TRANCHE A-3 SENIOR SECURED SECURITIZATION BOND, SERIES 2014A (THIS "SECURITIZATION BOND") WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS SECURITIZATION BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE. THE HOLDER OF THIS SECURITIZATION BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE SECURITIZATION BOND COLLATERAL, AS DESCRIBED IN THE INDENTURE, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS SECURITIZATION BOND UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN

SECTION 3.10(b) OR ARTICLE IV OF THE INDENTURE. THE HOLDER OF THIS SECURITIZATION BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE PAYMENT IN FULL OF THIS SECURITIZATION BOND, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER THAT IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR OTHERWISE

CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION THAT IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES.

CONSUMERS 2014 SECURITIZATION FUNDING LLC
SENIOR SECURED SECURITIZATION BONDS, SERIES 2014A, TRANCHE A-3

BOND INTEREST RATE	ORIGINAL PRINCIPAL AMOUNT	FINAL MATURITY DATE
3.528%	$ 114,500,000	May 1, 2029

CONSUMERS 2014 SECURITIZATION FUNDING LLC, a limited liability company created under the laws of the State of Delaware (herein referred to as the "Issuer"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the Original Principal Amount shown above in semi-annual installments on the Payment Dates and in the amounts specified below or, if less, the amounts determined pursuant to Section 8.02 of the Indenture, in each year, commencing on the date determined as provided below and ending on or before the Final Maturity Date shown above and to pay interest, at the Bond Interest Rate shown above, on each May 1 and November 1 or, if any such day is not a Business Day, the next Business Day, commencing on May 1, 2015 and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date (each, a "Payment Date"), on the principal amount of this Securitization Bond. Interest on this Securitization Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Such principal of and interest on this Securitization Bond shall be paid in the manner specified below.

The principal of and interest on this Securitization Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Securitization Bond shall be applied first to interest due and payable on this Securitization Bond as provided above and then to the unpaid principal of and premium, if any, on this Securitization Bond, all in the manner set forth in the Indenture.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual signature, this Securitization Bond shall not be entitled to any benefit under the Indenture referred to below or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Responsible Officer.

Date: July 22, 2014

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: _____
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: July 22, 2014

This is one of the Tranche A-3 Senior Secured Securitization Bonds, Series 2014A, designated above and referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Indenture Trustee

By: _____
Name: Esther Antoine
Title: Vice President

This Senior Secured Securitization Bond, Series 2014A is one of a duly authorized issue of Senior Secured Securitization Bonds, Series 2014A of the Issuer (herein called the "Bonds"), which Bonds are issuable in one or more Tranches. The Bonds consist of three Tranches, including the Tranche A-3 Senior Secured Securitization Bonds, Series 2014A, which include this Senior Secured Securitization Bond, Series 2014A (herein called the "Securitization Bonds"), all issued and to be issued under that certain Indenture dated as of July 22, 2014 (as supplemented by the Series Supplement (as defined below), the "Indenture"), between the Issuer and The Bank of New York Mellon, in its capacity as indenture trustee (the "Indenture Trustee", which term includes any successor indenture trustee under the Indenture) and in its separate capacity as a securities intermediary (the "Securities Intermediary", which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Bonds. For purposes herein, "Series Supplement" means that certain Series Supplement dated as of July 22, 2014 between the Issuer and the Indenture Trustee. All terms used in this Securitization Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

All Tranches of Bonds are and will be equally and ratably secured by the Securitization Bond Collateral pledged as security therefor as provided in the Indenture.

The principal of this Securitization Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account are available therefor, and only until the outstanding principal balance thereof on the preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule that is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders representing a majority of the Outstanding Amount of the Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Indenture. The entire unpaid principal amount of this Securitization Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the Bonds representing a majority of the Outstanding Amount of the Bonds have declared the Securitization Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Securitization Bonds shall be made pro rata to the Holders of the Securitization Bonds entitled thereto based on the respective principal amounts of the Securitization Bonds held by them.

Payments of interest on this Securitization Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by

check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Securitization Bond (or one or more Predecessor Securitization Bonds) on the Securitization Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that (a) upon application to the Indenture Trustee by any Holder owning a Global Securitization Bond evidencing this Securitization Bond in the principal amount of $10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder, and (b) if this Securitization Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Securitization Bond evidencing this Securitization Bond unless and until such Global Securitization Bond is exchanged for Definitive Securitization Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to this Securitization Bond on a Payment Date, which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Securitization Bond Register as of the applicable Record Date without requiring that this Securitization Bond be submitted for notation of payment. Any reduction in the principal amount of this Securitization Bond (or any one or more Predecessor Securitization Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Securitization Bond and of any Securitization Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then-remaining unpaid principal amount of this Securitization Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Securitization Bond and shall specify the place where this Securitization Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Bond Interest Rate to the extent lawful.

This Securitization Bond is a "securitization bond" as such term is defined in the Securitization Law. Principal and interest due and payable on this Securitization Bond are payable from and secured primarily by Securitization Property created and established by the Financing Order obtained from the Michigan Public Service Commission pursuant to the Securitization Law. Securitization Property consists of the rights and interests of the Seller in the Financing Order, including the right to impose, collect and receive Securitization Charges, the right to obtain True-Up Adjustments and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests created under the Financing Order.

Under the laws of the State of Michigan in effect on the Closing Date, pursuant to Section 10n(2) of the Securitization Law, the State of Michigan has pledged for the benefit and protection of the Holders, the Indenture Trustee, other Persons acting for the benefit of the Holders and Consumers Energy that the State of Michigan will not take or permit any action that impairs the value of Securitization Property, reduce or alter, except as allowed under Section 10k(3) of the Securitization Law, or impair Securitization Charges to be imposed, collected and

remitted to the Holders, the Indenture Trustee and other Persons acting for the benefit of the Holders, until any principal, interest and premium in respect of Securitization Bonds, and any other charges incurred and contracts to be performed, in connection with Securitization Bonds have been paid or performed in full.

The Issuer and Consumers Energy hereby acknowledge that the purchase of this Securitization Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledge.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Securitization Bond may be registered on the Securitization Bond Register upon surrender of this Securitization Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by, (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee, and (b) such other documents as the Indenture Trustee may require, and thereupon one or more new Securitization Bonds of Authorized Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Securitization Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 2.04 or Section 2.06 of the Indenture not involving any transfer.

Each Holder, by acceptance of a Securitization Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Securitization Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (a) any owner of a membership interest in the Issuer (including Consumers Energy) or (b) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Consumers Energy) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a Securitization Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitization Bonds.

Prior to the due presentment for registration of transfer of this Securitization Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Securitization Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Securitization Bond and for all other purposes whatsoever, whether or not this Securitization Bond be overdue, and none of the Issuer, the Indenture Trustee or any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Securitization Bonds under the Indenture at any time by the Issuer with the consent of the Holders representing a majority of the Outstanding Amount of all Securitization Bonds at the time outstanding of each Tranche to be affected. The Indenture also contains provisions permitting the Holders representing specified percentages of the Outstanding Amount of the Securitization Bonds, on behalf of the Holders of all the Securitization Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Securitization Bond (or any one of more Predecessor Securitization Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Securitization Bond and of any Securitization Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Securitization Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders of the Securitization Bonds issued thereunder.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Issuer on this Securitization Bond and (b) certain restrictive covenants and the related Events of Default, upon compliance by the Issuer with certain conditions set forth in the Indenture, which provisions apply to this Securitization Bond.

The term "Issuer" as used in this Securitization Bond includes any successor to the Issuer under the Indenture.

The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Holders under the Indenture.

The Securitization Bonds are issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

This Securitization Bond, the Indenture and the Series Supplement shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws; provided, that the creation, attachment and perfection of any Liens created under the Indenture in Securitization Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Securitization Property, shall be governed by the laws of the State of Michigan.

No reference herein to the Indenture and no provision of this Securitization Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Securitization Bond at the times, place and rate and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Securitization Bond, by acquiring any Securitization Bond or interest therein, (a) express their intention that, solely for the purpose of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, the Securitization Bonds qualify under applicable tax law as indebtedness of the sole owner of the Issuer secured by the Securitization Bond Collateral and (b) solely for purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Securitization Bonds are outstanding, agree to treat the Securitization Bonds as indebtedness of the sole owner of the Issuer secured by the Securitization Bond Collateral unless otherwise required by appropriate taxing authorities.

ABBREVIATIONS

The following abbreviations, when used above on this Securitization Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	Custodian (Custodian) (minor) Under Uniform Gifts to Minor Act ( ) (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____

(name and address of assignee)

the within Securitization Bond and all rights thereunder, and hereby irrevocably constitutes and appoints , attorney, to transfer said Securitization Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Signature Guaranteed:

_____

The signature to this assignment must correspond with the name of the registered owner as it appears on the within Securitization Bond in every particular, without alteration, enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by an institution that is a member of: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) the Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee.

INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT dated as of July 22, 2014 (this "Agreement") is among THE BANK OF NOVA SCOTIA ("BNS"), which has an office at 40 King Street West, 55th Floor, Toronto, Ontario, Canada M5H 1H1 (as Administrative Agent, together with its successors and assigns in such capacity under the RPA referred to below, the "Administrative Agent"), LIBERTY STREET FUNDING LLC, a Delaware limited liability company ("Liberty"), THE BANK OF NEW YORK MELLON, a New York banking corporation, with an office at 101 Barclay Street, 7W, New York, New York 10286 (as Trustee under the 2001 Indenture referred to below, the "2001 Bond Trustee"), CONSUMERS FUNDING LLC, a Delaware limited liability company with an office at One Energy Plaza, Jackson, Michigan 49201 (the "2001 Bond Issuer"), THE BANK OF NEW YORK MELLON, a New York banking corporation, with an office at 101 Barclay Street, 7W, New York, New York 10286 (as Trustee under the 2014 Indenture referred to below, the "2014 Bond Trustee"), CONSUMERS 2014 SECURITIZATION FUNDING LLC, a Delaware limited liability company with an office at One Energy Plaza, Jackson, Michigan 49201 (the "2014 Bond Issuer"), CONSUMERS RECEIVABLES FUNDING II, LLC, a special purpose Delaware limited liability company and wholly-owned subsidiary of Consumers Energy Company with an office at One Energy Plaza, Jackson, Michigan 49201 ("CRF"), and CONSUMERS ENERGY COMPANY, a Michigan corporation with an office at One Energy Plaza, Jackson, Michigan 49201 (in its individual capacity, "Consumers").

WHEREAS, pursuant to the Receivables Sale Agreement, dated as of May 22, 2003, as amended, restated, supplemented or otherwise modified from time to time, between CRF, as Buyer, and Consumers, as Originator (the "RSA"), Consumers has transferred and may hereafter transfer all of its right and title to, and interest in, its Receivables (as defined in the RSA) to CRF; and

WHEREAS, pursuant to the Amended and Restated Receivables Purchase Agreement, dated as of November 23, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "RPA"), among CRF, as Seller, Consumers, as servicer, the entities party thereto from time to time as Conduits (the "Conduits"), the entities party thereto from time to time as Financial Institutions (the "Financial Institutions" and, together with the Conduits, collectively, the "Purchasers"), the entities party thereto from time to time as Managing Agents (the "Managing Agents") and the Administrative Agent (as assignee of JPMorgan Chase Bank, N.A.), CRF has sold and may hereafter sell interests in the Receivables (as defined in the RPA; subsequent references to "Receivables" herein are to "Receivables" as defined in the RPA unless expressly stated to the contrary) to the Administrative Agent, on behalf of the Purchasers; and

WHEREAS, pursuant to the RPA, Consumers as servicer (in such capacity, including any successors and assigns, the "Receivables Servicer") on behalf of the Purchasers has agreed to provide servicing functions with respect to Collections of the Receivables (the "Receivables Collections"); and

WHEREAS, pursuant to the Sale Agreement, dated as of November 8, 2001, between Consumers and the 2001 Bond Issuer (the "2001 Sale Agreement"), Consumers has sold all of its 2001 Securitization Property (which includes the 2001 Securitization Charge) to the 2001 Bond

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Issuer, and pursuant to the Servicing Agreement, dated as of November 8, 2001, between Consumers and the 2001 Bond Issuer attached as Exhibit B hereto (the "2001 Servicing Agreement"), Consumers has agreed to service the 2001 Securitization Property on behalf of the 2001 Bond Issuer; and

WHEREAS, pursuant to the terms of the Indenture dated as of November 8, 2001 between the 2001 Bond Issuer and the 2001 Bond Trustee, as supplemented by one or more Series Supplements (collectively, the "2001 Indenture"), the 2001 Bond Issuer, among other things, has granted to the 2001 Bond Trustee a security interest in the 2001 Securitization Property and certain of its other assets to secure, among other things, the securitization bonds issued pursuant to the 2001 Indenture (the "2001 Securitization Bonds"); and

WHEREAS, pursuant to the 2001 Servicing Agreement, Consumers' obligations as the servicer (in such capacity, including any successors and assigns, the "2001 Bond Servicer") under the 2001 Servicing Agreement on behalf of the 2001 Bond Issuer include the collection of the 2001 Securitization Charge; and

WHEREAS, pursuant to the Securitization Property Sale Agreement, dated as of July 22, 2014, between Consumers and the 2014 Bond Issuer (the "2014 Sale Agreement"), Consumers has sold all of its 2014 Securitization Property (which includes the 2014 Securitization Charge) to the 2014 Bond Issuer, and pursuant to the Securitization Property Servicing Agreement, dated as of July 22, 2014, between Consumers and the 2014 Bond Issuer attached as Exhibit C hereto (the "2014 Servicing Agreement"), Consumers has agreed to service the 2014 Securitization Property on behalf of the 2014 Bond Issuer; and

WHEREAS, pursuant to the terms of the Indenture dated as of July 22, 2014 between the 2014 Bond Issuer and the 2014 Bond Trustee, as supplemented by one or more Series Supplements (collectively, the "2014 Indenture"), the 2014 Bond Issuer, among other things, has granted to the 2014 Bond Trustee a security interest in the 2014 Securitization Property and certain of its other assets to secure, among other things, the securitization bonds issued pursuant to the 2014 Indenture (the "2014 Securitization Bonds"); and

WHEREAS, pursuant to the 2014 Servicing Agreement, Consumers' obligations as the servicer (in such capacity, including any successors and assigns, the "2014 Bond Servicer") under the 2014 Servicing Agreement on behalf of the 2014 Bond Issuer include the collection of the 2014 Securitization Charge; and

WHEREAS, Receivables Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections and related bank accounts in which the same may be deposited are the subject of the RSA, the RPA, the 2001 Sale Agreement, the 2001 Indenture, the 2001 Servicing Agreement, the 2014 Sale Agreement, the 2014 Indenture and the 2014 Servicing Agreement; and

WHEREAS, the parties hereto wish to agree upon their respective rights relating to such Receivables Collections, 2001 Securitization Charge Collections, 2014 Securitization Charge Collections and any bank accounts into which the same may be deposited, as well as other matters of common interest to them that arise under or result from the co-existence of the RSA,

the RPA, the 2001 Sale Agreement, the 2001 Indenture, the 2001 Servicing Agreement, the 2014 Sale Agreement, the 2014 Indenture and the 2014 Servicing Agreement; and

WHEREAS, defined terms not otherwise defined herein have the respective meanings set forth in Exhibit A hereto;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. General. The Administrative Agent, CRF, the 2014 Bond Trustee and the 2014 Bond Issuer hereby acknowledge the ownership interest of the 2001 Bond Issuer in the 2001 Transferred Securitization Property, including revenues, collections, payments, money and proceeds arising therefrom (the "2001 Bond Issuer Assets") and the security interest in favor of the 2001 Bond Trustee in such assets (the "2001 Bond Trustee Collateral"). The Administrative Agent, CRF, the 2001 Bond Trustee and the 2001 Bond Issuer hereby acknowledge the ownership interest of the 2014 Bond Issuer in the 2014 Transferred Securitization Property, including revenues, collections, payments, money and proceeds arising therefrom (the "2014 Bond Issuer Assets") and the security interest in favor of the 2014 Bond Trustee in such assets (the "2014 Bond Trustee Collateral"). The 2001 Bond Trustee, the 2001 Bond Issuer, the 2014 Bond Trustee and the 2014 Bond Issuer hereby acknowledge the ownership interest of the Administrative Agent and CRF in the Receivables. The Administrative Agent, CRF, the 2014 Bond Trustee and the 2014 Bond Issuer further acknowledge that, notwithstanding anything in the RSA, the RPA, the 2014 Indenture or the 2014 Sale Agreement to the contrary, none of them has any interest in the 2001 Bond Issuer Assets or the 2001 Bond Trustee Collateral. The Administrative Agent, CRF, the 2001 Bond Trustee and the 2001 Bond Issuer further acknowledge that, notwithstanding anything in the RSA, the RPA, the 2001 Indenture or the 2001 Sale Agreement to the contrary, none of them has any interest in the 2014 Bond Issuer Assets or the 2014 Bond Trustee Collateral. Each of the 2001 Bond Trustee, the 2001 Bond Issuer, the 2014 Bond Trustee and the 2014 Bond Issuer further acknowledges that, notwithstanding anything in the 2001 Sale Agreement, the 2001 Indenture, the 2014 Sale Agreement or the 2014 Indenture to the contrary, it has no interest in the Receivables. Each of the parties hereto agrees that the determination of the assets that constitute 2001 Securitization Charge Collections in respect of the 2001 Transferred Securitization Property shall be made in accordance with the calculation methodology set forth in Annex 2 to the 2001 Servicing Agreement. Each of the parties hereto agrees that the determination of the assets that constitute 2014 Securitization Charge Collections in respect of the 2014 Transferred Securitization Property shall be made in accordance with the calculation methodology set forth in Exhibit A to the 2014 Servicing Agreement. It is understood and agreed that neither such Annex 2 to the 2001 Servicing Agreement nor such Exhibit A to the 2014 Servicing Agreement will be amended or modified without the prior written consent of each of the parties hereto.

2. Collections.

(a) Each of the parties hereto acknowledges that Receivables Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections will be deposited into any of:

(i) account no. 1242263 at JPMorgan Chase Bank, N.A.;

(ii) account no. 4006909862 at PNC Bank, National Association;

(iii) account nos. 7164496916 and 7166887732 at Fifth Third Bank; or

(iv) account no. 1076119914 at Comerica Bank

(each, together with any additional or replacement account agreed to in writing by the Administrative Agent, the 2001 Bond Trustee subject to the 2001 Rating Agency Condition (as defined below) and the 2014 Bond Trustee subject to the 2014 Rating Agency Condition (as defined below), an "Account" and, collectively, the "Accounts") held by CRF. For the avoidance of doubt, the removal of an Account no longer used for deposits of Receivables Collections, 2001 Securitization Charge Collections or 2014 Securitization Charge Collections where one or more other Accounts continue to be used for deposits of Receivables Collections, 2001 Securitization Charge Collections or 2014 Securitization Charge Collections shall not require any such agreement by the Administrative Agent, the 2001 Bond Trustee or the 2014 Bond Trustee, but the Administrative Agent, the 2001 Bond Trustee and the 2014 Bond Trustee shall be informed in writing by Consumers or CRF of any such removal of an Account. Consumers in its respective capacities as Receivables Servicer, as 2001 Bond Servicer and as 2014 Bond Servicer, and on behalf of its successors and assigns in such capacities, agrees that it will (A) allocate amounts in the Accounts on a daily basis among Receivables Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections in accordance with the calculation methodology set forth in Annex 2 to the 2001 Servicing Agreement and Exhibit A to the 2014 Servicing Agreement and (B) thereafter (x) apply Receivables Collections in accordance with the RPA, (y) apply 2001 Securitization Charge Collections in accordance with the 2001 Servicing Agreement and (z) apply 2014 Securitization Charge Collections in accordance with the 2014 Servicing Agreement. Each of the parties hereto shall have the right to require an accounting from time to time of collections, allocations and remittances by Consumers in its capacity as collection agent relating to the Accounts.

(b) The 2001 Bond Trustee, the 2001 Bond Issuer, the 2014 Bond Trustee and the 2014 Bond Issuer waive any interest in deposits to the Accounts to the extent that they are properly allocable to Receivables Collections, the Administrative Agent, CRF, the 2014 Bond Trustee and the 2014 Bond Issuer waive any interest in deposits to the Accounts to the extent that they are properly allocable to 2001 Securitization Charge Collections, and the Administrative Agent, CRF, the 2001 Bond Trustee and the 2001 Bond Issuer waive any interest in deposits to the Accounts to the extent that they are properly allocable to 2014 Securitization Charge Collections. Each of the parties hereto acknowledges the respective ownership and security interests of the others in the deposits to the Accounts to the extent of their respective interests as described in this Agreement.

3. Property Rights.

(a) The Administrative Agent, CRF, the 2014 Bond Issuer and the 2014 Bond Trustee hereby acknowledge that, notwithstanding

anything in the RSA, the RPA, the P.O. Box Transfer Notices, the Collection Account Agreements, the 2014 Sale Agreement or the 2014 Indenture to the contrary, all 2001 Securitization Charge Collections are property of the 2001 Bond Issuer pledged to the 2001 Bond Trustee, subject to the terms of the 2001 Indenture, the 2001 Sale Agreement and the 2001 Servicing Agreement. The Administrative Agent, CRF, the 2001 Bond Issuer and the 2001 Bond Trustee hereby acknowledge that, notwithstanding anything in the RSA, the RPA, the P.O. Box Transfer Notices, the Collection Account Agreements, the 2001 Sale Agreement or the 2001 Indenture to the contrary, all 2014 Securitization Charge Collections are property of the 2014 Bond Issuer pledged to the 2014 Bond Trustee, subject to the terms of the 2014 Indenture, the 2014 Sale Agreement and the 2014 Servicing Agreement. Each of the 2001 Bond Issuer, the 2001 Bond Trustee, the 2014 Bond Issuer and the 2014 Bond Trustee hereby acknowledges that, notwithstanding anything in the 2001 Sale Agreement, the 2001 Indenture, the 2014 Sale Agreement or the 2014 Indenture to the contrary, all Receivables Collections are the property of the Administrative Agent and CRF, subject to the terms of the RSA and the RPA.

(b) Each of the Administrative Agent, CRF, the 2014 Bond Issuer and the 2014 Bond Trustee hereby releases all liens and security interests of any kind whatsoever that the Administrative Agent, CRF, the 2014 Bond Issuer or the 2014 Bond Trustee (or any trustee or agent acting on its behalf) may hold in the 2001 Transferred Securitization Property. Each of the Administrative Agent, CRF, the 2014 Bond Issuer and the 2014 Bond Trustee agrees, upon the reasonable request of the 2001 Bond Servicer or the 2001 Bond Trustee, to execute and deliver to the 2001 Bond Trustee such UCC partial release statements and other documents and instruments, and to do such other acts and things, as the 2001 Bond Servicer or the 2001 Bond Trustee may reasonably request in order to evidence the release provided for in this Section 3(b) and/or to execute and deliver to the 2001 Bond Trustee UCC financing statement amendments to exclude the 2001 Transferred Securitization Property from the assets covered by any existing UCC financing statements relating to the Receivables; provided, however, that failure to execute and deliver any such partial release statements, financing statement amendments, documents or instruments, or to do such acts and things, shall not affect or impair the release provided for in this Section 3(b).

(c) Each of the Administrative Agent, CRF, the 2001 Bond Issuer and the 2001 Bond Trustee hereby releases all liens and security interests of any kind whatsoever that the Administrative Agent, CRF, the 2001 Bond Issuer or the 2001 Bond Trustee (or any trustee or agent acting on its behalf) may hold in the 2014 Transferred Securitization Property. Each of the Administrative Agent, CRF, the 2001 Bond Issuer and the 2001 Bond Trustee agrees, upon the reasonable request of the 2014 Bond Servicer or the 2014 Bond Trustee, to execute and deliver to the 2014 Bond Trustee such UCC partial release statements and other documents and instruments, and to do such other acts and things, as the 2014 Bond Servicer or the 2014 Bond Trustee may reasonably request in order to evidence the release provided for in this Section 3(c) and/or to execute and deliver to the

2014 Bond Trustee UCC financing statement amendments to exclude the 2014 Transferred Securitization Property from the assets covered by any existing UCC financing statements relating to the Receivables; provided, however, that failure to execute and deliver any such partial release statements, financing statement amendments, documents or instruments, or to do such acts and things, shall not affect or impair the release provided for in this Section 3(c).

(d) Each of the 2001 Bond Issuer, the 2001 Bond Trustee, the 2014 Bond Issuer and the 2014 Bond Trustee hereby releases all liens and security interests of any kind whatsoever that any of them may hold in the Receivables. Each of the 2001 Bond Issuer, the 2001 Bond Trustee, the 2014 Bond Issuer and the 2014 Bond Trustee agrees, upon the reasonable request of the Administrative Agent or CRF, to execute and deliver to the Administrative Agent or CRF, as applicable, such UCC partial release statements and other documents and instruments, and to do such other acts and things, as the Administrative Agent or CRF may reasonably request in order to evidence the release provided for in this Section 3(d) and/or to execute and deliver to the Administrative Agent or CRF, as applicable, UCC financing statement amendments to exclude such Receivables from the assets covered by any existing UCC financing statements relating to the 2001 Transferred Securitization Property or the 2014 Transferred Securitization Property; provided, however, that failure to execute and deliver any such partial release statements, financing statement amendments, documents or instruments, or to do such acts and things, shall not affect or impair the release provided for in this Section 3(d).

4. Applicability. The acknowledgments contained in Section 1, Section 2 and Section 3 of this Agreement are applicable irrespective of the time or order of attachment or perfection of security or ownership interests or the time or order of filing or recording of financing statements or mortgages.

5. Recognition.

(a) Subject to the remaining provisions of this Section 5(a), the Administrative Agent, CRF, the 2014 Bond Issuer and the 2014 Bond Trustee recognize the existence of rights in favor of the 2001 Bond Trustee under the 2001 Indenture to replace Consumers as 2001 Bond Servicer under the 2001 Servicing Agreement, the Administrative Agent, CRF, the 2001 Bond Issuer and the 2001 Bond Trustee recognize the existence of rights in favor of the 2014 Bond Trustee under the 2014 Indenture to replace Consumers as 2014 Bond Servicer under the 2014 Servicing Agreement, and the 2001 Bond Issuer, the 2001 Bond Trustee, the 2014 Bond Issuer and the 2014 Bond Trustee recognize the existence of rights in favor of the Administrative Agent under the RPA to replace Consumers as Receivables Servicer under the RPA. If the 2001 Bond Trustee is entitled to and desires to exercise its right to replace Consumers or its successor as 2001 Bond Servicer under the 2001 Servicing Agreement, or if the 2014 Bond Trustee is entitled to and desires to exercise its right to replace Consumers or its successor as 2014 Bond Servicer under the 2014 Servicing Agreement, or if the Administrative Agent is entitled to and desires to exercise its right to replace Consumers or its successor as Receivables Servicer under the RPA, the party desiring to exercise such right shall give written notice to the other parties (the "Servicer Notice") and shall

consult with the other parties with respect to the person or entity that would replace Consumers or its successor in such capacities. Any successor in such capacities shall be agreed to by each of the 2001 Bond Trustee, the 2014 Bond Trustee and the Administrative Agent within ten Business Days of the date of the Servicer Notice and shall be subject to the 2001 Rating Agency Condition and the 2014 Rating Agency Condition. In recognition of the fact that the rights and duties of the 2001 Bond Servicer under the 2001 Servicing Agreement, the 2014 Bond Servicer under the 2014 Servicing Agreement and of the Receivables Servicer under the RPA overlap in certain circumstances, the parties agree that, except as provided in Section 5(b) of this Agreement, the 2001 Bond Servicer, the 2014 Bond Servicer and the Receivables Servicer shall be the same person or entity. The person or entity named as replacement 2001 Bond Servicer, replacement 2014 Bond Servicer and replacement Receivables Servicer in

accordance with this Section 5(a) is referred to herein as the "Replacement Servicer". In the event that the 2001 Bond Trustee, the 2014 Bond Trustee and the Administrative Agent cannot agree on a Replacement Servicer, any of such parties may petition a court of competent jurisdiction for appointment of a Replacement Servicer and, absent such agreement on a Replacement Servicer, the parties shall accept the Replacement Servicer appointed through such judicial action. In furtherance of the foregoing entitlements, the parties hereto agree to cooperate with each other and make available to each other or any Replacement Servicer any and all records and other data relevant to the Receivables Collections, the 2001 Securitization Charge Collections and the 2014 Securitization Charge Collections, and to the Accounts that they may have in their possession or may from time to time receive from Consumers, the Receivables Servicer, the 2001 Bond Servicer and the 2014 Bond Servicer, including, without limitation, any and all computer programs, data files, documents, instruments, files and records and any receptacles and cabinets containing the same. Consumers hereby consents to the release of information regarding Consumers in connection with the foregoing.

(b) In the event that the 2001 Bond Trustee is entitled to and desires to exercise its rights to take control of 2001 Securitization Charge Collections, the 2014 Bond Trustee is entitled to and desires to exercise its rights to take control of 2014 Securitization Charge Collections, or the Administrative Agent is entitled to and desires to exercise its rights to take control of Receivables Collections, then the parties hereto agree that BNS, if and for so long as it is rated not less than A+ by S&P and A1 by Moody's, or, if BNS is unable or unwilling to act in that capacity, such other financial institution as is selected by the 2001 Bond Trustee, the 2014 Bond Trustee and the Administrative Agent subject to satisfaction of the 2001 Rating Agency Condition and the 2014 Rating Agency Condition (the "Designated Account Holder") shall (i) use commercially reasonable efforts to take control of the Accounts (by delivering to each of the banks holding one or more of the Accounts a notice in the appropriate form set forth in Exhibit VI to the RPA, a conformed copy of which is attached hereto as Exhibit A (a "Collection Notice")), (ii) cooperate with the 2001 Bond Trustee and the 2014 Bond Trustee and provide to the 2001 Bond Trustee and the 2014 Bond Trustee any necessary information in the Designated Account Holder's possession in connection with the delivery by the 2001 Bond Trustee and the 2014 Bond Trustee to the obligors under the Receivables, the 2001 Securitization Charges and the 2014 Securitization Charges of a

notification to the effect that the 2001 Securitization Charge Collections are owned by the 2001 Bond Issuer and have been pledged to the 2001 Bond Trustee and that the 2014 Securitization Charge Collections are owned by the 2014 Bond Issuer and have been pledged to the 2014 Bond Trustee, (iii) allocate Receivables Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections in accordance with Section 2(a) of this Agreement in accordance with the calculation methodology set forth in Annex 2 to the 2001 Servicing Agreement and Exhibit A to the 2014 Servicing Agreement on the basis of billing information provided to the Designated Account Holder by Consumers or the Replacement Servicer, as applicable; provided, that if Consumers or the Replacement Servicer, as applicable, fails to provide such billing information for any billing month, the Designated Account Holder shall make such allocation on the basis of the billing information for the last month for which such information was provided, (iv) remit Receivables Collections in accordance with the instructions of the Receivables Servicer, remit 2001 Securitization Charge Collections in accordance with the instructions of the 2001 Bond Servicer and remit 2014 Securitization Charge Collections in accordance with the instructions of the 2014 Bond Servicer, and (v) maintain records as to the amounts deposited into the Accounts, the amounts remitted therefrom and the application and allocation of such amounts as provided in Section 5(b)(iii) and Section 5(b)(iv) of this Agreement; provided, that the Designated Account Holder shall not be required to take any action at the request of the Administrative Agent, the 2001 Bond Trustee or the 2014 Bond Trustee unless the Designated Account Holder has been assured to its satisfaction that it will be indemnified by Consumers against any and all liability and expense that it may incur in taking or continuing to take such action. The fees and expenses of the Designated Account Holder shall be payable from amounts deposited into the Accounts on a pro rata basis as among Receivables Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections; provided, that the portion of those fees and expenses allocable to 2001 Securitization Charge Collections shall be payable by the 2001 Bond Servicer from the servicer fees provided for in the 2001 Servicing Agreement and the portion of those fees and expenses allocable to 2014 Securitization Charge Collections shall be payable by the 2014 Bond Servicer from the servicer fees provided for in the 2014 Servicing Agreement. The 2001 Bond Trustee, the 2001 Bond Issuer, the 2014 Bond Trustee, the 2014 Bond Issuer, the Administrative Agent and CRF shall each have the right to require an accounting from time to time (but not more frequently than monthly) of collections, allocations and remittances by the Designated Account Holder.

(c) Subject to the provisions of this Section 5, the parties hereto recognize the existence of rights in favor of the 2001 Bond Trustee under the 2001 Indenture to assume control of 2001 Securitization Charge Collections as provided in the 2001 Indenture, the 2001 Servicing Agreement, the Michigan Customer Choice and Electricity Reliability Act, 2000 PA 141 and 2000 PA 142, and the financing order issued to Consumers Energy Company by the Michigan Public Service Commission on October 24, 2000, as amended (whether by means of court ordered sequestration or otherwise), of the 2014 Bond Trustee under the 2014 Indenture to assume control of 2014 Securitization Charge Collections as provided in the 2014 Indenture, the 2014 Servicing Agreement, the Michigan Customer Choice and Electricity Reliability Act, 2000 PA 141 and 2000 PA 142, and the financing order issued to Consumers Energy Company by the Michigan

Public Service Commission on December 6, 2013, as amended (whether by means of court ordered sequestration or otherwise), and of the Administrative Agent under the RPA to assume control of Receivables Collections as provided in the RPA. Notwithstanding the foregoing, in no event may the 2001 Bond Trustee take any action with respect to the 2001 Securitization Charge Collections in a manner that would result in the 2001 Bond Trustee obtaining possession of, or any control over, 2014 Securitization Charge Collections or Receivables Collections. In the event that the 2001 Bond Trustee obtains possession of any Receivables Collections, the 2001 Bond Trustee shall notify the Administrative Agent of such fact, shall hold them in trust and shall promptly deliver them to the Administrative Agent upon request. In the event that the 2001 Bond Trustee obtains possession of any 2014 Securitization Charge Collections, the 2001 Bond Trustee shall notify the 2014 Bond Trustee of such fact, shall hold them in trust and shall promptly deliver them to the 2014 Bond Trustee upon request. Notwithstanding the foregoing, in no event may the 2014 Bond Trustee take any action with respect to the 2014 Securitization Charge Collections in a manner that would result in the 2014 Bond Trustee obtaining possession of, or any control over, 2001 Securitization Charge Collections or Receivables Collections. In the event that the 2014 Bond Trustee obtains possession of any Receivables Collections, the 2014 Bond Trustee shall notify the Administrative Agent of such fact, shall hold them in trust and shall promptly deliver them to the Administrative Agent upon request. In the event that the 2014 Bond Trustee obtains possession of any 2001 Securitization Charge Collections, the 2014 Bond Trustee shall notify the 2001 Bond Trustee of such fact, shall hold them in trust and shall promptly deliver them to the 2001 Bond Trustee upon request. Notwithstanding the foregoing, in no event may the Administrative Agent or CRF take any action with respect to the Receivables Collections in a manner that would result in the Administrative Agent or CRF, as

applicable, obtaining possession of, or any control over, 2001 Securitization Charge Collections, 2014 Securitization Charge Collections or any Account, except as provided in Section 5(b) of this Agreement. In the event that the Administrative Agent or CRF obtains possession of any 2001 Securitization Charge Collections, the Administrative Agent or CRF, as applicable, shall notify the 2001 Bond Trustee of such fact, shall hold them in trust and shall promptly deliver them to the 2001 Bond Trustee upon request. In the event that the Administrative Agent or CRF obtains possession of any 2014 Securitization Charge Collections, the Administrative Agent or CRF, as applicable, shall notify the 2014 Bond Trustee of such fact, shall hold them in trust and shall promptly deliver them to the 2014 Bond Trustee upon request.

(d) Anything in this Agreement to the contrary notwithstanding, any action taken by the 2001 Bond Trustee, the 2014 Bond Trustee or the Administrative Agent pursuant to Section 5(a) of this Agreement shall be subject to the 2001 Rating Agency Condition, the 2014 Rating Agency Condition and the consent, if required by law, regulation or regulatory order, of the Michigan Public Service Commission. For the purposes of this Agreement, the "2001 Rating Agency Condition" means, with respect to any action, at least ten business days' prior written notification to each rating agency of such action, and written confirmation from each of S&P and Moody's to the 2001 Bond Servicer, the 2001 Bond Trustee and the 2001 Bond Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such rating agency of any tranche of the 2001 Securitization Bonds issued by the 2001 Bond Issuer;

provided, that, if within such ten business day period, any rating agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such rating agency is reviewing and considering the notification, then (i) the 2001 Bond Issuer shall be required to confirm that such rating agency has received the 2001 Rating Agency Condition request, and if it has, promptly request the related 2001 Rating Agency Condition confirmation and (ii) if the rating agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five business days following such second request, the applicable 2001 Rating Agency Condition requirement shall not be deemed to apply to such rating agency; and, for the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a rating agency's right to review or consent). For the purposes of this Agreement, the "2014 Rating Agency Condition" means, with respect to any action, at least ten business days' prior written notification to each rating agency of such action, and written confirmation from each of S&P and Moody's to the 2014 Bond Servicer, the 2014 Bond Trustee and the 2014 Bond Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such rating agency of any tranche of the 2014 Securitization Bonds issued by the 2014 Bond Issuer; provided, that, if within such ten business day period, any rating agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such rating agency is reviewing and considering the notification, then (i) the 2014 Bond Issuer shall be required to confirm that such rating agency has received the 2014 Rating Agency Condition request, and if it has, promptly request the related 2014 Rating Agency Condition confirmation and (ii) if the rating agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five business days following such second request, the applicable 2014 Rating Agency Condition requirement shall not be deemed to apply to such rating agency; and, for the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a rating agency's right to review or consent). The parties hereto acknowledge and agree that the approval or the consent of the rating agencies that is required in order to satisfy the 2001 Rating Agency Condition or the 2014 Rating Agency Condition is not subject to any standard of commercial reasonableness, and the parties are bound to satisfy this condition whether or not the rating agencies are unreasonable or arbitrary.

6. No Obligations.

(a) Subject to Section 5(c) of this Agreement, neither CRF nor the Administrative Agent is the agent of, or owes any fiduciary obligation to, the 2001 Bond Trustee, the 2001 Bond Issuer, the holders of securitization bonds issued under the 2001 Indenture, the 2014 Bond Trustee, the 2014 Bond Issuer, the holders of securitization bonds issued under the 2014 Indenture or any other party under this Agreement. Each of the 2001 Bond Trustee (on behalf of itself and the holders of securitization bonds issued under the 2001 Indenture), the 2001 Bond Issuer, the 2014 Bond Trustee (on behalf of itself and the holders of securitization bonds issued under the 2014 Indenture), the 2014 Bond Issuer and Consumers hereby waives any right that it may now have or hereafter

acquire to make any claim against CRF or the Administrative Agent, in their respective capacities as such, on the basis of any such fiduciary obligation hereunder. Subject to Section 5(c) of this Agreement, none of the 2001 Bond Trustee, the 2001 Bond Issuer, the 2014 Bond Trustee or the 2014 Bond Issuer is the agent of, or owes any fiduciary obligation to, CRF or the Administrative Agent or any other party under this Agreement. Each of the Administrative Agent, Consumers and CRF hereby waives any right that it may now have or hereafter acquire to make any claim against the 2001 Bond Trustee, the 2001 Bond Issuer, the 2014 Bond Trustee or the 2014 Bond Issuer on the basis of any such fiduciary obligation hereunder.

(b) Notwithstanding anything herein to the contrary, none of CRF, the Administrative Agent, the 2001 Bond Trustee, the 2001 Bond Issuer, the 2014 Bond Trustee or the 2014 Bond Issuer shall be required to take any action that exposes it to personal liability or that is contrary to the 2001 Indenture, the 2001 Servicing Agreement, the 2014 Indenture, the 2014 Servicing Agreement, the RSA, the RPA or applicable law.

(c) None of CRF, the Administrative Agent, the 2001 Bond Trustee, the 2001 Bond Issuer, the 2014 Bond Trustee or the 2014 Bond Issuer or any of their respective directors, officers, managers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence, bad faith or willful misconduct. Without limiting the foregoing, each of CRF, the Administrative Agent, the 2001 Bond Trustee, the 2001 Bond Issuer, the 2014 Bond Trustee and the 2014 Bond Issuer: (i) may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any party and shall not be responsible to any party for any statements, warranties or representations made by any other party in connection with this Agreement or any other agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other agreement on the part of any other party; and (iv) shall incur no liability under or in respect of this Agreement by acting upon any writing (which may be by facsimile) believed by it in good faith to be genuine and signed

or sent by the proper party or parties.

7. No Amendments. The Administrative Agent, Consumers, CRF, the Receivables Servicer, the 2001 Bond Servicer and the 2014 Bond Servicer agree that (a) the P.O. Box Transfer Notice in the form attached to the RPA as Exhibit XI and (b) the Collection Account Agreements in the forms attached to the RPA as Exhibit VI shall not be further amended, altered or supplemented in any material respect or terminated without the prior written consent of the 2001 Bond Trustee and the 2014 Bond Trustee; provided, however, that a Collection Account Agreement may be terminated without the prior written consent of the 2001 Bond Trustee and the 2014 Bond Trustee if the related Collection Account is no longer used for deposits of Receivables Collections, 2001 Securitization Charge Collections or 2014 Securitization Charge Collections where one or more other Accounts for which one or more Collection Account Agreements are in full force and effect continue to be used for deposits of Receivables Collections, 2001 Securitization Charge Collections or 2014 Securitization Charge Collections,

but the 2001 Bond Trustee and the 2014 Bond Trustee shall be informed in writing by Consumers or CRF of any such termination of a Collection Account Agreement; provided, further, however, that each such Collection Account Agreement may be replaced without such consent if the replacement Collection Account Agreement contains a statement substantially similar to the following statement: "Consumers Energy and The Bank of Nova Scotia ("Secured Party") further notify Depositary that the Secured Party's interest in the Account and all amounts from time to time on deposit therein are held for the benefit of (A) the Purchasers, the Managing Agents and the Secured Party, (B) The Bank of New York Mellon, or any successor thereto, as trustee (the "2001 Bond Trustee") under the Indenture dated as of November 8, 2001 (the "2001 Indenture") between Consumers Funding LLC (the "2001 Bond Issuer") and the 2001 Bond Trustee, as supplemented, (C) the 2001 Bond Issuer, as issuer of the securitization bonds issued pursuant to the 2001 Indenture, (D) The Bank of New York Mellon, or any successor thereto, as trustee (the "2014 Bond Trustee") under the Indenture dated as of July 22, 2014 (the "2014 Indenture") between Consumers 2014 Securitization Funding LLC (the "2014 Bond Issuer") and the 2014 Bond Trustee, as supplemented, and (E) the 2014 Bond Issuer, as issuer of the securitization bonds issued pursuant to the 2014 Indenture, and that amounts on deposit are subject to the Intercreditor Agreement dated as of July 22, 2014 among such parties."

8. Cooperation. The Administrative Agent, CRF, the 2001 Bond Trustee, the 2014 Bond Trustee and Consumers agree to cooperate with each other and to make available to each other or any Replacement Servicer any and all records and other data relevant to the 2001 Bond Issuer Assets, the 2014 Bond Issuer Assets and the Receivables that it may from time to time receive from Consumers (or its successor), including, without limitation, any and all computer programs, data files, documents, instruments, files and records and any receptacles and cabinets containing the same.

9. No Joint Venture. Nothing herein contained shall be deemed as effecting a joint venture among the Administrative Agent, CRF, Consumers, the 2001 Bond Issuer, the 2001 Bond Trustee, the 2014 Bond Issuer and the 2014 Bond Trustee.

10. True-Up Adjustments. For the purpose of this Agreement, the Administrative Agent and CRF hereby consent and agree to the methods of adjustment of the 2001 Securitization Charges set forth in Section 4.01 of the 2001 Servicing Agreement and of the 2014 Securitization Charges set forth in Section 4.01 of the 2014 Servicing Agreement and irrevocably waive any right to object to or enjoin any such adjustment.

11. Termination. This Agreement shall terminate upon such time that at least two of the following have occurred: (a) the payment in full of the securitization bonds issued under the 2001 Indenture; (b) the payment in full of the securitization bonds issued under the 2014 Indenture; and (c) the termination of the RSA and the RPA in accordance with their respective terms, except that the understandings and acknowledgments contained in Section 1, Section 2, Section 3, Section 4, Section 6 and Section 16 of this Agreement shall survive the termination of this Agreement (except that the last sentence of Section 1 of this Agreement shall not survive a termination of this Agreement effected by the occurrence of the events described in clause (a) and clause (b) above). In addition, this Agreement shall terminate and be of no further force and effect: (i) with respect to the 2001 Bond Issuer, the 2001 Bond Trustee or the 2001 Bond Servicer, upon the payment in full of the securitization bonds issued under the 2001 Indenture,

(ii) with respect to the 2014 Bond Issuer, the 2014 Bond Trustee and the 2014 Bond Servicer, upon the payment in full of the securitization bonds issued under the 2014 Indenture; and (c) with respect to the Administrative Agent, the Managing Agents, the Purchasers, BNS, Liberty, CRF and the Receivables Servicer, upon the termination of the RSA and the RPA in accordance with their respective terms.

12. Governing Law.

(a) This Agreement shall be governed and construed in accordance with the internal laws (including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York, but otherwise without regard to the law of conflicts) of the State of New York.

(b) In connection with any suit, claim, action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby, each party hereto hereby consents to the in personam jurisdiction of any court of the State of New York or any U.S. federal court located in the Borough of Manhattan in the City of New York, State of New York. Each party hereto agrees that service by registered mail, or any other form equivalent thereto (or, in the alternative, by any other means sufficient under applicable law, rules and regulations), at the addresses set forth in Section 19 of this Agreement shall be valid and sufficient for all purposes. Each party hereto agrees to, and irrevocably waives any objection based on forum non conveniens or venue not to, appear in such state or U.S. federal court located in the Borough of Manhattan. Each of Consumers, CRF, the 2001 Bond Issuer and the 2014 Bond Issuer irrevocably designates CT Corporation System, 111 Eighth Avenue, New York, New York 10011, as its agent and attorney-in-fact for the acceptance of service of process and making an appearance on its behalf in any such action or proceeding and taking all such acts as may be necessary or appropriate in order to confer jurisdiction over it by such state or U.S. federal court in the Borough of Manhattan, and each of such parties stipulates that such appointment is irrevocable and coupled with an interest.

(c) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

13. Further Assurances. The Administrative Agent, CRF, Consumers, the 2001 Bond Issuer, the 2001 Bond Trustee, the 2001 Bond Servicer,

the 2014 Bond Issuer, the 2014 Bond Trustee, the 2014 Bond Servicer and the Receivables Servicer agree to execute any and all agreements, instruments, financing statements, releases and other documents reasonably requested by any other party hereto in order to effectuate the intent of this Agreement. In each case where a release is to be given pursuant to this Agreement, the term "release" shall include any documents or instruments necessary to effect a release, as contemplated by this Agreement. All releases, subordinations and other instruments submitted to the executing party are to be prepared at the expense of Consumers.

14. Beneficiaries. This Agreement is solely for the benefit of CRF, the Administrative Agent (individually and for the benefit of the Purchasers), the Purchasers, Consumers, the 2001 Bond Issuer, the 2001 Bond Trustee (individually and for the benefit of the holders of the securitization bonds issued under the 2001 Indenture), the 2001 Bond Servicer, the 2014 Bond Issuer, the 2014 Bond Trustee (individually and for the benefit of the holders of the securitization bonds issued under the 2014 Indenture), the 2014 Bond Servicer and the Receivables Servicer, and no other person or entity shall have any rights, benefits, priority or interest under or because of the existence of this Agreement.

15. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

16. Bankruptcy Matters.

(a) Notwithstanding any prior termination of this Agreement or the 2001 Indenture, each of the parties hereto hereby covenants and agrees that it shall not, prior to the date that is one year and one day after the termination of the 2001 Indenture and the payment in full of the securitization bonds issued under the 2001 Indenture, any other amounts owed under the 2001 Indenture, including, without limitation, any amounts owed to third-party credit enhancers or under any interest rate swap agreement, acquiesce, petition or otherwise invoke or cause the 2001 Bond Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the 2001 Bond Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the 2001 Bond Issuer or any substantial part of the property of the 2001 Bond Issuer, or ordering the winding up or liquidation of the affairs of the 2001 Bond Issuer.

(b) Notwithstanding any prior termination of this Agreement or the 2014 Indenture, each of the parties hereto hereby covenants and agrees that it shall not, prior to the date that is one year and one day after the termination of the 2014 Indenture and the payment in full of the securitization bonds issued under the 2014 Indenture, any other amounts owed under the 2014 Indenture, including, without limitation, any amounts owed to third-party credit enhancers or under any interest rate swap agreement, acquiesce, petition or otherwise invoke or cause the 2014 Bond Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the 2014 Bond Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the 2014 Bond Issuer or any substantial part of the property of the 2014 Bond Issuer, or ordering the winding up or liquidation of the affairs of the 2014 Bond Issuer.

(c) Notwithstanding any prior termination of this Agreement or the RPA, each of the parties hereto other than the Administrative Agent hereby covenants and agrees that it shall not, prior to the date that is one year and one day after the termination of the RPA and the payment in full of all amounts owing by CRF thereunder, acquiesce, petition or otherwise invoke or cause CRF to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against CRF under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of CRF or any substantial part of the property of CRF, or ordering the winding up or liquidation of the affairs of CRF.

17. No Challenges. Each of CRF, the Administrative Agent and the 2014 Bond Trustee agrees that it will not (a) challenge the transfer of 2001 Bond Issuer Assets from Consumers to the 2001 Bond Issuer, whether on the grounds that such transfer was a disguised financing or a fraudulent conveyance or otherwise, so long as such transfer is carried out in all material respects in accordance with the 2001 Sale Agreement and related documents, or (b) assert that Consumers and the 2001 Bond Issuer should be substantively consolidated. Each of CRF, the Administrative Agent and the 2001 Bond Trustee agrees that it will not (i) challenge the transfer of 2014 Bond Issuer Assets from Consumers to the 2014 Bond Issuer, whether on the grounds that such transfer was a disguised financing or a fraudulent conveyance or otherwise, so long as such transfer is carried out in all material respects in accordance with the 2014 Sale Agreement and related documents, or (ii) assert that Consumers and the 2014 Bond Issuer should be substantively consolidated. Each of the 2001 Bond Trustee and the 2014 Bond Trustee agrees that it will not (x) challenge any transfer of the Receivables from Consumers to CRF, or from CRF to the Administrative Agent, on behalf of the Purchasers, whether on the grounds that any such transfer was a disguised financing or a fraudulent conveyance or otherwise, so long as each such transfer is carried out in all material respects in accordance with the RSA, the RPA and related documents or (y) assert that Consumers and CRF should be substantively consolidated.

18. Representations and Warranties.

(a) Consumers hereby represents and warrants to the 2001 Bond Issuer, the 2001 Bond Trustee, the 2014 Bond Issuer and the 2014 Bond Trustee that the forms of the RSA and the RPA delivered to the 2001 Bond Issuer, the 2001 Bond Trustee, the 2014 Bond Issuer and the 2014 Bond Trustee concurrently herewith are the RSA and RPA as in effect on the date hereof. Consumers hereby covenants to the 2001 Bond Issuer, the 2001 Bond Trustee, the 2014 Bond Issuer and the 2014 Bond Trustee that it will not (i) amend, supplement or terminate any of the definitions and other provisions of either of the RPA or the RSA specified in Exhibit D hereto without the prior written consent of the 2001 Bond Trustee and the 2014 Bond Trustee and satisfaction of the 2001 Rating Agency Condition and the 2014 Rating Agency Condition, as well as delivery to each Rating Agency (as defined in each of the 2001 Indenture and the 2014 Indenture) of the form of the proposed amendment or supplement, or (ii) agree to any person or entity becoming a Purchaser under the RPA unless such person or entity has theretofore agreed, in a written instrument delivered to the 2001 Bond Issuer and the 2001 Bond Trustee and satisfactory to the 2001 Bond Trustee and to the 2014 Bond Issuer and the 2014 Bond Trustee

and satisfactory to the 2014 Bond Trustee, to be bound by the terms of, and the

covenants, agreements, waivers and acknowledgements of the Administrative Agent under, this Agreement.

(b) Notwithstanding any provision of this Agreement to the contrary, (a) upon the termination, substitution or assignment of the RSA or the RPA in connection with a restructuring of Consumers' Receivables securitization program, upon the written request of Consumers or CRF, the 2001 Bond Issuer, the 2001 Bond Trustee, the 2014 Bond Issuer and the 2014 Bond Trustee agree to enter into a replacement intercreditor agreement with the parties to such restructured Receivables securitization program having substantially the same terms and provisions as this Agreement upon (i) receipt by the 2001 Bond Trustee and the 2014 Bond Trustee, respectively, of an opinion of counsel satisfactory to the 2001 Bond Trustee and the 2014 Bond Trustee, respectively, to the effect that the substitution of such replacement intercreditor agreement and such restructured Receivables securitization program and the related documentation will not adversely affect the rights and interests of the holders of the securitization bonds issued under the 2001 Indenture, the 2001 Bond Issuer, the 2001 Bond Trustee, the holders of the securitization bonds issued under the 2014 Indenture, the 2014 Bond Issuer or the 2014 Bond Trustee, and (ii) satisfaction of the 2001 Rating Agency Condition and the 2014 Rating Agency Condition and (b) upon the entry by Consumers into (i) an additional sale agreement providing for the sale by Consumers of additional securitization property to an issuer of additional securitization bonds pursuant to an additional financing order issued by the Michigan Public Service Commission and the pledge of such additional securitization property by such issuer to a trustee under an indenture pursuant to which such additional securitization bonds are issued and (ii) an additional servicing agreement providing for the servicing of such additional securitization property, upon the written request of Consumers, the parties hereto agree to enter into an amended or replacement intercreditor agreement with the parties to such additional securitization property program, having substantially the same terms and provisions as this Agreement upon (x) receipt by the 2001 Bond Trustee, the 2014 Bond Trustee and the Administrative Agent of an opinion of counsel satisfactory to the 2001 Bond Trustee, the 2014 Bond Trustee and the Administrative Agent to the effect that the substitution of such amended or replacement intercreditor agreement and such additional securitization property program and the related documentation will not adversely affect the rights and interest of the holders of the securitization bonds issued under the 2001 Indenture, the 2001 Bond Issuer, the 2001 Bond Trustee, the holders of the securitization bonds issued under the 2014 Indenture, the 2014 Bond Issuer or the 2014 Bond Trustee or the rights and interest of CRF, the Purchasers or the Administrative Agent and (y) satisfaction of the 2001 Rating Agency Condition and the 2014 Rating Agency Condition.

19. Notices. Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Agreement shall be in writing, and any such notice, direction, consent or waiver may be given by United States first-class mail, reputable overnight courier service or facsimile transmission (confirmed by telephone, United States first-class mail or reputable overnight courier service in the case of notice by facsimile transmission) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered or transmitted, or if mailed,

five days after deposit in the United States first-class mail with proper postage for first-class mail prepaid:

(a) in the case of Consumers, at Consumers Energy Company, One Energy Plaza, Jackson, Michigan 49201; telephone: (800) 477-5050; fax: (517) 788-2186;

(b) in the case of CRF, at Consumers Receivables Funding II, LLC, One Energy Plaza, Jackson, Michigan 49201; telephone: (517) 788-1031; fax: (517) 788-0768;

(c) in the case of the 2001 Bond Issuer, at Consumers Funding LLC, One Energy Plaza, Jackson. Michigan 49201; telephone: (517) 788-1031; fax: (517) 788-0768;

(d) in the case of the 2001 Bond Trustee, at 101 Barclay Street, 7W, New York, New York 10286, Attention: Global Client Services (ABS); telephone: (212) 815-8322; fax: (212) 815-3883;

(e) in the case of the 2014 Bond Issuer, at Consumers 2014 Securitization Funding LLC, One Energy Plaza, Jackson. Michigan 49201; telephone: (517) 788-1030; fax: (517) 788-6911;

(f) in the case of the 2014 Bond Trustee, at 101 Barclay Street, 7W, New York, New York 10286, Attention: Global Client Services (ABS); telephone: (212) 815-8322; fax: (212) 815-3883;

(g) in the case of BNS, at 40 King Street West, 55th Floor, Toronto, Ontario, Canada M5H 1H1, Attention: Thane Rattew, Managing Director; telephone: (416) 350-1170; fax: (416) 350-1161, with a copy at (i) on or prior to July 20, 2014, One Liberty Plaza, 26th Floor, New York, New York 10006, Attention: Darren Ward; telephone: (212) 225-5264, and (ii) on or after July 21, 2014, 250 Vesey Street, New York, New York 10281, Attention: Darren Ward; telephone: (212) 225-5264;

(h) in the case of Moody's, at Moody's Investors Service, Inc., ABS Monitoring Department, 99 Church Street, New York, New York 10007; telephone: (212) 553-0300; fax: (212) 298-7139;

(i) in the case of S&P, at Standard & Poor's Ratings Group, 55 Water Street, New York, New York 10041, Attention: Structured Credit Group, Kate Scanlin; telephone: (212) 438-2002; fax: (212) 438-0122; and

(j) in the case of Fitch, Inc., at Fitch, Inc., 70 West Madison Street, Floor 11, Chicago, Illinois 60602, Attention: ABS Surveillance; telephone: (312) 368-2091; fax: (312) 619-3625;

or, as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

20. Waivers. No delay upon the part of any party to this Agreement in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any such party of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No waiver, amendment or other modification of, or consent with respect to, any provision of this Agreement shall be effective unless the same shall be in writing and shall be signed by each of the parties hereto.

21. Binding Nature. Each of Liberty and BNS, as Purchasers (as defined for this purpose in the RPA) under the RPA, hereby agrees to be bound by the terms of, and the Administrative Agent's covenants, agreements, waivers and acknowledgements under, this Agreement.

22. Bankruptcy Matters. Each of the parties hereto (other than the applicable Conduit) hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of a Conduit (as defined for this purpose in the RPA), it will not institute against, or join any other person or entity in instituting against, such Conduit any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

23. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

24. Current Versions of RPA and RSA. The parties hereto acknowledge that the conformed copies of the RPA and RSA attached as Exhibit A hereto reflect all amendments, supplements, restatements and modifications of the RPA and the RSA through the date hereof.

25. Replacement of Prior Intercreditor Agreement. The parties hereto acknowledge and agree that this Intercreditor Agreement replaces that certain Intercreditor Agreement dated as of May 22, 2003, as amended as of October 4, 2011 and November 30, 2012, among the Administrative Agent, Liberty, the 2001 Bond Trustee, the 2001 Bond Issuer, CRF and Consumers (as amended, restated, supplemented or otherwise modified from time to time, the "2003 Intercreditor Agreement"), and accordingly the 2003 Intercreditor Agreement is hereby terminated.

26. 2014 Bond Trustee Actions. In acting hereunder, the 2014 Bond Trustee shall have the rights, protections and immunities granted to it under the 2014 Indenture.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE BANK OF NOVA SCOTIA,
as a Financial Institution,
as a Managing Agent and
as Administrative Agent

By: /s/ Thane Rattew
Name: Thane Rattew
Title: Managing Director

LIBERTY STREET FUNDING LLC,
as a Conduit

By: /s/ Jill A. Russo
Name: Jill A. Russo
Title: Vice President

CONSUMERS ENERGY COMPANY,
Individually,
as Receivables Servicer,
as 2001 Bond Servicer and
as 2014 Bond Servicer

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: Vice President and Treasurer

THE BANK OF NEW YORK MELLON,
as 2001 Bond Trustee

By: /s/ Esther Antoine

Name: Esther Antoine
Title: Vice President

CONSUMERS FUNDING LLC

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

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THE BANK OF NEW YORK MELLON,
as 2014 Bond Trustee

By: /s/ Esther Antoine
Name: Esther Antoine
Title: Vice President

CONSUMERS 2014 SECURITIZATION FUNDING LLC

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

CONSUMERS RECEIVABLES FUNDING II, LLC

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

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EXHIBIT A TO INTERCREDITOR AGREEMENT

Conformed Copies of RPA and RSA

See attached.

AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT
Dated as of November 23, 2010

AS MODIFIED BY

AMENDMENT NO. 1
Dated as of November 18, 2011

AMENDMENT NO. 2
Dated as of December 15, 2011

AMENDMENT NO. 3
Dated as of November 9, 2012

AMENDMENT NO. 4
Dated as of November 30, 2012

AMENDMENT NO. 5
Dated as of November 20, 2013

AND

AMENDMENT NO. 6
Dated as of July 22, 2014

Among

CONSUMERS RECEIVABLES FUNDING II, LLC, as Seller,

CONSUMERS ENERGY COMPANY, as Servicer,

THE CONDUITS
from time to time party hereto,

THE FINANCIAL INSTITUTIONS
from time to time party hereto,

THE MANAGING AGENTS
from time to time party hereto,

and

THE BANK OF NOVA SCOTIA(1),
as Administrative Agent

(1) Other than in the Preliminary Statements, Section 12.8, the definitions of "1945 Indenture" and "Supplemental Indenture" in Exhibit I and Exhibit IV of the RPA and the signature pages, each reference to "JPMorgan Chase Bank, N.A." was replaced by "The Bank of Nova Scotia" by Amendment No. 4.

CONSUMERS RECEIVABLES FUNDING II, LLC

AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT

This Amended and Restated Receivables Purchase Agreement dated as of November 23, 2010 is among Consumers Receivables Funding II, LLC, a Delaware limited liability company (the "Seller"), Consumers Energy Company, a Michigan corporation ("Consumers"), as initial servicer (the "Servicer" and together with the Seller, the "Seller Parties" and each a "Seller Party"), the entities party hereto from time to time as Conduits (together with any of their respective successors and assigns hereunder, the "Conduits"), the entities party hereto from time to time as Financial Institutions (together with any of their respective successors and assigns hereunder, the "Financial Institutions"), the entities party hereto from time to time as Managing Agents (together with any of their respective successors and assigns hereunder, the "Managing Agents") and The Bank of Nova Scotia ("BNS(2)"), as administrative agent for the Purchasers hereunder or any successor administrative agent hereunder (together with its successors and assigns hereunder, the "Administrative Agent"). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

PRELIMINARY STATEMENTS

A. The Seller, the Servicer, Falcon and JPMC as a "Financial Institution" and as "Administrative Agent," are parties to the Receivables Purchase Agreement dated as of May 22, 2003 (as amended, restated, modified or supplemented prior to the date hereto, the "Original RPA") pursuant to which, among other things, the Seller transferred and assigned to the Purchasers, and the Purchasers purchased from the Seller, Purchaser Interests from time to time.

B. Pursuant to this Agreement, Falcon will assign a portion of its Purchaser Interests, and JPMC will assign a portion of its Commitment, to the New Purchasers.

C. The Conduits may, in their absolute and sole discretion, continue to purchase Purchaser Interests from the Seller from time to time.

D. In the event that a Conduit declines to make any purchase of Purchaser Interests, the Financial Institutions within such Conduit's Purchaser Group shall, subject to the terms and conditions of this Agreement, purchase such Purchaser Interests from time to time.

(2) Other than in the Preliminary Statements, Section 12.8, the definitions of "1945 Indenture" and "Supplemental Indenture" in Exhibit I and Exhibit IV of the RPA and the signature pages, each reference to "JPMC" was replaced by "BNS" by Amendment No. 4.

E. Each Managing Agent has been requested and is willing to act as Managing Agent on behalf of the Conduit and the Financial Institutions in its Purchaser Group in accordance with the terms hereof.

F. The parties hereto have agreed to amend and restate the Original RPA pursuant to the terms and conditions of this Agreement.

G. The amendment and restatement of the Original RPA pursuant to this Agreement shall have the effect of a substitution of terms of the Original RPA, but will not have the effect of causing a novation, refinancing or other repayment of the Aggregate Unpaids of the Seller under and as defined in the Original RPA (hereinafter, the "Original Obligations"), which Original Obligations shall remain outstanding and repayable pursuant to the terms of this Agreement.

ARTICLE I

PURCHASE ARRANGEMENTS

Section 1.1 Purchase Facility.

(a) Upon the terms and subject to the conditions hereof, the Seller hereby sells and assigns Purchaser Interests to the Administrative Agent for the benefit of one or more of the Purchasers. In accordance with the terms and conditions set forth herein, each Conduit may, at its option, instruct its related Managing Agent to purchase through the Administrative Agent on behalf of such Conduit, or if any such Conduit shall decline to purchase, such related Managing Agent shall purchase through the Administrative Agent, on behalf of the Financial Institutions in such Conduit's Purchaser Group, the Purchaser Interests from time to time in an aggregate amount not to exceed the Group Purchase Limit for such Purchaser Group during the period from the date hereof to but not including the Amortization Date.

(b) The Seller may, upon at least 15 Business Days' notice to the Administrative Agent and each Managing Agent, terminate in whole or reduce in part, the Purchase Limit; provided, that after giving effect to any such reduction and any amounts paid to reduce the Purchaser Interest on such date, the Aggregate Capital shall not exceed the Purchase Limit. Any such partial reduction shall be in a minimum amount of $5,000,000 or an integral multiple thereof. Any such reduction shall, (x) reduce each Group Purchase Limit (and the corresponding Conduit Purchase Limit(s)) hereunder ratably in accordance with each Purchaser Group's Pro Rata Share and (y) reduce each Financial Institution's Commitment ratably within its Purchaser Group in accordance with each Financial Institution's Pro Rata Share.

Section 1.2 Increases.

(a) The Seller shall provide the Administrative Agent and each Managing Agent with at least one Business Day's prior notice in the form set forth as Exhibit II hereto of each Incremental Purchase (a "Purchase Notice"). Each Purchase Notice shall be subject to Section 6.2 hereof and, except as set forth below, shall be irrevocable and shall specify the requested Purchase Price (which shall not be less than $1,000,000 in the aggregate for all

Purchasers), date of purchase and, in the case of an Incremental Purchase to be funded by the Financial Institutions, the requested Bank Rate and Tranche Period.

(b) Each Purchase Notice issued hereunder shall constitute a request by the Seller (i) for an Incremental Purchase to be made ratably by each Purchaser Group, in accordance with the Pro Rata Share of such Purchaser Group as among all Purchaser Groups (such Purchaser Group's "Purchase Allocation") and (ii) that, unless the Seller shall cancel such Purchase Notice as hereinafter provided, in the event a Conduit in any Purchaser Group shall elect to purchase less than all of its Purchaser Group's Purchase Allocation in connection with such Incremental Purchase, the balance of such Purchase Allocation is to be made ratably by each Financial Institution within such Purchaser Group, in accordance with the Pro Rata Share of such Financial Institution as among all Financial Institutions within such Purchaser Group.

(c) Following receipt of a Purchase Notice, each Managing Agent will determine whether the Purchaser Group Conduit agrees to purchase the entire amount of its Purchaser Group's Purchase Allocation in connection with the Incremental Purchase. If any Conduit declines to make a proposed purchase, the applicable Managing Agent shall promptly notify the Seller and the Seller may cancel the Purchase Notice within one Business Day after receiving notice from such Managing Agent (but in any event not later than 3:00 p.m. (New York time) on the Business Day prior to the requested date of purchase) or, in the absence of such a cancellation, the balance of the Purchase Allocation for such Purchaser Group shall be made by such Purchaser Group's Financial Institutions ratably in accordance with their Pro Rata Shares within such Purchaser Group.

(d) On the date of each Incremental Purchase, upon satisfaction of the applicable conditions precedent set forth in Article VI, each applicable Purchaser shall deposit to the account of the Seller (or its designee) designated in the Purchase Notice, in immediately available funds, no later than 12:00 noon (New York time), an amount equal to (i) in the case of a Conduit, the Purchase Price of the Purchaser Interests such Conduit is then purchasing, up to the Purchase Allocation of its Purchaser Group, and (ii) in the case of a Financial Institution, such Financial Institution's Pro Rata Share, as among all Financial Institutions in its Purchaser Group, of the Purchase Price for the Purchase Allocation of its Purchaser Group to the extent such Purchase Price is not then being paid by the Conduit in such Purchaser Group.

Section 1.3 Decreases. The Seller shall provide the Administrative Agent and each Managing Agent with prior written notice in conformity with the Required Notice Period in substantially the form set forth on Exhibit X hereto (each, a "Reduction Notice") of any proposed reduction of Aggregate Capital from Collections. Such Reduction Notice shall designate (i) the date (the "Proposed Reduction Date") upon which any such reduction of Aggregate Capital shall occur (which date shall give effect to the applicable Required Notice Period), and (ii) the amount of Aggregate Capital to be reduced which shall be applied ratably to the Purchaser Interests of the Conduits and the Financial Institutions in accordance with the amount of Capital (if any) owing to each Purchaser (the "Aggregate Reduction"). Only one (1) Reduction Notice shall be outstanding at any time.

Section 1.4 Payment Requirements. All amounts to be paid or deposited by any Seller Party pursuant to any provision of this Agreement shall be paid or deposited in

accordance with the terms hereof no later than 12:00 noon (New York time) on the day when due in immediately available funds, and if not received before 12:00 noon (New York time) shall be deemed to be received on the next succeeding Business Day. If such amounts are payable to a Managing Agent or Purchaser they shall be paid to such Managing Agent, for the account of such Managing Agent or its related Purchaser, at such Managing Agent's account as directed by such Managing Agent and such Managing Agent shall promptly pay the applicable amount to the related Purchaser. If such amounts are payable to the Administrative Agent, they shall be paid to the account as directed by the Administrative Agent. All computations of Yield (other than Yield calculated using the Alternate Base Rate described in clauses (a) or (b) of the definition thereof), per annum fees hereunder and per annum fees under the Fee Letter shall be made on the basis of a year of 360 days for the actual number of days elapsed. All computations of Yield calculated using the Alternate Base Rate described in clauses (a) or (b) of the definition thereof shall be made on the basis of a year of 365 or 366 days, as applicable, for the actual number of days elapsed. If any amount hereunder shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business

Day.

ARTICLE II
PAYMENTS AND COLLECTIONS

Section 2.1 Payments. Notwithstanding any limitation on recourse contained in this Agreement, the Seller shall immediately pay to each Managing Agent when due, for its own account or for the account of its related Purchasers, or to the Administrative Agent, as applicable, on a full recourse basis, (i) such fees as set forth in the Fee Letter (which fees shall be sufficient to pay all fees owing to the Financial Institutions), (ii) all amounts payable as Yield, (iii) all amounts payable as Deemed Collections (which shall be immediately due and payable by Seller and applied to reduce outstanding Aggregate Capital hereunder in accordance with Sections 2.2 and 2.4 hereof), (iv) all amounts payable pursuant to Section 2.7, (v) all amounts payable pursuant to Article X, if any, (vi) all Servicer costs and expenses, including the Servicing Fee, in connection with servicing, administering and collecting the Receivables, (vii) all Broken Funding Costs and (viii) all Default Fees (collectively, the "Obligations"). If the Seller fails to pay any of the Obligations when due, or if Servicer fails to make any deposit required to be made by it under this Agreement when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid. Notwithstanding the foregoing, no provision of this Agreement or the Fee Letter shall require the payment or permit the collection of any amounts hereunder in excess of the maximum permitted by applicable law. If at any time the Seller receives any Collections or is deemed to receive any Collections, the Seller shall immediately pay such Collections or Deemed Collections to the Servicer for application in accordance with the terms and conditions hereof and, at all times prior to such payment, such Collections or Deemed Collections shall be held in trust by the Seller for the exclusive benefit of the Purchasers, the Managing Agents and the Administrative Agent.

Section 2.2 Collections Prior to Amortization.

(a) Subject to the following paragraph (b), prior to the Amortization Date, any Collections and/or Deemed Collections received by the Servicer shall be set aside and held in

trust by the Servicer for the payment of any accrued and unpaid Aggregate Unpaids or for a Reinvestment as provided in this Section 2.2.

(b) At any time any Collections or Deemed Collections are received by the Servicer prior to the Amortization Date:

(i) the Servicer shall set aside the Termination Percentage of Collections and Deemed Collections evidenced by the Purchaser Interests of each Terminating Financial Institution, and

(ii) the Seller hereby requests and the Purchasers (other than any Terminating Financial Institutions) hereby agree to make (subject to the conditions precedent set forth in Section 6.2 and the requirements of Section 2.7), simultaneously with such receipt, a reinvestment (each a "Reinvestment") with that portion of the balance of each and every Collection received or Deemed Collection deemed received by the Servicer that is part of any Purchaser Interest, such that after giving effect to such Reinvestment, the amount of Aggregate Capital immediately after such receipt and corresponding Reinvestment shall be equal to the amount of Aggregate Capital immediately prior to such receipt.

(c) On each Settlement Date prior to the occurrence of the Amortization Date, the Servicer shall remit to the appropriate accounts the amounts set aside during the preceding Settlement Period that have not been subject to a Reinvestment and apply such amounts (if not previously paid in accordance with Section 2.1):

first, to the Servicer for the payment of the Servicer's reasonable out-of-pocket costs and expenses in connection with servicing, administering and collecting the Receivables, including the Servicing Fee,

second, to the Managing Agents for the account of the Purchasers ratably to the payment of all accrued and unpaid Yield,

third, to the Managing Agents for the account of the Purchasers ratably to the payment of all accrued and unpaid fees under the Fee Letter,

fourth, to the Managing Agents for the account of the Purchasers to reduce the Capital of all Purchaser Interests of Terminating Financial Institutions to zero, applied ratably to each Terminating Financial Institution according to its respective Termination Percentage,

fifth, to the Managing Agents for the account of the Purchasers to reduce Capital of outstanding Purchaser Interests in an amount, if any, necessary so that the aggregate of the Purchaser Interests does not exceed the Applicable Maximum Purchaser Interest applied ratably in accordance with the Capital Pro Rata Share of the Purchasers,

sixth, to each applicable Person for the ratable payment of all other unpaid Obligations,

seventh, to the Managing Agents for the account of the Purchasers to fund any Aggregate Reduction on such Settlement Date applied ratably in accordance with the Capital Pro Rata Share of the Purchasers, and

eighth, any balance remaining thereafter shall be remitted from the Servicer to the Seller on such Settlement Date.

In the event that, pursuant to Section 1.3, an Aggregate Reduction is to take place on a date other than a Settlement Date, on the date of such Aggregate Reduction, the Servicer shall remit to each Managing Agent's account ratably in accordance with the Pro Rata Share of such Managing Agent's Purchaser Group, out of the amounts set aside pursuant to this Section 2.2, an amount equal to such Aggregate Reduction to be applied in accordance with Section 1.3.

Section 2.3 Terminating Financial Institutions. Each Terminating Financial Institution shall be allocated a ratable portion of Collections and Deemed Collections from the date of its becoming a Terminating Financial Institution (the "Termination Date") until such Terminating Financial Institution's Capital shall be paid in full. This ratable portion shall be calculated on the Termination Date of each Terminating Financial Institution as a percentage equal to (i) Capital of such Terminating Financial Institution outstanding on its Termination Date, divided by (ii) the Aggregate Capital outstanding on such Termination Date (the "Termination Percentage"). Each Terminating Financial Institution's Termination Percentage shall remain constant prior to the Amortization Date. On and after the Amortization Date, each Termination Percentage shall be disregarded, and each Terminating Financial Institution's Capital shall be reduced ratably with all Purchasers in accordance with Section 2.4.

Section 2.4 Collections Following Amortization. On the Amortization Date and on each day thereafter, the Servicer shall set aside and hold in trust, for the holder of each Purchaser Interest, all Collections and Deemed Collections received on such day and an additional amount of funds of the Seller for the payment of any accrued and unpaid Obligations owed by the Seller and not previously paid by the Seller in accordance with Section 2.1. On and after the Amortization Date, the Servicer shall (i) remit to the each Managing Agent's account ratably in accordance with the Pro Rata Share of such Managing Agent's Purchaser Group the amounts set aside pursuant to the preceding sentence, and (ii) apply such amounts to reduce the Aggregate Capital and any other Aggregate Unpaids.

Section 2.5 Application of Collections. All Collections received on and after the Amortization Date shall be distributed by the Servicer (or the Administrative Agent) on each Settlement Date and on such additional days as the Administrative Agent may elect (which election shall be made by the Administrative Agent at the direction of any Managing Agent or Financial Institution), in the following order of priority:

first, to the Servicer to the payment of the Servicer's reasonable out-of-pocket costs and expenses in connection with servicing, administering and collecting the Receivables, including the Servicing Fee,

second, to the applicable Person to the reimbursement of the Administrative Agent's and each Managing Agent's costs of collection and enforcement of this Agreement,

third, to each Managing Agent for the benefit of the Purchasers for the ratable payment of all accrued and unpaid fees under the Fee Letter and Yield,

fourth, to each Managing Agent for the account of the applicable Purchasers, to the ratable reduction of the Aggregate Capital (without regard to any Termination Percentage),

fifth, to each applicable Person for the ratable payment of all other unpaid Obligations, and

sixth, after the Aggregate Unpaids have been indefeasibly reduced to zero, to Seller.

Collections applied to the payment of Aggregate Unpaids shall be distributed in accordance with the aforementioned provisions, and, giving effect to each of the priorities set forth above in this Section 2.5, shall be shared ratably (within each priority) among the Administrative Agent, the Managing Agents and the Purchasers in accordance with the amount of such Aggregate Unpaids owing to each of them in respect of each such priority.

Section 2.6 Payment Rescission. No payment of any of the Aggregate Unpaids shall be considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason. The Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to the Administrative Agent (for application to the Person or Persons who suffered such rescission, return or refund) the full amount thereof, plus the Default Fee from the date of any such rescission, return or refunding.

Section 2.7 Maximum Purchaser Interests. The Seller shall ensure that the Purchaser Interests of the Purchasers shall at no time exceed in the aggregate the Applicable Maximum Purchaser Interest. If the aggregate of the Purchaser Interests of the Purchasers exceeds the Applicable Maximum Purchaser Interest, the Seller shall pay to each Managing Agent for the account of the applicable Purchasers (ratably according to the aggregate Purchaser Interests of the Purchasers), within one (1) Business Day, an amount such that, after giving effect to such payment, the aggregate of the Purchaser Interests equals or is less than the Applicable Maximum Purchaser Interest. Amounts paid by the Seller under this Section 2.7 shall be applied to the outstanding Capital of the Purchasers ratably in accordance with such Purchasers' respective Capital Pro Rata Shares.

Section 2.8 Clean Up Call. In addition to Seller's rights pursuant to Section 1.3, Seller shall have the right (after providing written notice to each Managing Agent and the Administrative Agent in accordance with the Required Notice Period), at any time following the reduction of the Aggregate Capital to a level that is less than 10.0% of the original Purchase Limit, to repurchase from the Purchasers all, but not less than all, of the then outstanding

Purchaser Interests. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpaids through the date of such repurchase, payable in immediately available funds. Such repurchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser, any Managing Agent or the Administrative Agent.

Section 2.9 Payment Allocations. The Servicer shall, upon receipt of payments of amounts billed and collected from Obligors on their utility bills, allocate those receipts on a daily basis among Collections of Receivables, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections in accordance with the calculation methodologies specified in Annex 2 to the 2001 Servicing Agreement and Exhibit A to the 2014 Servicing Agreement.(3) The Servicer will apply the Collections from Receivables as provided in this Article II.

ARTICLE III

CONDUIT FUNDING

Section 3.1 Yield. The Seller shall pay Yield with respect to the Capital associated with each Purchaser Interest of each Conduit for each day that any Capital in respect of such Purchaser Interest is outstanding. Each Purchaser Interest funded substantially with Pooled Commercial Paper will accrue Yield at the CP Rate for each day. Each Purchaser Interest that is not funded substantially with Pooled Commercial Paper will accrue Yield as described in Article IV.

Section 3.2 Payments. On each Yield Payment Date, the Seller shall pay to each Managing Agent for the benefit of the Conduit in such Managing Agent's Purchaser Group an aggregate amount equal to all accrued and unpaid Yield in respect of the Capital associated with all Purchaser Interests of the related Conduit for the immediately preceding Accrual Period in accordance with Article II.

Section 3.3 Calculation of Yield. On the third (3rd) Business Day immediately preceding each Yield Payment Date, each Managing Agent shall calculate its Purchaser Group's aggregate amount of Yield in respect of the Capital associated with all Purchaser Interests of each related Conduit for the applicable Accrual Period and shall notify the Seller of such amount.

ARTICLE IV
FINANCIAL INSTITUTION FUNDING

Section 4.1 Financial Institution Funding. Each Purchaser Interest funded by the Financial Institutions shall accrue Yield for each day during its Tranche Period at either the LIBO Rate or the Alternate Base Rate in accordance with the terms and conditions hereof. Until the Seller gives notice to the applicable Managing Agent of another Bank Rate in accordance with Section 4.4, the initial Bank Rate for any Purchaser Interest transferred to the Financial Institutions pursuant to the terms and conditions hereof shall be the Alternate Base Rate. If any

(3) The first sentence in Section 2.9 was restated by Amendment No. 6.

Financial Institution acquires by assignment from the Conduit in its Purchaser Group all or any portion of such Conduit's Purchaser Interest (or an undivided interest therein) or otherwise funds such Purchaser Interest pursuant to such Conduit's Liquidity Agreement, such Purchaser Interest so assigned or funded shall each be deemed to have a new Tranche Period commencing on the date of any such assignment or funding.

Section 4.2 Yield Payments. On each Yield Payment Date for each Purchaser Interest of the Financial Institutions, the Seller shall pay to each Managing Agent for the benefit of the Financial Institutions in its Purchaser Group an aggregate amount equal to the accrued and unpaid Yield for the entire Tranche Period of such Purchaser Interest in accordance with Article II.

Section 4.3 Selection and Continuation of Tranche Periods.

(a) With consultation from and adequate prior notice to each related Managing Agent, the Seller shall from time to time request Tranche Periods for the Purchaser Interests funded, directly or indirectly, by the Financial Institutions, provided that, (i) if at any time the Financial Institutions shall have a Purchaser Interest, the Seller shall always request Tranche Periods such that at least one Tranche Period shall end on the date specified in clause (A) of the definition of Yield Payment Date and (ii) no more than three (3) Tranche Periods shall be outstanding at any time.

(b) The Seller, upon notice to and consultation with the Managing Agents received at least three (3) Business Days prior to the last day of a Tranche Period (the "Terminating Tranche") for any Purchaser Interest, may, effective on such last day of the Terminating Tranche: (i) divide any such Purchaser Interest into multiple Purchaser Interests or (ii) combine any such Purchaser Interest with one or more other Purchaser Interests which either have a Terminating Tranche ending on such day or are newly created on such day (subject to such Conduit's ability to accommodate such division or combination), provided, that in no event may a Purchaser Interest funded by Pooled Commercial Paper issued by a Conduit be combined with a Purchaser Interest funded by any Financial Institution.

Section 4.4 Financial Institution Bank Rates. The Seller may select the LIBO Rate or the Alternate Base Rate for each Purchaser Interest funded by the Financial Institutions. The Seller shall by 12:00 noon (New York time): (i) at least three (3) Business Days prior to the expiration of any Terminating Tranche with respect to which the LIBO Rate is being requested as a new Bank Rate and (ii) at least one (1) Business Day prior to the expiration of any Terminating Tranche with respect to which the Alternate Base Rate is being requested as a new Bank Rate, give each applicable Managing Agent irrevocable notice of the new Bank Rate for the Purchaser Interest associated with such Terminating Tranche. Until the Seller gives notice to such applicable Managing Agent of another Bank Rate, the initial Bank Rate for any Purchaser Interest transferred to or otherwise funded by any Financial Institution pursuant to the terms and conditions hereof shall be the Alternate Base Rate.

Section 4.5 Suspension of the LIBO Rate.

(a) If any Financial Institution notifies its related Managing Agent that it has determined that funding its Pro Rata Share of the Purchaser Interests at a LIBO Rate would violate any applicable law, rule, regulation, or directive of any governmental or regulatory authority, whether or not having the force of law, or that (i) deposits of a type and maturity appropriate to fund its Purchaser Interests at such LIBO Rate are not available or (ii) such LIBO Rate does not accurately reflect the cost of acquiring or maintaining a Purchaser Interest at such LIBO Rate, then such Managing Agent shall notify the Administrative Agent and shall suspend the availability of such LIBO Rate for the Financial Institutions in such Managing Agent's Purchaser Group and select the Alternate Base Rate for any Purchaser Interest accruing Yield at such LIBO Rate, and the then current Tranche Period for any Purchaser Interest funded by a Financial Institution in such Managing Agent's Purchaser Group shall thereupon be terminated and a new Tranche Period based upon the Alternate Base Rate shall commence.

(b) If less than all of the Managing Agents give a notice to the Administrative Agent pursuant to Section 4.5(a), the Financial Institution in the Purchaser Group which gave such a notice shall be obligated, at the request of the Seller or the related Conduit in such Purchaser Group, to assign all of its rights and obligations hereunder to (i) another Financial Institution or (ii) another funding entity nominated by the Seller or its related Managing Agent that is acceptable to the related Conduit and willing to participate in this Agreement and the related Liquidity Agreement through the Liquidity Termination Date in the place of such notifying Financial Institution; provided that (i) the notifying Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such notifying Financial Institution's Capital Pro Rata Share of the Capital and Yield owing to all of the Purchasers and all accrued but unpaid fees and other costs and expenses payable in respect of its Capital Pro Rata Share of the Purchaser Interests of such Financial Institution, and (ii) the replacement Financial Institution otherwise satisfies the requirements of Section 12.1(b).

Section 4.6 Liquidity Agreement Fundings. The parties hereto acknowledge that a Conduit may borrow against or put all or any portion of its Purchaser Interests to the Financial Institutions in its Purchaser Group at any time pursuant to such Conduit's related Liquidity Agreement to finance or refinance the necessary portion of its Purchaser Interests through a funding under such Liquidity Agreement to the extent available. The fundings under such Liquidity Agreement will accrue interest at the Bank Rate in accordance with this Article IV. Regardless of whether a funding of Purchaser Interests by any Financial Institution constitutes the direct purchase of a Purchaser Interest hereunder, an assignment under the related Liquidity Agreement of a Purchaser Interest originally funded by a Conduit, the sale of one or more participations under the related Liquidity Agreement in a Purchaser Interest originally funded by a Conduit or a loan made under a Liquidity Agreement in respect of a Conduit's Purchaser Interest, each Financial Institution participating in a funding of a Purchaser Interest shall have the rights and obligations of a "Purchaser" hereunder with the same force and effect as if it had directly purchased such Purchaser Interest from the Seller hereunder.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of The Seller Parties. Each Seller Party hereby represents and warrants to the Administrative Agent, the Managing Agents and the Purchasers, as to itself, as of the date hereof and as of the date of each Incremental Purchase and the date of each Reinvestment that:

(a) Corporate Existence and Power. Such Seller Party is duly formed, validly existing and in good standing under the laws of its state of formation. The Seller is duly qualified to do business and is in good standing, and has and holds all power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted, except where the failure to so qualify or so hold could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and, in the case of the Seller, the Seller's use of the proceeds of purchases made hereunder, are within its powers and authority and have been duly authorized by all necessary action on its part.

(c) No Conflict. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) (A) its certificate or articles of incorporation or by-laws or (B) limited liability company agreement or certificate of formation, as applicable, (ii) any law, rule or regulation applicable to it, including, without limitation, the Public Utility Holding Company Act of 1935, as amended, (iii) any restrictions under any material agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of such Seller Party or its Subsidiaries (except as created hereunder); and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than (i) the filing of the financing statements required hereunder or (ii) such authorizations, approvals, notices, filings or other actions as have been obtained, made or taken prior to the date hereof, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. Except (i) to the extent described in Consumers' Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the SEC, and (ii) such other similar actions, suits and proceedings predicated on the occurrence of the same events giving rise to any actions, suits and proceedings described in the Annual Reports referred to in the foregoing clause (i), there are no actions, suits or proceedings pending, or to the best of such Seller Party's knowledge, threatened, against or affecting such Seller Party, or any of its

properties, in or before any court, arbitrator or other body, that (i) relate to the transactions under this Agreement or (ii) could reasonably be expected to have a Material Adverse Effect. Such Seller Party is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which such Seller Party is a party constitute the legal, valid and binding obligations of such Seller Party enforceable against such Seller Party in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore furnished by such Seller Party or any of its Affiliates to the Administrative Agent, any Managing Agent or any Purchasers for purposes of or in connection with this Agreement, any Monthly Report, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Seller Party or any of its Affiliates to the Administrative Agent, any Managing Agent or any Purchaser will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements

contained therein not materially misleading.

(h) Use of Proceeds. No proceeds of any purchase hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to each purchase hereunder, the Seller shall be the legal and beneficial owner of the Receivables and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Seller's ownership interest in each Receivable, its Collections and the Related Security.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each purchase hereunder, transfer to the Administrative Agent for the benefit of the Purchasers (and the Administrative Agent for the benefit of such Purchasers shall acquire from the Seller) a valid and perfected first priority undivided percentage ownership or security interest in each Receivable existing or hereafter arising and in the Related Security and Collections with respect thereto, free and clear of any Adverse Claim, except as created by the Transactions Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Administrative Agent's (on behalf of the Purchasers) ownership or security interest in the Receivables, the Related Security and the Collections.

(k) Places of Business and Locations of Records. The principal places of business and chief executive office of such Seller Party and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit III or such other locations of which the Administrative Agent has been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 7.2(a) has been taken and completed. Seller is a limited liability company organized solely in the State of Delaware. The Seller's Delaware organizational identification number and Federal Employer Identification Number are correctly set forth on Exhibit III.

(l) Collections. The conditions and requirements set forth in Section 7.1(j) and Section 8.2 have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of the Seller at each Collection Bank and the special zip code number of each Lock-Box, are listed on Exhibit IV. The Seller has not granted any Person, other than the Administrative Agent as contemplated by this Agreement and the Intercreditor Agreement, dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event.

(m) Material Adverse Effect. (i) The initial Servicer represents and warrants that since December 31, 2009, no event has occurred that would have a material adverse effect on the financial condition or operations of the initial Servicer and its Subsidiaries, taken as a whole, or the ability of the initial Servicer to perform its obligations under this Agreement, and (ii) the Seller represents and warrants that since December 31, 2009, no event has occurred that would have a material adverse effect on (A) the financial condition or operations of the Seller, (B) the ability of the Seller to perform its obligations under the Transaction Documents, or (C) the collectibility of the Receivables generally or any material portion of the Receivables.

(n) Names. The Seller has not used any names, trade names or assumed names other than the name in which it has executed this Agreement.

(o) Ownership of Seller. Consumers owns, directly or indirectly, 100% of the issued and outstanding membership interests of the Seller, free and clear of any Adverse Claim. There are no options, warrants or other rights to acquire securities of the Seller.

(p) Public Utility Holding Company Act; Investment Company Act. Such Seller Party is exempt from the registration requirements of the Public Utility Holding Company Act of 1935, as amended, or any successor statute. Such Seller Party is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(q) Compliance with Law. Such Seller Party has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit

reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation.

(r) Compliance with Credit and Collection Policy. Such Seller Party has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract, and has not made any change to such Credit and Collection Policy, other than as permitted under Section 7.2 and in compliance with the notification requirements of Section 7.1(a)(vii).

(s) Payments to Originator. With respect to each Receivable transferred to the Seller under the Receivables Sale Agreement, the Seller has given reasonably equivalent value to the Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by the Originator of any Receivable under the Receivables Sale Agreement is or may be voidable under any section of the Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101 *et seq.*), as amended.

(t) Enforceability of Contracts. Each Contract with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding

in equity or at law).

(u) Eligible Receivables. Each Receivable included in the Net Receivables Balance as an Eligible Receivable on the date of its purchase under the Receivables Sale Agreement was an Eligible Receivable on such purchase date.

(v) Net Receivables Balance. The Seller has determined that, immediately after giving effect to each purchase hereunder, the Net Receivables Balance is at least equal to the sum of (i) the Aggregate Capital, plus (ii) the Aggregate Reserves.

(w) Accounting. In the case of the Seller, the Seller is treating the conveyance of the ownership interest in the Receivables and the Collections as a sale for purposes of GAAP.

Section 5.2 Financial Institution Representations and Warranties. Each Financial Institution hereby represents and warrants, as to itself, to the Administrative Agent, the Managing Agent of its Purchaser Group and the Conduit in its Purchaser Group that:

(a) Existence and Power. Such Financial Institution is a corporation or a banking association duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all corporate power to perform its obligations hereunder.

(b) No Conflict. The execution and delivery by such Financial Institution of this Agreement and the performance of its obligations hereunder are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its certificate or articles of incorporation or association or by-laws, (ii) any law, rule or regulation

applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on its assets. This Agreement has been duly authorized, executed and delivered by such Financial Institution.

(c) Governmental Authorization. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Financial Institution of this Agreement and the performance of its obligations hereunder.

(d) Binding Effect. This Agreement constitutes the legal, valid and binding obligation of such Financial Institution enforceable against such Financial Institution in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law).

ARTICLE VI
CONDITIONS OF PURCHASES

Section 6.1 Conditions Precedent to Effectiveness of this Agreement. This Agreement shall become effective as of the date hereof upon the Administrative Agent and each Managing Agent receiving, in form and substance reasonably satisfactory to each such Person, on or before the date hereof (i) the satisfactory report of the Administrative Agent's auditors; (ii) those documents listed on Schedule B; (iii) a Monthly Report covering the immediately preceding Accrual Period and (iv) all fees and expenses required to be paid on such date pursuant to the terms of this Agreement and the Fee Letter and (b) the Servicer shall have complied (and have caused the Originator to comply) with the requirements of Section 7.1(e).

Section 6.2 Conditions Precedent to All Purchases and Reinvestments. Each purchase of a Purchaser Interest (other than pursuant to Section 12.1) and each Reinvestment shall be subject to the further conditions precedent that in the case of each such purchase or Reinvestment: (a) the Servicer shall have delivered to the Administrative Agent and each Managing Agent on or prior to the date of such purchase, in form and substance satisfactory to the Administrative Agent and each Managing Agent, all Monthly Reports as and when due under Section 8.5 and upon the Administrative Agent's or any Managing Agent's request; (b) upon the Administrative Agent's or any Managing Agent's reasonable request, the Servicer shall have delivered to the Administrative Agent and each Managing Agent at least three (3) days prior to such purchase or Reinvestment an interim report, in a form agreed to by the Servicer and the Administrative Agent, showing the amount of Eligible Receivables; (c) the Amortization Date shall not have occurred; (d) the Administrative Agent and each Managing Agent shall have received such other approvals, opinions or documents as it may reasonably request if the Administrative Agent or any Managing Agent reasonably believes there has been a change in law or circumstance that affects the status or characteristics of the Receivables, Related Security or Collections, any Seller Party or the Administrative Agent's first priority perfected security

interest in the Receivables, Related Security and Collections and (e) on the date of each such Incremental Purchase or Reinvestment, the following statements shall be true (and acceptance of the proceeds of such Incremental Purchase or Reinvestment shall be deemed a representation and warranty by the Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Incremental Purchase or Reinvestment as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that will constitute an Amortization Event, and no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that would constitute a Potential Amortization Event;

(iii) the Capital owing to each Purchaser does not exceed the Conduit Purchase Limit (in the case of a Conduit) or Commitment (in the case of a Financial Institution); and

(iv) the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed the Applicable Maximum Purchaser Interest.

It is expressly understood that each Reinvestment shall, unless otherwise directed by the Administrative Agent or any Managing Agent, occur automatically on each day that the Servicer shall receive any Collections without the requirement that any further action be taken on the part of any Person and notwithstanding the failure of the Seller to satisfy any of the foregoing conditions precedent in respect of such Reinvestment. The failure of the Seller to satisfy any of the foregoing conditions precedent in respect of any Reinvestment shall give rise to a right of the Administrative Agent, which right may be exercised at any time on demand of the Administrative Agent or any Managing Agent, to rescind the related Reinvestment and direct the Seller to pay to the Managing Agents for the benefit of the Purchasers an amount equal to the Collections prior to the Amortization Date that shall have been applied to the affected Reinvestment.

ARTICLE VII
COVENANTS

Section 7.1 Affirmative Covenants of The Seller Parties. Until the date on which the Aggregate Unpaids have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, as set forth below:

(a) Financial Reporting. Such Seller Party will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish or cause to be furnished to the Administrative Agent, each Managing Agent and each Financial Institution:

(i) Annual Reporting. Within 120 days after the close of (A) each of Consumer's fiscal years, a copy of the Annual Report on Form 10-K (or any successor

form) for Consumers for such year, including therein the consolidated balance sheet of Consumers and its consolidated Subsidiaries as at the end of such year and the consolidated statements of income, cash flows and common stockholder's equity of Consumers and its consolidated Subsidiaries as at the end of and for such year, or statements providing substantially similar information, in each case certified by independent public accountants of recognized national standing selected by Consumers (and not objected to by the Administrative Agent or any Managing Agent), and (B) each of the Seller's fiscal years, unaudited financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for such fiscal year, all certified by a Responsible Officer of the Seller as fairly presenting in all material respects the financial condition and results of operations of the Seller in accordance with GAAP.(4)

(ii) Quarterly Reporting. Within 60 days after the close of the first three (3) quarterly periods of each of its respective fiscal years, balance sheets of each of Originator and its consolidated Subsidiaries and the Seller as at the close of each such period and statements of income and retained earnings and a statement of cash flows for each such Person (and, in the case of the Originator, its consolidated Subsidiaries) for the period from the beginning of such fiscal year to the end of such quarter, all certified by its respective chief financial officer.

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit V signed by such Seller Party's Responsible Officer and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of such Seller Party copies of all financial statements, reports and proxy statements (other than those which relate solely to employee benefit plans) so furnished which Consumers files with the Securities and Exchange Commission.

(v) Bond Servicing Reports; S.E.C. Filings. Promptly upon the execution, delivery or filing thereof, (i) copies of all reports, statements, notices and certificates delivered or received by the Servicer (in its capacity as Servicer under either Servicing Agreement or otherwise) pursuant to Sections 3.05, 3.06, 3.07 and 6.02 and Annex 1 and Annex 2 of the 2001 Servicing Agreement (excluding any "Daily Servicer's Report" delivered pursuant to Annex 2 of the 2001 Servicing Agreement) and Sections 3.01(b), 3.03, 3.04, 4.01 and 7.04 of the 2014 Servicing Agreement, (ii) copies of all reports and notices delivered to the holders of the securitization bonds issued by Consumers Funding LLC or the holders of the securitization bonds issued by Consumers 2014 Securitization Funding LLC, (iii) copies of all amendments, waivers or other modifications to any of the Basic Documents (as defined in either Servicing Agreement),(5) (iv) copies of all reports

(4) Clause (i) was replaced in its entirety by Amendment No. 4.

(5) Clauses (i), (ii) and (iii) of Section 7.1(a)(v) were restated by Amendment No. 6.

which the Servicer sends to the holders of any of its securities or its creditors generally and (v) copies of all registration statements and annual, quarterly, monthly or other regular reports which Originator or any of its Subsidiaries files with the Securities and Exchange Commission.

(vi) Copies of Notices. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than the Administrative Agent or any Managing Agent, copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or material

amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables, requesting each Managing Agent's consent thereto, such consent not to be unreasonably withheld.

(viii) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of such Seller Party as the Administrative Agent or any Managing Agent may from time to time reasonably request in order to protect the interests of the Administrative Agent, any Managing Agent or any Purchaser under or as contemplated by this Agreement (including, without limitation, any information relevant to the calculation and allocations described in each(6) Servicing Agreement and the Intercreditor Agreement).

(b) Notices. Such Seller Party will notify the Administrative Agent, each Managing Agent and each Financial Institution in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Amortization Events or Potential Amortization Events. The occurrence of each Amortization Event and each Potential Amortization Event, by a statement of a Responsible Officer of such Seller Party.

(ii) Judgment and Proceedings. (A) (1) The entry of any judgment or decree against the Servicer if the aggregate amount of all judgments and decrees then outstanding against the Servicer exceeds $25,000,000 and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against the Servicer which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; and (B) the entry of any judgment or decree or the institution of any litigation, arbitration proceeding or governmental proceeding against the Seller.

(6) The word "the" located prior to the words "Servicing Agreement" was replaced by the word "each" in Section 7.1(a)(viii) by Amendment No. 6.

(iii) Material Adverse Effect. The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Termination Date. The occurrence of the "Termination Date" under and as defined in the Receivables Sale Agreement.

(v) Defaults Under Other Agreements. With respect to the Seller, the occurrence of a default or an event of default under any other financing arrangement pursuant to which the Seller is a debtor or an obligor.

(vi) Downgrade of Originator. Any downgrade in the rating of any Indebtedness of Originator by S&P, by Moody's or by Fitch, setting forth the Indebtedness affected and the nature of such change.

(vii) Servicer Default. The occurrence of any event or circumstance which constitutes a Servicer Default (as defined in either(7) Servicing Agreement) or which, with the giving of notice or the passage of time, would become a Servicer Default.

(viii) Receivables Classification. The occurrence of any event or circumstance (including, without limitation, any change in law, regulation or systems reporting), which would impact the identification of any accounts receivable on the books and records of the Originator or the Seller not less than thirty (30) days prior to such occurrence (or in the event of a change in law or regulation, as soon as reasonably possible).

(ix) Appointment of Independent Manager. The decision to appoint a new manager of the Seller as the "Independent Manager" for purposes of this Agreement, such notice to be issued not less than ten (10) days prior to the effective date of such appointment and to certify that the designated Person satisfies the criteria set forth in the definition herein of "Independent Manager.

(c) Compliance with Laws and Preservation of Corporate Existence. Such Seller Party will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Such Seller Party will preserve and maintain its existence, rights and franchises in the jurisdiction of its organization, and qualify and remain qualified in good standing as a foreign corporation or limited liability company, as applicable, in each jurisdiction in which such qualification is necessary in view of its businesses and operations or the ownership of its properties, provided that such Seller Party shall not be required to preserve any such right or franchise or to remain so qualified unless the failure to do so could reasonably be expected to have a Material Adverse Effect.

(d) Audits. Such Seller Party will furnish to the Administrative Agent, each Managing Agent and each Financial Institution from time to time such information with respect

(7) The word "the" located prior to the words "Servicing Agreement" was replaced by the word "either" in Section 7.1(b)(vii) by Amendment No. 6.

to it and the Receivables as the Administrative Agent, any Managing Agent or any Financial Institution may reasonably request. Such Seller Party will, from time to time during regular business hours as requested by the Administrative Agent, any Managing Agent or any Financial Institution upon reasonable notice permit the Administrative Agent, such Managing Agent or such Financial Institution, or any of their respective agents or representatives (and shall cause the Originator to permit the Administrative Agent, any Managing Agent or any Financial Institution or any of their respective agents or representatives), to (i) examine and make copies of and abstracts from all Records in the possession or under the control of such Person relating to the Receivables, the Related Security, the 2001 Securitization Property, the 2014 Securitization Property and the Servicing Agreements, including, without

limitation, the related Contracts(8), and (ii) to visit the offices and properties of such Person for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Person's financial condition or the Receivables and the Related Security or any Person's performance under any of the Transaction Documents or any Person's performance under the Contracts and, in each case, with any of the officers or employees of Seller or the Servicer having knowledge of such matters. Each such audit shall be at the sole cost of such Seller Party, provided that such Seller Party shall be required to pay for (A) during a Level One Enhancement Period, not more than one such audit per year, (B) during a Level Two Enhancement Period, not more than two such audits per year and (C) during a Level Three Enhancement Period, an unlimited number of such audits per year.

(e) Keeping and Marking of Records and Books.

(i) The Servicer will (and will cause the Originator to) maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables and the performance of each Seller Party's duties under the Transaction Documents and the Servicing Agreements (including, without limitation, records adequate to permit (A) the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable and (B) the performance of the calculations and allocations required by the Intercreditor Agreement and the Servicing Agreements(9)). The Servicer will (and will cause the Originator to) give the Administrative Agent and each Managing Agent notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Such Seller Party will (and will cause the Originator to) (A) on or prior to the date hereof, mark its master data processing records and other books and records relating to the Purchaser Interests with a legend, acceptable to the Administrative Agent, describing the Purchaser Interests and (B) at any time after the occurrence of an Amortization Event, upon the request of the Administrative Agent or any Managing

(8) Clause (i) of Section 7.1(d) was modified by Amendment No. 6.

(9) The phrase "the Service Agreement" was replaced by "the Servicing Agreements" throughout Section 7.1(e)(i) by Amendment No. 6.

Agent, deliver to the Administrative Agent all Contracts (including, without limitation, all multiple originals of any such Contract) relating to the Receivables, provided, that the requirements of this clause (B) shall apply solely to any Contract consisting of or evidenced by an instrument or chattel paper.

(f) Compliance with Contracts and Credit and Collection Policy. Such Seller Party will (and will cause the Originator to) timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, except where the failure to so perform or comply could not reasonably be expected to have a Material Adverse Effect, and (ii) comply in all respects with the Credit and Collection Policy in regard to each Receivable and the related Contract, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(g) Performance and Enforcement of Receivables Sale Agreement. The Seller will, and will require the Originator to, perform each of their respective obligations and undertakings under and pursuant to the Receivables Sale Agreement, will purchase Receivables thereunder in compliance with the terms thereof and will enforce the rights and remedies accorded to the Seller under the Receivables Sale Agreement. The Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of the Administrative Agent and the Purchasers as assignees of the Seller) under the Receivables Sale Agreement as the Administrative Agent, any Managing Agent or any Financial Institution may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in the Receivables Sale Agreement.

(h) Ownership. The Seller will (or will cause the Originator to) take all necessary action to (i) vest legal and equitable title to the Receivables, the Related Security and the Collections purchased under the Receivables Sale Agreement irrevocably in Seller, free and clear of any Adverse Claims other than Adverse Claims in favor of the Administrative Agent, the Managing Agents and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Seller's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of the Seller therein as the Administrative Agent or any Managing Agent may reasonably request), and (ii) establish and maintain, in favor of the Administrative Agent, for the benefit of the Managing Agents and the Purchasers, a valid and perfected first priority undivided percentage ownership interest (and/or a valid and perfected first priority security interest) in all Receivables, Related Security and Collections to the full extent contemplated herein, free and clear of any Adverse Claims other than Adverse Claims in favor of the Administrative Agent for the benefit of the Managing Agents and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Administrative Agent's (for the benefit of the Managing Agents and the Purchasers) interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of the Administrative Agent for the benefit of the Managing Agents and the Purchasers as the Administrative Agent or any Managing Agent may reasonably request).

(i) Purchasers' Reliance. The Seller acknowledges that the Purchasers are entering into the transactions contemplated by this Agreement in reliance upon the Seller's identity as a legal entity that is separate from Originator or any Affiliate thereof (each, a "CMS Entity"). Therefore, from and after the date of execution and delivery of this Agreement, Seller shall take all reasonable steps, including, without limitation, all steps that the Administrative Agent, any Managing Agent or any Purchaser may from time to time reasonably request, to maintain the Seller's identity as a separate legal entity and to make it manifest to third parties that the Seller is an entity with assets and liabilities distinct from those of any CMS Entity and not just a division of a CMS Entity. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Seller will:

(i) conduct its own business in its own name and require that all full-time employees of the Seller, if any, identify themselves as such

and not as employees of any CMS Entity (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as the Seller's employees);

(ii) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to the Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of the Seller is also an employee, consultant or agent of any CMS Entity, allocate the compensation of such employee, consultant or agent between the Seller and such CMS Entity, as applicable, on a basis that reflects the services rendered to the Seller and such CMS Entity, as applicable;

(iii) maintain separate offices and, if such office is located in the offices of any CMS Entity, the Seller shall lease such office at a fair market rent;

(iv) have separate stationery, invoices and checks in its own name;

(v) conduct all transactions with each CMS Entity (including, without limitation, any delegation of its obligations hereunder as Servicer) strictly on an arm's-length basis, allocate all overhead expenses for items shared between the Seller and any CMS Entity fairly and reasonably;

(vi) at all times have at least three Managers, at least one of which is an Independent Manager;

(vii) observe all limited liability company formalities as a distinct entity, and ensure that all limited liability company actions relating to (A) the selection, maintenance or replacement of the Independent Manager, (B) the dissolution or liquidation of the Seller or (C) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving the Seller, are duly authorized by unanimous vote of its Managers (including the Independent Manager);

(viii) maintain the Seller's books and records separate from those of any CMS Entity thereof and otherwise readily identifiable as its own assets rather than assets of a CMS Entity;

(ix) prepare its financial statements separately from those of any CMS Entity and insure that any consolidated financial statements of any CMS Entity that include Seller and that are filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that the Seller is a separate corporate entity and that its assets will be available first and foremost to satisfy the claims of the creditors of the Seller;

(x) except as herein specifically otherwise provided, maintain the funds or other assets of Seller separate from, and not commingled with, those of any CMS Entity and only maintain bank accounts or other depository accounts to which Seller alone is the account party, into which only the Seller or Servicer makes deposits and from which only the Seller or Servicer (or the Administrative Agent hereunder) has the power to make withdrawals;

(xi) pay all of the Seller's operating expenses from the Seller's own assets (except for certain payments by a CMS Entity or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.1(i));

(xii) maintain its corporate separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary;

(xiii) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion dated May 22, 2003 and issued by Skadden, Arps, Slate, Meagher & Flom, LLP, as counsel for the Seller, in connection with the Original RPA and relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times; and

(xiv) maintain its Certificate of Formation and Limited Liability Company Agreement in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its Certificate of Formation or Limited Liability Company Agreement in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, Section 7.1(i) of this Agreement.

(j) Collections. Such Seller Party will cause (i) all checks representing Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections to be remitted to a Lock-Box, (ii) all other amounts in respect of Collections, 2001 Securitization

Charge Collections and 2014 Securitization Charge Collections to be deposited directly to a Collection Account, (iii) all proceeds from all Lock-Boxes to be deposited by the Servicer into a Collection Account, (iv) all funds in each Collection Account which is not a Specified Account to be remitted to a Specified Account as soon as is reasonably practicable and (v) each Specified Account to be subject at all times to a Collection Account Agreement that is in full force and effect. In the event any payments relating to Receivables are remitted directly to Seller or any Affiliate of the Seller, the Seller will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within two (2) Business Days following receipt thereof, and, at all times prior to such remittance, the Seller will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of the Administrative Agent, the Managing Agents and the Purchasers. The Seller will maintain exclusive ownership, dominion and control (subject to the terms of this Agreement) of each Lock-Box and Collection Account and shall not grant the right to take dominion and control of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to the Administrative Agent as contemplated by this Agreement and the Intercreditor Agreement. Upon not less than 30 days prior written notice to the Seller and the Servicer, the Administrative Agent may, in its reasonable

discretion, designate additional Collection Accounts as Specified Accounts and such Specified Accounts shall be subject to the requirement set forth in clause (v) above. On the date which is 30 days after the first day of a Level Three Enhancement Period, all Collection Accounts shall be Specified Accounts and such Specified Accounts shall be subject to the requirement set forth in clause (v) above.(10)

(k) Taxes. The Seller will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing, except any such taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books. The Seller will pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of any Conduit, the Administrative Agent or any Financial Institution. The Servicer will pay and discharge before the same shall become delinquent, all taxes and governmental charges imposed upon it or its property, provided that the Servicer shall not be required to pay or discharge any such tax or governmental charge (i) which is being contested by it in good faith and by proper procedures or (ii) the non-payment of which will not have a Material Adverse Effect.

(l) Insurance. The Seller will maintain in effect, or cause to be maintained in effect, at the Seller's own expense, such casualty and liability insurance as the Seller shall deem appropriate in its good faith business judgment.

(m) Payment to Originator. With respect to any Receivable purchased by the Seller from the Originator, such sale shall be effected under, and in compliance with the terms of, the Receivables Sale Agreement, including, without limitation, the terms relating to the method of payment and amount and timing of payments to be made to the Originator in respect of the purchase price for such Receivable.

(10) Clauses (i) and (ii) in Section 7.01(j) were modified by Amendment No. 6.

(n) Restrictions on Activities. The Seller will operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Sale Agreement; and does not create, incur, guarantee, assume or suffer to exist any indebtedness or other liabilities, whether direct or contingent, other than (i) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (ii) the incurrence of obligations under this Agreement, (iii) the incurrence of obligations, as expressly contemplated in the Receivables Sale Agreement, to make payment to the Originator thereunder for the purchase of Receivables under the Receivables Sale Agreement, and (iv) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement.

(o) Modification of Limited Liability Company Agreement. The Seller will maintain its limited liability company agreement in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its limited liability company agreement in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, Section 7.1(i) of this Agreement;

(p) Modification of Receivables Sale Agreement. The Seller will maintain the effectiveness of, and continue to perform under the Receivables Sale Agreement, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify the Receivables Sale Agreement, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under the Receivables Sale Agreement or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of the Administrative Agent, each Managing Agent and each Financial Institution.

(q) Maintenance of Required Capital Amount. The Seller will maintain at all times the Required Capital Amount (as defined in the Receivables Sale Agreement) and refrain from making any dividend, distribution, redemption of capital stock or payment of any subordinated indebtedness which would cause the Required Capital Amount to cease to be so maintained.

(r) Performance under Servicing Agreements. The Servicer will perform and comply with all obligations of the Servicer as "Servicer" under each Servicing Agreement, including, without limitation, its duties and responsibilities relating to the calculations and allocations required by the Intercreditor Agreement and each Servicing Agreement.(11)

(s) Financing Statements for Supplement Indentures. The Seller will (or will cause Originator to) cause the collateral description in each UCC-1 Financing Statement filed pursuant to any Supplement Indenture to expressly exclude all Receivables, all Related Security, all Collections, each Lock-Box, each Collection Account and the proceeds thereof in a manner acceptable to the Administrative Agent.

(11) Section 7.01(r) was retitled and modified by Amendment No. 6.

(t) Receivables Classification. In connection with any change in the identification of any accounts receivable on the books and records of the Originator or the Seller, the Seller shall ensure that all actions required by Section 7.1(h) will have been taken prior to such change.

(u) Certification of Receivables Classification. In connection with the delivery of each Monthly Report, the Servicer shall certify to the Administrative Agent and each Managing Agent that it has made diligent inquiry and that the accounts receivable included in such report as Receivables are identified on the books and records of the Originator and the Seller with the account code "Account 1460000 Customer Receivables" or "Account 1460201 — A/R Other".

Section 7.2 Negative Covenants of the Seller Parties. Until the date on which the Aggregate Unpaids have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. The Seller will not (and will not permit the Originator to) (i) make any change to its name (within the meaning of Section 9-507(c) of any applicable enactment of the UCC), identity, corporate structure or location of books and records unless, at least thirty (30) days prior to the effective date of any such name change, change in corporate structure, or change in location of its books and records the Seller notifies the Administrative Agent and each Managing Agent thereof and delivers to the Administrative Agent and each Managing Agent such financing statements (Forms UCC-1 and UCC-3) authorized or executed by the Seller (if required under applicable law) which the Administrative Agent or any Managing Agent may reasonably request to reflect such name change, location change, or change in corporate structure, together with such other documents and instruments that the Administrative Agent or any Managing Agent may reasonably request in connection therewith and has taken all other steps to ensure that the Administrative Agent, for the benefit of itself, the Managing Agents and the Purchasers, continues to have a first priority, perfected ownership or security interest in the Receivables, the Related Security related thereto and any Collections thereon, or (ii) change its jurisdiction of organization unless the Administrative Agent shall have received from the Seller, prior to such change, (A) those items described in clause (i) hereof, and (B) if the Administrative Agent, any Managing Agent or any Purchaser shall so request, an opinion of counsel, in form and substance reasonably satisfactory to such Person, as to such organization and the Seller's or the Originator's, as applicable, valid existence and good standing and the perfection and priority of the Administrative Agent's ownership or security interest in the Receivables, the Related Security and Collections.

(b) Change in Payment Instructions to Obligors. Except as may be required by the Administrative Agent pursuant to Section 8.2(b), such Seller Party will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless the Administrative Agent shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) (A) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account if a Specified Account, or Lock-Box if linked to a Specified Account and (B) with respect to the addition of a

Lock-Box, an executed P.O. Box Transfer Notice with respect to the new Lock-Box; provided, however, that the Servicer may make changes in instructions to Obligors regarding payments without notice to the Administrative Agent if such new instructions require such Obligor to make payments to an existing Specified Account or Lock-Box.

(c) Modifications to Contracts and Credit and Collection Policy. Such Seller Party will not, and will not permit the Originator to, make any change to the Credit and Collection Policy that would be reasonably likely to adversely affect the collectibility of the Receivables. Except as provided in Section 8.2(d), the Servicer will not, and will not permit the Originator to, extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens. The Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of the Administrative Agent, the Managing Agents and the Purchasers provided for herein), and the Seller will defend the right, title and interest of the Administrative Agent, the Managing Agents and the Purchasers in, to and under any of the foregoing property, against all claims of third parties claiming through or under the Seller or the Originator. The Seller will not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory.

(e) Net Receivables Balance. At no time prior to the Amortization Date shall the Seller permit the Net Receivables Balance to be less than an amount equal to the sum of (i) the Aggregate Capital plus (ii) the Aggregate Reserves.

(f) Termination Date Determination. The Seller will not designate the Termination Date (as defined in the Receivables Sale Agreement), or send any written notice to Originator in respect thereof, without the prior written consent of the Administrative Agent, each Managing Agent and each Financial Institution, except with respect to the occurrence of such Termination Date arising pursuant to Section 5.1(d) of the Receivables Sale Agreement.

(g) Restricted Junior Payments. During the continuation of any Amortization Event, the Seller will not make any Restricted Junior Payment if, after giving effect thereto, the Seller would fail to meet its obligations set forth in Section 7.2(e).

(h) Collection Accounts not Subject to Collection Account Agreement. At any time after the 30th day following the first day of a Level Three Enhancement Period, such Seller Party will not, and will not permit the Originator to, direct any Collections to be remitted to any Collection Account not subject at all times to a Collection Account Agreement.

(i) Commingling. Such Seller Party shall not deposit or otherwise credit, or cause or permit to be so deposited or credited, to any Lock-Box or Collection Account cash or

cash proceeds other than Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections(12).

(j) Servicing Agreements. Without the consent of the Administrative Agent, each Managing Agent and each Financial Institution, the Servicer will not amend, modify or waive any term or condition of (i) Section 3.02 or Section 5.04 of the 2001 Servicing Agreement, (ii) Annex 2 to the 2001 Servicing Agreement, (iii) the definition of the term "Securitization Charges", "Securitization Charge Collections" or "Transferred Securitization Property" in the 2001 Servicing Agreement, (iv) Section 3.01(a), Section 4.01 or Section 8.04 of the 2014 Servicing Agreement, (v) Exhibit A to the 2014 Servicing Agreement, (vi) the definition of the term "Securitization Charge", "Securitization Charge Collections" or "Securitization Property" in the 2014 Servicing Agreement or (vii) to the extent relating to any of the foregoing, any definition used directly or indirectly in any of the foregoing terms or conditions.(13)

ADMINISTRATION AND COLLECTION

Section 8.1 Designation of Servicer.

(a) The servicing, administration and collection of the Receivables shall be conducted by such Person (the "Servicer") so designated from time to time in accordance with this Section 8.1. Consumers is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms of this Agreement. The Administrative Agent may, and shall, at the direction of the Required Financial Institutions, at any time designate as the Servicer any Person to succeed Consumers or any successor Servicer.

(b) Without the prior written consent of the Administrative Agent, each Managing Agent and the Required Financial Institutions, Consumers shall not be permitted to delegate any of its duties or responsibilities as the Servicer to any Person other than (i) the Seller and (ii) with respect to certain delinquent Receivables, outside collection agencies in accordance with its customary practices. The Seller shall not be permitted to further delegate to any other Person any of the duties or responsibilities of the Servicer delegated to it by Consumers. If at any time the Administrative Agent shall designate as the Servicer any Person other than Consumers, all duties and responsibilities theretofore delegated by Consumers to the Seller may, at the discretion of the Administrative Agent and shall, at the direction of the Required Financial Institutions, be terminated forthwith on notice given by the Administrative Agent to Consumers and to the Seller.

(c) Notwithstanding any delegation by Consumers pursuant to the foregoing subsection (b), (i) Consumers shall be and remain primarily liable to the Administrative Agent, the Managing Agents and the Purchasers for the full and prompt performance of all duties and responsibilities of the Servicer hereunder and (ii) the Administrative Agent, the Managing

(12) Section 7.2(i) was modified by Amendment No. 6.

(13) Section 7.2(j) was retitled and restated in its entirety by Amendment No. 6.

Agents and the Purchasers shall be entitled to deal exclusively with Consumers in matters relating to the discharge by the Servicer of its duties and responsibilities hereunder. The Administrative Agent, the Managing Agents and the Purchasers shall not be required to give notice, demand or other communication to any Person other than Consumers in order for communication to the Servicer and its sub-servicer or other delegate with respect thereto to be accomplished. Consumers, at all times that it is the Servicer, shall be responsible for providing any sub-servicer or other delegate of the Servicer with any notice given to the Servicer under this Agreement.

Section 8.2 Duties of Servicer.

(a) The Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(b) The Servicer will instruct all Obligors to pay all Collections, all 2001 Securitization Charge Collections and all 2014 Securitization Charge Collections directly to a Lock-Box or Collection Account.(14) The Servicer shall effect (i) except as agreed to between the Servicer and the Administrative Agent (such agreement not to be unreasonably withheld), a Collection Account Agreement substantially in the form of Exhibit VI with each bank maintaining a Collection Account at any time and (ii) a P.O. Box Transfer Notice substantially in the form of Exhibit XI with respect to each Lock-Box. In the case of any remittances received in any Lock-Box or Collection Account that shall have been identified, to the satisfaction of the Servicer, to not constitute Collections or other proceeds of the Receivables or the Related Security, the Servicer shall promptly remit such items to the Person identified to it as being the owner of such remittances. From and after the date the Administrative Agent delivers to any Collection Bank a Collection Notice pursuant to Section 8.3, the Administrative Agent may request that the Servicer, and the Servicer thereupon promptly shall instruct all Obligors with respect to the Receivables, to remit all payments thereon to a new depositary account specified by the Administrative Agent and, at all times thereafter, Seller and the Servicer shall not deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit to such new depositary account any cash or payment item other than Collections.

(c) The Servicer shall administer the Collections in accordance with the procedures described herein and in Article II. The Servicer shall set aside and hold in trust for the account of the Seller and the Purchasers their respective shares of the Collections in accordance with Article II. The Servicer shall, upon the request of the Administrative Agent, segregate, in a manner acceptable to the Administrative Agent, all cash, checks and other instruments received by it from time to time constituting Collections from the general funds of the Servicer or Seller prior to the remittance thereof in accordance with Article II. If the Servicer shall be required to segregate Collections pursuant to the preceding sentence, the Servicer shall segregate and deposit with a bank designated by the Administrative Agent such allocable share of Collections of Receivables set aside for the Purchasers on the first Business Day following

(14) The first sentence in Section 8.2(b) was restated in its entirety by Amendment No. 6.

receipt by the Servicer of such Collections, duly endorsed or with duly executed instruments of transfer.

(d) The Servicer may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as the Servicer determines to be appropriate to maximize Collections thereof; provided, however, that such extension or adjustment shall not alter the status of such Receivable as a Delinquent Receivable or Charged-Off Receivable or limit the rights of the Administrative Agent, the Managing Agents or the Purchasers under this Agreement. Notwithstanding anything to the contrary contained herein, the Administrative Agent shall have the absolute and unlimited right to direct the Servicer to commence or settle any legal action with respect to any Receivable or to foreclose upon

or repossess any Related Security.

(e) The Servicer shall hold in trust for the Seller and the Purchasers all Records that (i) evidence or relate to the Receivables, the related Contracts and Related Security or (ii) are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of the Administrative Agent, deliver or make available to the Administrative Agent all such Records, at a place selected by the Administrative Agent. The Servicer shall, as soon as practicable following receipt thereof turn over to the Seller any cash collections or other cash proceeds received with respect to Indebtedness not constituting Receivables. The Servicer shall, from time to time at the request of any Purchaser, furnish to the Purchasers (promptly after any such request) a calculation of the amounts set aside for the Purchasers pursuant to Article II.

(f) Any payment by an Obligor in respect of any indebtedness owed by it to the Originator or the Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law, be applied as a Collection of any Receivable of such Obligor (starting with the oldest such Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 8.3 Collection Notices. The Administrative Agent is authorized at any time (i) when an Amortization Event exists or (ii) during a Level Three Enhancement Period, to date and to deliver to the Collection Banks the Collection Notices. The Seller hereby transfers to the Administrative Agent for the benefit of the Purchasers, effective when the Administrative Agent delivers such notice, the exclusive ownership and control of each Collection Account and control of each Lock-Box. In case any authorized signatory of the Seller whose signature appears on a Collection Account Agreement shall cease to have such authority before the delivery of such notice, such Collection Notice shall nevertheless be valid as if such authority had remained in force. The Seller hereby authorizes the Administrative Agent, and agrees that the Administrative Agent shall be entitled (i) when an Amortization Event exists or (ii) during a Level Three Enhancement Period to (A) endorse the Seller's name on checks and other instruments representing Collections, (B) enforce the Receivables, the related Contracts and the Related Security and (C) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of the Administrative Agent rather than the Seller.

Section 8.4 Responsibilities of Seller. Anything herein to the contrary notwithstanding, the exercise by the Administrative Agent, any Managing Agent or any Purchaser of its rights hereunder shall not release the Servicer, the Originator or the Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts. None of the Administrative Agent, the Managing Agents or the Purchasers shall have any obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of the Seller.

Section 8.5 Reports. The Servicer shall prepare and forward to the Administrative Agent, each Managing Agent and each Financial Institution (i) on the twelfth (12th) Business Day of each month and at such times as the Administrative Agent, any Managing Agent or any Financial Institution shall request, a Monthly Report, (ii) on the second (2nd) Business Day of each week during a Level Two Enhancement Period, a weekly report in substantially the same form as the Monthly Report or such other form approved by the Administrative Agent and each Managing Agent in writing and reflecting information as of the end of the prior week, (iii) on each Business Day during a Level Three Enhancement Period, a Daily Report, and (iv) at such times as the Administrative Agent, any Managing Agent or any Financial Institution shall reasonably request, an aging of Receivables.

Section 8.6 Servicing Fees. In consideration of Consumers' agreement to act as the Servicer hereunder, the Purchasers hereby agree that, so long as Consumers shall continue to perform as the Servicer hereunder, the Seller shall pay over to Consumers a fee (the "Servicing Fee") on the first calendar day of each month, in arrears for the immediately preceding month, equal to 1.0% per annum of the average aggregate Outstanding Balance of all Receivables during such period, as compensation for its servicing activities.

ARTICLE IX
AMORTIZATION EVENTS

Section 9.1 Amortization Events. The occurrence of any one or more of the following events shall constitute an Amortization Event:

(a) Any Seller Party shall fail (i) to make any payment or deposit required hereunder when due and such failure shall continue for one (1) Business Day, or (ii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) of this paragraph (a) and Section 9.1(b) through (m)) and such failure shall continue for five (5) consecutive Business Days or a "Servicer Default" shall occur under (and as such term is defined in) either(15) Servicing Agreement.

(b) Any representation, warranty, certification or statement made by any Seller Party in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto or thereto shall prove to have been (i) with respect to any representations, warranties, certifications or statements which contain a materiality qualifier, incorrect in any respect when made or deemed made and (ii) with respect to any representations,

(15) Section 9.1(a) was modified by Amendment No. 6.

warranties, certifications or statements which do not contain a materiality qualifier, incorrect in any material respect when made or deemed made.

(c) (i) Failure of the Seller to pay any Indebtedness when due or the failure of Servicer to pay Indebtedness when due in excess of $25,000,000 and such failure shall continue after any applicable grace period; or (ii) the default by any Seller Party in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity, unless the obligor under or holder of such Indebtedness shall have waived in writing such circumstance, or such circumstance has been cured so that such circumstance is no longer continuing; or (iii) any such Indebtedness of any Seller Party shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof; or (iv) any "default" under the 1945 Indenture shall occur.

(d) (i) Any Seller Party shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against any Seller Party seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), any such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur or (iii) any Seller Party shall take any corporate action to authorize any of the actions set forth in clauses (i) or (ii) above in this subsection (d).

(e) The Seller shall fail to comply with the terms of Section 2.7 hereof.

(f) As at the end of any Accrual Period:

(i) the average of the Dilution Ratios as of the end of such Accrual Period and the two preceding Accrual Periods shall exceed 1.75%, or

(ii) the average of the Loss-to-Liquidation Ratios as of the end of such Accrual Period and the two preceding Accrual Periods shall exceed 2.5%, or

(iii) the average of the Past Due Ratios as of the end of such Accrual Period and the two preceding Accrual Periods shall exceed (A) 12.0% for any Accrual Period occurring in May through December of any calendar year or (B) 8.5% for any Accrual Period occurring in January through April of any calendar year, or(16)

(16) Clause (iii) was replaced in its entirety by Amendment No. 2 and Amendment No. 4.

(iv) the average of the Days Sales Outstanding Ratios as of the end of such Accrual Period and the two preceding Accrual Periods shall exceed 55 days.

(g) A Change of Control shall occur.

(h) (i) One or more final judgments for the payment of money in an amount in excess of $10,000 shall be entered against the Seller or (ii) one or more final judgments for the payment of money in an amount in excess of $25,000,000 in the aggregate, shall be entered against the Servicer on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and (i) enforcement proceedings have been commenced by any creditor upon any such judgment or (ii) such judgment shall continue unsatisfied and in effect for thirty (30) consecutive days without a stay of execution.

(i) The "Termination Date" under and as defined in the Receivables Sale Agreement shall occur under the Receivables Sale Agreement or Originator shall for any reason cease to transfer Receivables to the Seller under the Receivables Sale Agreement.

(j) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of the Seller, or the Administrative Agent for the benefit of the Managing Agents and the Purchasers shall cease to have a valid and perfected first priority security interest in the Receivables, the Related Security and the Collections with respect thereto and the Specified Accounts.

(k) Consumers shall fail to maintain a ratio of Total Consolidated Debt to Total Consolidated Capitalization of not greater than 0.65 to 1.0.(17)

(l) Any term or provision of the 2001 Securitization Charge Sale Agreement, the 2001 Servicing Agreement, the 2014 Sale Agreement or the 2014 Servicing Agreement shall be amended, waived or otherwise modified in any manner which, in the judgment of the Administrative Agent or any Managing Agent, has an adverse effect on the Administrative Agent's, Managing Agent's or the Purchasers' interests under this Agreement(18).

(m) Any Person shall be appointed as an Independent Manager of the Seller without prior notice thereof having been given to the Administrative Agent and each Managing Agent in accordance with Section 7.1(b)(ix) or without the written acknowledgement by the Administrative Agent and each Managing Agent that such Person conforms, to the reasonable satisfaction of the Administrative Agent and each Managing Agent, with the criteria set forth in the definition herein of "Independent Manager."

Section 9.2 Remedies. Upon the occurrence and during the continuation of an Amortization Event, the Administrative Agent may, or upon the direction of any Managing Agent or any Financial Institution shall, take any of the following actions: (i) replace the Person

(17) Subsection (k) was replaced in its entirety by Amendment No. 4.

(18) Section 9.1(l) was modified by Amendment No. 6.

then acting as the Servicer, (ii) declare the Amortization Date to have occurred, whereupon the Amortization Date shall forthwith occur, without demand,

protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; provided, however, that upon the occurrence of an Amortization Event described in Section 9.1(d), the Amortization Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Seller Party, (iii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any of the Aggregate Unpaids outstanding at such time, (iv) deliver the Collection Notices to the Collection Banks and/or instruct the Postmaster General of the applicable Post Office to restrict access to the Lock-Boxes, and (v) notify Obligors of the Purchasers' interest in the Receivables. The aforementioned rights and remedies shall be without limitation, and shall be in addition to all other rights and remedies of the Administrative Agent, the Managing Agents and the Purchasers otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

ARTICLE X
INDEMNIFICATION

Section 10.1 Indemnities by the Seller. Without limiting any other rights that the Administrative Agent, any Managing Agent or any Purchaser may have hereunder or under applicable law, the Seller hereby agrees to indemnify (and pay upon demand to) the Administrative Agent, each Managing Agent and each Purchaser and their respective assigns, officers, directors, agents and employees (each an "Indemnified Party") from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of the Administrative Agent, such Managing Agent or such Purchaser) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by a Purchaser of an interest in the Receivables, excluding, however, in all of the foregoing instances:

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(c) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the intended characterization for income tax purposes of the acquisition by the Purchasers of

Purchaser Interests as a loan or loans by the Purchasers to the Seller secured by the Receivables, the Related Security, the Collection Accounts and the Collections;

provided, however, that nothing contained in this sentence shall limit the liability of the Seller or limit the recourse of any Indemnified Party to the Seller for amounts otherwise specifically provided to be paid by the Seller under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, but subject to the exclusions in clauses (a), (b) and (c) above, the Seller shall indemnify the Indemnified Parties for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to the Seller) relating to or resulting from:

(i) the failure of any Receivable included in the calculation of the Net Receivables Balance as an Eligible Receivable to be an Eligible Receivable at the time so included;

(ii) any representation or warranty made by the Seller or the Originator (or any officers of any such Person) under or in connection with this Agreement, any other Transaction Document or any other written information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(iii) the failure by the Seller or the Originator to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation, the violation of which shall cause the Receivables to be uncollectible or unenforceable by the Seller, the Administrative Agent, the Managing Agents or the Purchasers in whole or in part, or any failure of the Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;

(iv) any failure of the Seller or the Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(v) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;

(vi) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the provision of goods, electricity, gas or services related to such Receivable or the furnishing or failure to furnish such goods, electricity, gas or services;

(vii) the commingling of Collections of Receivables at any time with other funds;

(viii) any investigation, litigation or proceeding initiated by a party other than a Purchaser, a Managing Agent or the Administrative Agent related to or arising from this Agreement, any other Transaction Document, either Servicing Agreement or any other Basic Document (as

defined in either Servicing Agreement), the transactions contemplated hereby, the use of the proceeds of an Incremental Purchase or a Reinvestment, the ownership of the Purchaser Interests or any other investigation, litigation or proceeding relating to the Seller or the Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby, provided that the Seller shall have no obligation to indemnify any Indemnified Party under this paragraph (viii) for Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;(19)

(ix) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(x) any Amortization Event described in Section 9.1(d);

(xi) any failure of the Seller to acquire and maintain legal and equitable title to, and ownership of any Receivable and the Related Security and Collections with respect thereto from the Originator, free and clear of any Adverse Claim (other than as created hereunder); or any failure of the Seller to give reasonably equivalent value to the Originator under the Receivables Sale Agreement in consideration of the transfer by the Originator of any Receivable, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(xii) any failure to vest and maintain vested in the Administrative Agent for the benefit of the Managing Agents and the Purchasers, or to transfer to the Administrative Agent for the benefit of the Managing Agents and the Purchasers, legal and equitable title to, and ownership of, a first priority perfected undivided percentage ownership interest (to the extent of the Purchaser Interests contemplated hereunder) or security interest in the Receivables, the Related Security and the Collections, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xiii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of any Incremental Purchase or Reinvestment or at any subsequent time;

(xiv) any action or omission by the Seller (other than in accordance with or as contemplated by this Agreement or any other Transaction Document) which reduces or

(19) Section 10.1(viii) was modified by Amendment No. 6.

impairs the rights of the Administrative Agent, the Managing Agents or the Purchasers with respect to any Receivable and the Related Security and Collections with respect thereto or the value of any such Receivable and the Related Security and Collections with respect thereto; and

(xv) any attempt by any Person to void any Incremental Purchase or Reinvestment hereunder under statutory provisions or common law or equitable action.

Section 10.2 Indemnities by the Servicer. Without limiting any other rights that an Indemnified Party may have hereunder or under applicable law, the Servicer hereby agrees to indemnify each Indemnified Party from and against any and all Indemnified Amounts that may be imposed on, incurred by or asserted against an Indemnified Party in any way arising out of or relating to:

(a) any representation or warranty made by the Servicer (or any officers of Servicer) under or in connection with this Agreement, any other Transaction Document or any other written information or report delivered by the Servicer pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(b) the failure by the Servicer to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, the violation of which shall cause the Receivables to be uncollectible or unenforceable by Seller, the Administrative Agent, the Managing Agents or the Purchasers in whole or in part;

(c) any failure of the Servicer to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(d) the commingling of Collections of Receivables at any time with other funds;

(e) any action or omission by the Servicer (other than in accordance with or as contemplated by this Agreement or any other Transaction Document) which reduces or impairs the rights of the Administrative Agent, the Managing Agents or the Purchasers with respect to any Receivable and the Related Security and Collections with respect thereto or the value of any Receivable and the Related Security and Collections with respect thereto; and

(f) the failure of any Receivable treated as or represented by the Servicer to be an Eligible Receivable to be an Eligible Receivable at the time so treated or represented;

excluding, however, in all of the foregoing instances Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification.

Section 10.3 Increased Cost and Reduced Return.(20)

(a) If any Regulatory Change (i) subjects any Purchaser or any Funding Source to any charge or withholding on or with respect to any Funding Agreement or this Agreement or a Purchaser's or Funding Source's obligations under a Funding Agreement or this Agreement, or on or with respect to the Receivables, or changes the basis of taxation of payments to any Purchaser or any Funding Source of any amounts payable under any Funding Agreement or this Agreement (except for changes in the rate of tax on the overall net income of a Purchaser or Funding Source or taxes excluded by Section 10.1) or (ii) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of a Funding Source or a Purchaser, or credit extended by a Funding Source or a Purchaser pursuant to a Funding Agreement or this Agreement or (iii) imposes any other condition the result of which is to increase the cost to a Funding Source or a Purchaser of performing its obligations under a Funding Agreement or this Agreement, or to reduce the rate of return on a Funding Source's or Purchaser's capital or assets as a consequence of its obligations under a Funding Agreement or this Agreement, or to reduce the amount of any sum received or receivable by a Funding Source or a Purchaser under a Funding Agreement or this Agreement, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, within 30 days after demand by the Administrative Agent, Seller shall pay to the Program Agent, for the benefit of the relevant Funding Source or Purchaser, such amounts charged to such Funding Source or Purchaser or such amounts to otherwise compensate such Funding Source or such Purchaser for such increased cost or such reduction. The term "Regulatory Change" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation or administration thereof by any Governmental Authority, Accounting Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, or (iii) compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency; provided that for purposes of this definition, compliance with, (x) the United States bank regulatory rule titled Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance: Regulatory Capital; Impact of Modification to Generally Accepted Accounting Principles; Consolidation of Asset-Backed Commercial Paper Programs; and Other Related Issues, adopted on December 15, 2009, (y) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (z) all requests, rules, guidelines and directives, including without limitation, Basel III, promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented. Seller acknowledges that any Purchaser or Conduit Funding Source may institute measures in anticipation of a Regulatory Change, and may commence allocating charges to or seeking compensation from Seller under this Section 10.3, in

(20) Section 10.3 was replaced in its entirety by Amendment No. 4.

advance of the effective date of such Regulatory Change and Seller agrees to pay such charges or compensation to the Program Agent, for the benefit of such Purchaser or Funding Source, following demand therefor without regard to whether such effective date has occurred. Seller further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Purchaser. (21)

(b) Prior to making any demand for payment under this Section 10.3, a certificate of the applicable Purchaser or Funding Source setting forth the amount or amounts reasonably determined necessary to compensate such Purchaser or Funding Source pursuant to paragraph (a) of this Section 10.3 shall be delivered to the Seller, which shall be conclusive absent manifest error.

(c) Notwithstanding the foregoing, no Person shall be entitled to receive any amount under this Section to the extent that such amount relates to an increased cost or reduction incurred for a date that is more than 90 days prior to the date that the Seller first receives notice thereof, provided, that if such increased cost or reduction is imposed retroactively, such 90-day period shall be extended to include the period of the retroactive effect thereof.

Section 10.4 Other Costs and Expenses. The Seller shall pay to the Administrative Agent, each Managing Agent and each Purchaser on demand all reasonable costs and out-of-pocket expenses in connection with the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the reasonable cost of such Person's auditors auditing the books, records and procedures of the Seller, reasonable fees and out-of-pocket expenses of legal counsel for such Person (which such counsel may be employees of such Person) with respect thereto and with respect to advising such Person as to their respective rights and remedies under this Agreement. The Seller shall pay to the Administrative Agent or each Managing Agent, as applicable (for the account of the Administrative Agent, the Managing Agents and the Purchasers, as applicable) on demand any and all reasonable costs and expenses of the Administrative Agent, the Managing Agents and the Purchasers, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents (including any amendments hereto or thereto), or the administration of this Agreement following an Amortization Event.

Section 10.5 Accounting Based Consolidation Event.

Upon demand by the Administrative Agent or the applicable Managing Agent, the Seller shall pay to the Administrative Agent or such applicable Managing Agent, for the benefit of the relevant Funding Source, such amounts as such Funding Source reasonably determines will compensate or reimburse such Funding Source for any (i) fee, expense or increased cost charged to, incurred or otherwise suffered by such Funding Source, (ii) reduction in the rate of return on such Funding Source's capital or reduction in the amount of any sum received or receivable by such Funding Source or (iii) internal capital charge or other imputed cost

(21) Clause (a) was replaced in its entirety by Amendment No.5.

determined by such Funding Source to be allocable to the Seller or the transactions contemplated in this Agreement, in each case resulting from or in connection with the consolidation, for financial and/or regulatory accounting purposes, of all or any portion of the assets and liabilities of any Conduit that

are subject to this Agreement or any other Transaction Document with all or any portion of the assets and liabilities of an Funding Source. Amounts under this Section 10.5 may be demanded at any time without regard to the timing of issuance of any financial statement by any Conduit or by any Funding Source.

ARTICLE XI
THE AGENT

Section 11.1 Authorization and Action. Each Purchaser hereby (i) designates and appoints BNS to act as its administrative agent hereunder and under each other Transaction Document, (ii) designates and appoints its related Managing Agent as its managing agent, and (iii) authorizes the Administrative Agent and such Managing Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Administrative Agent or the Managing Agent, as applicable, by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. Neither the Administrative Agent nor any Managing Agent shall have any duties or responsibilities, except those expressly set forth herein or in any other Transaction Document, nor any fiduciary relationship with any Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Administrative Agent or any Managing Agent shall be read into this Agreement or any other Transaction Document or otherwise exist for the Administrative Agent or any Managing Agent. In performing its functions and duties hereunder and under the other Transaction Documents, the Administrative Agent and each Managing Agent shall act solely as agent for the Purchasers designating such agent and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any Seller Party or any of such Seller Party's successors or assigns. Neither the Administrative Agent nor any Managing Agent shall be required to take any action that exposes the such Person to personal liability or that is contrary to this Agreement, any other Transaction Document or applicable law. The appointment and authority of the Administrative Agent and the Managing Agents hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaids. Each Purchaser hereby authorizes the Administrative Agent to execute each of the UCC financing statements, the Intercreditor Agreement and such other Transaction Documents as may require the Administrative Agent's signature on behalf of such Purchaser (the terms of which shall be binding on such Purchaser). Each Purchaser hereby authorizes its related Managing Agent to execute the Fee Letter on behalf of such Purchaser (the terms of which shall be binding on such Purchaser).

Section 11.2 Delegation of Duties. The Administrative Agent and the Managing Agents may execute any of their respective duties under this Agreement and each other Transaction Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither the Administrative Agent nor any Managing Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.3 Exculpatory Provisions. None of the Administrative Agent, the Managing Agents, or any of their respective directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement or any other Transaction Document (except for its, their or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers for any recitals, statements, representations or warranties made by any Seller Party contained in this Agreement, any other Transaction Document or any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement, or any other Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, or any other Transaction Document or any other document furnished in connection herewith or therewith, or for any failure of any Seller Party to perform its obligations hereunder or thereunder, or for the satisfaction of any condition specified in Article VI, or for the perfection, priority, condition, value or sufficiency of any collateral pledged in connection herewith. Neither the Administrative Agent nor any Managing Agent shall be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the properties, books or records of the Seller Parties. Neither the Administrative Agent nor any Managing Agent shall be deemed to have knowledge of any Amortization Event or Potential Amortization Event unless the Administrative Agent or such Managing Agent, as applicable, has received notice of such Amortization Event or Potential Amortization Event from the Seller or a Purchaser. No Managing Agent shall have any responsibility hereunder to any Purchaser other than the Purchasers in its Purchaser Group.

Section 11.4 Reliance by the Administrative Agent and the Managing Agents. The Administrative Agent and the Managing Agents shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Seller), independent accountants and other experts selected by the Administrative Agent or any Managing Agent. Each of the Administrative Agent and each Managing Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of the related Purchaser Group or the Required Financial Institutions or all of the Purchasers, as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Purchasers, provided that unless and until the Administrative Agent or such Managing Agent shall have received such advice, the Administrative Agent or such Managing Agent may take or refrain from taking any action, as the Administrative Agent or such Managing Agent shall deem advisable and in the best interests of the Purchasers. The Administrative Agent and the Managing Agents shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of its related Purchaser Group or the Required Financial Institutions or all of the Purchasers, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers.

Section 11.5 Non-Reliance on Administrative Agent, the Managing Agents and Other Purchasers.

(a) Each Purchaser expressly acknowledges that none of the Administrative Agent, the Managing Agents, or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Administrative Agent or any Managing Agent hereafter taken, including, without limitation, any review of the affairs of any Seller Party, shall be deemed to constitute any representation or warranty by the Administrative Agent or such Managing Agent. Each Purchaser represents and warrants to the Administrative Agent and the Managing Agents that it has and will, independently and without reliance upon the Administrative Agent, any Managing Agent or any other Purchaser and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Seller and made its own decision to enter into this Agreement, the other Transaction Documents and all other documents related hereto or thereto.

(b) Without limiting clause (a) above, each Purchaser acknowledges and agrees that neither such Purchaser nor any of its Affiliates, participants or assignees may rely on the Administrative Agent or any Managing Agent to carry out such Purchaser's or other Person's customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 C.F.R. 103.121 (as amended or replaced, the "CIP Regulations"), or any other applicable law, rule, regulation or order of any governmental authority, including any program involving any of the following items relating to or in connection with any Seller Party or any of their Affiliates or agents, the Transaction Documents or the transactions contemplated hereby: (i) any identity verification procedure; (ii) any recordkeeping; (iii) any comparison with a government list; (iv) any customer notice or (v) any other procedure required under the CIP Regulations or such other law, rule, regulation or order.

Section 11.6 Reimbursement and Indemnification. The Financial Institutions agree to reimburse and indemnify the Administrative Agent and the Financial Institutions in each Purchaser Group agree to reimburse and indemnify the Managing Agent for such Purchaser Group, and their respective officers, directors, employees, representatives and agents ratably according to their Pro Rata Shares, to the extent not paid or reimbursed by the Seller Parties (i) for any amounts for which the Administrative Agent or such Managing Agent, acting in its capacity as the Administrative Agent or a Managing Agent, is entitled to reimbursement by the Seller Parties hereunder and (ii) for any other expenses incurred by the Administrative Agent, in its capacity as Administrative Agent, or any Managing Agent, acting in its capacity as a Managing Agent and acting on behalf of its related Purchasers, in connection with the administration and enforcement of this Agreement and the other Transaction Documents.

Section 11.7 Administrative Agent and Managing Agents in their Individual Capacity. The Administrative Agent, each Managing Agent and each of their respective Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Seller or any Affiliate of the Seller as though it were not the Administrative Agent or a Managing Agent hereunder. With respect to the acquisition of Purchaser Interests pursuant to

this Agreement, the Administrative Agent and each Managing Agent shall have the same rights and powers under this Agreement in its individual capacity as any Purchaser and may exercise the same as though it were not the Administrative Agent or a Managing Agent, and the terms "Financial Institution," "Purchaser," "Financial Institutions" and "Purchasers" shall include the Administrative Agent or such Managing Agent in its individual capacity, as applicable.

Section 11.8 Successor Administrative Agent. The Administrative Agent may, upon five (5) days' notice to the Seller and the Purchasers, and the Administrative Agent will, upon the direction of all of the Purchasers (other than the Administrative Agent, in its individual capacity) resign as Administrative Agent. If the Administrative Agent shall resign, then the Required Financial Institutions during such five-day period shall appoint from among the Purchasers a successor administrative agent. If for any reason no successor Administrative Agent is appointed by the Required Financial Institutions during such five-day period, then effective upon the termination of such five day period, the Purchasers shall perform all of the duties of the Administrative Agent hereunder and under the other Transaction Documents and Seller and the Servicer (as applicable) shall make all payments in respect of the Aggregate Unpaids directly to the applicable Purchasers and for all purposes shall deal directly with the Purchasers. After the effectiveness of any retiring Administrative Agent's resignation hereunder as Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents and the provisions of this Article XI and Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and under the other Transaction Documents.

Section 11.9 Successor Managing Agent. A Managing Agent may, upon five- days' notice to the Seller, the Administrative Agent and the Purchasers in its Purchaser Group, and a Managing Agent will, upon the direction of all of the Purchasers in such Managing Agent's Purchaser Group (other than such Managing Agent, in its individual capacity) resign as Managing Agent. If a Managing Agent shall resign, then the Financial Institutions in such Purchaser Group during such five-day period shall appoint from among such Financial Institutions a successor Managing Agent. If for any reason no successor Managing Agent is appointed by such Financial Institutions during such five-day period, then effective upon the termination of such five-day period, the Purchasers in such Purchaser Group shall perform all of the duties of the resigning Managing Agent hereunder and under the other Transaction Documents and the Seller, the Servicer and the Administrative Agent (as applicable) shall make all payments in respect of the Aggregate Unpaids directly to the applicable Purchasers and for all purposes shall deal directly with such Purchasers. After the effectiveness of any retiring Managing Agent's resignation hereunder, the retiring Managing Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents and the provisions of this Article XI and Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was a Managing Agent under this Agreement and under the other Transaction Documents.

ARTICLE XII
ASSIGNMENTS; PARTICIPATIONS

Section 12.1 Assignments.

(a) The Seller and each Financial Institution hereby agree and consent to the complete or partial assignment by a Conduit of all or any portion of its rights under, interest in, title to and obligations under this Agreement (i) to the Financial Institutions in such Conduit's Purchaser Group pursuant to this Agreement or pursuant to a Liquidity Agreement, (ii) to any other issuer of commercial paper notes sponsored or administered by a Financial Institution or (iii) to any other Person; provided that, except (A) after the occurrence and during the continuation of an Amortization Event or (B) during a Level Two Enhancement Period or a Level Three Enhancement Period, such Conduit may not make any such assignment pursuant to this clause (iii), except in the event that the circumstances described in Section 12.1(c) occur, without the consent of the Seller (which consent shall not be unreasonably withheld or delayed). Upon such assignment, such Conduit shall be released from its obligations so assigned. Further, the parties hereto hereby agree that any assignee of a Conduit of this Agreement or all or any of the Purchaser Interests of any Conduit shall have all of the rights and benefits under this Agreement as if the term "Conduit" explicitly referred to such party, and no such assignment shall in any way impair the rights and benefits of such Conduit hereunder. Neither the Seller nor the Servicer shall have the right to assign its rights or obligations under this Agreement.

(b) Any Financial Institution may at any time and from time to time assign to one or more Persons ("Purchasing Financial

Institutions") all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the "Assignment Agreement") executed by such Purchasing Financial Institution and such selling Financial Institution, provided, that an assignment made by an Affected Financial Institution pursuant to paragraph (c) below may occur at any time. The consent of the Conduit in such Financial Institution's Purchaser Group and, other than (A) after the occurrence and during the continuation of an Amortization Event or (B) during a Level Two Enhancement Period or a Level Three Enhancement Period, the Seller (such consent not to be unreasonably withheld or delayed) shall be required prior to the effectiveness of any such assignment. Notwithstanding the foregoing, an assignment made by an Affected Financial Institution pursuant to paragraph (c) below may occur without the consent of the Seller; provided that if the Affected Financial Institution is not a Financial Institution or Managing Agent on the date hereof or an Affiliate of such Person, the applicable Managing Agent agrees to use reasonable efforts to choose an assignee of such Affected Financial Institution that is acceptable to the Seller; provided further however, that if such Managing Agent and the Seller do not agree on such an assignee within ten (10) Business Days after such Affected Financial Institution becomes an Affected Financial Institution, such Managing Agent may choose an assignee in its sole discretion. Each assignee of a Financial Institution must (i) have a short-term debt rating of A-1 or better by S&P and P-1 by Moody's and (ii) agree to deliver to the related Managing Agent, promptly following any request therefor by the Managing Agent for its Purchaser Group or the affected Conduit, an enforceability opinion in form and substance satisfactory to such Managing Agent and such Conduit. Upon delivery of the executed Assignment Agreement to the related Managing Agent and the Administrative Agent, such selling Financial Institution shall be released from its obligations hereunder to the extent of such assignment. Thereafter the

Purchasing Financial Institution shall for all purposes be a Financial Institution party to this Agreement and shall have all the rights and obligations of a Financial Institution under this Agreement to the same extent as if it were an original party hereto and no further consent or action by the Seller, the Purchasers, the Managing Agents or the Administrative Agent shall be required.

(c) Each of the Financial Institutions agrees that in the event that it shall cease to have a short-term debt rating of A-1 or better by S&P and P-1 by Moody's (an "Affected Financial Institution"), such Affected Financial Institution shall be obligated, at the request of the Conduit in such Financial Institution's Purchaser Group or the applicable Managing Agent, to assign all of its rights and obligations hereunder to (x) another Financial Institution or (y) another funding entity nominated by such Managing Agent and acceptable to such affected Conduit, and willing to participate in this Agreement through the Liquidity Termination Date in the place of such Affected Financial Institution; provided that the Affected Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such Financial Institution's Pro Rata Share of the Aggregate Capital and Yield owing to the Financial Institutions and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Purchaser Interests of the Financial Institutions.

Section 12.2 Participations. Any Financial Institution may, in the ordinary course of its business at any time sell to one or more Persons (each a "Participant") participating interests in its Pro Rata Share of the Purchaser Interests of such Financial Institutions or any other interest of such Financial Institution hereunder. Notwithstanding any such sale by a Financial Institution of a participating interest to a Participant, such Financial Institution's rights and obligations under this Agreement shall remain unchanged, such Financial Institution shall remain solely responsible for the performance of its obligations hereunder, and the Seller, the Conduits, the Managing Agents and the Administrative Agent shall continue to deal solely and directly with such Financial Institution in connection with such Financial Institution's rights and obligations under this Agreement. Each Financial Institution agrees that any agreement between such Financial Institution and any such Participant in respect of such participating interest shall not restrict such Financial Institution's right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 13.1(b)(i).

Section 12.3 Additional Purchaser Groups. Upon the Seller's request with written consent of the Administrative Agent and each Managing Agent, an additional Purchaser Group may be added to this Agreement at any time by the execution and delivery of a Joinder Agreement by the members of such proposed additional Purchaser Group, the Seller, the Servicer, the Administrative Agent and each Managing Agent. Upon the effective date of such Joinder Agreement, (i) each Person specified therein as a "Conduit" shall become a party hereto as a Conduit, entitled to the rights and subject to the obligations of a Conduit hereunder, (ii) each Person specified therein as a "Financial Institution" shall become a party hereto as a Financial Institution, entitled to the rights and subject to the obligations of a Financial Institution hereunder, (iii) each Person specified therein as a "Managing Agent" shall become a party hereto as a Managing Agent, entitled to the rights and subject to the obligations of a Managing Agent hereunder and (iv) the Purchase Limit shall be increased by an amount equal to the aggregate Commitments of the Financial Institutions party to such Joinder Agreement.

Section 12.4 Extension of Liquidity Termination Date. The Seller may advise the Administrative Agent and each Managing Agent in writing of its desire to extend the Liquidity Termination Date for an additional 364 days, provided such request is made not more than 90 days prior to, and not less than 60 days prior to, the then current Liquidity Termination Date. Each Managing Agent, upon being so advised by the Seller, shall promptly notify each Financial Institution in such Managing Agent's Purchaser Group of any such request and each such Financial Institution shall notify the Administrative Agent, its related Managing Agent and the Seller of its decision to accept or decline the request for such extension no later than 30 days prior to the then current Liquidity Termination Date (it being understood that each Financial Institution may accept or decline such request in its sole discretion and on such terms as it may elect, and the failure to so notify the Administrative Agent, its related Managing Agent and the Seller shall be deemed an election not to extend by such Financial Institution). In the event that at least one Financial Institution agrees to extend the Liquidity Termination Date, the Seller Parties, the Administrative Agent, the related Managing Agents and the extending Financial Institutions shall enter into such documents as such extending Financial Institutions may deem necessary or appropriate to reflect such extension, and all reasonable costs and expenses incurred by such Financial Institutions, the related Managing Agents and the Administrative Agent (including reasonable attorneys' fees) shall be paid by the Seller. In the event that any Financial Institution declines the request to extend the Liquidity Termination Date (each such Financial Institution being referred to herein as a "Non-Renewing Financial Institution"), and, in the case of a Non-Renewing Financial Institution described in clause (a), the Commitment of such Non-Renewing Financial Institution is not assigned to another Person in accordance with the terms of this Article XII prior to the then current Liquidity Termination Date, the Purchase Limit shall be reduced by an amount equal to each such Non-Renewing Financial Institution's Commitment on the then current Liquidity Termination Date.

Section 12.5 Terminating Financial Institutions.

(a) Any Affected Financial Institution or Non-Renewing Financial Institution which has not assigned its rights and obligations hereunder if requested pursuant to this Article XII shall be a "Terminating Financial Institution" for purposes of this Agreement as of the then current Liquidity Termination Date (or, in the case of any Affected Financial Institution, such earlier date as declared by the Administrative Agent).

(b) The Commitment of any Financial Institution shall terminate on the date it becomes a Terminating Financial Institution. Upon reduction to zero of the Capital of all of the Purchaser Interests of a Terminating Financial Institution (after application of Collections thereto pursuant to Sections 2.2, 2.4 and 2.5) all rights and obligations of such terminating Financial Institution hereunder shall be terminated and such terminating Financial Institution shall no longer be a "Financial Institution" hereunder; provided, however, that the provisions of Article X shall continue in effect for its benefit with respect to Purchaser Interests or the Commitment held by such Terminating Financial Institution prior to its termination as a Financial Institution.

Section 12.6 USA Patriot Act Certification. Within 10 days after the date of this Agreement and at such other times as are required under the USA Patriot Act, each Purchaser and each assignee and participant that is not incorporated under the laws of the United States of America or a state thereof (and is not excepted from the certification requirement

contained in Section 313 of the USA Patriot Act and the applicable regulations) shall deliver to the Administrative Agent a certification, or, if applicable, recertification, certifying that such Purchaser is not a "shell" and certifying as to other matters as required by Section 313 of the USA Patriot Act and the applicable regulations.

Section 12.7 Federal Reserve. Notwithstanding any other provision of this Agreement to the contrary, any Financial Institution may at any time pledge or grant a security interest in all or any portion of its rights (including, without limitation, any Purchaser Interest and any rights to payment of Capital and Yield) under this Agreement to secure obligations of such Financial Institution to a Federal Reserve Bank, without notice to or consent of the Seller or the Administrative Agent or any other Person; provided that no such pledge or grant of a security interest shall release a Financial Institution from any of its obligations hereunder, or substitute any such pledgee or grantee for such Financial Institution as a party hereto.

Section 12.8 Closing Date Assignments.

(a) On the date hereof, (i) Falcon hereby assigns to Victory Receivables Corporation, $100,000,000 of its Purchase Limit and (ii) JPMC hereby assigns to Union Bank, N.A., $100,000,000 of its Commitment, such that after giving effect to such assignments, each of the Purchasers party hereto on the date hereof have the respective amounts of the Conduit Purchase Limit or Commitment, as applicable, as set forth on Schedule A hereto. All accrued fees due to Falcon and JPMC through the date hereof shall be paid to the Administrative Agent for the benefit of Falcon and JPMC by the Seller on the Settlement Date in December of 2010.

(b) Each of Falcon, JPMC and each New Purchaser hereby confirms to and agrees with each other, the Administrative Agent and each Managing Agent hereto as follows: (i) other than the representation and warranty that it has not created any Adverse Claim upon any interest being transferred hereunder, neither Falcon nor JPMC makes any representation or warranty or assumes any responsibility with respect to any statements, warranties or representations made by any other Person in or in connection with this Agreement or the Transaction Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of Purchaser Interests, this Agreement or any other instrument or document furnished pursuant thereto or the perfection, priority, condition, value or sufficiency of any collateral; (ii) neither Falcon nor JPMC makes any representation or warranty or assumes any responsibility with respect to the financial condition of the Seller, any Obligor, the Servicer, the Originator, Consumers, any Affiliate of the Seller or the performance or observance by the Seller, any Obligor, the Servicer, the Originator, any Affiliate of the Seller of any of their respective obligations under the Transaction Documents or any other instrument or document furnished pursuant thereto or in connection therewith; (iii) each New Purchaser confirms that it has received a copy of this Agreement and copies of such other Transaction Documents, and other documents and information as it has requested and deemed appropriate to make its own credit analysis and decision to enter into this Agreement; and (iv) each New Purchaser will, independently and without reliance upon the Administrative Agent, any Managing Agent, any Purchaser or the Seller and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the Transaction Documents.

ARTICLE XIII
MISCELLANEOUS

Section 13.1 Waivers and Amendments.

(a) No failure or delay on the part of the Administrative Agent, any Managing Agent or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this Section 13.1(b). The Seller and the Administrative Agent, at the direction of the Required Financial Institutions, may enter into written modifications or waivers of any provisions of this Agreement, provided, however, that no such modification or waiver shall:

(i) without the consent of each Purchaser, (A) extend the Liquidity Termination Date or the date of any payment or deposit of Collections by Seller or the Servicer, (B) reduce the rate or extend the time of payment of Yield (or any component thereof), (C) reduce any fee payable to any Managing Agent for the benefit of the Purchasers, (D) except pursuant to Article XII hereof, change the amount of the Capital of any Purchaser, any Financial Institution's Pro Rata Share (except as may be required pursuant to a Liquidity Agreement) or any Financial Institution's Commitment, (E) amend, modify or waive any provision of the definition of Required Financial Institutions, this Section 13.1(b) or Section 9.1, (F) consent to or permit the assignment or transfer by the Seller of any of its rights and obligations under this Agreement, (G) change the definition of

"Applicable Maximum Purchaser Interest," "Applicable Stress Factor," "Dilution Percentage," "Dilution Reserve," "Eligible Receivable," "Level One Enhancement Period," "Level Two Enhancement Period," "Level Three Enhancement Period," "Loss Reserve," "Loss Percentage," "Net Receivables Balance," "Yield and Servicer Fee Reserve," or "Yield and Servicer Fee Percentage," or (H) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (G) above in a manner that would circumvent the intention of the restrictions set forth in such clauses;

(ii) without the written consent of the then Administrative Agent, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of the Administrative Agent; or

(iii) without the written consent of each Managing Agent, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of such Managing Agent.

Any modification or waiver made in accordance with this Section 13.1 shall apply to each of the Purchasers equally and shall be binding upon the Seller, the Servicer, the Purchasers, the Managing Agents and the Administrative Agent.

Section 13.2 Notices. Except as provided in this Section 13.2, all communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective if given by facsimile transmission, upon confirmation of receipt thereof, if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or if given by any other means, when received at the address specified in this Section 13.2. The Seller and the Servicer hereby authorize each Managing Agent to effect purchases and each Managing Agent to make Tranche Period and Bank Rate selections based on telephonic notices made by any Person whom such Managing Agent in good faith believes to be acting on behalf of the Seller. The Seller agrees to deliver promptly to the applicable Managing Agent a written confirmation of each telephonic notice signed by an authorized officer of the Seller; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by such Managing Agent, the records of such Managing Agent shall govern absent manifest error.

Section 13.3 Ratable Payments. If any Purchaser, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaids owing to such Purchaser (other than payments received pursuant to Section 10.3, 10.4 or 10.5) in a greater proportion than that received by any other Purchaser entitled to receive a ratable share of such Aggregate Unpaids, such Purchaser agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Aggregate Unpaids held by the other Purchasers so that after such purchase each Purchaser will hold its ratable proportion of such Aggregate Unpaids; provided that if all or any portion of such excess amount is thereafter recovered from such Purchaser, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 13.4 Protection of Ownership Interests of the Purchasers.

(a) The Seller agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that the Administrative Agent or any Managing Agent may request, to perfect, protect or more fully evidence the Purchaser Interests, or to enable the Administrative Agent, the Managing Agents or the Purchasers to exercise and enforce their rights and remedies hereunder. At any time after the occurrence and during the continuation of an Amortization Event, the Administrative Agent may, or the Administrative Agent may direct the Seller or the Servicer to, notify the Obligors of Receivables, at the Seller's expense, of the ownership or security interests of the Purchasers under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to the Administrative Agent or its designee. The Seller or the Servicer (as applicable) shall, at any Purchaser's request, withhold the identity of such Purchaser in any such notification.

(b) If any Seller Party fails to perform any of its obligations hereunder, the Administrative Agent, any Managing Agent or any Purchaser may (but shall not be required to), after providing notice to such Seller Party, perform, or cause performance of, such obligations, and the Administrative Agent's, such Managing Agent's or such Purchaser's costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.4. Each Seller Party irrevocably authorizes the Administrative Agent at any time and from time to time in the sole discretion of the Administrative Agent, and appoints the Administrative Agent as its attorney-in-fact, to act on behalf of such Seller Party to (i) execute on behalf of the Seller as debtor and to file financing statements necessary or desirable in the Administrative Agent's sole discretion, after providing notice to such Seller Party, to perfect and to maintain the perfection and priority of the interest of the Purchasers in the Receivables and (ii) file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as the Administrative Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the interests of the Purchasers in the Receivables. This appointment is coupled with an interest and is irrevocable.

Section 13.5 Confidentiality.

(a) Each party hereto shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential or proprietary information with respect to each other party and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such party and its officers and employees may disclose such information to such party's external accountants and attorneys and as required by any applicable law, regulation or order of any judicial, regulatory or administrative proceeding (whether or not having the force of law). Anything herein to the contrary notwithstanding, each Seller Party, each Purchaser, the Administrative Agent, each Managing Agent and each Indemnified Party and any successor or assign of any of the foregoing (and each employee, representative or other agent of any of the foregoing) may disclose to any and all Persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) that are or have been provided to any of the foregoing relating to such tax treatment or tax structure, and it is

hereby confirmed that each of the foregoing have been so authorized since the commencement of discussions regarding the transactions.

(b) Anything herein to the contrary notwithstanding, each Seller Party hereby consents to the disclosure of any nonpublic information with respect to it (i) to the Administrative Agent, the Managing Agents, the Financial Institutions or the Conduits by each other, (ii) by the Administrative Agent, the Managing Agents or the Purchasers to any prospective or actual assignee or participant of any of them and (iii) by the Administrative Agent, any Managing Agent or any Conduit to any rating agency (including, without limitation, in compliance with Rule 17g-5 under the Securities Exchange Act of 1934), Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to its related Conduit or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which any Managing Agent acts as the administrative agent and to any officers,

directors, employees, outside accountants and attorneys of any of the foregoing, provided each such Person is informed of the confidential nature of such information. In addition, the Purchasers, the Managing Agents and the Administrative Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

Section 13.6 Bankruptcy Petition. The Seller, the Servicer, the Administrative Agent, each Managing Agent and each Purchaser hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of a Conduit, it will not institute against, or join any other Person in instituting against, such Conduit any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 13.7 Limitation of Liability.

(a) No claim may be made by any party to this Agreement or any other Person against any other party hereto or any Financial Institution or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each party to this Agreement hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor, except, with respect to any claim against any party hereto (other than a Conduit) arising due to such Person's gross negligence or willful misconduct.

(b) Notwithstanding any provisions contained in this Agreement or any other Transaction Document to the contrary, a Conduit shall not be obligated to pay any amount pursuant to this Agreement or any other Transaction Document unless such Conduit has excess cash flow from operations or has received funds which may be used to make such payment and which funds or excess cash flow are not required to repay any of such Conduit's Commercial Paper when due. Any amount which a Conduit does not pay pursuant to the operation of the preceding sentence shall not constitute a claim against such Conduit for any such insufficiency. The agreements in this section shall survive the termination of this Agreement and the other Transaction Documents.

Section 13.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF NEW YORK, BUT OTHERWISE WITHOUT REGARD TO THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

Section 13.9 CONSENT TO JURISDICTION. EACH SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK,

NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT TO THIS AGREEMENT AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY MANAGING AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST THE ADMINISTRATIVE AGENT, ANY MANAGING AGENT OR ANY PURCHASER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT, ANY MANAGING AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH SELLER PARTY PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

Section 13.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 13.11 Integration; Binding Effect; Survival of Terms.

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with

its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii) the indemnification and payment provisions of Article X, and Sections 13.5, 13.6 and 13.7 shall be continuing and shall survive any termination of this Agreement.

Section 13.12 Counterparts; Severability; Section References. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Any provisions of this

Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule" or "Exhibit" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

Section 13.13 Agent Roles. Each of the Financial Institutions acknowledges that each Person party hereto as the Administrative Agent or a Managing Agent acts, or may in the future act, (i) as administrative agent for a Conduit or a Financial Institution, (ii) as issuing and paying agent for the Commercial Paper, (iii) to provide credit or liquidity enhancement for the timely payment for the Commercial Paper and (iv) to provide other services from time to time for a Conduit or a Financial Institution (collectively, the "Agent Roles"). Without limiting the generality of this Section 13.13, each Financial Institution hereby acknowledges and consents to any and all Agent Roles and agrees that in connection with any Agent Role, a Managing Agent or the Administrative Agent, as applicable, may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as administrative agent for a Conduit.

Section 13.14 Characterization.

(a) It is the intention of the parties hereto that each purchase hereunder shall constitute and be treated as an absolute and irrevocable sale, which purchase shall provide the applicable Purchaser with the full benefits of ownership of the applicable Purchaser Interest. Except as specifically provided in this Agreement, each sale of a Purchaser Interest hereunder is made without recourse to the Seller; provided, however, that (i) the Seller shall be liable to each Purchaser, each Managing Agent and the Administrative Agent for all representations, warranties, covenants and indemnities made by the Seller pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by any Purchaser, any Managing Agent or the Administrative Agent or any assignee thereof of any obligation of the Seller, the Originator or any other Person arising in connection with the Receivables, the Related Security, or the related Contracts, or any other obligations of the Seller or the Originator.

(b) In addition to any ownership interest which the Administrative Agent may from time to time acquire pursuant hereto, the Seller hereby grants to the Administrative Agent for the ratable benefit of the Managing Agents and the Purchasers a valid and perfected security interest in all of the Seller's right, title and interest in, to and under the following, whether now existing or hereafter arising, all Receivables, the Collections, each Lock-Box, each Collection Account, all Related Security, all other rights and payments relating to such Receivables, all of the Seller's rights, title and interest in, to and under the Receivables Sale Agreement (including, without limitation, (a) all rights to indemnification arising thereunder and (b) all UCC financing statements filed pursuant thereto), and all proceeds of any thereof and all other assets in which the Administrative Agent on behalf of the Managing Agents and the Purchasers has acquired, may hereafter acquire and/or purports to have acquired an interest under this Agreement prior to all other liens on and security interests therein to secure the prompt and complete payment of the Aggregate Unpaids. The Administrative Agent, the Managing Agents and the Purchasers shall

have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative. The Seller hereby authorizes the Administrative Agent, within the meaning of 9-509 of any applicable enactment of the UCC, as secured party for the benefit of itself and of the Purchasers, (x) to file, without the signature of the Seller or the Originator, as debtors, the UCC financing statements contemplated herein and under the Receivables Sale Agreement and (y) to include, on any financing statement filed against the Seller, the collateral description: "All of the Debtor's personal property and other assets, whether now owned or existing or hereafter acquired or arising, together with all products and proceeds thereof, substitutions and replacements therefor, and additions and accessions thereto." The Administrative Agent shall promptly deliver a copy of any such UCC financing statements so filed to the Seller, provided that the Administrative Agent's failure to deliver such copy shall not effect the validity of such filing.

(c) In connection with the Seller's transfer of its right, title and interest in, to and under the Receivables Sale Agreement, from and after the occurrence of an Amortization Event and during the continuation thereof, the Seller agrees that the Administrative Agent shall have the right to enforce the Seller's rights and remedies under the Receivables Sale Agreement, to receive all amounts payable thereunder or in connection therewith, to consent to amendments, modifications or waivers thereof, and to direct, instruct or request any action thereunder, but in each case without any obligation on the part of the Administrative Agent, any Managing Agent or any Purchaser or any of its or their respective Affiliates to perform any of the obligations of the Seller under the Receivables Sale Agreement. To the extent that the Seller enforces the Seller's rights and remedies under the Receivables Sale Agreement, from and after the occurrence of an Amortization Event, and during the continuance thereof, the Administrative Agent shall have the exclusive right to direct such enforcement by the Seller.

(d) If, notwithstanding the intention of the parties expressed above, any sale or transfer by the Seller hereunder shall be characterized as a secured loan and not a sale or such sale shall for any reason be ineffective or unenforceable (any of the foregoing being a "Recharacterization"), then this Agreement shall be deemed to constitute a security agreement under the UCC and other applicable law. In the case of any Recharacterization, each of the Seller and the Administrative Agent and each Purchaser represents and warrants as to itself that each remittance of Collections by the Seller to the Administrative Agent, any Managing Agent or any Purchaser hereunder will have been (i) in payment of a debt incurred by the Seller in the ordinary course of business or financial affairs of the Seller, the Administrative Agent and each Purchaser and (ii) made in the ordinary course of business or financial affairs of the Seller, the Administrative Agent and each Purchaser.

Section 13.15 Intercreditor Agreement. Each Purchaser and each Managing Agent hereby agrees to be bound by the terms of, and the Administrative Agent's covenants, agreements, waivers and acknowledgements under, the Intercreditor Agreement.

Section 13.16 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. If any changes in generally accepted accounting principles are hereafter required or permitted and are adopted by Consumers or any of its Subsidiaries, or Consumers or any of its Subsidiaries shall change its application of

generally accepted accounting principles with respect to any Off-Balance Sheet Liabilities, in each case with the agreement of its independent certified public accountants, and such changes result in a change in the method of calculation of any of the financial covenants, tests, restrictions or standards herein or in the related definitions or terms used therein ("Accounting Changes"), the parties hereto agree, at Consumers' request, to enter into negotiations, in good faith, in order to amend such provisions in a credit neutral manner so as to reflect equitably such changes with the desired result that the criteria for evaluating Consumers and its Subsidiaries' financial condition shall be the same after such changes as if such changes had not been made; provided, however, until such provisions are amended in a manner reasonably satisfactory to the Administrative Agent, each Managing Agent and each Purchaser, no Accounting Change shall be given effect in such calculations. In the event such amendment is entered into, all references in this Agreement to GAAP shall mean generally accepted accounting principles as of the date of such amendment.

Section 13.17 USA Patriot Act. Each Purchaser hereby notifies the Seller that pursuant to requirements of the USA Patriot Act, such Purchaser is required to obtain, verify and record information that identifies the Seller, which information includes the name and address of the Seller and other information that will allow such Purchaser to identify the Seller in accordance with the USA Patriot Act.

Section 13.18 Required Ratings. Any Managing Agent or any Financial Institution (each such Person, a "Requesting Party") shall have the right at any time to request that public ratings of the facility evidenced by this Agreement of at least A-/A3 (the "Required Ratings") be obtained from two credit rating agencies acceptable to such Requesting Party. Each of the Seller and the Servicer agree that they shall cooperate with such Requesting Party's efforts to obtain the Required Ratings, and shall provide such Requesting Party, for distribution to the applicable credit rating agencies, any information reasonably requested by such credit rating agencies for purposes of providing the Required Ratings. Any such request (a "Ratings Request") shall be in writing, and if the Required Ratings are not obtained within 60 days following the date of such Ratings Request (the "Ratings Request Due Date") (unless the failure to obtain the Required Ratings is solely the result of such Requesting Party's failure to provide the credit rating agencies with sufficient information to permit the credit rating agencies to perform their analysis, and is not the result of the Seller or the Servicer's failure to cooperate or provide sufficient information to such Requesting Party), (i) upon written notice by such Requesting Party to the Seller within 90 days after the Ratings Request Due Date, the Amortization Date shall occur, and (ii) outstanding Capital shall thereafter bear interest at a rate per annum equal to 2.00% above the Alternate Base Rate. Such Requesting Party shall pay the initial fees payable to the credit rating agencies for providing the Required Ratings.

Section 13.19 Amendment and Restatement. The amendment and restatement of the Original RPA pursuant to this Agreement shall be effective as of the Closing Date, subject to the satisfaction of the conditions precedent set forth in Section 6.1. This Agreement shall amend and restate in its entirety the Original RPA and shall have the effect of a substitution of terms of the Original RPA, but this Agreement will not have the effect of causing a novation, refinancing or other repayment of the Original Obligations or a termination or extinguishment of the liens securing such Original Obligations, which Original Obligations shall remain outstanding and repayable pursuant to the terms of this Agreement and which liens shall remain attached,

enforceable and perfected securing such Original Obligations and all additional Obligations arising under this Agreement. Each reference to the Original RPA in any of the Transaction Documents, or any other document, instrument or agreement delivered in connection therewith, shall mean and be a reference to this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

CONSUMERS RECEIVABLES FUNDING II, LLC

By: _____

Name: Laura L. Mountcastle
Title: President, Chief Executive Officer,
Chief Financial Officer and Treasurer

Notice Address:

Consumers Receivables Funding II, LLC

One Energy Plaza
Jackson, MI 49201-2276
Attn: James L Loewen

Fax: (517) 788-0412

CONSUMERS ENERGY COMPANY, as Servicer

By: _____
Name: Laura L. Mountcastle
Title: Vice President and Treasurer

Notice Address:

Consumers Energy Company
One Energy Plaza
Jackson, MI 49201-2276
Attn: James L Loewen
Fax: (517) 788-0412

JPMORGAN PURCHASER GROUP:

FALCON ASSET SECURITIZATION COMPANY LLC, as a Conduit

By: JPMorgan Chase Bank, N.A., its attorney-in-fact

By: _____
Name: Patrick Menichillo
Title: Vice President

Notice Address:

c/o JPMorgan Chase Bank, N.A.
10 S. Dearborn, Floor 13
Chicago, IL 60603
Attn: Kathleen Rovner
Phone: (312) 336-2685
Fax: (312) 732-1844
Email: kathleen.m.rovner@jpmchase.com

JPMORGAN CHASE BANK, N.A., as a Financial Institution, as a Managing Agent and as Administrative Agent

By: _____
Name: Patrick Menichillo
Title: Vice President

Notice Address:

JPMorgan Chase Bank, N.A.

10 S. Dearborn, Floor 13
Chicago, IL 60603
Attn: Kathleen Rovner
Phone: (312) 336-2685
Fax: (312) 732-1844
Email: kathleen.m.rovner@jpmchase.com

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH PURCHASER GROUP:

VICTORY RECEIVABLES CORPORATION, as a Conduit

By: _____
Name:
Title:

Notice Address:

Victory Receivables Corporation
1251 Avenue of Americas, 12th Floor
New York, NY 10020-1104
Attention: Securitization Group
Facsimile: 212-782-6448

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, as a Managing Agent

By: _____
Name:
Title:

Notice Address:

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch
1251 Avenue of Americas, 12th Floor
New York, NY 10020-1104
Attention: Securitization Group
Facsimile: 212-782-6448

Signature Page to Amended and Restated Receivables Purchase Agreement

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UNION BANK, N.A., as a Financial Institution

By: _____
Name:
Title:

Notice Address:

Union Bank, N.A.
c/o Commercial Loan Operations
1980 Saturn St.
Monterey Park, CA 91754
Fax No: (800) 446-9951 or (323) 724-6198
Email: #clo synd@unionbank.com
For inquiries, call: Maria Suncin (323) 720-2870

Signature Page to Amended and Restated Receivables Purchase Agreement

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EXHIBIT I

DEFINITIONS(22)(23)(24)

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"2001 Securitization Charge" means "Securitization Charge" as defined in Appendix A to the 2001 Servicing Agreement.(25)

"2001 Securitization Charge Collections" means "Securitization Charge Collections" as defined in Appendix A to the 2001 Servicing Agreement.(26)

"2001 Securitization Charge Sale Agreement" means the Sale Agreement dated as of November 8, 2001 between Consumers Energy Company and Consumers Funding LLC, as the same may from time to time be amended, restated, supplemented or otherwise modified with the consent of the Administrative Agent and each Managing Agent.(27)

"2001 Securitization Property" means "securitization property" within the meaning of the Michigan Customer Choice and Electricity

Reliability Act, 2000 PA 141 and 2000 PA 142 as approved in the financing order issued by the Michigan Public Service Commission on October 24, 2000, as amended.(28)

"2001 Servicing Agreement" means the Servicing Agreement dated as of November 8, 2001 between Consumers Funding LLC and Consumers Energy Company, as the same may be amended, restated, supplemented or otherwise modified from time to time with the

(22) The definition of "FMB Release Date" was deleted in its entirety by Amendment No. 4.

(23) The definitions of "Financing Order", "Securitization Charge", "Securitization Charge Collections"," Securitization Charge Sale Agreement", "Securitization Property, Servicing Agreement" and "Transferred Securitization Property" were deleted in their entirety by Amendment No. 6.

(24) The definition of "Senior Debt" was deleted in its entirety by Amendment No. 4.

(25) This definition was added by Amendment No. 6.

(26) This definition was added by Amendment No. 6.

(27) This definition was added by Amendment No. 6.

(28) This definition was added by Amendment No. 6.

consent of the Administrative Agent and each Managing Agent (to the extent such consent is required by the terms of this Agreement).(29)

"2001 Transferred Securitization Property" means "Transferred Securitization Property" as defined in Appendix A to the 2001 Servicing Agreement.(30)

"2014 Sale Agreement" means the Securitization Property Sale Agreement dated as of July 22, 2014 between Consumers Energy Company and Consumers 2014 Securitization Funding LLC, as the same may from time to time be amended, restated, supplemented or otherwise modified with the consent of the Administrative Agent and each Managing Agent.(31)

"2014 Securitization Charge" means "Securitization Charge" as defined in Appendix A to the 2014 Servicing Agreement.(32)

"2014 Securitization Charge Collections" means "Securitization Charge Collections" as defined in Appendix A to the 2014 Servicing Agreement.(33)

"2014 Securitization Property" means "Securitization Property" as defined in Appendix A to the 2014 Servicing Agreement.(34)

"2014 Servicing Agreement" means the Securitization Property Servicing Agreement dated as of July 22, 2014 between Consumers 2014 Securitization Funding LLC and Consumers Energy Company, as the same may be amended, restated, supplemented or otherwise modified from time to time with the consent of the Administrative Agent and each Managing Agent (to the extent such consent is required by the terms of this Agreement).(35)

"2014 Transferred Securitization Property" means 2014 Securitization Property that has been sold, assigned and/or transferred to Consumers 2014 Securitization Funding LLC pursuant to the 2014 Sale Agreement and the Bill of Sale (as defined in the 2014 Sale Agreement).(36)

(29) This definition was added by Amendment No. 6.

(30) This definition was added by Amendment No. 6.

(31) This definition was added by Amendment No. 6.

(32) This definition was added by Amendment No. 6.

(33) This definition was added by Amendment No. 6.

(34) This definition was added by Amendment No. 6.

(35) This definition was added by Amendment No. 6.

(36) This definition was added by Amendment No. 6.

"Accounting Authority" means any accounting board or authority (whether or not part of a government) which is responsible for the establishment or interpretation of national or international accounting principles, in each case whether foreign or domestic.(37)

"Accounting Changes" has the meaning set forth in Section 13.16.

"Accrual Period" means each calendar month, provided that the initial Accrual Period hereunder means the period from (and including) the

date of the initial purchase hereunder to (and including) the last day of the calendar month thereafter.

"Administrative Agent" has the meaning set forth in the preamble to this Agreement.

"Adverse Claim" means a lien, security interest, financing statement, charge or encumbrance, or other right or claim in, of or on any Person's assets or properties in favor of any other Person.

"Affected Financial Institution" has the meaning specified in Section 12.1(c).

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Aggregate Capital" means, at any time, the aggregate amount of Capital of all Purchaser Interests outstanding on such date.

"Aggregate Reduction" means any reduction to Aggregate Capital pursuant to Section 1.3.

"Aggregate Reserves" means, at any time, the sum of the Loss Reserve, the Yield and Servicer Fee Reserve and the Dilution Reserve.

"Aggregate Unpaids" means, at any time, an amount equal to the sum of all Aggregate Capital and all other unpaid Obligations (whether due or accrued) at such time.

"Agreement" means this Amended and Restated Receivables Purchase Agreement, as the same may be further amended, restated, supplemented or otherwise modified from time to time.

"Alternate Base Rate" means, for any date, a rate per annum equal to the greatest of (a) the LIBO Rate for a one month Tranche Period at approximately 11:00 a.m. London time

(37) This definition was added by Amendment No. 4.

on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the corporate base rate, prime rate or base rate of interest, as applicable, announced by the Administrative Agent from time to time, changing when and as such rate changes (the "Base Rate"). Any change in the Alternate Base Rate due to a change in the Base Rate, the Federal Funds Effective Rate or the LIBO Rate shall be effective from and including the effective date of such change in the Base Rate, the Federal Funds Effective Rate or the LIBO Rate, respectively.

"Amortization Date" means the earliest to occur of (i) the day on which any of the conditions precedent set forth in Section 6.2 are not satisfied, (ii) the Business Day immediately prior to the occurrence of an Amortization Event set forth in Section 9.1(d), (iii) the Business Day specified in a written notice from the Administrative Agent following the occurrence of any other Amortization Event, (iv) the Liquidity Termination Date, (v) the date which is at least fifteen (15) Business Days after the Administrative Agent's receipt of written notice from the Seller that it wishes to terminate the facility evidenced by this Agreement, provided that any prepayment resulting from such declaration of the Amortization Date shall be subject to the provisions of Section 2.1 and (vi) the Business Day specified in a written notice from the Administrative Agent to the Seller in accordance with Section 13.18.

"Amortization Event" has the meaning specified in Article IX.

"Applicable Margin" has the meaning set forth in the Fee Letter.

"Applicable Maximum Purchaser Interest" means 100%.(38)

"Applicable Stress Factor" means 2.25(39).

"Applicable Unbilled Receivables Limit" means (i) at any time during a Level One Enhancement Period, 50%, (ii) at any time during a Level Two Enhancement Period, 35%, and (iii) at any time during a Level Three Enhancement Period, 25%.

"Assignment Agreement" has the meaning set forth in Section 12.1(b).

"Bank Rate" means, the LIBO Rate or the Alternate Base Rate, as applicable, with respect to each Purchaser Interest of the Financial Institutions and any Purchaser Interest of a Conduit, an undivided interest in which has been assigned by a Conduit to a Financial Institution or is otherwise funded by a Financial Institution pursuant to a Liquidity Agreement.

"Base Rate" has the meaning set forth in the definition "Alternate Base Rate".

"Billed Receivable" means a Receivable for which, as of the time of determination, an invoice addressed to the Obligor thereof has been sent.

"BNS" has the meaning set forth in the preamble to this Agreement.

(38) This definition was revised by Amendment No. 5.

(39) This definition was revised by Amendment No. 5.

"Broken Funding Costs" means for any Tranche Period or any tranche period for Commercial Paper for any Purchaser Interest which: (i) has its Capital reduced without compliance by the Seller with the notice requirements hereunder, (ii) does not become subject to an Aggregate Reduction following the delivery of any Reduction Notice, or (iii) is assigned or otherwise funded under a Liquidity Agreement or terminated prior to the date on which it was originally scheduled to end, including by the written notice of the Seller that it wishes to terminate the facility evidenced by this Agreement; an amount equal to the excess, if any, of (A) the Yield that would have accrued during the remainder of the Tranche Period or the tranche period for Commercial Paper determined by the related Managing Agent to relate to such Purchaser Interest (as applicable) subsequent to the date of such reduction, assignment or termination (or in respect of clause (ii) above, the date such Aggregate Reduction was designated to occur pursuant to the Reduction Notice) of the Capital of such Purchaser Interest if such reduction, assignment, funding or termination had not occurred or such Reduction Notice had not been delivered, over (B) the sum of (x) to the extent all or a portion of such Capital is allocated to another Purchaser Interest, the amount of Yield actually accrued during the remainder of such period on such Capital for the new Purchaser Interest, and (y) to the extent such Capital is not allocated to another Purchaser Interest, the income, if any, actually received during the remainder of such period by the holder of such Purchaser Interest from investing the portion of such Capital not so allocated. In the event that the amount referred to in clause (B) (y) exceeds the amount referred to in clause (A), the relevant Purchaser or Purchasers agree to pay to the Seller the amount of such excess. All Broken Funding Costs shall be due and payable hereunder upon demand.

"Business Day" means any day on which banks are not authorized or required to close in New York, New York, Chicago, Illinois or Los Angeles, California and The Depository Trust Company of New York is open for business, and, if the applicable Business Day relates to any computation or payment to be made with respect to the LIBO Rate, any day on which dealings in dollar deposits are carried on in the London interbank market.

"Capital" of any Purchaser Interest means, at any time, (A) the Purchase Price of such Purchaser Interest, minus (B) the sum of the aggregate amount of Collections and other payments received by the Administrative Agent or any Managing Agent which in each case are applied to reduce such Capital in accordance with the terms and conditions of this Agreement; provided that such Capital shall be restored (in accordance with Section 2.6) in the amount of any Collections or other payments so received and applied if at any time the distribution of such Collections or payments are rescinded, returned or refunded for any reason.

"Capital Lease" means any lease which has been or would be capitalized on the books of the lessee in accordance with GAAP.

"Capital Pro Rata Share" means, for any Purchaser at any time, the amount of Capital allocated to the Purchaser Interests of such Purchaser at such time divided by the Aggregate Capital at such time.

"Change of Control" means (a) with respect to Originator, the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of

1934) of 50% or more of the outstanding shares of voting stock of Originator and (b) with respect to the Seller, Originator's failure to own, directly or indirectly, 100% of the issued and outstanding equity of the Seller.

"Charged-Off Receivable" means a Receivable which, consistent with the Credit and Collection Policy, would be written off the Seller's books as uncollectible.

"CIP Regulations" has the meaning specified in Section 11.5(b).

"Closing Date" means November 23, 2010.

"CMS Entity" has the meaning set forth in Section 7.1(i).

"Collection Account" means each concentration account, depositary account, lock-box account or similar account in which any Collections are collected or deposited and which is listed on Exhibit IV.

"Collection Account Agreement" means an agreement substantially in the form of Exhibit VI among the Servicer, the Seller, the Administrative Agent and a Collection Bank.

"Collection Bank" means, at any time, any of the banks holding one or more Collection Accounts.

"Collection Notice" means a notice, in substantially the form of Annex A to Exhibit VI, from the Administrative Agent to a Collection Bank.

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds in respect of such Receivable, including, without limitation, all yield, Finance Charges or other related amounts accruing in respect thereof and all cash proceeds of Related Security with respect to such Receivable.

"Commercial Paper" means promissory notes of a Conduit issued by such Conduit in the commercial paper market.

"Commitment" means, for each Financial Institution, the commitment of such Financial Institution to purchase Purchaser Interests from the Seller in an amount not to exceed (i) in the aggregate, the amount set forth opposite such Financial Institution's name on Schedule A to this Agreement, or in the case of a Financial Institution that becomes party to this Agreement pursuant to an Assignment Agreement or a Joinder Agreement, as applicable, the amount set forth therein as such Financial Institution's "Commitment," in each case, as such amount may be modified in accordance with the terms hereof

and (ii) with respect to any individual purchase hereunder, its Pro Rata Share of the Purchase Price therefor.

"Concentration Limit" means, at any time, for any Obligor, 2% of the Outstanding Balance of all Eligible Receivables, or such other amount (a "Special Concentration Limit") for such Obligor designated by the Administrative Agent (with the consent of each Managing Agent); provided, that in the case of an Obligor and any Affiliate of such Obligor, the Concentration Limit shall be calculated as if such Obligor and such Affiliate are one Obligor;

and provided, further, that the Administrative Agent may (and shall upon the direction of any Managing Agent), upon not less than three Business Days' notice to the Seller, cancel any Special Concentration Limit.

"Conduit" means a Person identified as a "Conduit" on Schedule A and its respective successors and permitted assigns.

"Conduit Purchase Limit" means for any Conduit, the maximum principal amount of the Purchaser Interests which may be purchased by such Conduit as set forth on Schedule A (or on the applicable schedule to the Assignment Agreement or Joinder Agreement pursuant to which such Conduit became a party hereto), subject to assignment pursuant to Section 12.1(a), as such amount may be reduced in accordance with Section 1.1(b).

"Consumers" means Consumers Energy Company, a Michigan corporation.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit.

"Contract" means, with respect to any Receivable, the invoices and any instruments, agreements or other writings pursuant to which such Receivable arises or which evidences such Receivable.

"CP Rate" means, for any Accrual Period for any Purchaser Interest owned by a Conduit if and to the extent such Conduit funds the Purchase or maintenance of its Purchaser Interest by the issuance of commercial paper notes during such Settlement Period, the per annum rate equivalent to the weighted average cost (as determined by the related Managing Agent and which shall include commissions of placement agents and dealers, incremental carrying costs incurred with respect to commercial paper maturing on dates other than those on which corresponding funds are received by such Conduit, other borrowings by such Conduit (other than under any commercial paper program support agreement) and any other costs associated with the issuance of commercial paper) of or related to the issuance of commercial paper that are allocated, in whole or in part, by such Conduit or its Managing Agent to fund or maintain its Purchaser Interests during such Accrual Period; provided, however, that if any component of such rate is a discount rate, in calculating the "CP Rate" for such Conduit for such Purchaser Interest for such Accrual Period, such Conduit shall for such component use the rate resulting from converting such discount rate to an interest-bearing equivalent rate per annum; provided, further, however, that if such Conduit determines that it is not able, or that it is impractical, to issue commercial paper notes for any period of time then, the CP Rate shall be the LIBO Rate.(40)

(40) This definition was revised in its entirety by Amendment No. 1 and Amendment No. 4.

"Credit Agreement" means that certain Revolving Credit Agreement, dated as of March 31, 2011 among Consumers, the financial institutions from time to time party thereto as "Banks" and The Bank of Nova Scotia, as Agent, and giving effect to each amendment, restatement or modification thereto of which Consumers or Seller has provided notice to the Administrative Agent in writing, but without giving effect to any waiver unless consented to in writing by the Administrative Agent.(41)

"Credit and Collection Policy" means Originator's credit and collection policies and practices relating to Contracts and Receivables existing on the date hereof and summarized in Exhibit VIII hereto, as modified from time to time in accordance with this Agreement, or as required under regulatory directive.

"Customer Deposits" means, at any time, the aggregate amount of cash deposits held by Consumers against Obligors' accounts.

"Daily Report" means a report, in substantially the form of Exhibit XII hereto (appropriately completed), furnished by the Servicer to the Administrative Agent and each Managing Agent pursuant to Section 8.5.

"Days Sales Outstanding Ratio" means, for any Accrual Period, (i) the aggregate Outstanding Balance of all Receivables as of the last day of the Accrual Period ending one Accrual Period prior to such Accrual Period, divided by (ii) the aggregate amount of Collections received during such Accrual Period, multiplied by (iii) 30.

"Debt Rating" means "Senior Debt Rating" as such term is defined in the Credit Agreement.(42)

"Deemed Collections" means the aggregate of all amounts the Seller shall have been deemed to have received as a Collection of a Receivable. The Seller shall be deemed to have received a Collection of a Receivable to the extent that (i) the Outstanding Balance of any such Receivable is either (x) reduced as a result of any defective or rejected goods or services, any discount or any adjustment or otherwise by the Seller (other than cash Collections on account of such Receivable) or (y) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction) or (ii) any of the representations or warranties in Article V are no longer true with respect to such Receivable.

"Default Fee" means with respect to any amount due and payable by the Seller (or required to be deposited by the Servicer) in respect of any Aggregate Unpaids, an amount equal to the greater of (i) $1000 and (ii) interest on any such unpaid Aggregate Unpaids at a rate per annum equal to 2.00% above the Alternate Base Rate.

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(41) This definition was revised in its entirety by Amendment No. 4.

(42) This definition was revised in its entirety by Amendment No. 4.

"Defaulted Receivable" means a Receivable that becomes a Charged-Off Receivable prior to 91 calendar days after the original due date.

"Delinquent Receivable" means a Billed Receivable as to which any payment, or part thereof, remains unpaid for sixty-one (61) days or more from the original due date for such payment.

"Dilution Horizon Factor" means, at any time, a fraction, the numerator of which equals the sum of (a) the aggregate Original Balance of all Billed Receivables originated during the two most recently ended Accrual Periods and (b) the aggregate Original Balance of all Unbilled Receivables as of the end of the most recently ended Accrual Period, and the denominator of which equals the Net Receivables Balance as of the end of the most recently ended Accrual Period.

"Dilution Percentage" means as of any date of determination the greater of (i) 6% and (ii) a percentage calculated in accordance with the following formula:

DP = [(ASF x ADR) + [(HDR - ADR) x (HDR/ADR)]] x DHF

where:

DP	=	the Dilution Percentage;
ADR	=	the average of the monthly Dilution Ratios occurring during the 12 most recent Accrual Periods;
ASF	=	Applicable Stress Factor;
HDR	=	the highest Dilution Ratio occurring during the 12 most recent Accrual Periods; and
DHF	=	the Dilution Horizon Factor at such time.

"Dilution Ratio" means, for any Accrual Period, a percentage equal to (i) the aggregate amount of Dilutions which occurred during such Accrual Period divided by (ii) the aggregate Original Balance of all Receivables generated by the Originator during such Accrual Period.

"Dilution Reserve" means, at any time, an amount equal to the product of (a) the Net Receivables Balance as of the close of business on such date, times (b) the Dilution Percentage.

"Dilutions" means, at any time or for any period, the aggregate amount of reductions or cancellations described in clause (i) of the definition of "Deemed Collections".

"Eligible Receivable" means, at any time, a Receivable:

(i) which is not a Charged-Off Receivable, a Delinquent Receivable, a WPP Receivable or a Rate I Receivable,

(ii) which by its terms is due and payable within 30 days of the original billing date therefor and has not had its payment terms extended,

(iii) which is an "account" within the meaning of Section 9-102 of the UCC of all applicable jurisdictions,

(iv) which is denominated and payable only in United States dollars in the United States,

(v) the Obligor of which, if a natural person, maintains a service address in the United States, or if a corporation or other business organization, maintains a place of business in the United States,

(vi) the Obligor of which (a) is not an Affiliate of (1) any party hereto or (2) Originator and (b) to the knowledge of either Servicer or Seller, has not taken any action, or suffered any event to occur, of the type described in Section 9.1(d) (as if references to Seller Party therein refer to such Obligor),

(vii) which arises under a Contract which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms subject to no offset, rescission, counterclaim or other defense, except as limited by bankruptcy, insolvency or other similar laws,

(viii) which arises under a Contract which (A) does not require the Obligor under such Contract to consent to the transfer, sale or assignment of the rights to payment of Originator or any of its assignees under such Contract and (B) does not contain a confidentiality provision that purports to restrict the ability of any Purchaser to exercise its rights under this Agreement, including, without limitation, its right to review the

Contract,

(ix) which arises under a Contract that contains an obligation to pay a specified sum of money, contingent only upon the sale of goods, electricity or gas or provision of services by Originator and not by any other person (in whole or in part),

(x) which, if an Unbilled Receivable, has been included on a Monthly Report as an Eligible Receivable during a period of not more than thirty-six (36) consecutive calendar days,

(xi) which, together with the Contract related thereto, does not contravene any law, rule or regulation applicable thereto (including, without limitation, any law, rule and regulation relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no part of the Contract related thereto is in violation of any such law, rule or regulation,

(xii) which satisfies in all material respects all applicable requirements of the applicable Credit and Collection Policy,

(xiii) which was originated in the ordinary course of Originator's business,

(xiv) which is not subject to any right of rescission, set-off, counterclaim, any other defense (including defenses arising out of violations of usury laws) of the applicable Obligor against the Originator (it being understood that only a portion of a Receivable equal to the amount of such partial rescission, set-off, counterclaim or defense, if the amount of such partial rescission, set-off, counterclaim or defense can be quantified, shall be deemed not to be an Eligible Receivable) or any other Adverse Claim, and the Obligor thereon holds no right as against the Originator,

(xv) as to which Originator has satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, and no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor, and

(xvi) all right, title and interest to and in which has been validly transferred by the Originator directly to the Seller under and in accordance with the Receivables Sale Agreement, and the Seller has good and marketable title thereto free and clear of any Adverse Claim.

"EMPP Receivable" means a Receivable arising under an Obligor's account which is subject to a balanced or levelized payment plan of Originator.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Excess Government Receivables Amount" means at any time, an amount equal to the positive difference, if any, between (i) the aggregate Outstanding Balance of the Eligible Receivables consisting of Government Receivables at such time and (ii) the Government Receivable Concentration Limit at such time.

"Excess Non-Energy Receivables Amount" means at any time, an amount equal to the positive difference, if any, between (i) the sum of (A) the aggregate Original Balance of the Eligible Receivables consisting of Non-Energy Receivables originated during the immediately preceding Accrual Period plus (B), without duplication of the amount set forth in clause (A), the aggregate amount of Finance Charges then due and owing with respect to all Eligible Receivables at such time and (ii) the Non-Energy Receivables Limit at such time.

"Excess SPP Arrearage Amount" means at any time, an amount equal to the positive difference, if any, between (i) the SPP Arrearage Amount as of such time and (ii) 2.5% of the aggregate Outstanding Balance of all Eligible Receivables at such time.(43)

"Excess Unbilled Receivables Amount" means at any time, an amount equal to the positive difference, if any, between (i) the aggregate Outstanding Balance of the Eligible Receivables consisting of Unbilled Receivables as of the last day of the most recently ended Accrual Period and (ii) the product of (a) the Applicable Unbilled Receivables Limit at such

(43) This definition was added by Amendment No. 5.

time, multiplied by (b) the aggregate Outstanding Balance of all Receivables as of the last day of the most recently ended Accrual Period.

"Federal Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as amended and any successor statute thereto.

"Federal Funds Effective Rate" means, for any period, a fluctuating interest rate per annum for each day during such period equal to (a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York in the Composite Closing Quotations for U.S. Government Securities; or (b) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 11:30 a.m. (New York time) for such day on such transactions received by BNS from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means that certain letter agreement dated as of the date hereof among the Seller, the Purchasers, the Managing Agents and the Administrative Agent, as it may be further amended, restated, supplemented or otherwise modified from time to time.

"Finance Charges" means, with respect to a Contract, any finance, interest, late payment charges or similar charges owing by an Obligor

pursuant to such Contract.

"Financial Institutions" means, as to any Purchaser Group, each of the financial institutions listed on Schedule A as a "Financial Institution" for such Purchaser Group, together with its respective successors and permitted assigns.

"Fitch" means Fitch Inc.

"Funding Agreement" means any agreement or instrument executed by a Conduit and executed by or in favor of any Funding Source or executed by any Funding Source at the request of such Conduit.(44)

"Funding Source" means (i) any Financial Institution, (ii) any insurance company, bank or other funding entity providing liquidity, credit enhancement or back-up purchase support or facilities to any Conduit, (iii) any agent, administrator or manager of any Conduit, (iv) any bank holding company in respect of any of the foregoing or (v) any Conduit or any entity that is consolidated with any Conduit for financial and/or regulatory accounting purposes.

"GAAP" means generally accepted accounting principles in the United States of America as in effect on the date hereof, applied on a basis consistent with those used in the preparation of the financial statements of Consumers for the period ending December 31, 2009 (except, for purposes of the financial statements required to be delivered pursuant to Sections 7.1, for changes concurred in by the Consumers' independent public accountants).

(44) This definition was replaced in its entirety by Amendment No. 4.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.(45)

"Government Receivable" means a Receivable the Obligor of which is a federal, state or local government, or an agency, branch, division, district or other political subdivision thereof.

"Government Receivable Concentration Limit" means, at any time, with respect to Government Receivables that are otherwise Eligible Receivables, an amount equal to the lesser of (A) $20,000,000 and (B) 5% of the aggregate Outstanding Balance of all Eligible Receivables at such time.

"Group Purchase Limit" means, for each Purchaser Group, the amount set forth on Schedule A (or in the Joinder Agreement pursuant to which such Purchaser Group became party hereto), subject to assignment pursuant to Section 12.1, as such amount may be reduced in accordance with Section 1.1(b).

"Incremental Purchase" means a purchase of one or more Purchaser Interests which increases the total outstanding Aggregate Capital hereunder.

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) net liabilities under interest rate swap, exchange or cap agreements, (vii) Contingent Obligations and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Independent Manager" means, with respect to the Seller, a manager who (i) is not, and within the previous five years was not (except solely by virtue of such Person's serving as, or being an Affiliate of any other Person serving as, an independent director or manager, as applicable, of Consumers or any bankruptcy-remote special purpose entity that is an Affiliate of Consumers or the Seller) (a) a stockholder, member, partner, director, officer, employee, Affiliate, customer, supplier, creditor or independent contractor of, or any Person that has received any benefit in any form whatever from (other than in such manager's capacity as a ratepayer or customer of Consumers in the ordinary course of business), or any Person that has provided any service in any form whatsoever to, or any major creditor (or any Affiliate of any major creditor) of, the Seller, Consumers, or any of their Affiliates, or (b) any Person owning beneficially, directly or indirectly, any outstanding shares of common stock, any limited liability

(45) This definition was added by Amendment No. 4.

company interests or any partnership interests, as applicable, of the Seller, Consumers or any of their Affiliates, or of any major creditor (or any Affiliate of any major creditor) of any of the foregoing, or a stockholder, member, partner, director, officer, employee, Affiliate, customer, supplier, creditor or independent contractor of, or any Person that has received any benefit in any form whatever from (other than in such Person's capacity as a ratepayer or customer of Consumers in the ordinary course of business), or any Person that has provided any service in any form whatever to, such beneficial owner or any of such beneficial owner's Affiliates, or (c) a member of the immediate family of any person described above; provided that the indirect or beneficial ownership of stock through a mutual fund or similar diversified investment vehicle with respect to which the owner does not have discretion or control over the investments held by such diversified investment vehicle shall not preclude such owner from being an Independent Manager; (ii) has prior experience as an independent director or independent manager for a corporation or limited liability company whose charter documents required the unanimous consent of all independent directors or independent managers, as applicable, thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (iii) has at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective

businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities. For purposes of this definition, "major creditor" shall mean a natural person or business entity to which the Seller, Consumers or any of their Affiliates has outstanding indebtedness for borrowed money or credit on open account in a sum sufficiently large as would reasonably be expected to influence the judgment of the proposed Independent Manager adversely to the interests of the Seller when the interests of that Person are adverse to those of the Seller.

"Intercreditor Agreement" means the Intercreditor Agreement dated as of July 22, 2014 among BNS, Liberty Street Funding LLC, The Bank of New York Mellon, as trustee under the indenture of Consumers Funding LLC, Consumers Funding LLC, The Bank of New York Mellon, as trustee under the indenture of Consumers 2014 Securitization Funding LLC, Consumers 2014 Securitization Funding LLC, Consumers Receivables Funding II, LLC and Consumers Energy Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.(46)

"Level One Enhancement Period" means any period during which Consumers' Debt Rating shall be BBB- or higher as rated by S&P and Baa3 or higher as rated by Moody's.

"Level Two Enhancement Period" means any period during which Consumers' Debt Rating shall be lower than BBB- as rated by S&P or Baa3 as rated by Moody's but higher than BB- by S&P and Ba3 by Moody's.

"Level Three Enhancement Period" means any period during which Consumers' Debt Rating shall be BB- or lower as rated by S&P or Ba3 or lower as rated by Moody's.

(46) This definition was restated in its entirety by Amendment No. 6.

"Liberty" means Liberty Street Funding LLC, a Delaware limited liability company.(47)

"LIBO Rate" means the rate per annum equal to the sum of (i) (a) the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars appearing on Reuters Screen FRBD as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of the relevant Tranche Period, and having a maturity equal to such Tranche Period, provided that, (A) if Reuters Screen FRBD is not available to the Administrative Agent for any reason, the applicable LIBO Rate for the relevant Tranche Period shall instead be the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Tranche Period, and having a maturity equal to such Tranche Period, and (B) if no such British Bankers' Association Interest Settlement Rate is available to the Administrative Agent, the applicable LIBO Rate for the relevant Tranche Period shall instead be the rate determined by the Administrative Agent to be the rate at which BNS offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Tranche Period, in the approximate amount to be funded at the LIBO Rate and having a maturity equal to such Tranche Period, divided by (b) one minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against the Administrative Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal), applicable to such Tranche Period plus (ii) the Applicable Margin. The LIBO Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.

"Liquidity Agreement" means an agreement entered into by a Conduit and the related Financial Institutions in its Purchaser Group in connection herewith for the purpose of providing liquidity with respect to the Capital funded by such Conduit under this Agreement (it being understood that a Conduit may enter into more than one Liquidity Agreement).

"Liquidity Termination Date" means November 20, 2015.(48)

"Lock-Box" means each postal box or code listed on Exhibit IV over which the Administrative Agent has been granted control pursuant to a P.O. Box Transfer Notice.

"Loss Horizon Factor" means, at any time, a fraction, the numerator of which equals the sum of (a) the aggregate Original Balance of all Billed Receivables originated during the three Accrual Periods ending immediately prior to the last day of the most recently ended Accrual Period and (b) the aggregate Original Balance of Unbilled Receivables as of the last day

(47) The defined term "Falcon" was replaced by "Liberty", throughout the RPA other than in the Preliminary Statements and Section 12.8 of the RPA, by Amendment No. 4.

(48) This definition was deleted in its entirety and replaced by Amendment No. 1, Amendment No. 3, Amendment No.4 and Amendment No.5.

of the most recently ended Accrual Period, and the denominator of which equals the Net Receivables Balance as of the end of the most recently ended Accrual Period.

"Loss Percentage" means at any time the greater of (i) 15% and (ii) a percentage calculated in accordance with the following formula:

LP = ASF x LHF x LR

where:

ASF = Applicable Stress Factor;
LP = the Loss Percentage;

LHF = the Loss Horizon Factor; and
LR = the highest three month rolling average of the Loss Ratios occurring during the 12 most recent Accrual Periods.

"Loss Ratio" means, at any time, a ratio (expressed as a percentage) equal to (i) the sum of (a) the aggregate Outstanding Balance of all Billed Receivables which are more than ninety (90) and less than one hundred twenty-one (121) days past due as of the last day of the most recently ended Accrual Period and (b) all Receivables that became Defaulted Receivables during such Accrual Period divided by (ii) the aggregate Original Balance of all Receivables originated during the Accrual Period which ended three Accrual Periods prior to such Accrual Period.

"Loss Reserve" means, at any time, an amount equal to the Loss Percentage multiplied by the Net Receivables Balance as of the close of business of the Servicer on such date.

"Loss-to-Liquidation Ratio" means, for any Accrual Period, the ratio (expressed as a percentage) equal to (i) all Charged-Off Receivables written off during such Accrual Period divided by (ii) the aggregate amount of Collections received during such Accrual Period.

"Manager" has the meaning specified in the Limited Liability Company Agreement of the Seller.

"Managing Agent" means, as to any Conduit or Financial Institution, the Person listed on Schedule A as the "Managing Agent" for such Purchasers, together with its respective successors and permitted assigns.

"Material Adverse Effect" means a material adverse effect on (i) the financial condition or operations of either Seller Party and its Subsidiaries, taken as a whole (except that a downgrade in any debt rating of either Seller Party or any of its Subsidiaries shall not by itself have any such material adverse effect), (ii) the ability of any Seller Party to perform its obligations under this Agreement or any other Transaction Document, (iii) the legality, validity or enforceability of this Agreement or any other Transaction Document, (iv) any Purchaser's interest in the Receivables generally or in any significant portion of the Receivables, the Related

Security or the Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables.

"Monthly Report Coverage Period" means a period of time commencing on each due date for a Monthly Report and ending on the day occurring immediately prior to the due date for the next Monthly Report.

"Monthly Report" means a report, in substantially the form of Exhibit IX hereto (appropriately completed), furnished by the Servicer to the Administrative Agent and each Managing Agent pursuant to Section 8.5.

"Moody's" means Moody's Investors Service, Inc.

"1945 Indenture" means that certain Indenture (as the same has been amended, restated, supplemented or otherwise modified from time to time) dated as of September 1, 1945 between Originator (formerly known as Consumers Power Company) and JPMorgan Chase Bank (as successor to City Bank Farmers Trust Company), as Trustee.

"Net Receivables Balance" means, at any time, the aggregate Outstanding Balance of all Eligible Receivables at such time, minus the sum (without duplication) of (i) the greater of (a) $3,000,000 and (b) the aggregate amount by which the Outstanding Balance of all Eligible Receivables of each Obligor and its Affiliates exceeds the Concentration Limit for such Obligor, (ii) the Excess Unbilled Receivables Amount at such time, (iii) the aggregate Outstanding Balance of Unapplied Cash and Credits at such time, (iv) the Customer Deposits at such time, (v) the Unbilled Receivables Offset Amount at such time, (vi) the Excess Government Receivables Amount at such time, (vii) the Excess Non-Energy Receivables Amount at such time and (viii) the Excess SPP Arrearage Amount.(49)

"New Purchasers" means Victory Receivables Corporation and Union Bank, N.A.

"Non-Energy Receivable" means a Receivable arising from the sale of goods other than electricity or gas.

"Non-Energy Receivables Limit" means, at any time, with respect to Non-Energy Receivables that are otherwise Eligible Receivables, an amount equal to the lesser of (A) $8,000,000 and (B) 2% of the aggregate Outstanding Balance of all Eligible Receivables at such time.

"Non-Renewing Financial Institution" has the meaning set forth in Section 12.4.

"Obligations" shall have the meaning set forth in Section 2.1.

"Obligor" means a Person obligated to make payments pursuant to a Contract.

(49) This definition was replaced in its entirety by Amendment No. 5.

"Off-Balance Sheet Liability" of a Person means (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any sale and leaseback transaction which is not a Capital Lease, (iii) any liability under any so-called "synthetic lease" transaction entered into by such Person, or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheets of such Person, but excluding from this clause (iv) Operating Leases.

"Operating Lease" of a Person means any lease of Property (other than a Capital Lease) by such Person as lessee.

"Original Balance" means, with respect to any Receivable, the Outstanding Balance of such Receivable on the date it was originated.

"Original Obligations" has the meaning set forth in the preliminary statements to this Agreement.

"Original RPA" has the meaning set forth in the preliminary statements to this Agreement.

"Originator" means Consumers, in its capacity as seller under the Receivables Sale Agreement.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Participant" has the meaning set forth in Section 12.2.

"Past Due Ratio" means, for any Accrual Period, (i) the aggregate Outstanding Balance of all Receivables which are more than 60 days past due as of the last day of such Accrual Period divided by (ii) the aggregate Outstanding Balance of all Receivables.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"P.O. Box Transfer Notice" means an agreement substantially in the form of Exhibit XI, or such other agreement in form and substance reasonably acceptable to the Administrative Agent.

"Pooled Commercial Paper" means Commercial Paper notes of a Conduit subject to any particular pooling arrangement by such Conduit, but excluding Commercial Paper issued by such Conduit for a tenor and in an amount specifically requested by any Person in connection with any agreement effected by such Conduit.

"Potential Amortization Event" means an event which, with the passage of time or the giving of notice, or both, would constitute an Amortization Event.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Proposed Reduction Date" has the meaning set forth in Section 1.3.

"Pro Rata Share" means, as the context requires:

(i) for each Purchaser Group, as among all Purchaser Groups, the ratio at such time (expressed as a percentage) of the aggregate Commitments of the Financial Institutions in such Purchaser Group to the aggregate Commitments of all Financial Institutions; and

(ii) for each Financial Institution as among all Financial Institutions within such Purchaser Group, the ratio at such time (expressed as a percentage) of the Commitment of such Financial Institution to the aggregate Commitment of all Financial Institutions within such Purchaser Group; and

(iii) with respect to the allocation of any payment or distribution hereunder, for each Purchaser, the ratio at such time (expressed as a percentage) of the aggregate Capital in respect of the Purchaser Interests held by such Purchaser to the Aggregate Capital in respect of the Purchaser Interests held by all Purchasers.

"Purchase Allocation" has the meaning set forth in Section 1.2.

"Purchase Limit" means $250,000,000, as such amount may be decreased in accordance with Section 1.1(b).

"Purchase Notice" has the meaning set forth in Section 1.2.

"Purchase Price" means, with respect to any Incremental Purchase of a Purchaser Interest, the amount paid to the Seller for such Purchaser Interest which shall not exceed the least of (i) the amount requested by the Seller in the applicable Purchase Notice, (ii) the unused portion of the Purchase Limit on the applicable purchase date and (iii) the amount (which may be an amount less than requested by the Seller in such Purchase Notice) which, when added to the Aggregate Capital, would not cause the Purchaser Interests to exceed the Applicable Maximum Purchaser Interest.

"Purchaser Group" means a Conduit, its related Financial Institution and their related Managing Agent.

"Purchasers" means any Conduit or Financial Institution, as applicable.

"Purchaser Interest" means, at any time, an undivided percentage ownership interest (computed as set forth below) associated with a designated amount of Capital, selected pursuant to the terms and conditions hereof in (i) each Receivable arising prior to the time of the most recent computation or recomputation of such undivided interest, (ii) all Related Security

with respect to each such Receivable, and (iii) all Collections with respect to, and other proceeds of, each such Receivable. Each such undivided percentage interest shall equal:

$$\frac{C}{NRB - AR}$$

where:

C = the Capital of such Purchaser Interest.

AR = the Aggregate Reserves.

NRB = the Net Receivables Balance.

Such undivided percentage ownership interest shall be initially computed on its date of purchase. Thereafter, until the Amortization Date, each Purchaser Interest shall be automatically recomputed (or deemed to be recomputed) on each day prior to the Amortization Date. The variable percentage represented by any Purchaser Interest as computed (or deemed recomputed) as of the close of the Business Day immediately preceding the Amortization Date shall remain constant at all times thereafter.

"Purchasing Financial Institution" has the meaning set forth in Section 12.1(b).

"Rate I Receivable" means a Receivable, the Obligor of which is a non-residential customer, and which arises under a tariff available to any such Obligor desiring interruptible electric service where the billing demand is 5,000 kW or more, issued under the authority of the Michigan Public Service Commission dated December 22, 2005 in Case No. U-14347.

"Receivable" means all indebtedness and other obligations owed to the Seller or Originator (at the time it arises, and before giving effect to any transfer or conveyance under the Receivables Sale Agreement or hereunder) or in which the Seller or Originator has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods, electricity or gas or the rendering of services by Originator, and which is identified on the books and records of Originator or the Seller (including its accounting system) with the account code "Account 1460000 Customer Receivables" or "Account 1460201 — A/R Other" (or, in each case, any subsequent or replacement account code used to identify similar indebtedness or other similar obligations owed to the Seller or Originator), and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto. Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be a Receivable regardless of whether the account debtor, the Seller or Originator treats such indebtedness, rights or obligations as a separate payment obligation. Notwithstanding the foregoing, "Receivable" does not include: (A) (i) 2001 Transferred Securitization Property or (ii) the books and records

relating solely to the 2001 Transferred Securitization Property; provided that the determination of what constitutes collections of the 2001 Securitization Charges in respect of 2001 Transferred Securitization Property shall be made in accordance with the calculation methodology specified in Annex 2 to the 2001 Servicing Agreement; or (B) (i) 2014 Transferred Securitization Property or (ii) the books and records relating solely to the 2014 Transferred Securitization Property; provided that the determination of what constitutes collections of the 2014 Securitization Charges in respect of 2014 Transferred Securitization Property shall be made in accordance with the calculation methodology specified in Exhibit A to the 2014 Servicing Agreement(50).

"Receivables Sale Agreement" means that certain Receivables Sale Agreement, dated as of May 22, 2003, between Originator and Seller, as the same has been amended prior to the date hereof and may be further amended, restated, supplemented or otherwise modified from time to time.

"Records" means, with respect to any Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

"Reduction Notice" has the meaning set forth in Section 1.3.

"Regulatory Change" has the meaning set forth in Section 10.3(a).

"Reinvestment" has the meaning set forth in Section 2.2.

"Related Security" means, with respect to any Receivable:

(i) all of the Seller's interest in the inventory and goods (including returned or repossessed inventory and goods), if any, the sale of which by Originator gave rise to such Receivable, and all insurance contracts with respect thereto,

(ii) all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable,

(iii) all guaranties, letters of credit, letter of credit rights, supporting obligations, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise,

(iv) all service contracts and other contracts and agreements associated with such Receivable,

(50) This definition was restated in its entirety by Amendment No. 6.

(v) all Records related to such Receivable,

(vi) all of the Seller's right, title and interest in, to and under any contracts or agreements providing for the servicing of such Receivable,

(vii) all of the Seller's right, title and interest in, to and under the Receivables Sale Agreement in respect of such Receivable, and

(viii) all proceeds of any of the foregoing.

"Required Financial Institutions" means, at any time, Financial Institutions with Commitments equaling 100% of the Purchase Limit.

"Required Notice Period" means the number of days required notice set forth below applicable to the Aggregate Reduction indicated below:

Aggregate Reduction	Required Notice Period
<$100,000,000	one Business Days
>$100,000,000	two Business Days

"Responsible Officer" means, with respect to any Person, its chief financial officer, the chief accounting officer, the senior vice president-finance, the treasurer, an assistant treasurer, or corporate controller, or any other officer of whose primary duties are similar to the duties of any of the previously listed officers.

"Restricted Junior Payment" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of capital stock of the Seller now or hereafter outstanding, except a dividend payable solely in shares of that class of stock or in any junior class of stock of the Seller, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of capital stock of the Seller now or hereafter outstanding, (iii) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to the Subordinated Loans (as defined in the Receivables Sale Agreement), (iv) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of capital stock of the Seller now or hereafter outstanding, and (v) any payment of management fees by the Seller (except for reasonable management fees to Originator or its Affiliates in reimbursement of actual management services performed).

"S&P" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc.

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Parties" has the meaning set forth in the preamble to this Agreement.

"Servicer" means at any time the Person (which may be the Administrative Agent) then authorized pursuant to Article VIII to service, administer and collect Receivables.

"Servicing Agreements" means the 2001 Servicing Agreement and the 2014 Servicing Agreement.(51)

"Servicing Fee" has the meaning set forth in Section 8.6.

"Settlement Date" means the date which is two (2) Business Days after a Monthly Report is due.

"Settlement Period" means (A) in respect of each Purchaser Interest funded by a Conduit, the immediately preceding Accrual Period, and (B) in respect of each Purchaser Interest funded by a Financial Institution, the entire Tranche Period of such Purchaser Interest.

"Specified Accounts" means each Collection Account identified as a "Specified Account" on Exhibit IV and each other Collection Account designated by the Administrative Agent as a Specified Account in accordance with Section 7.1(j).

"SPP Arrearage Amount" means, at any time, 9% of the aggregate Outstanding Balance of all Eligible Receivables at such time.(52)

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Seller.

"Supplement Indenture" means each Supplement Indenture made and entered into by Originator (formerly known as Consumers Power Company) and JPMorgan Chase Bank (as successor to City Bank Farmers Trust Company) under the 1945 Indenture.

"Termination Date" has the meaning set forth in Section 2.3.

"Terminating Financial Institution" has the meaning set forth in Section 12.4.

"Termination Percentage" has the meaning set forth in Section 2.3.

"Terminating Tranche" has the meaning set forth in Section 2.3(b).

(51) This definition was added by Amendment No. 6.

(52) This definition was replaced in its entirety by Amendment No. 5.

"Total Consolidated Capitalization" has the meaning set forth in the Credit Agreement.(53)

"Total Consolidated Debt" has the meaning set forth in the Credit Agreement.(54)

"Tranche Period" means, with respect to any Purchaser Interest funded by a Financial Institution, including any Purchaser Interest or undivided interest in a Purchaser Interest assigned to a Financial Institution pursuant to a Liquidity Agreement:

(a) if Yield for such Purchaser Interest is calculated on the basis of the LIBO Rate, a period of one, two or three months, or such other period as may be mutually agreeable to the related Managing Agent for such Financial Institution and the Seller, commencing on a Business Day selected by the Seller or such Managing Agent pursuant to this Agreement. Such Tranche Period shall end on the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such Tranche Period, provided, however, that if there is no such numerically corresponding day in such succeeding month, such Tranche Period shall end on the last Business Day of such succeeding month; or

(b) if Yield for such Purchaser Interest is calculated on the basis of clause (a) or (b) of the definition of Alternate Base Rate, a period commencing on a Business Day selected by the Seller and agreed to by the related Managing Agent for such Financial Institution, provided no such period shall exceed one month.

If any Tranche Period would end on a day which is not a Business Day, such Tranche Period shall end on the next succeeding Business Day, provided, however, that in the case of Tranche Periods corresponding to the LIBO Rate, if such next succeeding Business Day falls in a new month, such Tranche Period shall end on the immediately preceding Business Day. In the case of any Tranche Period for any Purchaser Interest which commences before the Amortization Date and would otherwise end on a date occurring after the Amortization Date, such Tranche Period shall end on the Amortization Date. The duration of each Tranche Period which commences after the Amortization Date shall be of such duration as selected by the related Managing Agent.

"Transaction Documents" means, collectively, this Agreement, each Purchase Notice, the Receivables Sale Agreement, the Intercreditor Agreement, each Collection Account Agreement, each P.O. Box Transfer Notice, the Fee Letter, the Subordinated Note (as defined in the Receivables Sale Agreement) and all other instruments, documents and agreements executed and delivered in connection herewith.

"UCC" means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

(53) This definition was added by Amendment No. 4.

(54) This definition was added by Amendment No. 4.

"Unapplied Cash and Credits" means, at any time, the aggregate amount of Collections or other cash or credits then held by or for the account of the Servicer, the Originator or the Seller in respect of the payment of Billed Receivables, but not yet applied to the payment of such Receivables.

"Unbilled Receivables" means Receivables in respect of which an invoice addressed to the Obligor thereof has not been sent.

"Unbilled Receivables Offset Amount" means, at any time, an amount equal to the lesser of (a) the credit balance of all EMPP Receivables as of the last day of the immediately preceding Accrual Period and (b) the product of (i) the greater of (A) 7% and (B) the ratio of (1) the total number of Obligors whose accounts are subject to a balanced or levelized payment plan or a payment plan based on a percentage of such Obligor's income (giving rise to EMPP Receivables) as of the last day of the immediately preceding Accrual Period divided by (2) the total number of Obligors as of the last day of the immediately preceding Accrual Period multiplied by (ii) the aggregate amount of Unbilled Receivables for such Accrual Period.

"USA Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001), as amended.

"WPP Receivable" means a Receivable arising under an Obligor's account which is subject to a payment plan requiring payments based on a percentage of such Obligor's income.

"Yield" means (a) for each respective Tranche Period relating to Purchaser Interests funded by a Financial Institution or by a Conduit other

than through the issuance of Commercial Paper, an amount equal to the product of the applicable Bank Rate for each Purchaser Interest multiplied by the Capital of such Purchaser Interest for each day elapsed during such Tranche Period, annualized on a 360 day basis (or a 365 or 366 day basis, as applicable, in the case of a Bank Rate determined by clause (a) or (b) of the definition of Alternate Base Rate), and (b) for each respective Settlement Period relating to Purchaser Interests funded by a Conduit through the issuance of Commercial Paper, an amount equal to the product of the applicable CP Rate multiplied by the Capital of such Purchaser Interest for each day elapsed during such Settlement Period, annualized on a 360 day basis.

"Yield and Servicer Fee Percentage" means, at any time, an amount equal to the greater of (i) 1.5% and (ii) the ratio (expressed as a percentage) equal to (a) the product of (x) 1.5, multiplied by (y) the Base Rate (measured as of the close of business as of the last Business Day of the preceding calendar month) plus 2.0%, multiplied by (z) the highest three-month average Days Sales Outstanding Ratio over the prior twelve (12) months, divided by (b) 360.

"Yield and Servicer Fee Reserve" means, at any time, an amount equal to the product of (a) the Yield and Servicer Fee Percentage, multiplied by (b) the Net Receivables Balance as of the close of business of the Servicer on such date.

"Yield Payment Date" means (A) the date each month which is two (2) Business Days after the Monthly Report due in such month is due, and (B) the last day of the relevant Tranche Period in respect of each Purchaser Interest funded by any Financial Institution.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

EXHIBIT II

FORM OF PURCHASE NOTICE

[Intentionally Omitted]

EXHIBIT III

PLACES OF BUSINESS OF THE SELLER PARTIES; LOCATIONS OF RECORDS; FEDERAL EMPLOYER IDENTIFICATION NUMBER(S)

[Intentionally Omitted]

EXHIBIT IV
NAMES OF COLLECTION BANKS; COLLECTION ACCOUNTS; LOCK-BOXES; SPECIFIED ACCOUNTS

[Intentionally Omitted]

EXHIBIT V

FORM OF COMPLIANCE CERTIFICATE

[Intentionally Omitted]

EXHIBIT VI

FORM OF COLLECTION ACCOUNT AGREEMENT

[Intentionally Omitted]

EXHIBIT VII

FORM OF ASSIGNMENT AGREEMENT

[Intentionally Omitted]

EXHIBIT VIII

CREDIT AND COLLECTION POLICY

[Intentionally Omitted]

EXHIBIT IX

FORM OF MONTHLY REPORT

[Intentionally Omitted]

EXHIBIT X

FORM OF REDUCTION NOTICE

[Intentionally Omitted]

EXHIBIT XI

FORM OF P.O. BOX TRANSFER NOTICE

[Intentionally Omitted]

EXHIBIT XII

FORM OF DAILY REPORT

[Intentionally Omitted]

EXHIBIT XIII

FORM OF JOINDER AGREEMENT

[Intentionally Omitted]

SCHEDULE A(55)

COMMITMENTS OF PURCHASER GROUPS

The Bank of Nova Scotia Purchaser Group:

Managing Agent:	The Bank of Nova Scotia
Group Purchase Limit:	$250,000,000
Conduit:	Chariot Funding LLC
Conduit Purchase Limit:	$250,000,000
Financial Institution:	The Bank of Nova Scotia
Commitment:	$250,000,000

(55) Schedule A was deleted in its entirety and replaced by Amendment No. 1.

SCHEDULE B

CLOSING DOCUMENTS

[Intentionally Omitted]

(56) Schedule C — Financial Covenants was deleted in its entirety by Amendment No. 4.

RECEIVABLES SALE AGREEMENT
dated as of May 22, 2003

AS MODIFIED BY

AMENDMENT NO. 1
Dated as of May 20, 2004

AMENDMENT NO. 2
Dated as of August 15, 2006

AMENDMENT NO. 3

Dated as of September 3, 2009

AMENDMENT NO. 4
Dated as of February 12, 2010

AMENDMENT NO. 5
Dated as of March 17, 2010

AMENDMENT NO. 6
Dated as of April 20, 2010

AMENDMENT NO. 7
Dated as of November 23, 2010

AMENDMENT NO. 8
Dated as of November 30, 2012

AND

AMENDMENT NO. 9
Dated as of July 22, 2014

Between

CONSUMERS ENERGY COMPANY,
as Originator

And

CONSUMERS RECEIVABLES FUNDING II, LLC,
as Buyer

RECEIVABLES SALE AGREEMENT

THIS RECEIVABLES SALE AGREEMENT, dated as of May 22, 2003, is by and between CONSUMERS ENERGY COMPANY, a Michigan corporation ("Originator"), and CONSUMERS RECEIVABLES FUNDING II, LLC, a Delaware limited liability company ("Buyer"). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

PRELIMINARY STATEMENTS

Originator now owns, and from time to time hereafter will own, Receivables. Originator wishes to sell and assign to Buyer, and Buyer wishes to purchase from Originator, all of Originator's right, title and interest in and to such Receivables, together with the Related Security and Collections with respect thereto.

Originator and Buyer intend the transactions contemplated hereby to be true sales of the Receivables from Originator to Buyer, providing Buyer with the full benefits of ownership of the Receivables, and Originator and Buyer do not intend these transactions to be, or for any purpose to be characterized as, loans from Buyer to Originator.

Buyer will sell undivided interests in the Receivables and in the associated Related Security and Collections pursuant to that certain Amended and Restated Receivables Purchase Agreement dated as of November 23, 2010 (as the same may from time to time be amended, restated, supplemented or otherwise modified, the "Purchase Agreement") among Buyer, Originator, as Servicer, the Conduits party thereto from time to time, the Financial Institutions party thereto from time to time, the Managing Agents party thereto from time to time and The Bank of Nova Scotia(1) or any successor agent appointed pursuant to the terms of the Purchase Agreement, as administrative agent for the Purchasers (in such capacity, the "Administrative Agent"). (2)

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

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(1) The Bank of Nova Scotia replaced JPMorgan Chase Bank, N.A., within the Receivables Sale Agreement, with the exception of Section 2.1(w) and Exhibit III to the Receivables Sale Agreement, by Amendment No. 8.

(2) This paragraph was replaced in its entirety by Amendment No. 7.

ARTICLE I

AMOUNTS AND TERMS

Section 1.1 Purchases of Receivables.

(a) Effective on the date hereof, in consideration for the Purchase Price and upon the terms and subject to the conditions set forth herein, Originator does hereby sell, assign, transfer, set-over and otherwise convey to Buyer, without recourse (except to the extent expressly provided herein), and Buyer does hereby purchase from Originator, all of Originator's right, title and interest in and to all Receivables existing as of the close of business on the Business Day immediately prior to the date hereof and all Receivables thereafter arising through and including the Termination Date, together, in each case, with all Related Security relating thereto and all Collections thereof. In accordance with the preceding sentence, on the date hereof Buyer shall acquire all of Originator's right, title and interest in and to all Receivables existing as of the close of business on the Business Day immediately prior to the date hereof and thereafter arising through and including the Termination Date, together with all Related Security relating thereto and all Collections thereof. Buyer shall be obligated to pay the Purchase Price for each Receivable, its Related Security and Collections in accordance with Section 1.2. In connection with the payment of the Purchase Price for any Receivables purchased hereunder, Buyer may request that Originator deliver, and Originator shall deliver, such approvals, opinions, information, reports or documents as Buyer may reasonably request.

(b) It is the intention of the parties hereto that each Purchase of Receivables made hereunder shall constitute a sale of "accounts" (as such term is used in Article 9 of the UCC), which sale is absolute and irrevocable and provides Buyer with the full benefits of ownership of the Receivables. Except for the Purchase Price Credits owed pursuant to Section 1.3, the sales of Receivables hereunder are made without recourse to Originator; provided, however, that (i) Originator shall be liable to Buyer for all representations, warranties and covenants made by Originator pursuant to the terms of the Transaction Documents to which Originator is a party, and (ii) such sale does not constitute and is not intended to result in an assumption by Buyer or any assignee thereof of any obligation of Originator or any other Person arising in connection with the Receivables, the related Contracts and/or other Related Security or any other obligations of Originator. In view of the intention of the parties hereto that the Purchases of Receivables made hereunder shall constitute sales of such Receivables rather than loans secured thereby, Originator agrees to note in its financial statements that its Receivables have been sold to Buyer. Upon the request of Buyer or the Administrative Agent (as Buyer's assignee), Originator will execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate to perfect and maintain the perfection of Buyer's ownership interest in the Receivables and the Related Security and Collections with respect thereto, or as Buyer or the Administrative Agent (as Buyer's assignee) may reasonably request.

Section 1.2 Payment for the Purchases.

(a) The Purchase Price for the Purchase of Receivables in existence on the close of business on the Business Day immediately preceding the date hereof (the "Initial Cutoff

Date") shall be payable in full by Buyer to Originator on the date hereof, and shall be paid to Originator in the following manner:

(i) by delivery of immediately available funds, to the extent of funds made available to Buyer in connection with its subsequent sale of an interest in such Receivables to the Purchasers under the Purchase Agreement; provided that a portion of such funds shall be offset by amounts owed by Originator to Buyer on account of the issuance of equity having a total value of not less than the Required Capital Amount, and

(ii) the balance, by delivery of the proceeds of a subordinated revolving loan from Originator to Buyer (a "Subordinated Loan") in an amount not to exceed the least of (A) the remaining unpaid portion of such Purchase Price, (B) the maximum Subordinated Loan that could be borrowed without rendering Buyer's Net Worth less than the Required Capital Amount and (C) the maximum Subordinated Loan that could be borrowed without rendering the Net Value less than the aggregate outstanding principal balance of the Subordinated Loans (including the Subordinated Loan proposed to be made on such date).

Each Receivable coming into existence after the Initial Cutoff Date shall be sold to the Buyer on the Business Day occurring immediately after the day such Receivable is originated and the Purchase Price for such Receivable shall be due and owing in full by Buyer to Originator or its designee on such Business Day (except that Buyer may, with respect to any such Purchase Price, offset against such Purchase Price any amounts owed by Originator to Buyer hereunder and which have become due but remain unpaid) and shall be paid to Originator in the manner provided in the following paragraphs (b), (c) and (d).

(b) With respect to any Receivables sold hereunder after the date hereof, on the first Business Day after such Receivable is originated, such Receivable shall be sold to Buyer and on such date of Purchase, Buyer shall pay the Purchase Price therefor in accordance with Section 1.2(d) and in the following manner:

first, by delivery of immediately available funds, to the extent of funds available to Buyer from its subsequent sale of an interest in the Receivables to the Administrative Agent for the benefit of the Purchasers under the Purchase Agreement or other cash on hand;

second, by delivery of the proceeds of a Subordinated Loan, provided that the making of any such Subordinated Loan shall be subject to the provisions set forth in Section 1.2(a)(ii); and

third, unless Originator has declared the Termination Date to have occurred pursuant to Section 5.2, by accepting a contribution to its capital in an amount equal to the remaining unpaid balance of such Purchase Price.

Subject to the limitations set forth in Section 1.2(a)(ii), Originator irrevocably agrees to advance each Subordinated Loan requested by Buyer on or prior to the Termination Date. The Subordinated Loans shall be evidenced by, and shall be payable in accordance with the terms and

provisions of the Subordinated Note and shall be payable solely from funds which Buyer is not required under the Purchase Agreement to set aside for the benefit of, or otherwise pay over to, the Administrative Agent, the Managing Agents or the Purchasers.(3) Originator is hereby authorized by Buyer to

endorse on the schedule attached to the Subordinated Note an appropriate notation evidencing the date and amount of each advance thereunder, as well as the date of each payment with respect thereto, provided that the failure to make such notation shall not affect any obligation of the Buyer thereunder.

(c) From and after the Termination Date, Originator shall not be obligated to (but may, at its option) sell Receivables to Buyer unless Originator reasonably determines that the Purchase Price therefor will be satisfied with funds available to Buyer from sales of interests in the Receivables pursuant to the Purchase Agreement, Collections, proceeds of Subordinated Loans, other cash on hand or otherwise.

(d) Although the Purchase Price for each Receivable coming into existence after the Initial Cutoff Date shall be paid in full by Buyer to Originator on the date such Receivable is purchased, a precise reconciliation of the Purchase Price between Buyer and Originator shall be effected on a monthly basis on Settlement Dates with respect to all Receivables sold during the same Calculation Period most recently ended prior to such Settlement Date and based on the information contained in the Monthly Report delivered by the Servicer pursuant to Article VIII of the Purchase Agreement for such Calculation Period. Although such reconciliation shall be effected on Settlement Dates, increases or decreases in the amount owing under the Subordinated Note made pursuant to Section 1.2(b) and any contribution of capital by Originator to Buyer made pursuant to Section 1.2(b) shall be deemed to have occurred and shall be effective as of the date that the Purchase Price is paid. On each Settlement Date, Originator shall determine the net increase or the net reduction in the outstanding principal amount of its Subordinated Note occuring during the immediately preceding Calculation Period and shall account for such net increase or net reduction in its books and records. Originator hereby agrees that within three (3) Business Days after Buyer so requests, Originator will provide Buyer with a current report of daily sales giving rise to Receivables purchased hereunder and a current daily report of Collections received.

(e) Each contribution of a Receivable by Originator to Buyer shall be deemed to be a Purchase of such Receivable by Buyer for all purposes of this Agreement. Buyer hereby acknowledges that Originator shall have no obligations to make further capital contributions to Buyer, in respect of Originator's equity interest in Buyer or otherwise, in order to provide funds to pay the Purchase Price to Originator under this Agreement or for any other reason.

Section 1.3 Purchase Price Credit Adjustments.

(a) If on any day the Outstanding Balance of a Receivable is:

(3) This sentence was replaced in its entirety by Amendment No. 7.

(i) reduced as a result of any defective or rejected goods or services, any discount or any adjustment or otherwise by Originator (other than cash Collections on account of the Receivables),

(ii) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction), or

(b) if any of the representations and warranties set forth in Article II were not true with respect to any Receivable on the date of its Purchase hereunder,

then, in such event, Buyer shall be entitled to a credit (each, a "Purchase Price Credit") against the Purchase Price otherwise payable hereunder in an amount equal to the amount of such reduction or cancellation in the case of clause (a) or the Outstanding Balance of such Receivable in the case of clause (b). If such Purchase Price Credit exceeds the Purchase Price for the Receivables sold on such day, then Originator shall pay the remaining amount of such Purchase Price Credit in cash within five (5) Business Days thereafter, provided that if the Termination Date has not occurred, Originator shall be allowed to deduct the remaining amount of such Purchase Price Credit from any indebtedness owed to it under the Subordinated Note to the extent permitted thereunder.

Section 1.4 Payments and Computations, Etc. All amounts to be paid or deposited by Buyer hereunder shall be paid or deposited in accordance with the terms hereof on the day when due in immediately available funds to the account of Originator designated from time to time by Originator or as otherwise directed by Originator. In the event that any payment owed by any Person hereunder becomes due on a day that is not a Business Day, then such payment shall be made on the next succeeding Business Day. If any Person fails to pay any amount hereunder when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid in full; provided, however, that such Default Fee shall not at any time exceed the maximum rate permitted by applicable law. All computations of interest payable hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed.

Section 1.5 Transfer of Records.

(a) In connection with the Purchases of Receivables hereunder, Originator hereby sells, transfers, assigns and otherwise conveys to Buyer all of Originator's right and title to and interest in the Records relating to all Receivables sold hereunder, without the need for any further documentation in connection with the Purchases. In connection with such transfer, Originator hereby grants to each of Buyer, the Administrative Agent and the Servicer an irrevocable, non-exclusive license to use, without royalty or payment of any kind, all software used by Originator to account for the Receivables, to the extent necessary to administer the Receivables, whether such software is owned by Originator or is owned by others and used by Originator under license agreements with respect thereto, provided that should the consent of any licensor of such software be required for the grant of the license described herein to be effective, Originator hereby agrees that upon the request of Buyer (or the Administrative Agent as Buyer's assignee), Originator will use its reasonable efforts to obtain the consent of such third-party

licensor. The license granted hereby shall be irrevocable, and shall terminate on the date this Agreement terminates in accordance with its terms.

(b) Originator (i) shall take such action reasonably requested by Buyer and/or the Administrative Agent (as Buyer's assignee), from

time to time hereafter, that may be necessary or appropriate to ensure that Buyer and its assigns under the Purchase Agreement have an enforceable ownership interest in the Records relating to the Receivables purchased from Originator hereunder, and (ii) shall use its reasonable efforts to ensure that Buyer, the Administrative Agent and the Servicer each has an enforceable right (whether by license or sublicense or otherwise) to use all of the computer software used to account for the Receivables and/or to recreate such Records.

Section 1.6 Characterization.

(a) If, notwithstanding the intention of the parties expressed in Section 1.1(b), any sale or contribution by Originator to Buyer of Receivables hereunder shall be characterized as a secured loan and not a sale or such sale shall for any reason be ineffective or unenforceable, then this Agreement shall be deemed to constitute a security agreement under the UCC and other applicable law. For this purpose and without being in derogation of the parties' intention that the sale of Receivables hereunder shall constitute a true sale thereof, Originator hereby grants to Buyer a valid and perfected security interest in all of Originator's right, title and interest, now owned or hereafter acquired, in, to and under all Receivables now existing and hereafter arising, and in all Collections, Related Security and Records with respect thereto, each Lock-Box and Collection Account, all other rights and payments relating to the Receivables and all proceeds of the foregoing to secure the prompt and complete payment of a loan deemed to have been made in an amount equal to the Purchase Price of the Receivables originated by Originator together with all other obligations of Originator hereunder, which security interest shall be prior to all other Adverse Claims thereto. After the occurrence of a Termination Event, Buyer and its assigns shall have, in addition to the rights and remedies which they may have under this Agreement, all other rights and remedies provided to a secured creditor after default under the UCC and other applicable law, which rights and remedies shall be cumulative. Originator hereby authorizes the Buyer (or its assigns), within the meaning of Section 9-509 of any applicable enactment of the UCC, as secured party, to file without the signature of the debtor, the UCC financing statements contemplated hereby.

(b) Originator acknowledges that Buyer, pursuant to the Purchase Agreement, shall assign to the Administrative Agent, for the benefit of the Administrative Agent, the Managing Agents and the Purchasers thereunder, all of its rights, remedies, powers and privileges under this Agreement and that the Administrative Agent may further assign such rights, remedies, powers and privileges to the extent permitted by the Purchase Agreement. The Originator agrees that the Administrative Agent, as the assignee of the Buyer, shall, subject to the terms of the Purchase Agreement, have the right to enforce this Agreement and to exercise directly all of Buyer's rights and remedies under this Agreement (including, without limitation, the right to give or withhold any consents or approvals of Buyer to be given or withheld hereunder, and, in any case without regard to whether specific reference is made to Buyer's assigns in the provisions of this Agreement which set forth such rights and remedies) and Originator agrees to cooperate fully with the Administrative Agent and the Purchasers in the

exercise of such rights and remedies. Originator further agrees to give to the Administrative Agent copies of all notices it is required to give to Buyer hereunder.(4)

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of Originator. Originator hereby represents and warrants to Buyer on the date hereof and on the date of each Purchase hereunder that:

(a) Corporate Existence and Power. Originator is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation.

(b) Power and Authority; Due Authorization Execution and Delivery. The execution and delivery by Originator of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and, Originator's use of the proceeds of the Purchases made hereunder, are within its corporate powers and authority and have been duly authorized by all necessary corporate action on its part.

(c) No Conflict. The execution and delivery by Originator of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or by-laws (ii) any law, rule or regulation applicable to it, including, without limitation, the Public Utility Holding Company Act of 1935, as amended, (iii) any restrictions under any material agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of Originator or its Subsidiaries (except as created hereunder); and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than (i) the filing of the financing statements required hereunder or (ii) such authorizations, approvals, notices, filings or other actions as have been obtained, made or taken prior to the date hereof, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by Originator of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. Except (i) to the extent described in Originator's Annual Report on Form 10-K for the year ended December 31, 2002, as filed with the SEC, and (ii) such other similar actions, suits and proceedings predicated on the occurrence of the same events giving rise to any actions, suits and proceedings described in the Annual Reports referred to in the foregoing clause (i), there are no actions, suits or proceedings pending, or to the best of Originator's knowledge, threatened, against or affecting Originator, or any of its properties, in or

(4) Section 1.6(b) was replaced in its entirety by Amendment No. 7.

before any court, arbitrator or other body, that (i) relate to the transactions under this Agreement or (ii) could reasonably be expected to have a Material Adverse Effect. Originator is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which Originator is a party constitute the legal, valid and binding obligations of Originator enforceable against Originator in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore furnished by Originator or any of its Affiliates to Buyer (or its assigns) for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by Originator or any of its Affiliates to Buyer (or its assigns) will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(h) Use of Proceeds. No proceeds of the Purchases hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to the time each Receivable is purchased, Originator shall be the legal and beneficial owner of each such Receivable and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each Purchase hereunder, transfer to Buyer (and Buyer shall acquire from Originator) (i) legal and equitable title to, with the right to sell and encumber each Receivable, whether now existing or hereafter arising, together with the Collections with respect thereto, and (ii) all of Originator's right, title and interest in the Related Security associated with each such Receivable, in each case, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's ownership interest in the Receivables, the Related Security and the Collections.

(k) Places of Business and Locations of Records. The principal places of business and chief executive office of Originator and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit II or such other locations of which Buyer has been notified in accordance with Section 4.2(a) in jurisdictions where all action required by Section 4.2(a) has been taken and completed. Originator is a corporation incorporated solely in the State

of Michigan. Originator's Michigan organizational identification number and Federal Employer Identification Number are correctly set forth on Exhibit II.

(l) Collections. The conditions and requirements set forth in Section 4.1(i) have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of Originator at each Collection Bank and the special zip code number of each Lock-Box, are listed on Exhibit III. Originator has not granted any Person, other than the Buyer (or its assigns) as contemplated by this Agreement and the Intercreditor Agreement, dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event.

(m) Material Adverse Effect. The Originator represents and warrants that since December 31, 2002, no event has occurred that would have a material adverse effect on (A) the financial condition or operations of Originator and its Subsidiaries, taken as a whole, (B) the ability of Originator to perform its obligations under the Transaction Documents, or (C) the collectibility of the Receivables generally or any material portion of the Receivable.

(n) Names. Originator has not used any corporate names, trade names or assumed names other than the name in which it has executed this Agreement and as listed on Exhibit II.

(o) Ownership of Buyer. Originator owns, directly or indirectly, 100% of the issued and outstanding membership interests of Buyer, free and clear of any Adverse Claim. There are no options, warrants or other rights to acquire securities of Buyer.

(p) Public Utility Holding Company Act; Investment Company Act. Originator is exempt from the registration requirements of the Public Utility Holding Company Act of 1935, as amended, or any successor statute. Originator is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(q) Compliance with Law. Originator has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation.

(r) Compliance with Credit and Collection Policy. Originator has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract, and has not made any change to such Credit and Collection Policy, other than as permitted under Section 4.2 and in compliance with the notification requirements of Section 4.1(a)(vii).

(s) Payments to Originator. With respect to each Receivable transferred to Buyer hereunder, the Purchase Price received by Originator

constitutes reasonably equivalent value in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by Originator of any Receivable hereunder is or may be voidable under any section of the Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101 et seq.), as amended.

(t) Enforceability of Contracts. Each Contract with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables; Nature of Receivables. Each Receivable included in the Net Receivables Balance as an Eligible Receivable on the date of Purchase hereunder was an Eligible Receivable on such date.

(v) Accounting. In the case of Originator, Originator is treating the conveyance of the ownership interest in the Receivables and the Collections as a sale for the purposes of GAAP.

(w) Bonds. All debt evidenced or secured by the bonds issued pursuant to and secured by any of the Supplement Indentures First through Sixty-Seventh, Seventy-Sixth, Seventy-Eighth, Eighty-First, Eighty-Second, and Eighty-Fourth through Eighty-Sixth, such Supplement Indentures having been made and entered into by and between Originator (formerly Consumers Power Company) and JPMorgan Chase Bank (as successor trustee to City Bank Farmers Trust Company, the "Trustee"), as Trustee under that certain Indenture (as the same has been amended, restated, supplemented or otherwise modified from time to time, the "1945 Indenture") dated as of September 1, 1945 between Consumers Power Company and City Bank Farmers Trust Company, has been satisfied in full and Originator has been released from all liability therefor.

ARTICLE III

CONDITIONS OF PURCHASE

Section 3.1 Conditions Precedent to Initial Purchase. The initial Purchase under this Agreement is subject to the conditions precedent that (a) Buyer shall have received on or before the date of such Purchase those documents listed on Schedule A and (b) all of the conditions to the initial purchase under the Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof.

Section 3.2 Conditions Precedent to Subsequent Payments. Buyer's obligation to pay for Receivables coming into existence after the Initial Cutoff Date shall be subject to the further conditions precedent that: (a) the Termination Date shall not have occurred; and (b) Buyer (or its assigns) shall have received such other approvals, opinions or documents as it may

reasonably request if such Person reasonably believes there has been a change in law or circumstance that affects the status or characteristics of the Receivables, Related Security or Collections, or the Buyer' s (and its assignees') first priority perfected security interest in the Receivables, Related Security and Collections. Originator represents and warrants that the representations and warranties set forth in Article II are true and correct on and as of the date each Receivable came into existence as though made on and as of such date.

ARTICLE IV

COVENANTS

Section 4.1 Affirmative Covenants of Originator. Until the date on which this Agreement terminates in accordance with its terms, Originator hereby covenants as set forth below:

(a) Financial Reporting. Originator will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish to Buyer (and its assigns):

(i) Annual Reporting. Within 120 days after the close of each of Originator's fiscal years, a copy of the Annual Report on Form 10-K (or any successor form) for Originator for such year, including therein the consolidated balance sheet of Originator and its consolidated Subsidiaries as at the end of such year and the consolidated statements of income, cash flows and common stockholder's equity of Originator and its consolidated Subsidiaries as at the end of and for such year, or statements providing substantially similar information, in each case certified by independent public accountants of recognized national standing selected by Originator (and not objected to by the Administrative Agent).(5)

(ii) Quarterly Reporting. Within 60 days after the close of the first three (3) quarterly periods of each of its fiscal years, balance sheets of Originator and its consolidated Subsidiaries as at the close of each such period and statements of income and retained earnings and a statement of cash flows for Originator and its consolidated Subsidiaries for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit IV signed by Originator's Responsible Officer and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of Originator copies of all financial

(5) Section 4.1(a)(i) was replaced in its entirety by Amendment No. 8.

statements, reports and proxy statements (other than those which relate solely to employee benefit plans) so furnished which Originator files with the SEC.

(v) Bond Servicing Reports; SEC Filings. Promptly upon the execution, delivery or filing thereof, (i) copies of all reports, statements, notices and certificates delivered or received by Originator (in its capacity as "Servicer" under either Servicing Agreement or otherwise) pursuant to Sections 3.05, 3.06, 3.07, 6.02, Annex 1 and Annex 2 of the 2001 Servicing Agreement (excluding any "Daily Servicer's Report" delivered pursuant to Annex 2 of the 2001 Servicing Agreement) and Sections 3.01(b), 3.03, 3.04, 4.01 and 7.04 of the 2014 Servicing Agreement, (ii) copies of all reports and notices delivered to the holders of the securitization bonds issued by Consumers Funding LLC or the holders of the securitization bonds issued by Consumers 2014 Securitization Funding LLC, (iii) copies of all amendments, waivers or other modifications to any of the Basic Documents (as defined in either Servicing Agreement)(6), (iv) copies of all reports which the Servicer sends to the holders of any of its securities or its creditors generally and (v) copies of all registration statements and annual, quarterly, monthly or other regular reports which Originator or any of its Subsidiaries files with the SEC.

(vi) Copies of Notices. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than Buyer, the Administrative Agent, any Managing Agent or any Financial Institution, copies of the same. (7)

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or material amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment be would reasonably likely to adversely affect the collectibility of the Receivable or decrease the credit quality of any newly created Receivables, requesting the Buyer's consent thereto, such consent not to be unreasonably withheld.

(viii) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of Originator as Buyer (and its assigns) may from time to time reasonably request in order to protect the interests of Buyer (and its assigns) under or as contemplated by this Agreement (including,

(6) Clauses (i), (ii) and (iii) of Section 4.1(a)(v) were restated by Amendment No. 9.

(7) Section4.1(a)(vi) was replaced in its entirety by Amendment No. 7.

without limitation, any information relevant to the calculation and allocations described in each(8) Servicing Agreement and the Intercreditor Agreement).

(b) Notices. Originator will notify the Buyer (and its assigns) in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Termination Events or Potential Termination Events. The occurrence of each Termination Event and each Potential Termination Event, by a statement of a Responsible Officer of Originator.

(ii) Judgment and Proceedings. (A) The entry of any judgment or decree against Originator if the aggregate amount of all judgments and decrees then outstanding against Originator exceeds $25,000,000, and (B) the institution of any litigation, arbitration proceeding or governmental proceeding against Originator which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(iii) Material Adverse Effect. The occurrence of any event or condition that has, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Downgrade of the Originator. Any downgrade in the rating of any Indebtedness of the Originator by S&P or by Moody's, setting forth the Indebtedness affected and the nature of such change.

(v) Servicer Default. The occurrence of any event or circumstance which constitutes a Servicer Default (as defined in either(9) Servicing Agreement) or which, with the giving of notice or the passage of time, would become a Servicer Default.

(vi) Receivables Classification. The occurrence of any event or circumstance (including, without limitation, any change in law, regulation or systems reporting), which would impact the identification of any accounts receivable on the books and records of the Originator not less than thirty (30) days prior to such occurrence (or in the event of a change in law or regulation, as soon as reasonably possible).(10)

(c) Compliance with Laws and Preservation of Corporate Existence. Originator will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Originator will

(8) Section 4.1(a)(viii) was amended by Amendment No. 9.

(9) Section 4.1(b)(v) was modified by Amendment No. 9.

(10) Subsection 4.1(b)(vi) added by Amendment No. 1.

preserve and maintain its corporate existence, rights and franchises in the jurisdiction of its incorporation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction in which such qualification is necessary in view of its businesses and operations or the ownership of its properties, provided that Originator shall not be required to preserve any such right or franchise or to remain so qualified unless the failure to do so could reasonably be expected to have a Material Adverse Effect.

(d) Audits. Originator will furnish to Buyer (and its assigns) from time to time such information with respect to it and the Receivables as Buyer (or its assigns) may reasonably request. Originator will, from time to time during regular business hours as requested by Buyer (or its assigns), upon reasonable notice, subject to any necessary approval of the Nuclear Regulatory Commission, and at the sole cost of the Originator (within the limitations of Section 7.1(d) of the Purchase Agreement), permit Buyer (and its assigns) or their respective agents or representatives, (i) to examine and make copies of and abstracts from all Records in the possession or under the control of Originator relating to the Receivables, the Related Security, the 2001 Securitization Property, the 2014 Securitization Property and the Servicing Agreements, including, without limitation, the related Contracts,(11) and (ii) to visit the offices and properties of Originator for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to Originator's financial condition or the Receivables and the Related Security or Originator's performance under any of the Transaction Documents or Originator's performance under the Contracts and, in each case, with any of the officers or employees of Originator having knowledge of such matters.

(e) Keeping and Marking of Records and Books.

(i) Originator will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables and the performance of the Originator's duties under the Transaction Documents and the Servicing Agreements(12) (including, without limitation, (A) records adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable and (B) the performance of the calculations and allocations required by the Intercreditor Agreement and the Servicing Agreements). Originator will give Buyer (and its assigns) notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Originator will (A) on or prior to the date hereof, mark its master data processing records and other books and records relating to the Receivables with a legend, acceptable to Buyer (and its assigns), describing Buyer's

(11) Section 4.1(d) was revised by Amendment No. 9.

(12) Section 4.1(e)(i) was amended by Amendment No. 9.

ownership interests in the Receivables and further describing the Purchaser Interests of the Administrative Agent (on behalf of the Purchasers) under the Purchase Agreement and (B) at any time after the occurrence of a Termination Event, upon the request of the Administrative Agent, deliver to Buyer (or its assigns as directed by the Administrative Agent) all Contracts (including, without limitation, all multiple originals of any such Contract) relating to the Receivables, provided, that the requirements of this clause (B) shall apply solely to any Contract consisting of or evidenced by an instrument or chattel paper.

(f) Compliance with Contracts and Credit and Collection Policy. Originator will timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, except where the failure to so perform or comply could not reasonably be expected to have a Material Adverse Effect, and (ii) comply in all respects with the Credit and Collection Policy in regard to each Receivable and the related Contract, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(g) Ownership. Originator will take all necessary action to establish and maintain, irrevocably in Buyer, (i) legal and equitable title to the Receivables and the associated Collections and (ii) all of Originator's right, title and interest in the Related Security associated with such Receivable, in each case, free and clear of any Adverse Claims other than Adverse Claims in favor of Buyer (and its assigns) (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Buyer as Buyer (or its assigns) may reasonably request).

(h) Purchasers' Reliance. Originator acknowledges that the Administrative Agent and the Purchasers are entering into the transactions contemplated by the Purchase Agreement in reliance upon Buyer's identity as a legal entity that is separate from Originator or any Affiliates thereof (each a "CMS Entity"). Therefore, from and after the date of execution and delivery of this Agreement, Originator will take all reasonable steps including, without limitation, all steps that Buyer or any assignee of Buyer may from time to time reasonably request to maintain Buyer's identity as a separate legal entity and to make it manifest to third parties that Buyer is an entity with assets and liabilities distinct from those of any CMS Entity and not just a division of a CMS Entity. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Originator (i) will not hold itself out to third parties as liable for the debts of Buyer nor purport to own the Receivables and other assets acquired by Buyer and (ii) will take all other actions reasonably necessary on its part to ensure that Buyer is at all times in compliance with the covenants set forth in Section 7.1(i) of the Purchase Agreement .

(i) Collections. Originator will cause (i) all checks representing Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections to be remitted to a Lock-Box , (ii) all other amounts in respect of Collections, 2001 Securitization Charge Collections and

2014 Securitization Charge Collections to be deposited directly to a

Collection Account,(13) (iii) all proceeds from all Lock-Boxes to be deposited by the Originator into a Collection Account, (iv) all funds in each Collection Account which is not a Specified Account to be remitted to a Specified Account as soon as is reasonably practicable and (v) each Specified Account to be subject at all times to a Collection Account Agreement that is in full force and effect. In the event any payments relating to Receivables are remitted directly to Originator or any Affiliate of Originator, Originator will remit (or will cause all such payments to be remitted) directly to a Collection Bank for deposit into a Collection Account within two (2) Business Days following receipt thereof, and, at all times prior to such remittance, Originator will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of Buyer and its assigns. Originator will transfer exclusive ownership, dominion and control of each Lock-Box and Collection Account to Buyer and will not grant the right to take dominion and control of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to Buyer (and its assigns) as contemplated by this Agreement and the Purchase Agreement and the Intercreditor Agreement. Upon not less than thirty (30) days prior written notice to the Buyer and the Originator, the Administrative Agent may, in its reasonable discretion, designate additional Collection Accounts as Specified Accounts and such Specified Accounts shall be subject to the requirement set forth in clause (v) above. On the date which is thirty (30) days after the first day of a Level Three Enhancement Period, all Collection Accounts shall be Specified Accounts and such Specified Accounts shall be subject to the requirement set forth in clause (v) above.

(j) Taxes. Originator will pay and discharge before the same shall become delinquent, all taxes and governmental charges imposed upon it or its property, provided that Originator shall not be required to pay or discharge any such tax or governmental charge (i) which is being contested by it in good faith and by proper procedures or (ii) the non-payment of which will not have a Material Adverse Effect.

(k) Insurance. Originator will maintain in effect, as Originator's expense, such casualty and liability insurance as Originator deems appropriate in its good faith business judgment.

(l) Performance under Servicing Agreements(14). Originator will perform and comply with all obligations of the Originator as the "Servicer" under each Servicing Agreement, including, without limitation, its duties and responsibilities relating to the calculations and allocations required by the Intercreditor Agreement and each Servicing Agreement.

(m) Financing Statements for Supplement Indentures. Originator shall cause the collateral description in each UCC-1 Financing Statement filed pursuant to any Supplement Indenture to expressly exclude all Receivables, all Related Security, all Collections, each Lock-Box, each Collection Account and the proceeds thereof in a manner acceptable to the Administrative Agent and the Buyer.

(13) Clauses (i) and (ii) were amended by Amendment No. 9.

(14) Section 4.01(l) was amended and renamed by Amendment No. 9.

(n) Receivables Classification. In connection with any change in the identification of any accounts receivable on the books and records of the Originator, the Originator shall ensure that all actions required by Section 4.1(g) will have been taken prior to such change.(15)

Section 4.2 Negative Covenants of Originator. Until the date on which this Agreement terminates in accordance with its terms, Originator hereby covenants that:

(a) Name Change, Offices and Records. Originator will not (i) make any change to its name (within the meaning of Section 9-507(c) of any applicable enactment of the UCC), identity, corporate structure or location of its books and records unless, at least thirty (30) days prior to the effective date of any such name change, change in corporate structure, or change in location of its books and records, Originator notifies Buyer (and its assigns) thereof and delivers to the Administrative Agent such financing statements (Forms UCC-1 and UCC-3) authorized or executed by Originator (if required under applicable law) which Buyer (or its assigns) may reasonably request to reflect such name change, location change, or change in corporate structure, together with such other documents and instruments that Buyer (or its assigns) may reasonably request in connection therewith and has taken all other steps to ensure that Buyer (and its assigns) continues to have a first priority, perfected ownership or security interest in the Receivables, the Related Security related thereto and any Collections thereon, or (ii) change its jurisdiction of organization unless the Buyer (and its assigns) shall have received from the Originator, prior to such change, (A) those items described in clause (i) hereof, and (B) if Buyer (or its assigns) shall so request, an opinion of counsel, in form and substance reasonably satisfactory to such Person, as to such organization and the Originator's valid existence and good standing and the perfection and priority of Buyer's ownership interest or security interest in the Receivables, the Related Security and Collections.

(b) Change in Payment Instructions to Obligors. Originator will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless Buyer (and its assigns) shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) (A) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account if a Specified Account, or Lock-Box if linked to a Specified Account and (B) with respect to the addition of a Lock-Box, an executed P.O. Box Transfer Notice with respect to the new Lock-Box; provided, however, that Originator may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account or Lock-Box.

(c) Modifications to Contracts and Credit and Collection Policy. Without the consent of the Buyer (and its assigns), Originator will not make any change to the Credit and Collection Policy that would be reasonably likely to adversely affect the collectibility of the Receivables. Except as otherwise permitted in its capacity as Servicer pursuant to Article VIII of the Purchase Agreement, Originator will not extend, amend or otherwise modify the terms of any

(15) Subsection 4.1(n) was added by Amendment No. 1.

Receivable or any Contract related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens. Originator will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of Buyer provided for herein), and Originator will defend the right, title and interest of Buyer in, to and under any of the foregoing property, against all claims of third parties claiming through or under Originator. Originator shall not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory.(16)

(e) Accounting for Purchases. Originator will not, and will not permit any Affiliate to, account for or treat (whether in financial statements or otherwise) the transactions contemplated hereby in any manner other than as sales of the Receivables and the Related Security by Originator to Buyer or in any other respect account for or treat the transactions contemplated hereby in any manner other than as sales of the Receivables and the Related Security by Originator to Buyer except to the extent that such transactions are not recognized on account of consolidated financial reporting in accordance with GAAP.

(f) Collection Accounts not Subject to Collection Account Agreement. At any time after the 30th day following the first day of a Level Three Enhancement Period, Originator will not direct any Collections to be remitted to any Collection Account not subject at all times to a Collection Account Agreement.

(g) Commingling. Originator shall not deposit or otherwise credit, or cause or permit to be so deposited or credited to, any Lock-Box or Collection Account cash or cash proceeds other than Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections(17).

(h) Servicing Agreements. Without the consent of Buyer and its assigns, Originator will not amend, modify or waive any term or condition of (i) Section 3.02 or Section 5.04 of the 2001 Servicing Agreement, (ii) Annex 2 to the 2001 Servicing Agreement, (iii) the definition of the term "Securitization Charges", "Securitization Charge Collections" or "Transferred Securitization Property" in the 2001 Servicing Agreement, (iv) Section 3.01(a), Section 4.01 or Section 8.04 of the 2014 Servicing Agreement, (v) Exhibit A to the 2014 Servicing Agreement, (vi) the definition of the term "Securitization Charge", "Securitization Charge Collections" or "Securitization Property" in the 2014 Servicing Agreement or (vii) to the

(16) This sentence was amended by Amendment No. 7.

(17) Section 4.02(g) was amended by Amendment No. 9.

extent relating to any of the foregoing, any definition used directly or indirectly in any of the foregoing terms or conditions.(18)

ARTICLE V

TERMINATION EVENTS

Section 5.1 Termination Events. The occurrence of any one or more of the following events shall constitute a Termination Event:

(a) Originator shall fail (i) (A) during a Level One Enhancement Period, to make any payment or deposit required hereunder when due and such failure shall continue for two (2) Business Days, and (B) during a Level Two Enhancement Period or a Level Three Enhancement Period, to make any payment or deposit required hereunder when due and such failure shall continue for one (1) Business Day or (ii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) of this paragraph (a) and Section 5.1(b) through (f) or any other Transaction Document to which it is a party and such failure shall continue for five (5) consecutive Business Days or a "Servicer Default" shall occur under (and as such term is defined in) either(19) Servicing Agreement.

(b) Any representation, warranty, certification or statement made by Originator in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto or thereto shall prove to have been (i) with respect to any representations, warranties, certifications or statements which contain a materiality qualifier, incorrect in any respect when made or deemed made and (ii) with respect to any representations, warranties, certifications or statements which do not contain a materiality qualifier, incorrect in any material respect when made or deemed made.

(c) (i) Failure of Originator to pay any Indebtedness when due in excess of $25,000,000 and such failure shall continue after any applicable grace period; or (ii) the default by Originator in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity, unless the obligor under or holder of such Indebtedness shall have waived in writing such circumstance, or such circumstance has been cured so that such circumstance is no longer continuing; or (iii) any such Indebtedness of Originator shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof; or (iv) any Indenture Event of Default shall occur.

(d) (i) Originator shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against Originator seeking to

adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization,

(18) Section 4.2(h) was restated and renamed by Amendment No. 9.

(19) Section 5.1(a) was amended by Amendment No. 9.

arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), any such proceeding shall remain dismissed or unstayed for a period of thirty (30) days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur or (iii) Originator shall take any corporate action to authorize any of the actions set forth in the foregoing clauses (i) or (ii) of this subsection (d).

(e) A Change of Control shall occur.

(f) One or more final judgments for the payment of money in an amount in excess of $25,000,000 in the aggregate, shall be entered against Originator on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and (i) enforcement proceedings have been commenced by any creditor upon any such judgement or (ii) such judgment shall continue unsatisfied and in effect for thirty (30) consecutive days without a stay of execution.

(g) Originator shall fail to provide Buyer and its assigns, within fifteen (15) days of the Initial Cutoff Date, acknowledgement copies evidencing the filing of UCC-3 financing statements substantially in the form of Exhibit VII amending the UCC-1 Financing Statements filed pursuant to the Supplement Indentures Sixty-Eighth through Seventy-Fifth, Seventy-Seventh, Seventy-Ninth, Eightieth, Eighty-Third, and Eighty-Seventh through Ninety.

Section 5.2 Remedies. Upon the occurrence and during the continuation of a Termination Event, Buyer may take any of the following actions: (i) declare the Termination Date to have occurred, whereupon the Termination Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by Originator; provided, however, that upon the occurrence of Termination Event described in Section 5.1(d), the Termination Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by Originator and (ii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any amounts then due and owing by Buyer to Originator. The aforementioned rights and remedies shall be without limitation and shall be in addition to all other rights and remedies of Buyer and its assigns otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

ARTICLE VI

INDEMNIFICATION

Section 6.1 Indemnities by Originator. Without limiting any other rights that Buyer may have hereunder or under applicable law, Originator hereby agrees to indemnify (and pay upon demand to) Buyer, its assigns and their respective assigns, officers, directors, agents

and employees (each an "Indemnified Party") from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of Buyer or its assigns) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by Buyer of an interest in the Receivables, excluding, however, in all of the foregoing instances:

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(c) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the Intended Characterization;

provided, however, that nothing contained in this sentence shall limit the liability of Originator or limit the recourse of Buyer to Originator for amounts otherwise specifically provided to be paid by Originator under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, but subject to the exclusions in clauses (a), (b) and (c) above, Originator shall indemnify the Indemnified Parties for Indemnified Amounts (including, without limitation, losses in respect of uncollectible Receivables, regardless of whether reimbursement therefor would constitute recourse to Originator) relating to or resulting from:

(i) any representation or warranty made by Originator (or any officers of Originator) under or in connection with this Agreement, any other Transaction Document to which Originator is a party or any other written information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by Originator, to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or

regulation, the violation of which shall cause the Receivables to be uncollectible or unenforceable by Originator, Buyer or its assignees in whole or in part, or any failure of Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;

(iii) any failure of Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document to which it is a party;

(iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the provision of goods, electricity, gas or services related to such Receivable or the furnishing or failure to furnish such goods, electricity, gas or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

(vii) any investigation, litigation or proceeding initiated by a party other than the Buyer or the Administrative Agent related to or arising from this Agreement or any other Transaction Document, either Servicing Agreement or any other Basic Document (as defined in either Servicing Agreement) to which Originator is a party, the transactions contemplated hereby, the use of the proceeds of any Purchase, the ownership of the Receivables or any other investigation, litigation or proceeding relating to Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby; provided that Originator shall have no obligation to indemnify any Indemnified Party under this paragraph (vii) for Indemnified Amounts to the extent a final judgement of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;(20)

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Termination Event described in Section 5.1(d);

(x) any failure to vest and maintain vested in Buyer, or to transfer to Buyer, legal and equitable title to, and a first priority perfected ownership interest in, the Receivables and the associated Related Security and Collections, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xi) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable, the Related

(20) Section 6.1(vii) was amended by Amendment No. 9.

Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of any Purchase or at any subsequent time;

(xii) any action or omission by Originator (other than in accordance with or as contemplated by this Agreement or any other Transaction Document) which reduces or impairs the rights of Buyer with respect to any Receivable and the Related Security and Collections with respect thereto or the value of any such Receivable and the Related Security and Collections with respect thereto; and

(xiii) any attempt by any Person to void any Purchase hereunder under statutory provisions or common law or equitable action.

Section 6.2 Other Costs and Expenses. Originator shall pay to Buyer on demand all reasonable costs and out-of-pocket expenses in connection with the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder. Originator shall pay to Buyer on demand any and all reasonable costs and expenses of Buyer, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents (including any amendments hereto or thereto), or the administration of this Agreement following a Termination Event.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Waivers and Amendments.

(a) No failure or delay on the part of Buyer (or its assigns) in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing signed by Originator and Buyer and consented to by the Administrative Agent, each Managing Agent and each Financial Institution.(21)

Section 7.2 Notices. Except as provided below, all communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to

(21) Section 7.1(b) was replaced in its entirety by Amendment No. 7.

each of the other parties hereto. Each such notice or other communication shall be effective (i) if given by facsimile transmission, upon confirmation of receipt thereof, (ii) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (iii) if given by any other means, when received at the address specified in this Section 7.2.

Section 7.3 Protection of Ownership Interests of Buyer.

(a) Originator agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that Buyer (or its assigns) may request, to perfect, protect or more fully evidence the interests of the Buyer hereunder and the Purchaser Interests, or to enable Buyer (or its assigns) to exercise and enforce their rights and remedies hereunder. At any time after the occurrence and during the continuation of an Amortization Event under the Purchase Agreement, Buyer (or its assigns) may, at Originator's sole cost and expense, direct Originator to notify the Obligors of Receivables of the ownership interests of Buyer under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to Buyer or its designee.

(b) If Originator fails to perform any of its obligations hereunder, Buyer (or its assigns) may (but shall not be required to), after providing notice to Originator, perform, or cause performance of, such obligation, and Buyer's (or such assigns') costs and expenses incurred in connection therewith shall be payable by Originator as provided in Section 6.2. Originator irrevocably authorizes Buyer (or its assigns) at any time and from time to time in the sole discretion of Buyer (or its assigns), and appoints Buyer (or its assigns) as its attorney(s)-in-fact, to act on behalf of Originator (i) to execute on behalf of Originator as debtor and to file financing statements necessary or desirable in Buyer's (or its assigns') sole discretion, after providing notice to Originator, to perfect and to maintain the perfection and priority of the interest of Buyer in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as Buyer (or its assigns) in their sole discretion deem necessary or desirable to perfect and to maintain the perfection and priority of Buyer's interests in the Receivables. This appointment is coupled with an interest and is irrevocable.

Section 7.4 Confidentiality.

(a) Originator shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential proprietary information with respect to the Administrative Agent, the Managing Agents and the Purchasers and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that Originator and its officers and employees may disclose such information to Originator's external accountants and attorneys and as required by any applicable law, regulation or order of any judicial or administrative proceeding (whether or not having the force of law).(22)

(22) Section 7.4(a) was replaced in its entirety by Amendment No. 7.

(b) Anything herein to the contrary notwithstanding, each of the Buyer, Originator, each Indemnified Party and any successor or assign of any of the foregoing (and each employee, representative or other agent of any of the foregoing) may disclose to any and all Persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) that are or have been provided to any of the foregoing relating to such tax treatment or tax structure, and it is hereby confirmed that each of the foregoing have been so authorized since the commencement of discussions regarding the transactions.

(c) Anything herein to the contrary notwithstanding, Originator hereby consents to the disclosure of any nonpublic information with respect to it (i) to Buyer, the Administrative Agent, the Managing Agents, the Financial Institutions or the Conduits by each other, (ii) by Buyer, the Administrative Agent, the Managing Agents, the Financial Institutions or the Conduits to any prospective or actual assignee or participant of any of them or (iii) by the Administrative Agent, any Managing Agent or any Conduit to any rating agency (including, without limitation, in compliance with Rule 17g-5 under the Securities Exchange Act of 1934), Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to a Conduit or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which any Managing Agent acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing provided each such Person is informed of the confidential nature of such information. In addition, the Purchasers, the Managing Agents and the Administrative Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).(23)

Section 7.5 Bankruptcy Petition. Originator and Buyer each hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of a Conduit, it will not institute against, or join any other Person in instituting against, such Conduit any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.(24)

Section 7.6 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATIONS, SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF NEW YORK, BUT OTHERWISE WITHOUT REGARD TO THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

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(23) Section 7.4(c) was replaced in its entirety by Amendment No. 7.

(24) Section 7.5 was replaced in its entirety by Amendment No. 7.

Section 7.7 CONSENT TO JURISDICTION. ORIGINATOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY ORIGINATOR PURSUANT TO THIS AGREEMENT AND ORIGINATOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF BUYER (OR ITS ASSIGNS) TO BRING PROCEEDINGS AGAINST ORIGINATOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ORIGINATOR AGAINST BUYER (OR ITS ASSIGNS) OR ANY AFFILIATE THEREOF INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY ORIGINATOR PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

Section 7.8 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ORIGINATOR PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 7.9 Integration; Binding Effect; Survival of Terms.

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by Originator pursuant to Article II, (ii) the indemnification and payment provisions of Article VI, and Sections 7.4 and 7.5 shall be continuing and shall survive any termination of this Agreement.

Section 7.10 Counterparts; Severability; Section References. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this

Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule" or "Exhibit" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

CONSUMERS ENERGY COMPANY

By: _____
Name:
Title:

Address:

Consumers Energy Company
One Energy Plaza

Jackson, MI 49201

CONSUMERS RECEIVABLES FUNDING II, LLC

By: _____
Name:
Title:

Address:

Consumers Receivables Funding II, LLC
One Energy Plaza
Jackson, MI 49201

Exhibit I

Definitions

This is Exhibit I to the Agreement (as hereinafter defined). As used in the Agreement and the Exhibits, Schedules and Annexes thereto, capitalized terms have the meanings set forth in this Exhibit I (such meanings to be equally applicable to the singular and plural forms thereof). If a capitalized term is used in the Agreement, or any Exhibit, Schedule or Annex thereto, and not otherwise defined therein or in this Exhibit I, such term shall have the meaning assigned thereto in Exhibit I to the Purchase Agreement.

"1945 Indenture" has the meaning set forth in Section 2.1(w).

"Administrative Agent" has the meaning set forth in the Preliminary Statements to the Agreement.

"Adverse Claim" means a lien, security interest, financing statement, charge or encumbrance, or other right or claim in, of or on any Person's assets or properties in favor of any other Person.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agreement" means this Receivables Sale Agreement as the same may be amended, restated or otherwise modified from time to time.

"Bank Rate" means a rate per annum equal to the corporate base rate, prime rate or base rate of interest, as applicable, announced by The Bank of Nova Scotia from time to time, changing when and as such rate changes.(25)

"Business Day" means any day on which banks are not authorized or required to close in New York, New York, Chicago, Illinois or Los Angeles, California and The Depository Trust Company of New York is open for business.(26)

"Buyer" has the meaning set forth in the Preliminary Statements to the Agreement.

(25) This definition was replaced in its entirety by Amendment No. 7.

(26) This definition was replaced in its entirety by Amendment No. 7.

"Calculation Period" means each calendar month or portion thereof which elapses during the term of the Agreement. The first Calculation Period shall commence on the date of the initial Purchase of Receivables hereunder and the final Calculation Period shall terminate on the Termination Date.

"Change of Control" means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934) of 50% or more of the outstanding shares of voting stock of Originator.

"CMS Entity" has the meaning set forth in Section 4.01(h) of the Agreement.

"Collection Account" means each concentration account, depositary account, lock-box account or similar account in which any Collections are collected or deposited and which is listed on Exhibit IV of the Purchase Agreement.

"Collection Account Agreement" means an agreement substantially in the form of Exhibit VI of the Purchase Agreement among Originator, Buyer, the Administrative Agent and a Collection Bank.

"Collection Bank" means, at any time, any of the banks holding one or more Collection Accounts.

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds in respect of such Receivable, including, without limitation, all yield, Finance Charges or other related amounts accruing in respect thereof and all cash proceeds of Related Security with respect to such Receivable.

"Conduit" means a Person identified as a "Conduit" on Schedule A to the Purchase Agreement and its respective successors and permitted assigns.(27)

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit.

"Contract" means, with respect to any Receivable, the invoices and any instruments, agreements or other writings pursuant to which such Receivable arises or which evidences such Receivable.

"Credit and Collection Policy" means Originator's credit and collection policies and practices relating to Contracts and Receivables existing on the date hereof and summarized

(27) This definition was restated in its entirety by Amendment No. 7.

in Exhibit V, as modified from time to time in accordance with the Agreement, or as required under regulatory directive.

"Default Fee" means a per annum rate of interest equal to the sum of (i) the Bank Rate, plus (ii) 2% per annum.

"Dilutions" means, at any time, the aggregate amount of reductions or cancellations described in Section 1.3(a) of the Agreement.

"Discount Factor" means a percentage calculated to provide Buyer with a reasonable return on its investment in the Receivables after taking account of (i) the time value of money based upon the anticipated dates of collection of the Receivables and the cost to Buyer of financing its investment in the Receivables during such period and (ii) the risk of nonpayment by the Obligors. Originator and Buyer may agree from time to time to change the Discount Factor based on changes in one or more of the items affecting the calculation thereof, provided that any change to the Discount Factor shall take effect as of the commencement of a Calculation Period, shall apply only prospectively and shall not affect the Purchase Price payment in respect of a Purchase which occurred during or prior to the Calculation Period during which Originator and Buyer agree to make such change.

"Federal Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy", as amended and any successor statute thereto.

"Finance Charges" means, with respect to a Contract, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to such Contract.

"Financial Institutions" means, as to any Purchaser Group, each of the financial institutions listed on Schedule A to the Purchase Agreement as a "Financial Institution" for such Purchaser Group, together with its respective successors and permitted assigns.(28)

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (vi) capitalized lease obligations, (vii) net liabilities under interest rate swap, exchange or cap agreements, (viii) Contingent Obligations and (ix) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Indemnified Amount" has the meaning set forth in Section 6.1 of this Agreement.

"Indemnified Party" has the meaning set forth in Section 6.1 of this Agreement.

(28) This definition was amended by Amendment No. 7.

"Initial Cutoff Date" has the meaning set forth in Section 1.2 of the Agreement.

"Intended Characterization" means, for income tax purposes, the characterization of the acquisition by the Purchasers of Purchaser Interests under the Purchase Agreement as a loan or loans by the Purchasers to Buyer secured by the Receivables, the Related Security and the Collections.

"Lock-Box" means each postal box or code listed on Exhibit IV to the Purchase Agreement over which the Administrative Agent has been granted control pursuant to a P.O. Box Transfer Notice.

"Managing Agent" means, as to any Conduit or Financial Institution, the Person listed on Schedule A to the Purchase Agreement as the "Managing Agent" for such Purchasers, together with its respective successors and permitted assigns.(29)

"Material Adverse Effect" means a material adverse effect on (i) the financial condition or operations of Originator and its Subsidiaries, taken as a whole (except that a downgrade in any debt rating of the Originator or any of its Subsidiaries shall not by itself have any such material adverse effect), (ii) the ability of Originator to perform its obligations under the Agreement or any other Transaction Document, (iii) the legality, validity or enforceability of the Agreement or any other Transaction Document, (iv) Originator's, Buyer's, the Administrative Agent's or any Purchaser's interest in the Receivables generally or in any significant portion of the Receivables, the Related Security or Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables.

"Moody's" means Moody's Investors Service, Inc.

"Net Value" means, as of any date of determination, an amount equal to the sum of (i) the aggregate Outstanding Balance of the Receivables at such time, minus (ii) the sum of (A) the aggregate Capital outstanding at such time, plus (B) the Aggregate Reserves.

"Net Worth" means as of the last Business Day of each Calculation Period preceding any date of determination, the excess, if any, of (i) the aggregate Outstanding Balance of the Receivables at such time, over (ii) the sum of (A) the aggregate Capital outstanding at such time, plus (B) the aggregate outstanding principal balance of the Subordinated Loans (including any Subordinated Loan proposed to be made on the date of determination).

"Obligor" means a Person obligated to make payments pursuant to a Contract.

"Original Balance" means, with respect to any Receivable, the Outstanding Balance of such Receivable on the date it was purchased by Buyer.

"Originator" has the meaning set forth in the Preliminary Statements to the Agreement.

(29) This definition was added by Amendment No. 7.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"P.O. Box Transfer Notice" means an agreement substantially in the form of Exhibit XI of the Purchase Agreement, or such other agreement in form and substance reasonably acceptable to the Administrative Agent.

"Potential Termination Event" means an event which, with the passage of time or the giving of notice, or both, would constitute a Termination Event.

"Purchase" means each purchase or contribution pursuant to Section 1.1(a) of the Agreement by Buyer from Originator of the Receivables, the Related Security and the Collections related thereto, together with all related rights in connection therewith.

"Purchase Agreement" has the meaning set forth in the Preliminary Statements to the Agreement.

"Purchase Price" means, with respect to any Purchase on any date, the aggregate price to be paid by Buyer to Originator for such Purchase in accordance with Section 1.2 of the Agreement for the Receivables, Collections and Related Security being sold to Buyer on such date, which price shall equal (i) the product of (A) the Original Balance of such Receivables, multiplied by (B) one minus the Discount Factor then in effect, minus (ii) any Purchase Price Credits to be credited against the Purchase Price otherwise payable in accordance with Section 1.3 of the Agreement.

"Purchase Price Credit" has the meaning set forth in Section 1.3 of the Agreement.

"Purchasers" means each Conduit and each Financial Institution.(30)

"Receivable" means all indebtedness and other obligations owed to Originator (at the time it arises, and before giving effect to any transfer or conveyance under the Agreement) or Buyer (after giving effect to the transfers under the Agreement) or in which Originator or Buyer has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods, electricity or gas or the rendering of services by Originator, and which is identified on the books and records of Originator (including its accounting system) with the account code "Account 1460000 Customer Receivables" or "Account 1460201 — A/R Other" (or, in each case, any subsequent or replacement account code used to identify similar indebtedness or other similar obligations owed to Originator), and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto.

(30) This definition was amended by Amendment No. 7.

Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be a Receivable regardless of whether the account debtor or Originator treats such indebtedness, rights or obligations as a separate payment obligation. Notwithstanding the foregoing, "Receivable" does not include: (A) (i) 2001 Transferred Securitization Property or (ii) the books and records relating solely to

the 2001 Transferred Securitization Property; provided that the determination of what constitutes collections of the 2001 Securitization Charges in respect of 2001 Transferred Securitization Property shall be made in accordance with the calculation methodology specified in Annex 2 to the 2001 Servicing Agreement; or (B) (i) 2014 Transferred Securitization Property or (ii) the books and records relating solely to the 2014 Transferred Securitization Property; provided that the determination of what constitutes collections of the 2014 Securitization Charges in respect of 2014 Transferred Securitization Property shall be made in accordance with the calculation methodology specified in Exhibit A to the 2014 Servicing Agreement.(31)

"Records" means, with respect to any Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

"Related Security" means, with respect to any Receivable:

(i) all of Originator's interest in the inventory and goods (including returned or repossessed inventory and goods), if any, the sale of which by Originator gave rise to such Receivable, and all insurance contracts with respect thereto,

(ii) all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable,

(iii) all guaranties, letters of credit, letter of credit rights, supporting obligations, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise,

(iv) all service contracts and other contracts and agreements associated with such Receivable,

(31) This definition was deleted and replaced in its entirety by Amendment No. 1, by Amendment No. 3, by Amendment No. 4 and by Amendment No. 9.

(v) all Records related to such Receivable,

(vi) all of the Originator's rights, title and interest in, to and under any contracts or agreements providing for the servicing of such Receivable, and

(vii) all proceeds of any of the foregoing.

"Required Capital Amount" means, as of any date of determination, an amount equal to 15% of the Purchase Limit.

"Responsible Officer" means, with respect to Originator, its chief financial officer, chief accounting officer, senior vice president-finance, treasurer, assistant treasurer, corporate controller or any other officer whose primary duties are similar to the duties of any of the previously listed officers.

"S&P" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc.

"SEC" means the United States Securities and Exchange Commission or any successor regulatory body.

"Servicer" means at any time the Person (which may be the Administrative Agent) then authorized pursuant to Article VIII to the Purchase Agreement to service, administer and collect Receivables.

"Subordinated Loan" has the meaning set forth in Section 1.2(a) of the Agreement.

"Subordinated Note" means a promissory note in substantially the form of Exhibit VI hereto as more fully described in Section 1.2 of the Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"Supplement Indenture" means each Supplement Indenture made and entered into by and between Originator (formerly known as Consumers Power Company) and the Trustee, as Trustee under the 1945 Indenture.

"Termination Date" means the earliest to occur of (i) the Amortization Date (as that term is defined in the Purchase Agreement), (ii) the Business Day immediately prior to the occurrence of a Termination Event set forth in Section 5.1(d), (iii) the Business Day specified in a written notice from Buyer to Originator following the occurrence of any other Termination Event, and (iv) the date which is at least fifteen (15) Business Days after Buyer's receipt of

written notice from Originator that it wishes to terminate the facility evidenced by this Agreement.

"Termination Event" has the meaning set forth in Section 5.1 of the Agreement.

"Transaction Documents" means, collectively, this Agreement, the Intercreditor Agreement, each Collection Account Agreement, the Subordinated Note, and all other instruments, documents and agreements executed and delivered in connection herewith.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

Exhibit II

**Places of Business; Locations of Records;
Organizational and Federal Employer Identification Number(s); Other Names**

Place of Business,
Chief Executive Office, and
Location of Records:

212 West Michigan Ave.
Jackson, MI 49201 (Prior to May 2003 Board Meeting)

One Energy Plaza
Jackson, MI 49201-2276 (From and after May 2003 Board Meeting)

Federal Employer Identification Number: 38-0442310

Michigan Organizational Identification Number: MI 021-395

Corporate Name: Consumers Energy Company

Partnership Trade and Assumed Names: Consumers Energy, Consumers Power Company, Consumers Power

EXHIBIT III(32)

Lock-boxes; Collection Accounts; Collection Banks; Specified Accounts

JP Morgan Chase Bank
611 Woodward Ave.
Detroit, MI 48226
Contact: Gary Minoletti
Phone: 313-256-2224
Collection Account: 1242263; provided, that, such account shall be a Specified Account on and after such date as the account is subject to a Collection Account Agreement.

Comerica Bank
Livonia Operations Center
39200 W. Six Mile Road
Livonia, MI 48152
Contact: Lorraine Edwards
Phone: 734-632-4536
Collection Account: 1076119914; provided, that, such account shall be a Specified Account on and after such date as the account is subject to a Collection Account Agreement.

Lock-Box Zip Code:
Lansing, MI 48937-0001

PNC Bank, National Association
620 Liberty Avenue
Pittsburgh, PA 15222
Contact: Amanda Cozzens
Phone: 231-935-1239
Specified Account: 4006909862

Fifth Third Bank
710 Seminole Rd MD R17061
Norton Shores, MI 49441

Contact: Randy Wolffis, VP & Relationship Manager
Phone: 231-733-5006
Fax: 231-739-7430
Email: randal.wolffis@53.com; CommercialSupport@53.com
Specified Account: 7164496916 and 7166887732

(32) This Exhibit was deleted and replaced in its entirety by Amendment No. 2, by Amendment No. 4, by Amendment No. 5, by Amendment No. 6, by Amendment No. 7 and by Amendment No. 9.

Exhibit IV

Form of Compliance Certificate

This Compliance Certificate is furnished pursuant to that certain Receivables Sale Agreement dated as of May 22, 2003, between Consumers Energy Company ("Originator") and Consumers Receivables Funding II, LLC (as amended, restated or otherwise modified from time to time, the "Agreement"). Capitalized terms used and not otherwise defined herein are used with the meanings attributed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected of Originator.

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of Originator and its Subsidiaries during the accounting period covered by the attached financial statements.

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Termination Event or a Potential Termination Event, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below.

4. Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Originator has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this day of , 20 .

[Name]

Exhibit V

Credit and Collection Policy

On file with Administrative Agreement.

Exhibit VI(33)

Form of Amended and Restated Subordinated Note

AMENDED AND RESTATED SUBORDINATED NOTE

November 23, 2010

1. Note. FOR VALUE RECEIVED, the undersigned, CONSUMERS RECEIVABLES FUNDING II, LLC, a Delaware limited liability company ("SPV"), hereby unconditionally promises to pay to the order of CONSUMERS ENERGY COMPANY, a Michigan corporation ("Originator"), in lawful money of the United States of America and in immediately available funds, on the date following the Termination Date which is one year and one day after the date on which (i) the Outstanding Balance of all Receivables sold under the "Sale Agreement" referred to below has been reduced to zero and (ii) Originator has paid to the Buyer all indemnities, adjustments and other amounts which may be owed thereunder in connection with the Purchases (the "Collection Date"), the aggregate unpaid principal sum outstanding of all "Subordinated Loans" made from time to time by Originator to SPV pursuant to and in accordance with the terms of that certain Receivables Sale Agreement dated as of May 22, 2003 between Originator and SPV (as amended, restated, supplemented or otherwise modified from time to time, the "Sale Agreement"). Reference to Section 1.2 of the Sale Agreement is hereby made for a statement of the terms and conditions under which the loans evidenced hereby have been and will be made. All terms which are capitalized and used herein and which

are not otherwise specifically defined herein shall have the meanings ascribed to such terms in the Sale Agreement or the Purchase Agreement (as hereinafter defined).

2. Interest. SPV further promises to pay interest on the outstanding unpaid principal amount hereof from the date hereof until payment in full hereof at a rate equal to the Bank Rate; provided, however, that if SPV shall default in the payment of any principal hereof, SPV promises to pay, on demand, interest at the rate of the Bank Rate plus 2.00% per annum on any such unpaid amounts, from the date such payment is due to the date of actual payment. Interest shall be payable on the first Business Day of each month in arrears; provided, however, that SPV may elect on the date any interest payment is due hereunder to defer such payment and upon such election the amount of interest due but unpaid on such date shall constitute principal under this Amended and Restated Subordinated Note (the "Subordinated Note"). The outstanding principal of any loan made under this Subordinated Note shall be due and payable on the Collection Date and may be repaid or prepaid at any time without premium or penalty.

3. Principal Payments. Originator is authorized and directed by SPV to enter on the grid attached hereto, or, at its option, in its books and records, the date and amount of each loan made by it which is evidenced by this Subordinated Note and the amount of each payment of principal made by SPV, and absent manifest error, such entries shall constitute prima facie evidence of the accuracy of the information so entered; provided that neither the failure of

(33) Exhibit VI was replaced in its entirety by Amendment No. 7.

Originator to make any such entry or any error therein shall expand, limit or affect the obligations of SPV hereunder.

4. Subordination. The indebtedness evidenced by this Subordinated Note is subordinated to the prior payment in full of all of SPV's recourse obligations under that certain Amended and Restated Receivables Purchase Agreement dated as of November 23, 2010 by and among SPV, Originator, as Servicer, the entities from time to time party thereto as Conduits, the entities from time to time party thereto as Financial Institutions, the entities from time to time party thereto as Managing Agents, and The Bank of Nova Scotia, as the "Administrative Agent" (as amended, restated, supplemented or otherwise modified from time to time, the "Purchase Agreement"). The subordination provisions contained herein are for the direct benefit of, and may be enforced by, the Administrative Agent, the Managing Agents and the Purchasers and/or any of their respective assignees (collectively, the "Senior Claimants") under the Purchase Agreement. Until the date on which all "Capital" outstanding under the Purchase Agreement has been repaid in full and all other obligations of SPV and/or the Servicer thereunder and under the "Fee Letter" referenced therein (all such obligations, collectively, the "Senior Claim") have been indefeasibly paid and satisfied in full, Originator shall not demand, accelerate, sue for, take, receive or accept from SPV, directly or indirectly, in cash or other property or by set-off or any other manner (including, without limitation, from or by way of collateral) any payment or security of all or any of the indebtedness under this Subordinated Note or exercise any remedies or take any action or proceeding to enforce the same; provided, however, that (i) Originator hereby agrees that it will not institute against SPV any proceeding of the type described in Section 5.1(d) of the Sale Agreement unless and until the Collection Date has occurred and (ii) nothing in this paragraph shall restrict SPV from paying, or Originator from requesting, any payments under this Subordinated Note so long as SPV is not required under the Purchase Agreement to set aside for the benefit of, or otherwise pay over to, the funds used for such payments to any of the Senior Claimants and further provided that the making of such payment would not otherwise violate the terms and provisions of the Purchase Agreement. Should any payment, distribution or security or proceeds thereof be received by Originator in violation of the immediately preceding sentence, Originator agrees that such payment shall be segregated, received and held in trust for the benefit of, and deemed to be the property of, and shall be immediately paid over and delivered to the Administrative Agent for the benefit of the Senior Claimants.

5. Bankruptcy; Insolvency. Upon the occurrence of any proceeding of the type described in Section 5.1(d) of the Sale Agreement involving SPV as debtor, then and in any such event the Senior Claimants shall receive payment in full of all amounts due or to become due on or in respect of Capital and the Senior Claim (including "Yield" as defined and as accruing under the Purchase Agreement after the commencement of any such proceeding, whether or not any or all of such Yield is an allowable claim in any such proceeding) before Originator is entitled to receive payment on account of this Subordinated Note, and to that end, any payment or distribution of assets of SPV of any kind or character, whether in cash, securities or other property, in any applicable insolvency proceeding, which would otherwise be payable to or deliverable upon or with respect to any or all indebtedness under this Subordinated Note, is hereby assigned to and shall be paid or delivered by the Person making such payment or delivery (whether a trustee in bankruptcy, a receiver, custodian or liquidating trustee or otherwise)

directly to the Administrative Agent for application to, or as collateral for the payment of, the Senior Claim until such Senior Claim shall have been paid in full and satisfied.

6. Amendments. This Subordinated Note shall not be amended or modified except in accordance with Section 7.1 of the Sale Agreement. The terms of this Subordinated Note may not be amended or otherwise modified without the prior written consent of the Administrative Agent and each Managing Agent.

7. GOVERNING LAW. THIS SUBORDINATED NOTE SHALL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS AND DECISIONS OF THE STATE OF NEW YORK. WHEREVER POSSIBLE EACH PROVISION OF THIS SUBORDINATED NOTE SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS SUBORDINATED NOTE SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS SUBORDINATED NOTE.

8. Waivers. All parties hereto, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor. Originator additionally expressly waives all notice of the acceptance by any Senior Claimant of the subordination and other provisions of this Subordinated Note and expressly waives reliance by any Senior Claimant upon the subordination and other provisions herein provided.

9. Assignment. This Subordinated Note may not be assigned, pledged or otherwise transferred to any party other than Originator without the prior written consent of the Administrative Agent, and any such attempted transfer shall be void.

10. Amendment and Restatement. This Subordinated Note amends and restates in full that certain Subordinated Note dated May 22, 2003 (the "Existing Subordinated Note") made by SPV in favor of Originator and evidences all amounts outstanding thereunder as of the date hereof as well as amounts hereafter incurred as described above, which Existing Subordinated Note shall, from and after the date hereof, be of no further force and effect. This Subordinated Note is given in substitution for, and not in payment of, such Existing Subordinated Note, and is not intended to constitute a novation of the Existing Subordinated Note.

*****

IN WITNESS WHEREOF, SPV has caused this Subordinated Note to be executed on the date first set forth above.

CONSUMERS RECEIVABLES FUNDING II, LLC

By: _____
Name:
Title:

Schedule
to
AMENDED AND RESTATED SUBORDINATED NOTE

SUBORDINATED LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Subordinated Loan	Amount of Principal Paid	Unpaid Principal Balance	Notation made by

Exhibit VII

Form of UCC-3

[Intentionally Omitted.]

Schedule A

DOCUMENTS TO BE DELIVERED TO BUYER
ON OR PRIOR TO THE INITIAL PURCHASE

[Intentionally Omitted.]

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(34) Exhibit VI was replaced in its entirety by Amendment No. 7.

EXHIBIT B TO INTERCREDITOR AGREEMENT

2001 Servicing Agreement

See attached.

SERVICING AGREEMENT

SERVICING AGREEMENT

between

CONSUMERS FUNDING LLC
Issuer

and

CONSUMERS ENERGY COMPANY
Servicer

Dated as of November 8, 2001

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SERVICING AGREEMENT, dated as of November 8, 2001, by and between CONSUMERS FUNDING LLC, a Delaware limited liability company, as issuer (the "Issuer"), and CONSUMERS ENERGY COMPANY, a Michigan corporation ("Consumers"), as the servicer of the Securitization Property hereunder (together with each successor to Consumers (in the same capacity) pursuant to Section 5.03, 5.04 or 6.04, the "Servicer").

W I T N E S S E T H:

WHEREAS Consumers is willing to service the Transferred Securitization Property purchased from the Seller by the Issuer pursuant to the Sale Agreement between the Issuer and the Seller; and

WHEREAS the Issuer, in connection with ownership of Transferred Securitization Property, desires to engage Consumers to carry out the functions described herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01 Definitions. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in Appendix A hereto.

SECTION 1.02 Other Definitional Provisions.

(a) "Agreement" means this Servicing Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

(b) Non-capitalized terms used herein which are defined in the Customer Choice Act, as the context requires, have the meanings assigned to such terms in the Customer Choice Act, but without giving effect to amendments to the Customer Choice Act after the date hereof.

(c) All terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(d) The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Annex, Schedule and Exhibit references contained in this Agreement are references to Sections, Annexes, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the term "including" shall mean "including without limitation".

(e) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

ARTICLE II

Appointment and Authorization of Servicer

SECTION 2.01 Appointment of Servicer; Acceptance of Appointment. Subject to Section 5.06 and Article VI, the Issuer hereby appoints Consumers and Consumers hereby accepts such appointment, to perform the Servicer's obligations pursuant to this Agreement on behalf of and for the benefit of the Issuer in accordance with the terms of this Agreement. This appointment and Consumers' acceptance thereof may not be revoked except in accordance with the express terms of this Agreement.

SECTION 2.02 Authorization. With respect to all or any portion of the Transferred Securitization Property, the Servicer shall be, and hereby is, authorized and empowered by the Issuer to:

(a) execute and deliver, on behalf of itself, the Issuer, or both, as the case may be, any and all instruments, documents or notices, and

(b) on behalf of itself, the Issuer, or both, as the case may be, make any filing and participate in proceedings of any kind with any governmental authorities, including with the MPSC.

The Issuer shall furnish the Servicer with such documents as have been prepared by the Servicer for execution by the Issuer, and with such other documents as may be in the Issuer's possession, as necessary or appropriate to enable the Servicer to carry out its servicing and administrative duties hereunder. Upon the written request of the Servicer, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the Servicer to carry out its duties hereunder.

SECTION 2.03 Dominion and Control over Transferred Securitization Property. Notwithstanding any other provision herein, the Servicer and the Issuer agree that the Issuer shall have dominion and control over the Transferred Securitization Property, and the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent of the Issuer with respect to the Transferred Securitization Property. The Servicer hereby agrees that it shall not take any action that is not authorized by this Agreement, that is not consistent with its customary procedures and practices, or that shall impair the rights of the Issuer with respect to the Transferred Securitization Property, in each case unless such action is required by law or court or regulatory order.

ARTICLE III

Billing Services

SECTION 3.01 Duties of Servicer. The Servicer, as agent for the Issuer (to the extent provided herein), shall have the following duties:

(a) Duties of Servicer Generally. The Servicer will manage, service, administer and effect collections in respect of the Securitization Charges. The Servicer's duties will include:

(i) obtaining meter reads, calculating and billing the Securitization Charges and collecting from Customers all Securitization Charge Collections;

(ii) responding to inquiries by Customers, Alternative

Electric Suppliers, if any, the MPSC, or any federal, local or other state governmental authority with respect to the Securitization Charges;

(iii) delivering bills or arranging for delivery of bills, accounting for Securitization Charge Collections, investigating and resolving delinquencies, processing and depositing collections, making periodic remittances and furnishing periodic reports, to the Issuer, the Trustee, the Securitization Bondholders, the Securities and Exchange Commission and the Rating Agencies, subject, in the case of processing and depositing collections, making periodic remittances and furnishing periodic reports, to the provisions of the Intercreditor Agreement;

(iv) settling, as the agent for the Issuer, as its interest may appear, defaulted or written off accounts in accordance with the Servicer's usual and customary practices for accounts of its own electric service customers; and

(v) taking action in connection with Securitization Charge Adjustments as is set forth herein.

Anything to the contrary notwithstanding, the duties of the Servicer set forth in this Agreement shall be limited in their entirety by the provisions of the Customer Choice Act, the Financing Order and any applicable MPSC Regulations, as in effect at the time such duties are to be performed. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to Securitization Charge Adjustments, data acquisition, usage and bill calculation, billing, customer service functions, collections, payment processing and remittance set forth in Annex 1 hereto.

(b) Notification of Laws and Regulations. The Servicer shall promptly notify the Issuer, the Trustee and the Rating Agencies in writing of any laws or MPSC Regulations hereafter promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Agreement.

(c) Other Information. Upon the reasonable request of the Issuer, the Trustee or any Rating Agency, the Servicer shall provide to the Issuer, the Trustee or the Rating Agencies, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Transferred Securitization Property to the extent it is reasonably available to the Servicer, that may be reasonably necessary and permitted by law for the Issuer, the Trustee or the Rating Agencies to monitor the performance by the Servicer hereunder. In addition, so long as any of the Securitization Bonds of any Series are outstanding, the Servicer shall provide to the Issuer and to the Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Securitization Charges.

(d) Alternative Electric Suppliers. The Servicer shall not permit Alternative Electric Suppliers to bill and collect the Securitization Charge unless it is required to do so by law.

SECTION 3.02 Collection and Allocation of the Securitization Charges.

(a) The Servicer shall use all reasonable efforts, consistent with its customary servicing procedures, to collect all amounts owed in respect of the Securitization Charges as and when the same shall become due and shall follow such collection procedures as it follows with respect to collection activities that Consumers conducts for itself or others. The Servicer shall not change the amount of or reschedule the due date of any scheduled payment by customers of the Securitization Charges, except as contemplated in this Agreement or as required by law or court order or MPSC Regulations; provided, however, that the Servicer may take any of the foregoing actions to the extent that such action would be in accordance with customary billing and collection practices of Consumers with respect to billing and collection activities that it conducts for itself or others.

(b) The amount of Securitization Charge Collections during any Billing Month of the Servicer shall be determined in accordance with the allocation methodology set forth in Annex 2 hereto.

(c) Consumers' other charges may include gas charges which may be billed together with electric charges and all other charges which Consumers may be permitted to bill and collect from customers on their utility bills. If there is more than one Series of Securitization Bonds, the Servicer shall allocate Securitization Charge Collections among such Series, pro rata, based on the respective outstanding amounts payable and scheduled to be paid with respect to such Series.

(d) The Servicer is without authority or responsibility to collect tax charges authorized by the Financing Order, nor does the Servicer have any control over any amounts received with respect to such tax charges.

SECTION 3.03 Payment of Securitization Charge Collections.

(a) On each Monthly Remittance Date, for so long as the Servicer has satisfied the conditions of Section 5.11(b), the Servicer shall remit to the Trustee the Securitization Charge Collections in accordance with Section 5.11(b) (each, a "Monthly Remittance"). On each Daily Remittance Date, for so long as the Servicer has not satisfied the conditions of Section 5.11(b), the Servicer shall remit to the Trustee the Securitization Charge Collections in accordance with Section 5.11(a) (each, a "Daily Remittance").

(b) The Servicer agrees and acknowledges that it holds all Securitization Charge Collections collected by it for the benefit of the Issuer and that all amounts will be remitted by the Servicer in accordance with this Agreement without any surcharge, fee (other than the Servicing Fee under Section 5.07 hereunder), offset, charge or other deduction and without making any claim to reduce its obligation to remit all Securitization Charge Collections collected by it.

SECTION 3.04 Servicing and Maintenance Standards. The Servicer shall, on behalf of the Issuer:

(a) manage, service, administer and make collections in respect of the Transferred Securitization Property with reasonable care and in material compliance with applicable law, including all applicable MPSC Regulations, using the same degree of care and diligence that the Servicer exercises with respect to billing and collection activities that the Servicer conducts for itself and others;

(b) follow standards, policies and procedures in performing its duties as Servicer that are customary in the electric distribution industry;

(c) use all reasonable efforts, consistent with its customary servicing procedures, to enforce and maintain the Issuer's and the Trustee's rights in respect of the Transferred Securitization Property; and

(d) calculate the Securitization Charges in compliance with the

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Customer Choice Act, the Financing Order and any applicable tariffs;

except where the failure to comply with any of the foregoing would not materially and adversely affect the Issuer's or the Trustee's interest in the Transferred

Securitization Property. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of the Transferred Securitization Property, which, in the Servicer's judgment, may include the taking of legal action pursuant to Section 3.10 or otherwise. Notwithstanding the foregoing, the Servicer shall not change its customary and usual practices and procedures in any manner that would materially and adversely affect the Issuer's or the Trustee's interest in the Transferred Securitization Property unless it shall have provided the Rating Agencies with prior written notice.

SECTION 3.05 Servicer's Certificates. The Servicer will provide to the Issuer and to the Trustee the statements and data specified in Annex 1.

SECTION 3.06 Annual Statement as to Compliance. The Servicer shall deliver to the Issuer, the Trustee and each Rating Agency, on or before March 31 of each year, beginning March 31, 2002 to and including March 31 succeeding the retiring of the Securitization Bonds, an Officers' Certificate, stating that:

(a) a review of the activities of the Servicer during the preceding calendar year (or relevant portion thereof in the case of the first such Officer's Certificate) and of its performance under this Agreement has been made under such officers' supervision, and

(b) to the best of such officers' knowledge, based on such review, the Servicer has fulfilled all its obligations under this Agreement throughout such period or, if there has been a default in the fulfillment of any such obligation, describing each such default.

SECTION 3.07 Annual Independent Certified Public Accountants' Report.

(a) The Servicer shall cause a firm of independent certified public accountants (which may also provide other services to the Servicer or Consumers) to prepare, and the Servicer shall deliver to the Issuer, to the Trustee and to each Rating Agency, on or before March 31 of each year, beginning March 31, 2002 to and including the March 31 succeeding the retirement of all Securitization Bonds, a report addressed to the Servicer (the "Annual Accountant's Report"), which may be included as part of the Servicer's customary auditing activities, to the effect that such firm has performed certain procedures in connection with the Servicer's compliance with its obligations under this Agreement during the preceding calendar year (or, in the case of the first Annual Accountant's Report, the period of time from the Initial Transfer Date until December 31, 2002), identifying the results of such procedures and including any exceptions noted. In the event such accounting firm requires the Trustee or the Issuer to agree or consent to the procedures performed by such firm, the Issuer shall direct the Trustee in writing to so agree; it being understood and agreed that the Trustee will deliver such letter of agreement or consent in conclusive reliance upon the direction of the Issuer, and the Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

(b) The Annual Accountant's Report shall also indicate that the accounting firm providing such report is independent of the Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants in effect from time to time.

SECTION 3.08 Securitization Property Documentation. To assure uniform quality in servicing the Transferred Securitization Property and to reduce administrative costs, the Servicer shall keep on file, in accordance with its customary procedures, all Securitization Property Documentation.

SECTION 3.09 Computer Records; Audits of Documentation.

(a) Safekeeping. The Servicer shall maintain accurate and complete accounts, records and computer systems pertaining to the Transferred Securitization Property and the Securitization Property Documentation in accordance with its standard accounting procedures and in sufficient detail to permit calculation of the Securitization Charge Collections to be remitted from time to time to the Trustee pursuant to Section 3.03 and to enable the Issuer to comply with this Agreement and the Indenture. The Servicer shall conduct, or cause to be conducted, periodic audits of the Securitization Property Documentation held by it under this Agreement and of the related accounts, records and computer systems, in such a manner as shall enable the Issuer and the Trustee, as pledgee of the Issuer, to verify the accuracy of the Servicer's record keeping. The Servicer shall promptly report to the Issuer and to the Trustee any failure on the Servicer's part to hold the Securitization Property Documentation and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer or the Trustee of the Securitization Property Documentation. The Servicer's duties to hold the Securitization Property Documentation on behalf of the Issuer set forth in this Section 3.09(a), to the extent such Securitization Property Documentation has not been previously transferred to a successor Servicer, shall terminate three years after the earlier of the date on which (i) the Servicer is succeeded by a successor Servicer pursuant to the provisions of this Agreement or (ii) no Securitization Bonds of any Series are outstanding.

(b) Maintenance of and Access to Records. The Servicer shall maintain the Securitization Property Documentation at 212 W. Michigan Avenue, Jackson, Michigan 49201, or at such other office as shall be specified to the Issuer and to the Trustee by written notice not later than 30 days prior to any change in location. The Servicer shall permit the Issuer and the Trustee or their respective duly authorized representatives, attorneys, agents or auditors at any time during normal business hours to inspect, audit and make copies of and abstracts from the Servicer's records regarding the Transferred Securitization Property, the Securitization Charges and the Securitization Property Documentation. The failure of the Servicer to provide access to such information as a result of an obligation or applicable law (including MPSC Regulations) prohibiting disclosure of information regarding Customers shall not constitute a breach of this Section 3.09(b).

SECTION 3.10 Defending Transferred Securitization Property Against Claims. The Servicer shall institute and maintain any action or proceeding necessary to compel performance by the MPSC or the State of Michigan of any of their obligations or duties under the Customer Choice Act or the Financing Order with respect to the Transferred Securitization Property, and the Servicer agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of or supplement to the Customer Choice Act or the Financing Order, as the case may be, or the rights of holders of Transferred Securitization Property that would be adverse to Securitization Bondholders. In any proceedings related to the exercise of the power of eminent domain by any municipality to acquire a portion of Consumers' electric distribution facilities, the Servicer shall assert that the court ordering such condemnation must treat such municipality as a successor to

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Consumers under the Customer Choice Act and the Financing Order. The costs of any such action reasonably allocated by the Servicer to the Transferred Securitization Property shall be payable from Securitization Charge Collections as an Operating Expense in accordance with the Indenture. The Servicer's obligations pursuant to this Section 3.10 shall survive and continue notwithstanding the fact that the payment of Operating Expenses pursuant to the

Indenture may be delayed (it being understood that the Servicer may be required to advance its own funds to satisfy its obligations under this Section 3.10).

SECTION 3.11 Opinions of Counsel. The Servicer shall deliver to the Issuer and to the Trustee:

(a) promptly after the execution and delivery of this Agreement and of the Sale Agreement and of each amendment hereto or thereto, and on each Transfer Date, an Opinion of Counsel either:

(i) to the effect that, in the opinion of such counsel, all UCC filings that are necessary to perfect or maintain the perfection of the security interest of the Trustee in the Transferred Securitization Property have been executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or

(ii) to the effect that, in the opinion of such counsel, no such action is necessary to perfect or maintain the perfection of such security interest based on law in existence on the date of such Opinion of Counsel; and

(b) within 90 days after the beginning of each calendar year beginning with the first calendar year beginning more than three full calendar months after the Initial Transfer Date, an Opinion of Counsel, dated as of a date during such 90-day period, either:

(i) to the effect that, in the opinion of such counsel, all UCC filings have been executed and filed that are necessary to perfect or maintain the perfection of the security interest of the Trustee in the Transferred Securitization Property, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or

(ii) to the effect that, in the opinion of such counsel, no such action is necessary to perfect or maintain the perfection of such security interest based on law in existence on the date of such Opinion of Counsel.

Each Opinion of Counsel referred to in clause (a) or (b) above shall specify any action necessary (as of the date of such Opinion of Counsel) to be taken in the following year to perfect or maintain the perfection of such security interest based on law in existence on the date of such Opinion of Counsel.

ARTICLE IV

Services Related to Securitization Charge Adjustments

SECTION 4.01 Securitization Charge Adjustments. The Servicer shall perform the calculations and take the actions relating to adjusting the Securitization Charges, as set forth in Annex 1.

ARTICLE V

The Servicer

SECTION 5.01 Representations and Warranties of Servicer. The Servicer makes the following representations and warranties as of each Transfer Date, on which the Issuer has relied and will rely in acquiring Transferred Securitization Property and in entering into this Agreement. The representations and warranties shall survive the execution and delivery of this Agreement, the sale of any of the Transferred Securitization Property to the Issuer and the pledge thereof to the Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Servicer is a corporation duly organized and in good standing under the laws of the state of its incorporation, with the corporate power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted and to execute, deliver and carry out the terms of this Agreement, and has the power, authority and legal right to service the Transferred Securitization Property.

(b) Due Qualification. The Servicer has duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals in all jurisdictions, in which the ownership or lease of property or the conduct of its business (including the servicing of the Transferred Securitization Property as required by this Agreement) requires such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on the Servicer's business, operations, assets, revenues, properties or prospects or adversely affect the servicing of the Transferred Securitization Property).

(c) Power and Authority. The Servicer has the corporate power and authority to execute and deliver this Agreement and to carry out its terms; and the execution, delivery and performance of this Agreement have been duly authorized by the Servicer by all necessary corporate action.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its terms subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof will not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the articles of incorporation or by-laws of the Servicer, or any material indenture, material agreement or other material instrument to which the Servicer is a party or by which it is bound; or result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument; or violate any law or any order, rule or regulation applicable to the Servicer or its properties of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties.

(f) Approvals. Except for filings with the MPSC for adjusting the Securitization Charges pursuant to Section 4.01 and Annex 1, filing of financing statements under the Michigan UCC and the Delaware UCC and UCC continuation filings, no approval, authorization, consent, order or other action of, or filing with, any court, federal or state regulatory body, administrative agency or other governmental instrumentality is required in connection with the execution and delivery by the Servicer of this Agreement, the performance by the Servicer of the transactions contemplated hereby or the fulfillment by the Servicer of the terms hereof, except those that have been obtained or made.

(g) No Proceedings. There are no proceedings or investigations pending or, to the Servicer's best knowledge, threatened before any court, federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties:

(i) seeking to prevent the issuance of the Securitization Bonds or the consummation of any of the transactions contemplated by this Agreement or any of the other Basic Documents;

(ii) except as disclosed in writing by the Servicer to the Issuer, seeking any determination or ruling that might materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability against the Servicer of, this Agreement or any of the other Basic Documents; or

(iii) relating to the Servicer and which might materially and adversely affect the federal or state tax attributes of the Securitization Bonds.

(h) Reports and Certificates. Each report and certificate delivered in connection with any filing made to the MPSC by the Servicer on behalf of the Issuer with respect to the Securitization Charges or Securitization Charge Adjustments will constitute a representation and warranty by the Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are based upon historical performance, current conditions and reasonable expectations.

SECTION 5.02 Indemnities of Servicer; Release of Claims.

(a) The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Agreement.

(b) The Servicer shall indemnify the Issuer and the Trustee (for itself and on behalf of the Securitization Bondholders) and each of their respective trustees, members, managers, officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all Losses that may be imposed upon, incurred by or asserted against any such Person as a result of:

(i) the Servicer's wilful misconduct, bad faith or gross negligence in the performance of its duties or observance of its covenants under this Agreement or the Servicer's reckless disregard of its obligations and duties under this Agreement;

(ii) the Servicer's breach of any of its representations or warranties in this Agreement; and

(iii) litigation and related expenses relating to its status and obligations as Servicer,

provided, however, that the Servicer shall not be liable for any Losses resulting from the willful misconduct, bad faith or gross negligence of any Person indemnified pursuant to this Section 5.02(b) (each, an "Indemnified Person") or resulting from a breach of a representation or warranty made by such Indemnified Person in any of the Basic Documents that gives rise to the Servicer's breach.

Promptly after receipt by an Indemnified Person of notice of its involvement in any action, proceeding or investigation, such Indemnified Person shall, if a claim for indemnification in respect thereof is to be made against the Servicer under this Section 5.02(b), notify the Servicer in writing of such involvement. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.02 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party against an Indemnified Person for which indemnification may be sought under this Section 5.02, the Servicer shall be entitled to assume the defense of any such action, proceeding or investigation. Upon assumption by the Servicer of the defense of any such action, proceeding or investigation, the Indemnified Person shall have the right to participate in such action or proceeding and to retain its own counsel (including local counsel), and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel. The Indemnified Person shall not settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 5.02 (whether or not the Servicer is an actual or potential party to such claim or action) unless the Servicer agrees in writing to such settlement, compromise or consent and such settlement, compromise or consent includes an unconditional release of the Servicer from all liability arising out of such claim, action, suit or proceeding.

(c) The Servicer shall indemnify the Trustee and its respective officers, directors and agents for, and defend and hold harmless each such Person from and against, any and all Losses that may be imposed upon, incurred by or asserted against any such Person as a result of the acceptance or performance of the trusts and duties contained herein and in the Indenture, except to the extent that any such Loss is due to the wilful misconduct, bad faith or gross negligence of the Trustee; provided, however, that the foregoing indemnity is extended to the Trustee solely in its individual capacity and not for the benefit of the Securitization Bondholders or any other Person. Any such amounts payable under this Section 5.02(c) with respect to the Trustee shall be deposited in the General Subaccount and distributed in accordance with the Indenture.

(d) The Servicer's indemnification obligations under Section 5.02(b) and (c) for events occurring prior to the removal or resignation of the Trustee or the termination of this Agreement shall survive the resignation or removal of the Trustee or the termination of this Agreement and shall include reasonable costs, fees and expenses of investigation and litigation (including the Issuer's and the Trustee's reasonable attorneys' fees and expenses).

(e) Except to the extent expressly provided for in the Basic Documents (including the Servicer's claims with respect to the Monthly Servicing Fees and Consumers' claim for payment of the purchase price of the Transferred Securitization Property), the Servicer hereby releases and discharges the Issuer (including its Member, Managers, officers, employees and agents, if any), and the Trustee (including its respective officers, directors and agents) (collectively, the "Released Parties") from any and all actions, claims and demands whatsoever, which the Servicer shall or may have against any such Person relating to the Transferred Securitization Property or the Servicer's activities with respect thereto other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(f) The indemnification obligation of the Servicer under this

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Section 5.02 shall be pari passu with all other general unsecured obligations of the Servicer.

SECTION 5.03 Merger or Consolidation of, or Assumption of the Obligations of, Servicer. Any Person:

(a) into which the Servicer may be merged or consolidated and which succeeds to all or the major part of the electric distribution business of the Servicer,

(b) which results from the division of the Servicer into two or more Persons and which succeeds to all or the major part of the electric distribution business of the Servicer,

(c) which may result from any merger or consolidation to which the Servicer shall be a party and which succeeds to all or the major part of the electric distribution business of the Servicer,

(d) which may succeed to the properties and assets of the Servicer substantially as a whole and which succeeds to all or the major part of the electric distribution business of the Servicer, or

(e) which may otherwise succeed to all or the major part of the electric distribution business of the Servicer, which Person in any of the foregoing cases (a) through (e) executes an agreement of assumption to perform every obligation of the Servicer under this Agreement, shall be the successor to the Servicer hereunder without the execution or filing of any document or any further act by any of the parties to this Agreement, provided that:

(i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 5.01 shall have been breached and no Servicer Default, and no event that, after notice or lapse of time, or both, would become a Servicer Default, shall have occurred and be continuing;

(ii) the successor Servicer shall have delivered to the Issuer and the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger or succession and such agreement of assumption comply with this Section 5.03 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with;

(iii) the successor Servicer shall have delivered to the Issuer and to the Trustee an Opinion of Counsel either:

(A) stating that, in the opinion of such counsel, all filings to be made by the Servicer, including UCC filings, that are necessary to perfect or maintain the perfection of the security interest of the Trustee in the Transferred Securitization Property have been executed and filed and reciting the details of such filings, or

(B) stating that, in the opinion of such counsel, no such action is necessary to perfect or maintain the perfection of such security interest based on law in existence on the date of such opinion;

(iv) the Rating Agencies shall have received prior written notice of such transaction (although there is no requirement of any Rating Agency Confirmation);

(v) the successor Servicer shall have delivered to the Issuer and the Trustee an opinion of independent tax counsel (as selected by, and in form and substance reasonably satisfactory to, the Issuer and the Trustee), which may be based on a ruling from the Internal Revenue Service, to the effect that, for federal income tax purposes, such consolidation or merger will not result in a material adverse federal income tax consequence to the Issuer, the Trustee or the then existing Securitization Bondholders; and

(vi) any applicable requirements of the Intercreditor Agreement have been satisfied.

The Servicer shall not consummate any transaction referred to in subclauses (a), (b), (c), (d) or (e) above except upon execution of the above described agreement of assumption and compliance with subclauses (i) through (vi) above. When any Person acquires the properties and assets of the Servicer substantially as a whole and becomes the successor to the Servicer in accordance with the terms of this Section 5.03, then upon the satisfaction of all of the other conditions of this Section 5.03, the Servicer shall automatically and without further notice be released from its obligations hereunder.

SECTION 5.04 Assignment of Servicer's Obligations. The Servicer may not assign its rights or obligations hereunder to any successor unless the Rating Agency Condition and any other condition specified in the Financing Order and the Intercreditor Agreement have been satisfied.

SECTION 5.05 Limitation on Liability of Servicer. The Servicer shall not be liable to the Issuer or the Trustee, except as provided under this Agreement, for any action taken or for refraining from the taking of any action pursuant to this Agreement or for errors in judgment; provided, however, that this provision shall not protect the Servicer against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or gross negligence in the performance of its duties or by reason of reckless disregard of obligations and duties under this Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel reasonably acceptable to the Trustee or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

Except as provided in this Agreement, the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its duties to service the Transferred Securitization Property in accordance with this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability.

SECTION 5.06 Consumers Not To Resign as Servicer. Subject to the provisions of Sections 5.03 and 5.04, Consumers shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable law. Notice of any such determination permitting the resignation of Consumers shall be communicated to the Issuer, the Trustee and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Trustee concurrently with or promptly after such notice. No such resignation shall become effective until a successor Servicer has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 6.04.

SECTION 5.07 Monthly Servicing Fee. The Issuer agrees to pay the Servicer the Monthly Servicing Fee with respect to all Series of Securitization Bonds. For so long as Consumers is the Servicer, the Monthly Servicing Fee shall be one-twelfth times 0.25% times the total Outstanding Amount as of the date of payment of such Monthly Servicing Fee. The foregoing Monthly Servicing Fee constitutes a fair and reasonable price for the obligations to be performed by the Servicer.

SECTION 5.08 Servicer Expenses. Except as otherwise expressly provided herein, the Servicer shall be required to pay all expenses incurred by it in connection with its activities hereunder, including fees and disbursements of independent accountants and counsel, taxes imposed on the Servicer and expenses incurred in connection with reports to Securitization Bondholders.

SECTION 5.09 Subservicing. The Servicer may at any time appoint a subservicer to perform all or any portion of its obligations as Servicer hereunder; provided, however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable to the Issuer, the Trustee and the Securitization Bondholders for the servicing and administering of the Transferred Securitization Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such subservicer and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Transferred Securitization Property. The fees and expenses of the subservicer shall be as agreed between the Servicer and its subservicer from time to time, and none of the Issuer, the Trustee or the Securitization Bondholders shall have any responsibility therefor. Any such appointment shall not constitute a Servicer resignation under Section 5.06.

SECTION 5.10 No Servicer Advances. The Servicer shall not make any advances of interest on or principal of the Securitization Bonds.

SECTION 5.11 Remittances.

(a) The Servicer shall remit Securitization Charge Collections (from whatever source) not later than each Daily Remittance Date, and all proceeds of other Collateral of the Issuer, if any, received by the Servicer during the second preceding Business Day, to the Trustee for deposit pursuant to the Indenture. The Servicer shall promptly remit any Indemnity Amounts paid or received by it immediately to the Trustee for deposit pursuant to the Indenture.

(b) Notwithstanding the foregoing clause (a), as long as:

(i) Consumers or any successor to Consumers' electric distribution business remains the Servicer, and

(ii) no Servicer Default has occurred and is continuing, and

(A) Consumers or such successor obtains and maintains a short-term rating of "A-1"or better by Standard & Poor's, "P-1" or better by Moody's and "F-1" or better by Fitch (and for five Business Days following a reduction in any such rating), or

(B) the Rating Agency Condition has been otherwise satisfied (and any conditions or limitations imposed by the Rating Agencies in connection therewith are complied with),

the Servicer need not make the Daily Remittances, but in lieu thereof, may remit all Securitization Charge Collections (from whatever source), and all proceeds of other Collateral of the Issuer, if any, received by the Servicer during the preceding Billing Month, (or, in the case of the first Monthly Remittance following a Daily Remittance, since the second Business Day preceding such Daily Remittance) to the Trustee for deposit pursuant to the Indenture, not later than the corresponding Monthly Remittance Date.

(c) If the Servicer has been making Monthly Remittances but fails to continue to satisfy the requirements of clause (b) above, the Servicer shall begin making Daily Remittances pursuant to clause (a) above immediately following such failure; provided, that, on the first Daily Remittance Date following such Monthly Remittances, the Servicer shall remit all Securitization Charge Collections (from whatever source), and all proceeds of other Collateral of the Issuer, if any, received by the Servicer since the last day of the preceding Billing Month, to the Trustee for deposit pursuant to the Indenture.

SECTION 5.12 Protection of Title. The Servicer shall execute and file such filings and cause to be executed and filed such filings, all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interests of the Trustee in the Transferred Securitization Property, including all filings required under the UCC relating to the transfer of ownership of or a security interest in the Transferred Securitization Property by the Seller to the Issuer or the security interest granted by the Issuer to the Trustee in the Transferred Securitization Property. The Servicer shall deliver (or cause to be delivered) to the Issuer and the Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing.

ARTICLE VI

Servicer Default

SECTION 6.01 Servicer Default. If any one of the following events (a "Servicer Default") occurs and is continuing:

(a) any failure by the Servicer to remit to the Trustee, on behalf of the Issuer, any required remittance that continues unremedied for a period of five Business Days after written notice of such failure is received by the Servicer from the Issuer or the Trustee; or

(b) any failure by the Servicer duly to observe or perform in any material respect any other covenant or agreement of the Servicer set forth in this Agreement, which failure:

(i) materially and adversely affects the Transferred Securitization Property or the rights of the Securitization Bondholders, and

(ii) continues unremedied for a period of 60 days after written notice of such failure has been given to the Servicer by the Issuer or by the Trustee or after discovery of such failure by an officer of the Servicer; or

(c) any representation or warranty made by the Servicer in this Agreement proves to have been incorrect when made, which has a material adverse effect on the Issuer or the Securitization Bondholders and which material adverse effect continues unremedied for a period of 60 days after

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the date on which written notice thereof has been given to the Servicer by the Issuer or the Trustee or after discovery of such failure by an officer of the

Servicer, as the case may be; or

(d) an Insolvency Event occurs with respect to the Servicer;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, the Trustee, with the consent of the Holders of a majority of the outstanding principal amount of the Securitization Bonds of all Series, but subject to the provisions of the Intercreditor Agreement, by notice then given in writing to the Servicer (a "Termination Notice") may terminate all the rights and obligations (other than the indemnification obligations set forth in Section 5.02 hereof and the obligation under Section 6.04 to continue performing its functions as Servicer until a successor Servicer is appointed) of the Servicer under this Agreement. In addition, upon a Servicer Default specified in Section 6.01(a) above, the Issuer and the Trustee shall be entitled to apply to the MPSC or any court of competent jurisdiction for sequestration and payment to the Trustee of revenues arising with respect to the Transferred Securitization Property.

On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Transferred Securitization Property, the related Securitization Charges or otherwise, shall, upon appointment of a successor Servicer pursuant to Section 6.04, without further action, pass to and be vested in such successor Servicer and, without limitation, the Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the Securitization Property Documentation and related documents, or otherwise. The predecessor Servicer shall cooperate with the successor Servicer, the Trustee and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the successor Servicer for administration by it of all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Transferred Securitization Property or the related Securitization Charges. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Securitization Property Documentation to the successor Servicer. All reasonable costs and expenses (including attorneys fees and expenses) incurred in connection with transferring the Securitization Property Documentation to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this Section 6.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of Consumers as Servicer shall not terminate Consumers' rights or obligations under the Sale Agreement.

SECTION 6.02 Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Trustee and each Rating Agency promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice in an Officer's Certificate of any event or circumstance which, with the giving of notice or the passage of time, would become a Servicer Default under Section 6.01. Such notice shall also be given by publication in an Authorized Newspaper, so long as any Securitization Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require.

SECTION 6.03 Waiver of Past Defaults. The Trustee, with the consent of Holders of the majority of the outstanding principal amount of the Securitization Bonds of all Series, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required remittances to the Trustee of Securitization Charge Collections in accordance with Section 3.03. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

SECTION 6.04 Appointment of Successor.

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 6.01 or the Servicer's resignation in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement and shall be entitled to receive the requisite portion of the Monthly Servicing Fees, until a successor Servicer has assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Trustee, as assignee of the Issuer, shall appoint a successor Servicer, with the consent of the Holders of a majority of the outstanding principal amount of the Securitization Bonds of all Series, but subject to the provisions of the Intercreditor Agreement, and the successor Servicer shall accept its appointment by a written assumption in form acceptable to the Issuer and the Trustee. If, within 30 days after the delivery of the Termination Notice, a new Servicer has not been appointed and accepted such appointment, the Trustee may petition the MPSC or a court of competent jurisdiction to appoint a successor Servicer under this Agreement. A Person shall qualify as a successor Servicer only if:

(i) such Person is not prevented from performing the duties of the Servicer pursuant to the Customer Choice Act, the MPSC Regulations, the Financing Order and this Agreement;

(ii) the Rating Agency Condition has been satisfied; and

(iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Agreement.

(b) Upon appointment, the successor Servicer shall be the successor in all respects to the predecessor Servicer under this Agreement and shall be subject to all the responsibilities, duties and liabilities arising thereafter relating thereto placed on the predecessor Servicer and shall be entitled to the Monthly Servicing Fee and all the rights granted to the predecessor Servicer by the terms and provisions of the Agreement.

(c) The successor Servicer may resign only if it is prohibited from serving as such by applicable law.

SECTION 6.05 Cooperation with Successor. The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the successor Servicer in performing its obligations hereunder, including, without limitation, furnishing to the successor Servicer all information necessary to calculate the Securitization Charge Collections.

ARTICLE VII

Miscellaneous Provisions

SECTION 7.01 Amendment. This Agreement may be amended by the Servicer and the Issuer, with the consent of the Trustee and the

satisfaction of the Rating Agency Condition. Promptly after the execution of any such amendment or consent, the Issuer shall furnish written notification of the substance of such amendment or consent to each of the Rating Agencies.

Prior to the execution of any amendment to this Agreement, each of the Issuer and the Trustee shall be entitled to receive and rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement and the Opinion of Counsel referred to in Section 3.11. Each of the Issuer and the Trustee may, but shall not be obligated to, enter into any such amendment which adversely affects its own rights, duties or immunities under this Agreement or otherwise.

SECTION 7.02 Notices. Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice, direction, consent or waiver may be given by United States first-class mail, reputable overnight courier service, facsimile transmission or electronic mail (confirmed by telephone, United States first-class mail or reputable overnight courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered or transmitted, or if mailed, five days after deposit in the United States first-class mail with proper postage for first-class mail prepaid,

(a) in the case of the Servicer, at Consumers Energy Company, 212 W. Michigan Avenue, Jackson, Michigan 49201;

(b) in the case of the Issuer, at Consumers Funding LLC, 212 W. Michigan Avenue, Suite M-1029, Jackson, Michigan 49201;

(c) in the case of the Trustee, at the address provided for notices or communications to the Trustee in the Indenture;

(d) in the case of Moody's, at Moody's Investors Service, Inc., ABS Monitoring Department, 99 Church Street, New York, New York 10007;

(e) in the case of Standard & Poor's, at Standard & Poor's Ratings Group, 55 Water Street, New York, New York 10041, Attention: Asset Backed Surveillance Department; and

(f) in the case of Fitch, at Fitch, Inc., 1 State Street Plaza, New York, New York 10004, Attention: ABS Surveillance;

or, as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 7.03 Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Servicer, the Issuer and the Trustee, on behalf of itself and the Securitization Bondholders, and nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in any Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 7.04 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 7.05 Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 7.06 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 7.07 GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 7.08 Assignment to the Trustee. (a) The Servicer hereby acknowledges and consents to any pledge, assignment and grant of a security interest by the Issuer to the Trustee pursuant to the Indenture for the benefit of the Securitization Bondholders of all right, title and interest of the Issuer in, to and under the Transferred Securitization Property owned by the Issuer and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Trustee.

(b) In no event shall the Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Issuer.

SECTION 7.09 Nonpetition Covenants. Notwithstanding any prior termination of this Agreement or the Indenture, the Servicer hereby covenants and agrees that it shall not, prior to the date which is one year and one day after the termination of the Indenture and the payment in full of the Securitization Bonds, any other amounts owed under the Indenture, including, without limitation, any amounts owed to third-party credit enhancers, and any amounts owed by the Issuer under any Interest Rate Swap Agreement, acquiesce in, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any Federal or State bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer, or ordering the winding up or liquidation of the affairs of the Issuer.

SECTION 7.10 Termination. This Agreement shall terminate when all Securitization Bonds have been retired, redeemed or defeased in full.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers as of the date and year first above written.

CONSUMERS FUNDING LLC,
as Issuer

By: /s/ Thomas A. McNish
Name: Thomas A. McNish
Title: Manager

CONSUMERS ENERGY COMPANY,
as Servicer

By: /s/ Laura L. Mountcastle
Name: Laura L. Mountcastle
Title: Vice President and Treasurer

Acknowledged and Accepted:

THE BANK OF NEW YORK,
as Trustee

By: /s/ Cassandra D. Shedd
Name: Cassandra D. Shedd
Title: Assistant Vice President

ANNEX 1

to

SERVICING AGREEMENT

The Servicer agrees to comply with the following with respect to Consumers Funding LLC (the "Issuer"):

SECTION 1. Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in Appendix A to the Servicing Agreement dated as of November 8, 2001, between the Issuer and Consumers, as Servicer.

SECTION 2. Trustee and Servicer Payment Date Statements. At least one Business Day before each date on which distributions to the Trustee and the Servicer are to be made pursuant to Sections 8.02(d) and (e) of the Indenture, the Servicer shall provide the Trustee with a statement setting forth the amounts to be distributed to each of the Trustee and Servicer pursuant to such sections.

SECTION 3. Payment Date Statements. At least one Business Day before each Payment Date, the Servicer shall provide to the Issuer, the Trustee, each Rating Agency and for so long as any Securitization Bonds are listed on the Luxembourg Stock Exchange, any listing agent in Luxembourg and notice that such report is available shall be published in an Authorized Newspaper, a statement indicating:

1. the amount to be paid to Securitization Bondholders of eachSeries and Class in respect of principal on such Payment Date;

2. the amount to be paid to Securitization Bondholders of each Series and Class in respect of interest on such Payment Date;

3. the Projected Securitization Bond Balance and the Securitization Bond Balance for each Series and Class as of that Payment Date (after giving effect to the payments on such Payment Date);

4. the amount on deposit in the Overcollateralization Subaccount for each Series and the Scheduled Overcollateralization Level for each Series, as of that Payment Date (after giving effect to the transfers to be made from or into the Overcollateralization Subaccount on such Payment Date);

5. the amount on deposit in the Capital Subaccount for each Series as of that Payment Date (after giving effect to the transfers to be made from or into the Capital Subaccount on such Payment Date);

6. the amount, if any, on deposit in the Reserve Subaccount as of that Payment Date (after giving effect to the transfers to be made from or into the Reserve Subaccount on such Payment Date);

7. the amount, if any, to be paid to any Swap Counterparty (on a gross and a net basis, separately stated) under any Interest Rate Swap Agreement on or before such Payment Date; and

8. the amount of any transfers and payments to be made on such Payment Date pursuant to Sections 8.02(d), (e), (f), (g), and (i) of the Indenture.

SECTION 4. Remittance Date Statements. At least one Business Day before each Remittance Date, but not more frequently than monthly, the Servicer shall prepare and furnish to the Issuer and the Trustee a statement setting forth the amount to be remitted by the Servicer to the Trustee for deposit on such Remittance Date pursuant to the Indenture.

SECTION 5. Securitization Charge Adjustments.

(a) Prior to each Calculation Date, the Servicer shall calculate

(i) the Securitization Bond Balance as of the Payment Date immediately preceding the next Adjustment Date (a written copy of which shall be delivered by the Servicer to the Trustee within five days following such Calculation Date), and

(ii) the revised Securitization Charges with respect to the Transferred Securitization Property in respect of each Adjustment Date such that

the Servicer projects that Securitization Charge Collections therefrom allocable to the Issuer will be sufficient so that:

(A) the Securitization Bond Balance on the Payment Date immediately preceding the next Adjustment Date will equal the Projected Securitization Bond Balance as of such date, taking into account any amounts on deposit in the Reserve Subaccount,

(B) the amount on deposit in the Overcollateralization Subaccount on the Payment Date immediately preceding the next Adjustment Date will equal the Scheduled Overcollateralization Level for such date, taking into account amounts on deposit in the

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Reserve Subaccount,

(C) the amount on deposit in the Capital Subaccount on the Payment Date immediately preceding the next Adjustment Date will equal its required level for such date, taking into account any amounts on deposit in the Reserve Subaccount,

(D) the amount on deposit in the Reserve Subaccount on the Payment Date immediately preceding the next Adjustment Date will equal zero, and

(E) the Securitization Charge Collections will provide for (i) amortization of the remaining outstanding principal amount of each Series in accordance with the Expected Amortization Schedule therefor, (ii) payment of interest on each Series when due, payment of any amounts under any Interest Rate Swap Agreement, (iii) payment of all Operating Expenses of the Issuer when due in accordance with the Indenture, and (iv) deposits to the Overcollateralization Subaccount such that the balance therein will equal the Scheduled Overcollateralization Level on the Payment Date immediately preceding the next Adjustment Date.

(b) On or before each Calculation Date, the Servicer shall file an Adjustment Request with the MPSC. This filing shall include the data specified in the Financing Order.

(c) On each Adjustment Date, the Servicer shall

(i) take all reasonable actions and make all reasonable efforts to effectuate all adjustments to the Securitization Charges, and

(ii) promptly send to the Trustee copies of all material notices and documents relating to such adjustments.

(d) On each Adjustment Date, the Servicer shall provide Moody's with a schedule indicating any changes to the Securitization Charges.

(e) If deemed appropriate by the Servicer to protect Securitization Bondholders and to remedy a significant and recurring variance between actual and expected Securitization Charge Collections, the Servicer shall make "non-routine" filings with the MPSC as authorized by the Financing Order, for adjustments to the Securitization Charge to assure timely payment of the periodic payment requirements of the Issuer set forth in the Indenture. Such filings shall be made at least 90 days prior to the proposed effective date of the proposed adjustments.

ANNEX 2 to the Servicing Agreement
Dated as of November 8, 2001

Consumers Energy Company
Securitization Calculation Process

The following three processes will be used by Consumers Energy Company, as Servicer, under the Servicing Agreement for calculating the daily amounts of Securitization Charges to be remitted to the Trustee for deposit in the Collection Account not later than the Remittance Date:

Standard Process

Initial Start-Up Process

Process for Securitization Charge Rate Changes Resulting from a True-Up Adjustment

Terms are used herein as defined in Appendix A - Master Definitions to the Servicing Agreement. The customer billing and collections referred to in this Annex 2 are billings to and collections from Consumers' electric and combined electric and gas customers (but not gas only customers).

Standard Process

1. Each business day that customer billing and collections are processed, a file is created from the billing systems containing the billing data (rate class, total charges billed, Securitization Charges billed and KWh delivered) and a file is created with collection data (collection amount by rate class).

2. Billing Data: For an entire Billing Month the total Securitization Charges billed by the Servicer for each rate class are divided by the total charges billed by Consumers and the Servicer for each rate class to customers for such Billing Month, creating the Securitization Ratio. This information will be used for the subsequent Billing Month's calculation process. (Monthly Ratio Analysis)

3. Collection Data: Each business day after collections are received the total dollar amount collected by rate class is multiplied by the prior Billing Month's Securitization Ratio for each rate class. This amount is the total Securitization Charges collected, which will be remitted to the Trustee on a daily basis. (Daily Servicer's Report)

4. Monthly Summary: At the end of each Billing Month the total of the daily collections for that period are summarized and reported to the Trustee. (Monthly Servicer's Report)

Initial Start-Up

The standard process will be modified during the first three Billing Months following the Transfer Date of the Initial Transferred Securitization Property under the Sale Agreement. The first such Billing Month requires the calculation of the amount of Securitization Charges for the prior Billing Month and collections for all three of those Billing Months must take into account payment history by adjustment based on the Collection Curve for the applicable Billing Month.

First Billing Month

1. Billing Data: The amount of Securitization Charges that would have been billed during the Billing Month prior to actual securitization billing is calculated. The total Securitization Charges that would have been billed for each rate class are divided by the total charges billed by Consumers and the Servicer for each rate class to provide the Securitization Ratio. This will be done to the input files from the billing systems and then processed as described above. (Monthly Ratio Analysis)

2. Collection Data: For the first of the three Billing Months, the daily amounts of Securitization Charges collected are adjusted to reflect the time lag between the customer receiving the bill and

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the Servicer receiving payment. To accomplish this, the amounts collected from the billing systems will be multiplied by the First Billing Month's Collection Curve Percentage. Standard processing is then performed. (Daily Servicer's Report)

3. Monthly Summary: At the end of each Billing Month the total Securitization Charges collected are summarized and reported to the Trustee. (Monthly Servicer's Report)

Months Two and Three

1 Billing Data: For the preceding Billing Month the total Securitization Charges for each rate class are divided by the total charges billed by Consumers and the Servicer for each rate class. This billing rate information is then used for the current Billing Month's calculation process. (Monthly Ratio Analysis)

2. Collection Data: For the second and third Billing Months, the daily amounts of Securitization Charges collected are adjusted to reflect the time lag between the customer receiving the bill and the Servicer receiving payment. To accomplish this, the amounts collected from the billing systems during the Second Billing Month are multiplied by the cumulative First and Second Billing Months' Collection Curve Percentage, and the amounts collected from the billing systems during the Third Billing Month are multiplied by the cumulative First, Second and Third Billing Months' Collection Curve Percentage. Standard processing is then performed. (Daily Servicer's Report)

   In the fourth Billing Month and thereafter, standard processing is performed based upon 100% of the amounts billed and collected.

3. Monthly Summary: At the end of each Billing Month the total Securitization Charges collected are summarized and reported to the Trustee. (Monthly Servicer's Report)

Securitization Charge Rate Changes Resulting from a True-Up Adjustment

The first two Billing Months after a Securitization Charge Rate change resulting from an annual or quarterly true-up, special processing is required to (a) reflect the fact that during the Billing Month prior to the change the Securitization Charge was billed under the prior Securitization Charge Rate and (b) amounts collected for the first two Billing Months after the Securitization Charge Rate change will reflect payments for both old and new billing amounts resulting from the prior and new Securitization Charge Rates.

First Securitization Charge Rate-Change Billing Month

To calculate the appropriate Securitization Ratio for the first Billing Month after the Securitization Charge Rate change:

Collections Applicable to Prior Securitization Charge Rate

1. Collection Data: For the first Billing Month, the daily amounts of Securitization Charges collected must be adjusted to reflect the collections of the Securitization Charges billed under the prior Securitization Charge Rate. To accomplish this, the collection amounts from the billing systems are multiplied by 1 minus the first Billing Month's Collection Curve Percentage. Standard processing is then performed on these amounts using the prior Billing Month's Securitization Ratio. (Daily Servicer's Report)

Collections Applicable to New Securitization Charge Rate

2. Billing Data: For the first Billing Month, the amount of Securitization Charges billed is recalculated by multiplying the KWh delivered for each rate class by the new Securitization Charge Rate. The total calculated Securitization Charges billed for each rate class are divided by the total charges billed by Consumers and the Servicer for each rate class. This information is then used for the First Billing Month's second calculation process (point 3 below). (Monthly Ratio Analysis)

3. Collection Data: For the first Billing Month, the daily amounts of Securitization Charges collected must be adjusted to reflect the collections billed under the new Securitization Charge Rate. To accomplish this, the collection amounts from the billing systems are multiplied by the First Billing Month's Collection Curve Percentage. Standard processing is then performed using the recalculated prior month's Securitization Ratio. (Daily Servicer's Report)

4. Summarized Collection Data: For the first Billing Month, the Daily Servicer's Reports (points 1 and 3 above) are summarized into one set of

reports. This summarized amount is the total Securitization Charges collected, which will be remitted to the Trustee on a daily basis. (Daily Servicer's Report)

Second Securitization Charge Rate Change Month

To calculate the appropriate Securitization Ratio for the second Billing Month after the Securitization Charge Rate change:

Collection Applicable to Prior Securitization Charge Rate

1. Billing Data: For the second Billing Month, the amount of Securitization Charges collected is recalculated by multiplying the KWh billed by the prior Securitization Charge Rate. The total calculated Securitization Charges billed are divided by the total charges billed by Consumers and the Servicer for each rate class. This information is then used for the second Billing Month's second calculation process (point 2). (Monthly Ratio Analysis)

2. Collection Data: For the second Billing Month, the daily amounts of Securitization Charges collected must be adjusted to reflect the collections billed under the prior Securitization Charge Rate applicable to each rate class. To accomplish this, the collection amounts from the billing systems are multiplied by 1 minus the cumulative First and Second Billing Months' Collection Curve Percentage. Standard processing on these amounts is then performed using the recalculated prior month's Securitization Ratio. (Daily Servicer's Report)

Collection Applicable to New Securitization Charge Rate

3. Collection Data: For the second Billing Month, the daily amounts of Securitization Charges collected must be adjusted to reflect the collections billed under the new Securitization Charge Rate. To accomplish this, the collection amounts from the billing systems are multiplied

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by the cumulative First and Second Billing Months' Collection Curve Percentage. Standard processing is then performed using the prior month's Securitization Ratio. (Daily Servicer's Report)

4. Summarized Collection Data: For the second Billing Month, the Daily Servicer's Reports (points 2 and 3 above) are summarized into one set of reports. This summarized amount is the total Securitization Charges collected, which will be remitted to the Trustee on a daily basis. (Daily Servicer's Report)

APPENDIX A

MASTER DEFINITIONS

The definitions contained in this Appendix A are applicable to the singular as well as the plural forms of such terms.

Act has the meaning specified in Section 11.03(a) of the Indenture.

Adjustment Date means (a) the first day of the first billing cycle of the Servicer in December of each year through December 2013 and (b) thereafter, as long as the Securitization Bonds are outstanding, the first day of the first billing cycle of the Servicer in March, June, September and December of each year, beginning with the billing cycle for December 2014.

Adjustment Request means an application filed by the Servicer with the MPSC for a Securitization Charge Adjustment pursuant to Section 5 of the Issuer Annex.

Administration Agreement means the Administration Agreement dated as of November 8, 2001, between Consumers, as administrator, and the Issuer, as the same may be amended or supplemented from time to time.

Administrator means Consumers, as administrator under the Administration Agreement, and each successor to Consumers, in the same capacity, pursuant to Section 14 of the Administration Agreement.

Affiliate means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, control when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms controlling and controlled have meanings correlative to the foregoing.

Alternative Electric Suppliers means any third party, including any electric generation supplier, providing billing or metering services, licensed by the MPSC pursuant to relevant provisions of the Customer Choice Act, the MPSC Regulations and the Financing Order.

Annual Accountant's Report has the meaning assigned to that term in Section 3.07 of the Servicing Agreement.

Authorized Denominations means, with respect to any Series or Class of Securitization Bonds, $1,000 and integral multiples of $1.00 above that amount, provided, however, that one bond of each Class may have denomination of less than $1,000, or such other denominations as may be specified in the Series Supplement therefor.

Authorized Newspaper means the Luxemburger Wort or any other newspaper published in Luxembourg on a daily basis.

Authorized Officer means, with respect to the Issuer, a any Manager and, bany person designated as an "Officer" under the Issuer LLC Agreement and authorized thereby to act on behalf of the Issuer.

Basic Documents means the Formation Documents, the Sale Agreement, the Intercreditor Agreement, any Bills of Sale, the Servicing Agreement, the

Administration Agreement, the Indenture, the Underwriting Agreement, the Securities Account Control Agreement and any Interest Rate Swap Agreement, as each may be amended or supplemented from time to time.

Bill of Sale means any bill of sale issued by the Seller to the Issuer pursuant to the Sale Agreement evidencing the sale of Securitization Property by the Seller to the Issuer.

Billing Month means the schedule for current month billings (each billing month includes 21 billing segments regardless of the number of days in the current calendar month). For uniformity of customer billings, each customer's meter is read every 27 to 33 days and billed in one of the 21 monthly billing segments.

Book-Entry Securitization Bonds means beneficial interests in the Securitization Bonds, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture.

Business Day means any day other than a Saturday or Sunday or a day on which banking institutions in the City of Jackson, Michigan, or in the City of New York, New York or, with respect to any Securitization Bonds listed on the Luxembourg Stock Exchange, in Luxembourg, are required or authorized by law or executive order to remain closed.

Calculation Date means the day which is a Business Day at least 45 days before each Adjustment Date on which the Servicer files an Adjustment Request.

Capital Reserve Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Capital Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Class means, with respect to any Series, any one of the classes of Securitization Bonds of that Series, as specified in the Series Supplement for that Series.

Class Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Clearing Agency means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

Clearing Agency Participant means a broker, dealer, bank, other

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financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

Code means the Internal Revenue Code of 1986, as amended from time to time, and the treasury regulations promulgated thereunder.

Collateral has the meaning specified in the Granting Clause of the Indenture.

Collection Account has the meaning specified in Section 8.02(a) of the Indenture.

Collection Curve means, with respect to a Billing Month, the forecast prepared by the Servicer of the percentages of amounts billed in a Billing Month that are expected to be received during each of the Billing Months for which the Collection Curve Percentage will be applied to determine the amount of Securitization Charges collected.

Collection Curve Percentage means the percentages of amounts billed in a particular Billing Month that are expected to be received during that month. The initial Collection Curve Percentages are:

First Billing Month's Collection Curve Percentage:	40.08%
Second Billing Month's Collection Curve Percentage:	45.09%
Third Billing Month's Collection Curve Percentage:	10.58%

provided that the Collection Curve Percentages will be updated by Consumers periodically while the Securitization Bonds are outstanding using similar methodology.

Commission means the U.S. Securities and Exchange Commission, and any successor thereof.

Consumers means Consumers Energy Company, a Michigan corporation.

Corporate Trust Office means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at date of the execution of this Indenture is located at 5 Penn Plaza-16th floor, New York, New York 10001-1803, Attention: Corporate Trust-Asset Backed Securities (ABS), or at such other address as the Trustee may designate from time to time by notice to the Securitization Bondholders and the Issuer, or the principal corporate trust office of any successor Trustee (the address of which the successor Trustee will notify the Securitization Bondholders and the Issuer in writing).

Covenant Defeasance Option has the meaning specified in Section 4.01(b) of the Indenture.

Customers means all electric customers taking delivery of electricity from Consumers or its successor on its MPSC-approved rate schedules and special contracts.

Customer Choice Act means the Customer Choice and Electricity Reliability Act as set forth in Michigan Public Acts 2000 PA 141 and 2000 PA

142 and effective on June 5, 2000.

Daily Remittance Date means, if the Servicer has not satisfied the conditions of Section 5.11(b) of the Servicing Agreement, each Business Day commencing on the second Business Day following the date on which the Servicer ceases to satisfy such conditions.

Default means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

Defeasance Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Definitive Securitization Bonds has the meaning specified in Section 2.11 of the Indenture.

Delaware UCC means the Uniform Commercial Code, as in effect in the State of Delaware, as amended from time to time.

DTC Agreement means the agreement between the Issuer, the Trustee and The Depository Trust Company, as the initial Clearing Agency, dated on or about November 8, 2001, relating to the Securitization Bonds, as the same may be amended or supplemented from time to time.

Eligible Guarantor Institution means a firm or other entity identified in Rule 17Ad-15 under the Exchange Act as "an eligible guarantor institution," including (as such terms are defined therein):

(a) a bank;

(b) a broker, dealer, municipal securities broker or dealer or government securities broker or dealer;

(c) a credit union;

(d) a national securities exchange, registered securities association or clearing agency; or

(e) a savings association that is a participant in a securities transfer association.

Eligible Institution means:

(a) the corporate trust department of the Trustee, so long as any of the securities of the Trustee have a credit rating from each Rating Agency in one of its generic rating categories which signifies investment grade, or

(b) a depositary institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank), which

(i) has either

(A) with respect to any Eligible Investment having a maturity of greater than one month, a long-term unsecured debt rating of "AA-" by Standard & Poor's and Fitch and "Aa3" by Moody's, or

(B) with respect to any Eligible

Investment having a maturity one month or less, a certificate of deposit rating of "A-1+" by Standard & Poor's, "P-1" by Moody's and "F1+" by Fitch, or any other long-term, short-term or certificate of deposit rating acceptable to the Rating Agencies, and

(ii) whose deposits are insured by the FDIC.

Eligible Investments mean book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form which evidence:

(a) direct obligations of, and obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand deposits, time deposits or certificates of deposit of any depository institution or trust company (any depositary institution or trust company being referred to in this definition as a "financial institution") incorporated under the laws of the United States of America or any State thereof (or any domestic branch of a foreign bank) and subject to supervision and examination by Federal or State banking or depositary institution authorities; provided, however, that at the time of the investment or contractual commitment to invest therein, the commercial paper or other short-term unsecured debt obligations (other than such obligations the rating of which is based on the credit of a Person other than such depositary institution or trust company) thereof shall have a credit rating from each of the Rating Agencies in the highest investment category granted thereby;

(c) commercial paper or other short term obligations of any corporation organized under the laws of the United States of America (other than Consumers) whose ratings, at the time of the investment or contractual commitment to invest therein, from each of the Rating Agencies are in the highest investment category granted thereby;

(d) investments in money market funds having a rating from each of the Rating Agencies in the highest investment category granted thereby (including funds for which the Trustee or any of its Affiliates act as investment manager or advisor);

(e) bankers' acceptances issued by any depositary institution or trust company referred to in clause (b) above;

(f) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or any agency or instrumentality thereof the obligations of which are backed by the full faith and credit of the United States of America, in either case entered into with a depositary institution or trust company (acting as principal) described in clause (b) above;

(g) repurchase obligations with respect to any security or whole loan entered into with

(i) a financial institution (acting as principal) described in clause (b) above,

(ii) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated P-1 by Moody's, A-1+ by Standard & Poor's and F1+ by Fitch at the time of entering into this repurchase obligation, or

(iii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated P-1 by Moody's, A-1+ by Standard & Poor's and F1+ by Fitch at the time of purchase; or

(h) any other investment permitted by each Rating Agency;

provided, however, that, with respect to Moody's only, the obligor related to clauses (b), (c), (e), (f) and (g) above must have both a long term rating of at least A1 and a short term rating of at least P-1, and provided further, that, unless otherwise permitted by each Rating Agency, upon the failure of any Eligible Institution to maintain any applicable rating set forth in this definition or the definition of Eligible Institution, the related investments at such institution shall be reinvested in Eligible Investments at a successor Eligible Institution within 10 days, and provided, further, that, any Eligible Investment must not:

(a) be sold, liquidated or otherwise disposed of at a loss, prior to the maturity thereof, or

(b) mature later than (i) the date on which the proceeds of such Eligible Investment will be required to be on deposit in the Collection Account in order for the Trustee to make all required and scheduled payments and deposits into Subaccounts under the Indenture, if such Eligible Investment is held by an Affiliate of the Trustee, or (ii) the Business Day prior to the date on which the proceeds of such Eligible Investment will be required to be on deposit in the Collection Account in order for the Trustee to make all required and scheduled payments and deposits into Subaccounts under the Indenture, if such Eligible Investment is not held by an

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Affiliate of the Trustee; provided, however that with respect to the period prior to the first Payment Date any Eligible Investment must not have a maturity of greater than six months.

Eligible Securities Account means either:

(a) a segregated trust account with an Eligible Institution or

(b) a segregated trust account with the corporate trust department of a depositary institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank), having corporate trust powers and acting as trustee for funds deposited in such account, so long as any of the securities of such depositary institution shall have a credit rating from each Rating Agency in one of its generic rating categories which signifies investment grade.

Event of Default has the meaning specified in Section 5.01 of the Indenture.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Expected Amortization Schedule means, with respect to each Series or, if applicable, each Class of Securitization Bonds, the expected amortization schedule for principal thereof, as specified in the Series Supplement therefor.

Expected Final Payment Date means, with respect to each Series or, if applicable, each Class of Securitization Bonds, the date when all interest and principal is scheduled to be paid with respect to that Series or Class in accordance with the Expected Amortization Schedule, as specified in the Series Supplement therefor.

Filing Office means the Office of the of the Secretary of State of the State of Michigan or the Office of the Secretary of State of the State of Delaware, as applicable.

Final Maturity Date means, for each Series or, if applicable, each Class of Securitization Bonds, the date by which all principal of and interest on such Series or Class of Securitization Bonds is required to be paid, as specified in the Series Supplement therefor.

Financing Issuance means an issuance of a new Series of Securitization Bonds under the Indenture to provide funds to finance the purchase by the Issuer of Securitization Property.

Financing Order means the Opinion and Order issued on October 24, 2000 and the Order Granting Rehearing issued on January 12, 2001 by the MPSC (MPSC Docket Number U-12505) with respect to Consumers.

Fitch means Fitch, Inc., or its successor.

Formation Documents means, collectively, the Issuer LLC Agreement, the Issuer Certificate of Formation and any other document pursuant to which the Issuer is formed or governed, as each may be amended or supplemented from time to time.

General Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Grant means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, assign, transfer, create, and grant a lien upon and a security

interest in and right of set-off against, deposit, set over and confirm. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for principal, interest and other payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the Granting party or otherwise and generally to do and receive anything that the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

Holder or Securitization Bondholder means the Person in whose name a Securitization Bond of any Series or Class is registered in the Securitization Bond Register.

Indemnified Person has the meaning specified in Section 5.02 of the Servicing Agreement.

Indemnity Amount means the amount of any indemnification obligation payable under the Basic Documents.

Indenture means the Indenture dated as of November 8, 2001, between the Issuer and the Trustee, as the same may be amended and supplemented from time to time by one or more Supplemental Indentures, and shall include each Series Supplement and the forms and terms of the Securitization Bonds established thereunder.

Independent means, when used with respect to any specified Person, that the Person

(a) is in fact independent of the Issuer, any other obligor upon the Securitization Bonds, Consumers, the Servicer (if different from Consumers) and any Affiliate of any of the foregoing Persons,

(b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, Consumers or any Affiliate of any of the foregoing Persons, and

(c) is not connected with the Issuer, any such other obligor, Consumers or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Independent Certificate means a certificate or opinion to be delivered to the Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 11.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and approved by the Trustee in the exercise of reasonable care, and such opinion or certificate shall state that the signer has read the definition of

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"Independent" in this Appendix A and that the signer is Independent within the meaning thereof.

Independent Manager has the meaning set forth in the Issuer LLC Agreement.

Initial Purchase Price has the meaning set forth in Section 2.01(a) of the Sale Agreement.

Initial Transfer Date means the Series Issuance Date for the first Series of Securitization Bonds.

Initial Transferred Securitization Property means the Securitization Property sold, assigned and/or transferred by the Seller to the Issuer as of the Initial Transfer Date pursuant to the Sale Agreement and the Bill of Sale delivered on or prior to the Initial Transfer Date as identified in such Bill of Sale.

Insolvency Event means, with respect to a specified Person,

(a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable Federal or State bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days or

(b) the commencement by such Person of a voluntary case under any applicable Federal or State bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

Intercreditor Agreement means: (i) the Intercreditor Agreement dated as of November 8, 2001 (the "Initial Intercreditor Agreement"), among Consumers, the Trustee, the Issuer, Canadian Imperial Bank of Commerce and Asset Securitization Cooperative Corporation, as amended and supplemented from time to time; or (ii) any subsequent intercreditor agreement entered into by the Trustee pursuant to Section 18(b) of the Initial Intercreditor Agreement.

Interest means, for any Payment Date for any Series or Class of Securitization Bonds, the sum, without duplication, of:

(a) an amount equal to the amount of interest accrued at the applicable Interest Rate from the prior Payment Date with respect to that Series or Class;

(b) any unpaid interest, plus any interest accrued on this unpaid interest at the applicable Interest Rate, to the extent permitted by applicable law;

(c) if the Securitization Bonds have been declared due and payable, all accrued and unpaid interest thereon; and

(d) with respect to a Series or Class to be redeemed prior to the next Payment Date, the amount of interest that will be payable as

interest on such Series or Class upon such redemption.

Interest Rate means, with respect to each Series or Class of Securitization Bonds, the rate at which interest accrues on the principal balance of Securitization Bonds of such Series or Class, as specified in the Series Supplement therefor.

Interest Rate Swap Agreement means any interest rate swap agreement entered into by the Issuer with respect to any Series or Class of Securitization Bonds, including, without limitation, the ISDA Master Agreement and the related Schedule and Confirmation between the Issuer and a Swap Counterparty, as same may be amended or supplemented from time to time.

Issuer means Consumers Funding LLC, a Delaware limited liability company, or its successor under the Indenture or the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

Issuer Annex means Annex 1 of the Servicing Agreement.

Issuer Certificate of Formation means the Amended and Restated Certificate of Formation of the Issuer which was filed with the Delaware Secretary of State's Office on November 6, 2001, as the same may be amended or supplemented from time to time.

Issuer LLC Agreement means the Amended and Restated Limited Liability Company Agreement between the Issuer and Consumers, as sole Member, dated as of November 8, 2001, as the same may be amended or supplemented from time to time.

Issuer Officer's Certificate means a certificate signed by any Authorized Officer of the Issuer, under the circumstances described in, and otherwise complying with, the applicable requirements of Section 11.01 of the Indenture, and delivered to the Trustee. Unless otherwise specified, any reference in the Indenture to an Officer's Certificate shall be to an Officer's Certificate of any Authorized Officer of the Issuer.

Issuer Opinion of Counsel means one or more written opinions of counsel who may, except as otherwise expressly provided in the Indenture, be employees of or counsel to the Issuer or the Seller and who shall be reasonably satisfactory to the Trustee, and which opinion or opinions shall be addressed to the Trustee, and shall be in a form reasonably satisfactory to the Trustee.

Issuer Order or Issuer Request means a written order or request, respectively, signed in the name of the Issuer by any one of its Authorized Officers and delivered to the Trustee.

Legal Defeasance Option has the meaning specified in Section 4.01(b) of the Indenture.

Lien means a security interest, lien, charge, pledge, equity or encumbrance of any kind.

Losses means collectively, any and all liabilities, obligations, losses, damages, payments, costs or expenses of any kind whatsoever.

Manager has the meaning set forth in the Issuer LLC Agreement.

Member means Consumers, as the sole member of the Issuer, in its capacity as such member under the Issuer LLC Agreement.

Michigan UCC means the Uniform Commercial Code, as in effect in the State of Michigan, as amended from time to time.

Monthly Remittance Date means the 19th day of each calendar month (or if such day is not a Business Day, the preceding Business Day).

Monthly Servicing Fee means the fee payable to the Servicer on a monthly basis for services rendered, in accordance with Section 5.07 of the Servicing Agreement.

Moody's means Moody's Investors Service, Inc., or its successor.

MPSC means the Michigan Public Service Commission or its successor.

MPSC Regulations means any regulations, orders, guidelines or directives promulgated, issued or adopted by the MPSC, as in effect from time to time.

Officers' Certificate means, with respect to a corporation, a certificate signed by the chairman of the board, the president, the vice chairman of the board, any executive vice president, any vice president, the treasurer or the secretary of such company, and with respect to a limited liability company, any Manager.

Operating Expenses means, with respect to the Issuer, all fees, costs, expenses and indemnity payments owed by the Issuer, including, without limitation, all amounts owed by the Issuer to the Trustee, the Monthly Servicing Fee, the fees and expenses payable by the Issuer to the Administrator under the Administration Agreement, the fees and expenses payable by the Issuer to the Independent Managers and Special Members of the Issuer, fees of the Rating Agencies, legal fees and expenses of the Servicer pursuant to Section 3.10 of the Servicing Agreement, legal and accounting fees, costs and expenses of the Issuer and legal, accounting or other fees, costs and expenses of the Seller (including, without limitation, any costs and expenses incurred by the Seller pursuant to Section 4.09 of the Sale Agreement) under or in connection with the Basic Documents or the Financing Order.

Opinion of Counsel means one or more written opinions of counsel who may be an employee of or counsel to Consumers, the Issuer or any other Person (as the context may require), which counsel shall be reasonably acceptable to the Trustee, the Issuer or the Rating Agencies, as applicable, and which shall be in form reasonably satisfactory to the Trustee, if applicable.

Outstanding with respect to Securitization Bonds means, as of the date of determination, all Securitization Bonds theretofore authenticated and delivered under the Indenture except:

(a) Securitization Bonds theretofore canceled by the Securitization Bond Registrar or delivered to the Securitization Bond Registrar for cancellation;

(b) Securitization Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Holders of such Securitization Bonds; provided, however, that if such Securitization Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor, satisfactory to the Trustee, made; and

(c) Securitization Bonds in exchange for or in lieu of other Securitization Bonds which have been authenticated and delivered pursuant to the Indenture unless proof satisfactory to the Trustee is presented that any such Securitization Bonds are held by a protected purchaser;

provided that in determining whether the Holders of the requisite Outstanding Amount of the Securitization Bonds or any Series or Class thereof have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, Securitization Bonds owned by the Issuer, any other obligor upon the Securitization Bonds, Consumers or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitization Bonds that the Trustee knows to be so owned shall be so disregarded. Securitization Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securitization Bonds and that the pledgee is not the Issuer, any other obligor upon the Securitization Bonds, Consumers or any Affiliate of any of the foregoing Persons.

Outstanding Amount means the aggregate principal amount of all Outstanding Securitization Bonds or, if the context requires, all Outstanding Securitization Bonds of a Series or Class Outstanding at the date of determination.

Overcollateralization means, with respect to any Payment Date, an amount that, if deposited to the Overcollateralization Subaccount, would cause the balance in such subaccount to equal the Scheduled Overcollateralization Level for such Payment Date, without regard to investment earnings.

Overcollateralization Amount means, with respect to any Series of Securitization Bonds, the amount specified as such in the Series

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Supplement therefor.

Overcollateralization Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Paying Agent means the Trustee or any other Person, including any Person appointed pursuant to Section 3.02(b) of the Indenture, that meets the eligibility standards for the Trustee specified in Section 6.11 of the Indenture and is authorized by the Issuer to make the payments of principal of or premium, if any, or interest on the Securitization Bonds on behalf of the Issuer.

Payment Date means, with respect to each Series or Class of Securitization Bonds, each date or dates respectively specified as Payment Dates for such Series or Class in the Series Supplement therefor.

Person means any individual, corporation, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), business trust, limited liability company, unincorporated organization or government or any agency or political subdivision thereof.

Predecessor Securitization Bond means, with respect to any particular Securitization Bond, every previous Securitization Bond evidencing all or a portion of the same debt as that evidenced by such particular Securitization Bond; and, for the purpose of this definition, any Securitization Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Securitization Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Securitization Bond.

Principal means, with respect to any Payment Date and each Series or Class of Securitization Bonds:

(a) the amount of principal scheduled to be paid on such Payment Date in accordance with the Expected Amortization Schedule;

(b) the amount of principal due on the Final Maturity Date of any Series or Class if such Payment Date is the Final Maturity Date;

(c) the amount of principal due as a result of the occurrence and continuance of an Event of Default and acceleration of the Securitization Bonds;

(d) the amount of principal and premium, if any, due as a result of a redemption of Securitization Bonds on such Payment Date; and

(e) any overdue payments of principal.

Pro Rata has the meaning set forth in Section 8.02(l) of the Indenture.

Proceeding means any suit in equity, action at law or other judicial or administrative proceeding.

Projected Securitization Bond Balance means, as of any date, the sum of the amounts provided for in the Expected Amortization Schedules for each Outstanding Series of Securitization Bonds as of such date.

Rating Agency means, as of any date, any rating agency rating the Securitization Bonds of any Class or Series at the time of issuance thereof at the request of the Issuer. If no such organization or successor is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Trustee, the Member and the Servicer.

Rating Agency Condition means, with respect to any action, the notification by the Trustee to each Rating Agency of such action and the notification from each of Fitch and S&P to the Trustee and the Issuer that such action will not result in a reduction or withdrawal of the then current rating by such Rating Agency of any Outstanding Series or Class of Securitization Bonds.

Record Date has the meaning set forth in each Supplemental Indenture.

Redemption Date means, with respect to each Series or Class of Securitization Bonds, the date for the redemption of the Securitization Bonds of such Series or Class pursuant to Sections 10.01 or 10.02 of the Indenture or the Series Supplement for such Series or Class, which in each case shall be a Payment Date.

Redemption Price has the meaning set forth in Section 10.01 of the Indenture.

Refunding Issuance means an issuance of a new Series of Securitization Bonds under the Indenture to pay the cost of refunding, through redemption or payment on the Expected Final Payment Date for a Series or Class of Securitization Bonds, all or part of the Securitization Bonds of such Series or Class to the extent permitted by the terms thereof.

Released Parties has the meaning specified in Section 5.02(e) of the Servicing Agreement.

Remittance Date means a Daily Remittance Date or a Monthly Remittance Date, as applicable.

Required Capital Amount means with respect to any Series, the amount required to be deposited in the Capital Subaccount on the Series Issuance Date of such Series, as specified in the related Series Supplement.

Reserve Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Responsible Officer means, with respect to the Trustee, any officer assigned to the Corporate Trust Division (or any successor thereto), including any vice president, assistant vice president, trust officer, secretary, assistant secretary, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers, in each case having direct responsibility for the administration of the Indenture.

Retiring Trustee has the meaning specified in Section 6.08(b) of the Indenture.

Sale Agreement means the Sale Agreement dated November 8, 2001 between the Seller and the Issuer, as the same may be amended or supplemented from time to time.

Scheduled Overcollateralization Level means, with respect to each Series and any Payment Date, the amount with respect to such Series set forth as such in Schedule B of the Series Supplement.

Secured Obligations has the meaning set forth in the Granting Clause of the Indenture.

Securities Account Control Agreement means the securities account control agreement dated as of November 8, 2001, by and between Consumers Funding LLC, as debtor, the Trustee as the secured party and The Bank of New York, in its capacity as securities intermediary thereunder.

Securitization Bond means any of the Securitization Bonds (as defined in the Customer Choice Act) issued by the Issuer pursuant to the Indenture.

Securitization Bond Balance means, as of any date, the aggregate Outstanding Amount of all Series of Securitization Bonds on such date.

Securitization Bond Register has the meaning specified in Section 2.05(a) of the Indenture.

Securitization Bond Registrar has the meaning specified in Section 2.05(a) of the Indenture.

Securitization Charge means the nonbypassable amounts to be charged for the use or availability of electric services (but does not include tax charges authorized by the Financing Order), approved by the MPSC under the Financing Order, to fully recover qualified costs, to be collected by Consumers, its successors, assignees or other collection agents, as provided for in the Financing Order.

Securitization Charge Adjustment means each adjustment to the Securitization Charge related to the Transferred Securitization Property made in accordance with Section 4.01 of the Servicing Agreement, the Issuer Annex and the Financing Order.

Securitization Charge Rate means the amount of the surcharge applied to all kilowatt-hours (KWh) billed to determine the amount of the Securitization Charges.

Securitization Charge Collections means amounts received by the Servicer in respect of the Securitization Charge as determined by the Servicer in accordance with the allocation methodology set forth in Annex 2 to the Servicing Agreement.

Securitization Property has the meaning assigned to that term in the Customer Choice Act and as approved with respect to Consumers in the Financing Order.

Securitization Property Documentation means all documents relating to the Transferred Securitization Property, including copies of the Financing Order and all documents filed with the MPSC in connection with any Securitization Charge Adjustment.

Securitization Ratio means for an entire Billing Month the total Securitization Charges billed by the Servicer for each rate class divided by the total charges billed by Consumers and the Servicer for each rate class to customers for such Billing Month. Customers for this purpose refers to Consumers' electric and combination electric and gas customers (and not gas only customers).

Seller means Consumers, in its capacity as seller of the Securitization Property to the Issuer pursuant to the Sale Agreement.

Series means any series of Securitization Bonds issued by the Issuer and authenticated by the Trustee pursuant to the Indenture, as specified in the

Series Supplement therefor.

Series Capital Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Series Issuance Date means, with respect to any Series, the date on which the Securitization Bonds of such Series are to be originally issued in accordance with Section 2.10 of the Indenture and the Series Supplement for such Series.

Series Overcollateralization Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Series Subaccount has the meaning specified in Section 8.02(a) of the Indenture.

Series Supplement means an indenture supplemental to the Indenture that authorizes a particular Series of Securitization Bonds, as the same may be amended or supplemented from time to time.

Servicer means Consumers, as the servicer of the Securitization Property, and each successor to Consumers (in the same capacity) pursuant to Section 5.03, 5.04 or 6.04 of the Servicing Agreement.

Servicer Default means an event specified in Section 6.01 of the Servicing Agreement.

Servicing Agreement means the Servicing Agreement dated as of November 8, 2001 between the Issuer and the Servicer, as the same may be amended and supplemented from time to time.

Special Member has the meaning set forth in the Issuer LLC Agreement.

Standard & Poor's, or S&P, means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, or its successor.

State means any one of the 50 states of the United States of America or the District of Columbia.

Subaccount means any of the subaccounts of the Collection Account specified in Section 8.02 of the Indenture.

Subsequent Sale means the sale of additional Securitization Property by the Seller to the Issuer after the Initial Transfer Date, subject to the satisfaction of the conditions specified in the Sale Agreement and the Indenture.

Subsequent Transfer Date means the date that a sale of Subsequent Transferred Securitization Property will be effective, as specified in a written notice provided by the Seller to the Issuer pursuant to the Sale Agreement.

Subsequent Transferred Securitization Property means Securitization Property sold by the Seller to the Issuer as of a Subsequent Transfer Date pursuant to the Sale Agreement and the Bill of Sale delivered on or prior to the Subsequent Transfer Date as identified in such Bill of Sale.

Successor Servicer has the meaning specified in Section 3.19(i) of the Indenture.

Supplemental Indenture means a supplemental indenture entered into by the Issuer and the Trustee pursuant to Article IX of the Indenture.

Swap Counterparty means, with respect to any Interest Rate Swap Agreement, the swap counterparty under that Interest Rate Swap Agreement.

Termination Notice has the meaning specified in Section 6.01(d) of the Servicing Agreement.

Transfer Date means the Initial Transfer Date or any Subsequent Transfer Date, as applicable.

Transferred Securitization Property means Securitization Property which has been sold, assigned and/or transferred to the Issuer pursuant to the Sale Agreement and the Bill of Sale.

Trust Indenture Act or TIA means the Trust Indenture Act of 1939, as in force on the date hereof, unless otherwise specifically provided.

Trustee means The Bank of New York, a New York banking corporation, or its successor, as trustee under the Indenture, or any successor Trustee under the Indenture.

UCC means the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

Underwriting Agreement means the Underwriting Agreement dated as of October 31, 2001 among the Seller, the Issuer and Morgan Stanley & Co. Incorporated, on behalf of itself and as the representative of the several underwriters named therein.

U.S. Government Obligations means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the issuer's option.

EXHIBIT C TO INTERCREDITOR AGREEMENT

2014 Servicing Agreement

See attached.

SECURITIZATION PROPERTY SERVICING AGREEMENT

by and between

CONSUMERS 2014 SECURITIZATION FUNDING LLC,

Issuer

and

CONSUMERS ENERGY COMPANY,

Servicer

Acknowledged and Accepted by

The Bank of New York Mellon, as Indenture Trustee

Dated as of July 22, 2014

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This SECURITIZATION PROPERTY SERVICING AGREEMENT, dated as of July 22, 2014, is by and between CONSUMERS 2014 SECURITIZATION FUNDING LLC, a Delaware limited liability company, as issuer, and CONSUMERS ENERGY COMPANY, a Michigan corporation, as servicer, and acknowledged and accepted by The Bank of New York Mellon, as indenture trustee.

RECITALS

WHEREAS, pursuant to the Securitization Law and the Financing Order, Consumers Energy, in its capacity as seller, and the Issuer are concurrently entering into the Sale Agreement pursuant to which the Seller is selling and the Issuer is purchasing certain Securitization Property created pursuant to the Securitization Law and the Financing Order described therein;

WHEREAS, in connection with its ownership of the Securitization Property and in order to collect the associated Securitization Charges, the Issuer desires to engage the Servicer to carry out the functions described herein and the Servicer desires to be so engaged;

WHEREAS, the Issuer desires to engage the Servicer to act on its behalf in obtaining True-Up Adjustments from the Commission and the Servicer desires to be so engaged;

WHEREAS, the Securitization Charge Collections may be commingled with other funds collected by the Servicer; and

WHEREAS, certain parties may have an interest in such commingled collections, and such parties will have entered into the Intercreditor Agreement, which allows Consumers Energy to allocate the collected, commingled funds according to each party's interest;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. Definitions and Rules of Construction. Capitalized terms used but not otherwise defined in this Servicing Agreement shall have the respective meanings given to such terms in Appendix A, which is hereby incorporated by reference into this Servicing Agreement as if set forth fully in this Servicing Agreement. Not all terms defined in Appendix A are used in this Servicing Agreement. The rules of construction set forth in Appendix A shall apply to this Servicing Agreement and are hereby incorporated by reference into this Servicing Agreement as if set forth fully in this Servicing Agreement.

ARTICLE II
APPOINTMENT AND AUTHORIZATION

SECTION 2.01. Appointment of Servicer; Acceptance of Appointment. The Issuer hereby appoints the Servicer, and the Servicer hereby accepts such appointment, to perform the Servicer's obligations pursuant to this Servicing Agreement on behalf of and for the

benefit of the Issuer or any assignee thereof in accordance with the terms of this Servicing Agreement and applicable law as it applies to the Servicer in its capacity as servicer hereunder. This appointment and the Servicer's acceptance thereof may not be revoked except in accordance with the express terms of this Servicing Agreement.

SECTION 2.02. Authorization. With respect to all or any portion of the Securitization Property, the Servicer shall be, and hereby is, authorized and empowered by the Issuer to (a) execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and (b) on behalf of itself and/or the Issuer, as the case may be, make any filing and participate in proceedings of any kind with any Governmental Authority, including with the Commission. The Issuer shall execute and deliver to the Servicer such documents as have been prepared by the Servicer for execution by the Issuer and shall furnish the Servicer with such other documents as may be in the Issuer's possession, in each case as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder. Upon the Servicer's written request, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the Servicer to carry out its duties hereunder.

SECTION 2.03. Dominion and Control Over the Securitization Property. Notwithstanding any other provision herein, the Issuer shall have dominion and control over the Securitization Property, and the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the Securitization Property and the Securitization Property Records. The Servicer shall not take any action that is not authorized by this Servicing Agreement, that would contravene the Commission Regulations or the Financing Order, that is not consistent with its customary procedures and practices or that shall impair the rights of the Issuer or the Indenture Trustee (on behalf of the Holders) in the Securitization Property, in each case unless such action is required by applicable law or court or regulatory order.

ARTICLE III
ROLE OF SERVICER

SECTION 3.01. Duties of Servicer. The Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The Servicer's duties in general shall include: management, servicing and administration of the Securitization Property; obtaining meter reads, calculating usage and billing, collecting and posting all payments in respect of the Securitization Property or Securitization Charges; responding to inquiries by Customers, the Commission or any other Governmental Authority with respect to the Securitization Property or Securitization Charges; delivering Bills to Customers; investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to the Issuer), processing and depositing collections and making periodic remittances; furnishing periodic reports to the Issuer, the Indenture Trustee and the Rating Agencies; making all filings with the Commission and taking such other action as may be necessary to perfect the Issuer's ownership interests in and the Indenture Trustee's first priority Lien on the Securitization Property; making all filings and taking such other action as may be necessary to perfect and maintain the perfection and priority

of the Indenture Trustee's Lien on all Securitization Bond Collateral; selling as the agent for the Issuer as its interests may appear defaulted or written off accounts in accordance with the Servicer's usual and customary practices; taking all necessary action in connection with True-Up Adjustments as set forth herein; and performing such other duties as may be specified under the Financing Order to be performed by it. Anything to the contrary notwithstanding, the duties of the Servicer set forth in this Servicing Agreement shall be qualified in their entirety by any Commission Regulations, the Financing Order and the U.S. federal securities laws and the rules and regulations promulgated thereunder, including Regulation AB, as in effect at the time such duties are to be performed. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, usage and bill calculation, billing, customer service functions, collections, posting, payment processing and remittance set forth in Exhibit A. Any processing and depositing of collections, making of periodic remittances and furnishing of periodic reports set forth in this Section 3.01(a) shall be subject to the provisions of the Intercreditor Agreement.

(b) Reporting Functions.

(i) Monthly Servicer's Certificate. On or before the last Servicer Business Day of each month, the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit B (a "Monthly Servicer's Certificate") setting forth certain information relating to Securitization Charge Payments received by the Servicer during the Collection Period preceding such date; provided, however, that, for any month in which the Servicer is required to deliver a Semi-Annual Servicer's Certificate pursuant to Section 4.01(c)(ii), the Servicer shall prepare and deliver the Monthly Servicer's Certificate no later than the date of delivery of such Semi-Annual Servicer's Certificate.

(ii) Notification of Laws and Regulations. The Servicer shall immediately notify the Issuer, the Indenture Trustee and the Rating Agencies in writing of any Requirement of Law or Commission Regulations hereafter promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Servicing Agreement.

(iii) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, the Servicer shall provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Securitization Property to the extent it is reasonably available to the Servicer, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer hereunder. In addition, so long as any of the Securitization Bonds are outstanding, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Securitization Charges applicable to each Securitization Rate Class.

(iv) Preparation of Reports. The Servicer shall prepare and deliver such additional reports as required under this Servicing Agreement, including a copy of each Semi-Annual Servicer's Certificate described in Section 4.01(c)(ii), the annual statements of compliance, attestation reports and other certificates described in Section 3.03 and the Annual Accountant's Report described in Section 3.04. In addition, the Servicer shall prepare, procure, deliver and/or file, or cause to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the SEC (and/or any other Governmental Authority) by the Issuer or the Sponsor under the U.S. federal securities or other applicable laws or in accordance with the Basic Documents, including filing with the SEC, if applicable and required by applicable law, a copy or copies of (A) the Monthly Servicer's Certificates described in Section 3.01(b)(i) (under Form 10-D or any other applicable form), (B) the Semi-Annual Servicer's Certificates described in Section 4.01(c)(ii) (under Form 10-D or any other applicable form), (C) the annual statements of compliance, attestation reports and other certificates described in Section 3.03 and (D) the Annual Accountant's Report (and any attestation required under Regulation AB) described in Section 3.04. In addition, the appropriate officer or officers of the Servicer shall (in its separate capacity as Servicer) sign the Sponsor's annual report on Form 10-K (and any other applicable SEC or other reports, attestations, certifications and other documents), to the extent that the Servicer's signature is required by, and consistent with, the U.S. federal securities laws and/or any other applicable law.

(c) Opinions of Counsel. The Servicer shall obtain on behalf of the Issuer and deliver to the Issuer and the Indenture Trustee:

(i) promptly after the execution and delivery of this Servicing Agreement and of each amendment hereto, an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Michigan Department of State and the Secretary of State of the State of Delaware, that are necessary under the UCC and the Securitization Law to fully preserve, protect and perfect the Liens of the Indenture Trustee in the Securitization Property have been authorized, executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens; and

(ii) within 90 days after the beginning of each calendar year beginning with the first calendar year beginning more than three months after the date hereof, an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the Servicer and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the Issuer, dated as of a date during such 90-day period, either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Michigan Department of State and the Secretary of State of the State of Delaware, have

been authorized, executed and filed that are necessary under the UCC and the Securitization Law to fully preserve, protect and perfect the Liens of the Indenture Trustee in the Securitization Property, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens.

Each Opinion of Counsel referred to in Section 3.01(c)(i) or Section 3.01(c)(ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to preserve, protect and perfect such interest or Lien.

SECTION 3.02. Servicing and Maintenance Standards. On behalf of the Issuer, the Servicer shall: (a) manage, service, administer, bill, collect and post collections in respect of the Securitization Property with reasonable care and in material compliance with each applicable Requirement of Law, including all applicable Commission Regulations and guidelines, using the same degree of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others; (b) follow standards, policies and procedures in performing its duties as Servicer that are customary in the electric distribution industry; (c) use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the Securitization Property and to bill, collect and post the Securitization Charges; (d) comply with each Requirement of Law, including all applicable Commission Regulations and guidelines, applicable to and binding on it relating to the Securitization Property; (e) file all reports with the Commission required by the Financing Order; (f) file and maintain the effectiveness of UCC financing statements with respect to the property transferred under the Sale Agreement; and (g) take such other action on behalf of the Issuer to ensure that the Lien of the Indenture Trustee on the Securitization Bond Collateral remains perfected and of first priority. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Securitization Property, which, in the Servicer's judgment, may include the taking of legal action, at the Issuer's expense but subject to the priority of payments set forth in Section 8.02(e) of the Indenture.

SECTION 3.03. Annual Reports on Compliance with Regulation AB.

(a) The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, on or before the earlier of (a) March 31 of each year or (b) with respect to each calendar year during which the Sponsor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which such annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, certificates from a Responsible Officer of the Servicer (i) containing, and certifying as to, the statements of compliance required by Item 1123 of Regulation AB, as then in effect, and (ii) containing, and certifying as to, the statements and assessment of compliance required by Item 1122(a) of Regulation AB, as then in effect. These certificates may be in the form of, or shall include the forms attached as Exhibit D and Exhibit E, with, in the case of Exhibit D, such changes as may be required to conform to the applicable securities law.

(b) The Servicer shall use commercially reasonable efforts to obtain, from each other party participating in the servicing function, any additional certifications as to the statements and assessment required under Item 1122 or Item 1123 of Regulation AB to the extent required in connection

with the filing of the annual report on Form 10-K; provided, however, that a failure to obtain such certifications shall not be a breach of the Servicer's duties hereunder. The parties acknowledge that the Indenture Trustee's certifications shall be limited to the Item 1122 certifications described in Exhibit C of the Indenture.

(c) The initial Servicer, in its capacity as Sponsor, shall post on its or its parent company's website and file with or furnish to the SEC, in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, the information described in Section 3.07(g) of the Indenture to the extent such information is reasonably available to the Sponsor. Except to the extent permitted by applicable law, the initial Servicer, in its capacity as Sponsor, shall not voluntarily suspend or terminate its filing obligations as Sponsor with the SEC as described in this Section 3.03(c). The covenants of the initial Servicer, in its capacity as Sponsor, pursuant to this Section 3.03(c) shall survive the resignation, removal or termination of the initial Servicer as Servicer hereunder.

SECTION 3.04. Annual Report by Independent Registered Public Accountants.

(a) The Servicer shall cause a firm of Independent registered public accountants (which may provide other services to the Servicer or the Seller) to prepare annually, and the Servicer shall deliver annually to the Issuer, the Indenture Trustee and the Rating Agencies on or before the earlier of (i) March 31 of each year, beginning March 31, 2015, or (ii) with respect to each calendar year during which the Sponsor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which such annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, a report (the "Annual Accountant's Report") that attests to, and reports on, the assessment of compliance made by the Servicer and delivered pursuant to Section 3.03. Such attestation shall be in accordance with Rules 1-02(a)(3) and 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act.

(b) The Annual Accountant's Report delivered pursuant to Section 3.04(a) shall also indicate that the accounting firm providing such report is independent of the Servicer in accordance with the rules of the Public Company Accounting Oversight Board and shall include any attestation report required under Item 1122(b) of Regulation AB, as then in effect.

ARTICLE IV
SERVICES RELATED TO TRUE-UP ADJUSTMENTS

SECTION 4.01. True-Up Adjustments. From time to time, until the Collection in Full of the Securitization Charges, the Servicer shall identify the need for Annual True-Up Adjustments, Semi-Annual Interim True-Up Adjustments and Additional Interim True-Up Adjustments and shall take all reasonable action to obtain and implement such True-Up Adjustments, all in accordance with the following:

(a) Expected Amortization Schedule. The Expected Amortization Schedule for the Securitization Bonds is attached hereto as Exhibit F. If the Expected Amortization Schedule is revised, the Servicer shall send a copy of such revised Expected Amortization Schedule to the Issuer, the Indenture Trustee and the Rating Agencies promptly thereafter.

(b) True-Up Adjustments.

(i) Annual True-Up Adjustments and Filings. At the beginning of Consumers Energy's billing cycle that is at least three months but no longer than 12 months following Consumers Energy's first complete billing cycle after the Closing Date, and for Consumers Energy's billing cycle every 12 months thereafter, the Servicer shall: (A) update the data and assumptions underlying the calculation of the Securitization Charges, including projected electricity usage during the next Calculation Period for each Securitization Rate Class and including Periodic Principal, interest and estimated expenses and fees of the Issuer to be paid during such period, the Weighted Average Days Outstanding and write-offs; (B) determine the Periodic Payment Requirements and Periodic Billing Requirement for the next Calculation Period based on such updated data and assumptions; (C) determine the Securitization Charges to be allocated to each Securitization Rate Class during the next Calculation Period based on such Periodic Billing Requirement and the terms of the Financing Order, the Tariff and any other tariffs filed pursuant thereto; (D) make all required public notices and other filings with the Commission to reflect the revised Securitization Charges, including any Amendatory Schedule; and (E) take all reasonable actions and make all reasonable efforts to effect such Annual True-Up Adjustment and to enforce the provisions of the Securitization Law and the Financing Order. The Servicer shall implement the revised Securitization Charges, if any, resulting from such Annual True-Up Adjustment as of the Annual True-Up Adjustment Date.

(ii) Semi-Annual Interim True-Up Adjustments and Filings. No later than 45 days prior to the start of the February billing cycle, commencing with respect to the February 2015 billing cycle, and, one year prior to the Scheduled Final Payment Date for the latest maturing Tranche, within 45 days prior to the dates that are nine months, six months and three months prior to, and the date of, such Scheduled Final Payment Date for the latest maturing Tranche, the Servicer shall: (A) update the data and assumptions underlying the calculation of the Securitization Charges, including projected electricity usage during the next Calculation Period for each Securitization Rate Class and including Periodic Principal, interest and estimated expenses and fees of the Issuer to be paid during such period, the rate of delinquencies and write-offs; (B) determine the Periodic Payment Requirement and Periodic Billing Requirement for the next Calculation Period based on such updated data and assumptions; and (C) based upon such updated data and requirements, project whether existing and projected Securitization Charge Collections together with available fund balances in the Excess Funds Subaccount, will be sufficient (x) to make on a timely basis all scheduled payments of Periodic Principal and interest in respect of each Outstanding Tranche of Securitization Bonds during such Calculation Period, (y) to pay other

Ongoing Other Qualified Costs on a timely basis and (z) to maintain the Capital Subaccount at the Required Capital Level; provided, that, in the case of any Semi-Annual Interim True-Up Adjustment following the Scheduled Final Payment Date for the latest maturing tranche of any Securitization Bonds, the True-Up Adjustment will be calculated to ensure that the Securitization Charges are sufficient to pay the

Securitization Bonds in full on the next Scheduled Payment Date. If the Servicer determines that Securitization Charges will not be sufficient for such purposes, the Servicer shall, no later than the date described in the first sentence of this Section 4.01(b)(ii): (1) determine the Securitization Charges to be allocated to each Securitization Rate Class during the next Calculation Period based on such Periodic Billing Requirement and the terms of the Financing Order, the Tariff and other tariffs filed pursuant thereto; (2) make all required public notices and other filings with the Commission to reflect the revised Securitization Charges, including any Amendatory Schedule; and (3) take all reasonable actions and make all reasonable efforts to effect such Semi-Annual Interim True-Up Adjustment and to enforce the provisions of the Securitization Law and the Financing Order.

(iii) Additional Interim True-Up Adjustments and Filings. In addition to the True-Up Adjustments described in Section 4.01(b)(i) and Section 4.01(b)(ii), the Servicer shall initiate a proceeding with the Commission to implement an Additional Interim True-Up Adjustment (in the same manner as provided for the Semi-Annual Interim True-Up Adjustments) at any time if the Servicer forecasts that Securitization Charge Collections during the current or succeeding Calculation Period will be insufficient (A) to make all scheduled payments of Periodic Principal and interest due in respect of the Securitization Bonds on a timely basis during such Calculation Period, (B) to pay Ongoing Other Qualified Costs on a timely basis and (C) to replenish any draws on the Capital Subaccount.

(c) Reports.

(i) Notification of Amendatory Schedule Filings and True-Up Adjustments. Whenever the Servicer files an Amendatory Schedule with the Commission or implements revised Securitization Charges with notice to the Commission without filing an Amendatory Schedule if permitted by the Financing Order, the Servicer shall send a copy of such filing or notice (together with a copy of all notices and documents that, in the Servicer's reasonable judgment, are material to the adjustments effected by such Amendatory Schedule or notice) to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith. If, for any reason any revised Securitization Charges are not implemented and effective on the applicable date set forth herein, the Servicer shall notify the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Servicer Business Day after such applicable date.

(ii) Semi-Annual Servicer's Certificate. Not later than five Servicer Business Days prior to each Payment Date or Special Payment Date, the Servicer shall deliver a written report substantially in the form of Exhibit C (the "Semi-

Annual Servicer's Certificate") to the Issuer, the Indenture Trustee and the Rating Agencies, which shall include all of the following information (to the extent applicable and including any other information so specified in the Series Supplement) as to the Securitization Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

(A) the amount of the payment to Holders allocable to principal, if any;

(B) the amount of the payment to Holders allocable to interest;

(C) the aggregate Outstanding Amount of the Securitization Bonds, before and after giving effect to any payments allocated to principal reported under Section 4.01(c)(ii)(A);

(D) the difference, if any, between the amount specified in Section 4.01(c)(ii)(C) and the Outstanding Amount specified in the Expected Amortization Schedule;

(E) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and

(F) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(iii) Reports to Customers.

(A) After each revised Securitization Charge has gone into effect pursuant to a True-Up Adjustment, the Servicer shall, to the extent and in the manner and time frame required by any applicable Commission Regulations, cause to be prepared and delivered to Customers any required notices announcing such revised Securitization Charges.

(B) The Servicer shall comply with the requirements of the Financing Order with respect to the filing of the Securitization Rate Schedule to ensure that the Securitization Charges are separate and apart from the Servicer's other charges and appear as a separate line item on the Bills sent to Customers.

SECTION 4.02. Limitation of Liability.

(a) The Issuer and the Servicer expressly agree and acknowledge that:

(i) In connection with any True-Up Adjustment, the Servicer is acting solely in its capacity as the servicing agent hereunder.

(ii) None of the Servicer, the Issuer or the Indenture Trustee is responsible in any manner for, and shall have no liability whatsoever as a result of, any action, decision, ruling or other determination made or not made, or any delay (other than any delay resulting from the Servicer's failure to make any filings required by Section 4.01 in a timely and correct manner or any breach by the Servicer of its

duties under this Servicing Agreement that adversely affects the Securitization Property or the True-Up Adjustments), by the Commission in any way related to the Securitization Property or in connection with any True-Up Adjustment, the subject of any filings under Section 4.01, any proposed True-Up Adjustment or the approval of any revised Securitization Charges and the scheduled adjustments thereto.

(iii) Except to the extent that the Servicer is liable under Section 6.02, the Servicer shall have no liability whatsoever relating to the calculation of any revised Securitization Charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculation regarding expected energy usage volume and the Weighted Average Days Outstanding, write-offs and estimated expenses and fees of the Issuer, so long as the Servicer has acted in good faith and has not acted in a negligent manner in connection therewith, nor shall the Servicer have any liability whatsoever as a result of any Person, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any Securitization Bond generally.

(b) Notwithstanding the foregoing, this Section 4.02 shall not relieve the Servicer of liability for any misrepresentation by the Servicer under Section 6.01 or for any breach by the Servicer of its other obligations under this Servicing Agreement.

ARTICLE V
THE SECURITIZATION PROPERTY

SECTION 5.01. Custody of Securitization Property Records. To assure uniform quality in servicing the Securitization Property and to reduce administrative costs, the Issuer hereby revocably appoints the Servicer, and the Servicer hereby accepts such appointment, to act as the agent of the Issuer as custodian of any and all documents and records that the Seller shall keep on file, in accordance with its customary procedures, relating to the Securitization Property, including copies of the Financing Order and Amendatory Schedules relating thereto and all documents filed with the Commission in connection with any True-Up Adjustment and computational records relating thereto (collectively, the "Securitization Property Records"), which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to all Securitization Property.

SECTION 5.02. Duties of Servicer as Custodian.

(a) Safekeeping. The Servicer shall hold the Securitization Property Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Securitization Property Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with this Servicing

Agreement, the Sale Agreement and the Indenture. In performing its duties as custodian, the Servicer shall act with reasonable care, using that degree of care and diligence that the Servicer exercises with respect to comparable assets that the Servicer services for itself or, if applicable, for others. The Servicer shall promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Securitization Property Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Securitization Property Records. The Servicer's duties to hold the Securitization Property Records set forth in this Section 5.02, to the extent the Securitization Property Records have not been previously transferred to a successor Servicer pursuant to Article VII, shall terminate one year and one day after the earlier of (i) the date on which the Servicer is succeeded by a successor Servicer in accordance with Article VII and (ii) the first date on which no Securitization Bonds are Outstanding.

(b) Maintenance of and Access to Records. The Servicer shall maintain the Securitization Property Records at One Energy Plaza, Jackson, Michigan 49201 or at its facility located at 805 East Morrell Street (formerly known as Bridge Street), Jackson, Michigan 49201, or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location. The Servicer shall make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Securitization Property Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Servicer's normal operations. Nothing in this Section 5.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(b).

(c) Release of Documents. Upon instruction from the Indenture Trustee in accordance with the Indenture, the Servicer shall release any Securitization Property Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable. Nothing in this Section 5.02(c) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(c).

(d) Defending Securitization Property Against Claims. The Servicer, on behalf of the Issuer and the Holders, shall institute any action or proceeding necessary under the Securitization Law or the Financing Order with respect to the Securitization Property, and the Servicer agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of, judicial invalidation of, or supplement to, the Securitization Law or the Financing Order that would be detrimental to the interests of the Holders or that would cause an impairment of the rights of the Issuer or the Holders.

(e) Additional Litigation to Defend Securitization Property. In addition to its obligations under Section 5.02(d), the Servicer shall, at its own expense, institute any action or proceeding necessary to compel performance by the Commission or the State of Michigan of any of their respective obligations or duties under the Securitization Law and the Financing Order with respect to the Securitization Property and to compel performance by applicable parties under the Tariff or any agreement with the Servicer entered into pursuant to the Tariff.

SECTION 5.03. Custodian's Indemnification. The Servicer as custodian shall indemnify the Issuer, any Independent Manager and the

Indenture Trustee (for itself and for the benefit of the Holders) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Indemnified Losses") that may be imposed on, incurred by or asserted against each such Person as the result of any negligent act or omission in any way relating to the maintenance and custody by the Servicer, as custodian, of the Securitization Property Records; provided, however, that the Servicer shall not be liable for any portion of any such amount resulting from the willful misconduct, bad faith or negligence of the Issuer, any Independent Manager or the Indenture Trustee, as the case may be.

Indemnification under this Section 5.03 shall survive resignation or removal of the Indenture Trustee or any Independent Manager and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys' fees and expenses).

SECTION 5.04. Effective Period and Termination. The Servicer's appointment as custodian shall become effective as of the Closing Date and shall continue in full force and effect until terminated pursuant to this Section 5.04. If the Servicer shall resign as Servicer in accordance with the provisions of this Servicing Agreement or if all of the rights and obligations of the Servicer shall have been terminated under Section 7.01, the appointment of the Servicer as custodian shall be terminated effective as of the date on which the termination or resignation of the Servicer is effective. Additionally, if not sooner terminated as provided above, the Servicer's obligations as custodian shall terminate one year and one day after the date on which no Securitization Bonds are Outstanding.

ARTICLE VI
THE SERVICER

SECTION 6.01. Representations and Warranties of Servicer. The Servicer makes the following representations and warranties, as of the Closing Date, and as of such other dates as expressly provided in this Section 6.01, on which the Issuer and the Indenture Trustee are deemed to have relied in entering into this Servicing Agreement relating to the servicing of the Securitization Property. The representations and warranties shall survive the execution and delivery of this Servicing Agreement, the sale of any Securitization Property and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Servicer is duly organized and validly existing and in good standing under the laws of the State of Michigan, with the requisite

corporate or other power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted and to execute, deliver and carry out the terms of this Servicing Agreement and the Intercreditor Agreement, and had at all relevant times, and has, the requisite power, authority and legal right to service the Securitization Property and to hold the Securitization Property Records as custodian.

(b) Due Qualification. The Servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Securitization Property as required by this Servicing Agreement and the Intercreditor Agreement) shall require such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on the Servicer's business, operations, assets, revenues or properties or to its servicing of the Securitization Property).

(c) Power and Authority. The execution, delivery and performance of this Servicing Agreement and the Intercreditor Agreement have been duly authorized by all necessary action on the part of the Servicer under its organizational documents and laws.

(d) Binding Obligation. Each of this Servicing Agreement and the Intercreditor Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Servicing Agreement and the Intercreditor Agreement and the fulfillment of the terms of each such transaction will not: (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the organizational documents of the Servicer, or any indenture or other agreement or instrument to which the Servicer is a party or by which it or any of its property is bound; (ii) result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be granted under the Basic Documents); or (iii) violate any existing law or any existing order, rule or regulation applicable to the Servicer of any Governmental Authority having jurisdiction over the Servicer or its properties.

(f) No Proceedings. There are no proceedings pending, and, to the Servicer's knowledge, there are no proceedings threatened, and, to the Servicer's knowledge, there are no investigations pending or threatened, before any Governmental Authority having jurisdiction over the Servicer or its properties involving or relating to the Servicer or the Issuer or, to the Servicer's knowledge, any other Person (i) asserting the invalidity of this Servicing Agreement or the Intercreditor Agreement or any of the other Basic Documents, (ii) seeking to prevent the issuance of the Securitization Bonds or the consummation of any of the transactions contemplated by this Servicing Agreement or any of the other Basic Documents, (iii) seeking

any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Servicing Agreement, any of the other Basic Documents or the Securitization Bonds or (iv) seeking to adversely affect the U.S. federal income tax or state income or franchise tax classification of the Securitization Bonds as debt.

(g) Approvals. No governmental approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Servicer of this Servicing Agreement or the Intercreditor Agreement, the performance by the

Servicer of the transactions contemplated hereby or thereby or the fulfillment by the Servicer of the terms of each, except those that have been obtained or made, those that the Servicer is required to make in the future pursuant to Article IV and those that the Servicer may need to file in the future to continue the effectiveness of any financing statement filed under the UCC.

(h) Reports and Certificates. Each report and certificate delivered in connection with any filing made to the Commission by the Issuer with respect to the Securitization Charges or True-Up Adjustments will constitute a representation and warranty by the Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the Servicer on the date such report or certificate is delivered).

SECTION 6.02. Indemnities of Servicer; Release of Claims. The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Servicing Agreement.

(a) The Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders) and any Independent Manager, and each of their respective trustees, officers, directors, employees and agents (each, an "Indemnified Party"), for, and defend and hold harmless each such Person from and against, any and all Indemnified Losses imposed on, incurred by or asserted against any such Person as a result of (i) the Servicer's willful misconduct, bad faith or negligence in the performance of its duties or observance of its covenants under this Servicing Agreement and the Intercreditor Agreement or its reckless disregard of its obligations and duties under this Servicing Agreement or the Intercreditor Agreement, (ii) the Servicer's breach of any of its representations and warranties contained in this Servicing Agreement and the Intercreditor Agreement or (iii) any litigation or related expenses relating to the Servicer's status or obligations as Servicer (other than any proceeding the Servicer is required to institute under the Servicing Agreement), except to the extent of Indemnified Losses either resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder or resulting from a breach of a representation or warranty made by such Person seeking indemnification hereunder in any of the Basic Documents that gives rise to the Servicer's breach.

(b) For purposes of Section 6.02(a), in the event of the termination of the rights and obligations of Consumers Energy (or any successor thereto pursuant to Section 6.03) as Servicer pursuant to Section 7.01, or a resignation by such Servicer pursuant to this Servicing Agreement, such Servicer shall be deemed to be the Servicer pending appointment of a successor Servicer pursuant to Section 7.02.

(c) Indemnification under this Section 6.02 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or any Independent Manager or the termination of this Servicing Agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys' fees and expenses).

(d) Except to the extent expressly provided in this Servicing Agreement or the other Basic Documents (including the Servicer's claims with respect to the Servicing Fee and the payment of the purchase price of Securitization Property), the Servicer hereby releases and discharges the Issuer, any Independent Manager and the Indenture Trustee, and each of their respective officers, directors and agents (collectively, the "Released Parties"), from any and all actions, claims and demands whatsoever, whenever arising, which the Servicer, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Securitization Property or the Servicer's activities with respect thereto, other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(e) The Servicer shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any action, proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any action, proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the Servicer under this Section 6.02, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Party to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.02 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.02, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defense of any such action, proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defense of any action, proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel (including local counsel), and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the Servicer and the Indemnified Party shall have reasonably concluded that there may be legal

defenses available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Servicer shall authorize the Indemnified Party to employ separate counsel at the expense of the Servicer or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 6.02 (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim, action, suit or proceeding.

SECTION 6.03. Binding Effect of Servicing Obligations. The obligations to continue to provide service and to collect and account for

Securitization Charges will be binding upon the Servicer, any Successor and any other entity that provides distribution services to a Person that is a Michigan customer of Consumers Energy or any Successor so long as the Securitization Charges have not been fully collected and posted. Any Person (a) into which the Servicer may be merged, converted or consolidated and that is a Permitted Successor, (b) that may result from any merger, conversion or consolidation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Servicing Agreement without further act on the part of any of the parties to this Servicing Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 6.01 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 6.03 and that all conditions precedent, if any, provided for in this Servicing Agreement relating to such transaction have been complied with, (iii) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from external counsel of the Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the Servicer, including filings with the Commission pursuant to the Securitization Law and the UCC, have been executed and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the Securitization Property and reciting the details of such filings or (B) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interests, (iv) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger or succession and such agreement of assumption will not

result in a material adverse U.S. federal income tax consequence to the Issuer or the Holders of Securitization Bonds, (v) the Servicer shall have given the Rating Agencies prior written notice of such transaction and (vi) any applicable requirements of the Intercreditor Agreement have been satisfied. When any Person (or more than one Person) acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 6.03, then, upon satisfaction of all of the other conditions of this Section 6.03, the preceding Servicer shall automatically and without further notice be released from all its obligations hereunder (except for responsibilities for its actions prior to such release).

SECTION 6.04. Limitation on Liability of Servicer and Others. Except as otherwise provided under this Servicing Agreement, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Servicing Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such Person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Servicing Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Servicing Agreement.

Except as provided in this Servicing Agreement, including Section 5.02(d) and Section 5.02(e), the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Securitization Property that is not directly related to one of the Servicer's enumerated duties in this Servicing Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer may, in respect of any Proceeding, undertake any action that it is not specifically identified in this Servicing Agreement as a duty of the Servicer but that the Servicer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the Indenture Trustee under this Servicing Agreement and the interests of the Holders and Customers under this Servicing Agreement.

SECTION 6.05. Consumers Energy Not to Resign as Servicer. Subject to the provisions of Section 6.03, Consumers Energy shall not resign from the obligations and duties hereby imposed on it as Servicer under this Servicing Agreement unless Consumers Energy delivers to the Indenture Trustee an opinion of external counsel to the effect that Consumers Energy's performance of its duties under this Servicing Agreement shall no longer be permissible under applicable law. No such resignation shall become effective until a successor Servicer shall have assumed the responsibilities and obligations of Consumers Energy in accordance with Section 7.02.

SECTION 6.06. Servicing Compensation.

(a) In consideration for its services hereunder, until the Collection in Full of the Securitization Charges, the Servicer shall receive an annual fee (the "Servicing Fee") in an

amount equal to (i) 0.05% of the aggregate initial principal amount of all Securitization Bonds for so long as Consumers Energy or an Affiliate of Consumers Energy is the Servicer or (ii) if Consumers Energy or any of its Affiliates is not the Servicer, an amount agreed upon by the Successor Servicer and the Indenture Trustee, provided, that the Servicing Fee shall not exceed 0.75% of the aggregate initial principal amount of all Securitization Bonds. The Servicing Fee owing shall be calculated based on the initial principal amount of the Securitization Bonds and shall be paid semi-annually, with half of the Servicing Fee being paid on each Payment Date. The Servicer also shall be entitled to retain as additional compensation (A) any interest earnings on Securitization Charge Payments received by the Servicer and invested by the Servicer during each Collection Period prior to remittance to the Collection Account and (B) all late payment charges, if any, collected from Customers to the extent consistent with the Tariff; provided, however, that, if the Servicer has failed to remit the Daily Remittance to the General Subaccount of the Collection Account on the Servicer Business Day that such payment is to be made pursuant to Section 6.11 on more than three occasions during the period that the Securitization Bonds are outstanding, then thereafter the Servicer will be required to pay to the Indenture Trustee interest on each Daily Remittance accrued at the Federal Funds Rate from the Servicer Business Day on which such Daily Remittance was required to be made to the date that such Daily Remittance is actually made.

(b) The Servicing Fee set forth in Section 6.06(a) shall be paid to the Servicer by the Indenture Trustee, on each Payment Date in accordance with the priorities set forth in Section 8.02(e) of the Indenture, by wire transfer of immediately available funds from the Collection Account to an account designated by the Servicer. Any portion of the Servicing Fee not paid on any such date shall be added to the Servicing Fee payable on the

subsequent Payment Date. In no event shall the Indenture Trustee be liable for the payment of any Servicing Fee or other amounts specified in this Section 6.06; provided, that this Section 6.06 does not relieve the Indenture Trustee of any duties it has to allocate funds for payment for such fees under Section 8.02 of the Indenture.

(c) Except as expressly provided elsewhere in this Servicing Agreement, the Servicer shall be required to pay from its own account expenses incurred by the Servicer in connection with its activities hereunder (including any fees to and disbursements by its accountants or counsel or any other Person, any taxes imposed on the Servicer and any expenses incurred in connection with reports to Holders) out of the compensation retained by or paid to it pursuant to this Section 6.06, and the Servicer shall not be entitled to any extra payment or reimbursement therefor.

(d) The foregoing Servicing Fee constitutes a fair and reasonable compensation for the obligations to be performed by the Servicer. Such Servicing Fee shall be determined without regard to the income of the Issuer, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Issuer and shall be considered a fixed Operating Expense of the Issuer subject to the limitations on such expenses set forth in the Financing Order.

SECTION 6.07. Compliance with Applicable Law. The Servicer covenants and agrees, in servicing the Securitization Property, to comply in all material respects with all laws applicable to, and binding upon, the Servicer and relating to the Securitization Property, the

noncompliance with which would have a material adverse effect on the value of the Securitization Property; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the Servicer for noncompliance with any Requirement of Law that the Servicer is contesting in good faith in accordance with its customary standards and procedures. It is expressly acknowledged that the payment of fees to the Rating Agencies shall be at the expense of the Issuer and that, if the Servicer advances such payments to the Rating Agencies, the Issuer shall reimburse the Servicer for any such advances.

SECTION 6.08. Access to Certain Records and Information Regarding Securitization Property. The Servicer shall provide to the Indenture Trustee access to the Securitization Property Records as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents and shall provide access to such records to the Holders as required by applicable law. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the Servicer. Nothing in this Section 6.08 shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 6.08.

SECTION 6.09. Appointments. The Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder, including a collection agent acting pursuant to the Intercreditor Agreement; provided, however, that, unless such Person is an Affiliate of Consumers Energy, the Rating Agency Condition shall have been satisfied in connection therewith; provided, further, that the Servicer shall remain obligated and be liable under this Servicing Agreement for the servicing and administering of the Securitization Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Securitization Property. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and none of the Issuer, the Indenture Trustee, the Holders or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a Servicer resignation under Section 6.05.

SECTION 6.10. No Servicer Advances. The Servicer shall not make any advances of interest on or principal of the Securitization Bonds.

SECTION 6.11. Remittances.

(a) The Securitization Charge Collections on any Servicer Business Day (the "Daily Remittance") shall be calculated according to the procedures set forth in Exhibit A and remitted by the Servicer as soon as reasonably practicable to the General Subaccount of the Collection Account but in no event later than two Servicer Business Days following such Servicer Business Day. Prior to each remittance to the General Subaccount of the Collection Account pursuant to this Section 6.11, the Servicer shall provide written notice (which may be via electronic means, including electronic mail) to the Indenture Trustee and, upon request, to the Issuer of each such remittance (including the exact dollar amount to be remitted). The Servicer shall also, promptly upon receipt, remit to the Collection Account any other proceeds of the

Securitization Bond Collateral that it may receive from time to time. Reconciliations of bank statements shall be as set forth in Exhibit A.

(b) The Servicer agrees and acknowledges that it holds all Securitization Charge Payments collected by it and any other proceeds for the Securitization Bond Collateral received by it for the benefit of the Indenture Trustee and the Holders and that all such amounts will be remitted by the Servicer in accordance with this Section 6.11 without any surcharge, fee, offset, charge or other deduction except for late fees and interest earnings permitted by Section 6.06. The Servicer further agrees not to make any claim to reduce its obligation to remit all Securitization Charge Payments collected by it in accordance with this Servicing Agreement except for late fees permitted by Section 6.06.

(c) Unless otherwise directed to do so by the Issuer, the Servicer shall be responsible for selecting Eligible Investments in which the funds in the Collection Account shall be invested pursuant to Section 8.03 of the Indenture.

SECTION 6.12. Maintenance of Operations. Subject to Section 6.03, Consumers Energy agrees to continue, unless prevented by circumstances beyond its control, to operate its electric distribution system to provide service so long as it is acting as the Servicer under this Servicing Agreement.

ARTICLE VII
DEFAULT

SECTION 7.01. Servicer Default. If any one or more of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of five Business Days after written notice of such failure is received by the Servicer from the Issuer or the Indenture Trustee or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is Consumers Energy or an Affiliate thereof, any failure on the part of Consumers Energy, as the case may be, duly to observe or to perform in any material respect any covenants or agreements of the Servicer or Consumers Energy, as the case may be, set forth in this Servicing Agreement (other than as provided in Section 7.01(a) or Section 7.01(c)) or any other Basic Document to which it is a party, which failure shall (i) materially and adversely affect the rights of the Holders and (ii) continue unremedied for a period of 60 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or Consumers Energy, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Servicer or Consumers Energy, as the case may be, by the Indenture Trustee or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any failure by the Servicer duly to perform its obligations under Section 4.01(b) in the time and manner set forth therein, which failure continues unremedied for a period of five Business Days;

(d) any representation or warranty made by the Servicer in this Servicing Agreement or any other Basic Document shall prove to have been incorrect in a material respect when made, which has a material adverse effect on the Holders and which material adverse effect continues unremedied for a period of 60 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (ii) such failure is discovered by a Responsible Officer of the Servicer; or

(e) an Insolvency Event occurs with respect to the Servicer or Consumers Energy;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, either the Indenture Trustee may (if it is actually known by a Responsible Officer of the Indenture Trustee), or shall upon the instruction of Holders evidencing a majority of the Outstanding Amount of the Securitization Bonds, subject to the terms of the Intercreditor Agreement, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Holders) (a "Termination Notice"), terminate all the rights and obligations (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Servicer until a successor Servicer is appointed) of the Servicer under this Servicing Agreement and under the Intercreditor Agreement. In addition, upon a Servicer Default described in Section 7.01(a), the Holders and the Indenture Trustee as financing parties under the Securitization Law (or any of their representatives) shall be entitled to apply to the Commission or a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Securitization Property. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Servicing Agreement, whether with respect to the Securitization Bonds, the Securitization Property, the Securitization Charges or otherwise, shall, without further action, pass to and be vested in such successor Servicer as may be appointed under Section 7.02; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the Securitization Property Records and related documents, or otherwise. The predecessor Servicer shall cooperate with the successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Servicing Agreement, including the transfer to the successor Servicer for administration by it of all Securitization Property Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Securitization Property or the Securitization Charges. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Securitization Property Records to the successor Servicer. In case a successor Servicer is appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with transferring the Securitization Property Records to the successor Servicer and amending this Servicing Agreement and the Intercreditor Agreement to reflect such succession as Servicer pursuant to this Section 7.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of Consumers

Energy as Servicer shall not terminate Consumers Energy's rights or obligations under the Sale Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

SECTION 7.02. Appointment of Successor.

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.01 or the Servicer's resignation or removal in accordance with the terms of this Servicing Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Servicing Agreement and shall be entitled to receive the requisite portion of the Servicing Fee, until a successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, at the written direction and with the consent of the Holders of a majority of the Outstanding Amount of the Securitization Bonds shall, but subject to the provisions of the Intercreditor Agreement, appoint a successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer and the Indenture Trustee and provide prompt written notice of such assumption to the Issuer and the Rating Agencies. If, within 30 days after the delivery of the Termination Notice, a new Servicer shall not have been appointed, the Indenture Trustee may petition the Commission or a court of competent jurisdiction to appoint a successor Servicer under this Servicing Agreement. A Person shall qualify as a successor Servicer only if (i) such Person is permitted under Commission Regulations to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied, (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Servicing Agreement and (iv) such Person agrees to perform the obligations of the Servicer under the Intercreditor Agreement. In no event shall the Indenture Trustee be liable for its appointment of a successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.02(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in Section 8.02 of the Indenture.

(b) Upon appointment, the successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to the Servicing Fee and all the rights granted to the predecessor Servicer by the terms and provisions of this Servicing Agreement.

SECTION 7.03. Waiver of Past Defaults. The Holders evidencing a majority of the Outstanding Amount of the Securitization Bonds may, on behalf of all Holders, direct the Indenture Trustee to waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Servicing Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Servicing Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the Servicer shall furnish copies of such waiver to each of the Rating Agencies.

SECTION 7.04. Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.01.

SECTION 7.05. Cooperation with Successor. The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the successor Servicer in performing its obligations hereunder.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.01. Amendment.

(a) This Servicing Agreement may be amended in writing by the Servicer and the Issuer with the prior written consent of the Indenture Trustee and the satisfaction of the Rating Agency Condition; provided, that any such amendment may not adversely affect the interest of any Holder in any material respect without the consent of the Holders of a majority of the Outstanding Amount. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(b) Prior to the execution of any amendment to this Servicing Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel of external counsel stating that such amendment is authorized and permitted by this Servicing Agreement and all conditions precedent, if any, provided for in this Servicing Agreement relating to such amendment have been satisfied and upon the Opinion of Counsel from external counsel referred to in Section 3.01(c)(i). The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects their own rights, duties, indemnities or immunities under this Servicing Agreement or otherwise.

SECTION 8.02. Maintenance of Accounts and Records.

(a) The Servicer shall maintain accounts and records as to the Securitization Property accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Securitization Charge Payments received by the Servicer and Securitization Charge Collections from time to time deposited in the Collection Account.

(b) The Servicer shall permit the Indenture Trustee and its agents at any time during normal business hours, upon reasonable notice to the Servicer and to the extent it does not unreasonably interfere with the Servicer's normal operations, to inspect, audit and make copies of and abstracts from the Servicer's records regarding the Securitization Property and the Securitization Charges. Nothing in this Section 8.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8.02(b).

SECTION 8.03. Notices. Any notice, report or other communication given hereunder shall be in writing and shall be effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the Servicer, to Consumers Energy Company, at One Energy Plaza, Jackson, Michigan 49201, Attention: Corporate Secretary, Telephone: (517) 788-2158, Facsimile: (517) 788-6911;

(b) in the case of the Issuer, to Consumers 2014 Securitization Funding LLC, at One Energy Plaza, Jackson, Michigan 49201, Attention: Manager, Telephone: (517) 788-1030, Facsimile: (517) 788-6911;

(c) in the case of the Indenture Trustee, to the Corporate Trust Office;

(d) in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: servicerreports@moodys.com (all such notices to be delivered to Moody's in writing by email); and

(e) in the case of S&P, to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to S&P in writing by email).

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

SECTION 8.04. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 6.03 and as provided in the provisions of this Servicing Agreement concerning the resignation of the Servicer, this Servicing Agreement may not be assigned by the Servicer. Any assignment of this Servicing Agreement is subject to satisfaction of any conditions set forth in the Intercreditor Agreement.

SECTION 8.05. Limitations on Rights of Others. The provisions of this Servicing Agreement are solely for the benefit of the Servicer and the Issuer and, to the extent provided herein or in the other Basic Documents, the Indenture Trustee and the Holders, and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Servicing Agreement. Nothing in this Servicing Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Securitization Property or Securitization Bond Collateral or under or in respect of this Servicing Agreement or any covenants, conditions or provisions contained herein. Notwithstanding anything to the contrary contained herein, for the avoidance of doubt, any right, remedy or claim to which any Customer may be entitled pursuant to the Financing Order and to

this Servicing Agreement may be asserted or exercised only by the Commission (or by its counsel in the name of the Commission) for the benefit of such Customer.

SECTION 8.06. Severability. Any provision of this Servicing Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such a construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.07. Separate Counterparts. This Servicing Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 8.08. Governing Law. **This Servicing Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.**

SECTION 8.09. Assignment to Indenture Trustee. The Servicer hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder. In no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section 8.02 of the Indenture.

SECTION 8.10. Nonpetition Covenants. Notwithstanding any prior termination of this Servicing Agreement or the Indenture, the Servicer shall not, prior to the date that is one year and one day after the satisfaction and discharge of the Indenture, acquiesce, petition or otherwise invoke or cause the Issuer to invoke or join with any Person in provoking the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer for any substantial part of the property of the Issuer or ordering the dissolution, winding up or liquidation of the affairs of the Issuer.

SECTION 8.11. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Servicing Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee in the exercise of the powers and authority conferred and vested in it, and that the Indenture Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 8.12. Rule 17g-5 Compliance. The Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer to any Rating Agency under this Servicing Agreement or any other Basic Document to which it is a party for the purpose of determining the initial credit rating of the Securitization Bonds or undertaking credit rating surveillance of the Securitization Bonds with any Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently posted by the Servicer on the 17g-5 Website.

SECTION 8.13. Indenture Trustee Actions. In acting hereunder, the Indenture Trustee shall have the rights, protections and immunities granted to it under the Indenture.

{SIGNATURE PAGE FOLLOWS}

IN WITNESS WHEREOF, the parties hereto have caused this Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

CONSUMERS 2014 SECURITIZATION FUNDING LLC,
as Issuer

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: President, Chief Executive Officer, Chief Financial Officer and Treasurer

CONSUMERS ENERGY COMPANY,
as Servicer

By: /s/ DV Rao
Name: Venkat Dhenuvakonda Rao
Title: Vice President and Treasurer

ACKNOWLEDGED AND ACCEPTED:

THE BANK OF NEW YORK MELLON,
as Indenture Trustee

By: /s/ Esther Antoine
Name: Esther Antoine
Title: Vice President

Signature Page to
Securitization Property Servicing Agreement

EXHIBIT A

SERVICING PROCEDURES

The Servicer agrees to comply with the following servicing procedures:

SECTION 1. CAPITALIZED TERMS.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Securitization Property Servicing Agreement dated as of July 22, 2014 (the "Servicing Agreement") by and between Consumers Energy Company, as servicer, and Consumers 2014 Securitization Funding LLC.

SECTION 2. SERVICING PROCEDURES.

The following procedures will be used by the Servicer under the Servicing Agreement for calculating the Daily Remittance:

(a) File Creation. Each Servicer Business Day, a file is created from the billing systems containing the billing data (i.e. Securitization Rate Class, total charges billed, total Securitization Charges billed and total kilowatt-hours delivered), and a file is created with collection data (i.e. total collections by Securitization Rate Class).

(b) Billing Data. For an entire Billing Period, the total Billed Securitization Charges for each Securitization Rate Class are divided by the total charges billed by the Servicer (and Consumers Energy) for each Securitization Rate Class, creating the "Securitization Ratio" for each such Securitization Rate Class.

(c) Collection Data. Each Servicer Business Day, after giving effect to collections (including Securitization Charge Collections) on such Servicer Business Day, the total collections for each Securitization Rate Class are multiplied by the prior Billing Period's Securitization Ratio for such Securitization Rate Class. The aggregate of such products for all Securitization Rate Classes constitutes the Daily Remittance for such Servicer Business Day.

(d) Monthly Summary. At the end of each Billing Period, the total of the Daily Remittances for such Billing Period are summarized and reported to the Indenture Trustee.

(e) Reconciliations. Reconciliations will be prepared within one month after the bank statement cutoff date. Explanations for reconciling items shall be included in the monthly summary and resolved during the State of Michigan escheatment period.

EXHIBIT B

FORM OF MONTHLY SERVICER'S CERTIFICATE

See Attached.

MONTHLY SERVICER'S CERTIFICATE

Consumers 2014 Securitization Funding LLC
$378,000,000 Securitization Bonds, Series 2014A

Pursuant to Section 3.01(b) of the Securitization Property Servicing Agreement dated as of July 22, 2014 by and between Consumers Energy Company, as Servicer, and Consumers 2014 Securitization Funding LLC, as Issuer (the "Servicing Agreement"), the Servicer does hereby certify as follows:

Capitalized terms used but not defined in this Monthly Servicer's Certificate have their respective meanings as set forth in the Servicing Agreement. References herein to certain sections and subsections are references to the respective sections or subsections of the Servicing Agreement.

Current BILLING MONTH: { }

Current BILLING MONTH: { / /20 } - { / /20 } COLLECTION CURVE { }%

Standard Billing for prior BILLING MONTH

Residential Total Billed	${ }	
Residential SECURITIZATION CHARGE ("SC") Billed	${ }	{ . }%
Primary Total Billed	${ }	
Primary SC Billed	${ }	{ . }%
Secondary Total Billed	${ }	
Secondary SC Billed	${ }	{ . }%
Other Total Billed	${ }	
Other SC Billed	${ }	{ . }%

YTD Net Write-offs as a % of Billed Revenue	
Non-Residential Class Customer Write-offs	{ . }%
Residential Class Customer Write-offs	{ . }%
Total Write-offs	{ . }%

Aggregate SC Collections

Total SC Remitted for BILLING MONTH	
Residential SC Collected	${ }
Primary SC Collected	${ }
Secondary SC Collected	${ }
Other SC Collected	${ }
Sub-Total of SC Collected	${ }
Total SC Collected and Remitted	**${ }**
Aggregate SC Remittances for { 20 } BILLING MONTH	${ }
Aggregate SC Remittances for { 20 } BILLING MONTH	${ }
Aggregate SC Remittances for { 20 } BILLING MONTH	${ }
Total Current SC Remittances	**${ }**

Current BILLING MONTH: { / /20 } - { / /20 } COLLECTION CURVE { }%

Calculated SC Collected Amount

Residential

Rate Code	Description	Amount Collected
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
	Total Residential	**$ { }**

Primary

Rate Code	Description	Amount Collected
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
	Total Primary	**$ { }**

Secondary

Rate Code	Description	Amount Collected
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
	Total Secondary	**$ { }**

Other

Rate Code	Description	Amount Collected
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	$ { }
{ }	{ }	**$ { }**
	Total Other	**$ { }**

Total SC Collected	**$ { }**

Executed as of this { } day of { } 20{ }.

CONSUMERS ENERGY COMPANY,
as Servicer

By: _____
Name:
Title:

CC: Consumers 2014 Securitization Funding LLC

EXHIBIT C

FORM OF SEMI-ANNUAL SERVICER'S CERTIFICATE

See attached.

C-1

SEMI-ANNUAL SERVICER'S CERTIFICATE

Pursuant to Section 4.01(c)(ii) of the Securitization Property Servicing Agreement, dated as of July 22, 2014 (the "Servicing Agreement"), by and between CONSUMERS ENERGY COMPANY, as servicer (the "Servicer"), and CONSUMERS 2014 SECURITIZATION FUNDING LLC, the Servicer does hereby certify, for the { }, 20{ } Payment Date (the "Current Payment Date"), as follows:

Capitalized terms used but not defined herein have their respective meanings as set forth in the Servicing Agreement. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Indenture, as the context indicates.

Collection Periods: { } to { }

Payment Date: { }, 20{ }

1. Collections Allocable and Aggregate Amounts Available for the Current Payment Date:

i.	Remittances for the { } Collection Period	${ }
ii.	Remittances for the { } Collection Period	${ }
iii.	Remittances for the { } Collection Period	${ }
iv.	Remittances for the { } Collection Period	${ }
v.	Remittances for the { } Collection Period	${ }
vi.	Remittances for the { } Collection Period	${ }
vii.	Investment Earnings on Capital Subaccount	${ }
viii.	Investment Earnings on Excess Funds Subaccount	${ }

ix.	Investment Earnings on General Subaccount	${ }
x.	**General Subaccount Balance (sum of i through ix above)**	**${ }**
xi.	Excess Funds Subaccount Balance as of prior Payment Date	${ }
xii.	Capital Subaccount Balance as of prior Payment Date	${ }
xiii.	**Collection Account Balance (sum of xi through xii above)**	**${ }**

2. Outstanding Amounts of as of prior Payment Date:

i.	Tranche { } Outstanding Amount	${ }
ii.	Tranche { } Outstanding Amount	${ }
iii.	Tranche { } Outstanding Amount	${ }
iv.	**Aggregate Outstanding Amount of all Tranches**	**${ }**

3. Required Funding/Payments as of Current Payment Date:

		Principal	Principal Due
i.	Tranche { }		$ { }
ii.	Tranche { }		$ { }
iii.	Tranche { }		$ { }
iv.	**All Tranches**		**$ { }**

Interest

Tranche	Interest Rate	Days in Interest Period(1)	Principal Balance	Interest Due
v. Tranche { }	{ }%	{ }	$ { }	$ { }
vi. Tranche { }	{ }%	{ }	$ { }	$ { }
vii. Tranche { }	{ }%	{ }	$ { }	$ { }
viii.	**All Tranches**			**$ { }**

	Required Level	Funding Required
ix. Capital Subaccount	$ { }	$ { }

4. Allocation of Remittances as of Current Payment Date Pursuant to 8.02(e) of Indenture:

i. Trustee Fees and Expenses; Indemnity Amounts(2)	${ }
ii. Servicing Fee	${ }
iii. Administration Fee	${ }
iv. Operating Expenses	${ }

Tranche	Aggregate	Per $1,000 of Original Principal Amount
v. Semi-Annual Interest (including any past-due for prior periods)		$ { }
1. Tranche { } Interest Payment	$ { }	$ { }
2. Tranche { } Interest Payment	$ { }	$ { }
3. Tranche { } Interest Payment	$ { }	$ { }
	$ { }	
vi. Principal Due and Payable as a Result of an Event of Default or on Final Maturity Date		$ { }
1. Tranche { } Interest Payment	$ { }	$ { }
2. Tranche { } Interest Payment	$ { }	$ { }
3. Tranche { } Interest Payment	$ { }	$ { }
	$ { }	
vii. Semi-Annual Principal		$ { }
1. Tranche { } Interest Payment	$ { }	$ { }
2. Tranche { } Interest Payment	$ { }	$ { }
3. Tranche { } Interest Payment	$ { }	$ { }
	$ { }	
viii. Other unpaid Operating Expenses		$ { }
ix. Funding of Capital Subaccount (to required level)		$ { }

(1) On 30/360 day basis for initial payment date; otherwise use one-half of annual rate.
(2) Subject to ${ } annual cap.

x. Capital Subaccount Investment Earnings to Consumers Energy	$ { }
xi. Deposit to Excess Funds Subaccount	$ { }
xii. Released to Issuer upon Retirement of all Securitization Bonds	$ { }

xiii. Aggregate Remittances as of Current Payment Date **$ { }**

5. Outstanding Amount and Collection Account Balance as of Current Payment Date (after giving effect to payments to be made on such Payment Date):

i.	Tranche { }	${ }
ii.	Tranche { }	${ }
iii.	Tranche { }	${ }
iv.	**Aggregate Outstanding Amount of all Tranches**	**${ }**
v.	Excess Funds Subaccount Balance	${ }
vi.	Capital Subaccount Balance	${ }
vii.	**Aggregate Collection Account Balance**	**${ }**

6. Subaccount Withdrawals as of Current Payment Date (if applicable, pursuant to Section 8.02(e) of Indenture:

i.	Excess Funds Subaccount	${ }
ii.	Capital Subaccount	${ }
iii.	**Total Withdrawals**	**${ }**

7. Shortfalls in Interest and Principal Payments as of Current Payment Date:

i.	Semi-annual Interest	
	Tranche { } Interest Payment	${ }
	Tranche { } Interest Payment	${ }
	Tranche { } Interest Payment	${ }
	Total	**${ }**
ii.	Semi-annual Principal	
	Tranche { } Principal Payment	${ }
	Tranche { } Principal Payment	${ }
	Tranche { } Principal Payment	${ }
	Total	**${ }**

8. Shortfalls in Payment of Capital Subaccount Investment Earnings as of Current Payment Date:

i.	Capital Subaccount Investment Earnings	${ }

9. Shortfalls in Required Subaccount Levels as of Current Payment Date:

i.	Capital Subaccount	${ }

In WITNESS WHEREOF, the undersigned has duly executed and delivered this Semi-Annual Servicer's Certificate this { } day of { }, 20{ }.

CONSUMERS ENERGY COMPANY,
as Servicer

By: _____
Name:
Title:

EXHIBIT D

FORM OF SERVICER CERTIFICATE

See attached.

SERVICER CERTIFICATE

The undersigned hereby certifies that the undersigned is the duly elected and acting { } of CONSUMERS ENERGY COMPANY, as servicer (the "Servicer") under the Securitization Property Servicing Agreement dated as of July 22, 2014 (the "Servicing Agreement") by and between the Servicer and CONSUMERS 2014 SECURITIZATION FUNDING LLC, and further certifies that:

1. The undersigned is responsible for assessing the Servicer's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria").

2. With respect to each of the Servicing Criteria, the undersigned has made the following assessment of the Servicing Criteria in accordance with Item 1122(d) of Regulation AB, with such discussion regarding the performance of such Servicing Criteria during the fiscal year covered by the Sponsor's annual report on Form 10-K:

Regulation AB Reference	Servicing Criteria	Assessment
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	Not applicable; no servicing activities were outsourced.
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for pool assets are maintained.	Not applicable; transaction agreements do not provide for a back-up servicer.
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	Not applicable; transaction agreements do not require a fidelity bond or errors and omissions policy.
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.	Applicable.
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	Applicable.

Regulation AB Reference	Servicing Criteria	Assessment
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	Applicable; no advances by the Servicer are permitted under the transaction agreements, except for payments of certain indemnities.
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	Applicable, but no current assessment is required since the related accounts are maintained by the Indenture Trustee.
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) under the Exchange Act.	Applicable, but no current assessment required; all "custodial accounts" are maintained by the Indenture Trustee.
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	Not applicable; all payments made by wire transfer.
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are: (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	Applicable; assessment below.

Regulation AB Reference	Servicing Criteria	Assessment

	Investor Remittances and Reporting	
1122(d)(3)(i)	Reports to investors, including those to be filed with the SEC, are maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports: (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the servicer.	Applicable; assessment below.
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	Not applicable; investor records maintained by the Indenture Trustee.
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction agreements.	Applicable.
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	Applicable; assessment below.
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	Applicable; assessment below.
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	Applicable; assessment below.
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	Not applicable; no removals or substitutions of Securitization Property are contemplated or allowed under the transaction documents.
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset agreements.	Applicable; assessment below.

Regulation AB Reference	**Servicing Criteria**	**Assessment**
1122(d)(4)(v)	The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.	Not applicable; because underlying obligation (Securitization Charge) is not an interest-bearing instrument.
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	Applicable; assessment below.
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	Applicable; limited assessment below. Servicer actions governed by Commission regulations.
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets, including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	Applicable, but does not require assessment since no explicit documentation requirement with respect to delinquent accounts are imposed under the transaction agreements due to availability of "true-up" mechanism.
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	Not applicable; Securitization Charges are not interest-bearing instruments.

1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements.	Not applicable.

Regulation AB Reference	Servicing Criteria	Assessment
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	Not applicable; Servicer does not make payments on behalf of obligors.
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers under the transaction agreements.
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers to pay principal or interest on the bonds.
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	Not applicable; no external enhancement is required under the transaction agreements.

3. To the best of the undersigned's knowledge, based on such review, the Servicer is in compliance in all material respects with the applicable servicing criteria set forth above as of and for the period ended the end of the fiscal year covered by the Sponsor's annual report on Form 10-K. {If not true, include description of any material instance of noncompliance.}

4. {PricewaterhouseCoopers LLP, an independent registered public accounting firm, has issued an attestation report on the Servicer's assessment of compliance with the applicable servicing criteria as of and for the period ended the end of the fiscal year covered by the Sponsor's annual report on Form 10-K.

5.} Capitalized terms used but not defined herein have their respective meanings as set forth in the Servicing Agreement.

Executed as of this { } day of { }, 20{ }.

CONSUMERS ENERGY COMPANY,
as Servicer

By: _____
Name:
Title:

EXHIBIT E

FORM OF CERTIFICATE OF COMPLIANCE

See attached.

CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that the undersigned is the duly elected and acting { } of CONSUMERS ENERGY COMPANY, as servicer (the "Servicer") under the Securitization Property Servicing Agreement dated as of July 22, 2014 (the "Servicing Agreement") by and between the Servicer and CONSUMERS 2014 SECURITIZATION FUNDING LLC, and further certifies that:

1. A review of the activities of the Servicer and of its performance under the Servicing Agreement during the twelve months ended { }, 20{ } has been made under the supervision of the undersigned pursuant to Section 3.03 of the Servicing Agreement.

2. To the undersigned's knowledge, based on such review, the Servicer has fulfilled all of its obligations in all material respects under the Servicing Agreement throughout the twelve months ended { }, 20{ }, except as set forth on Exhibit A hereto.

Executed as of this { } day of { }, 20{ }.

CONSUMERS ENERGY COMPANY,
as Servicer

By: _____
Name:
Title:

EXHIBIT A
TO
CERTIFICATE OF COMPLIANCE

LIST OF SERVICER DEFAULTS

The following Servicer Defaults, or events that with the giving of notice, the lapse of time, or both, would become Servicer Defaults, known to the undersigned occurred during the twelve months ended { }, 20{ }:

Nature of Default	Status
{ }	{ }

EXHIBIT F

EXPECTED AMORTIZATION SCHEDULE

See Attached.

EXPECTED AMORTIZATION SCHEDULE

Outstanding Principal Balance Per Tranche

Semi-Annual Payment Date	Tranche A-1 Balance	Tranche A-2 Balance	Tranche A-3 Balance
Closing Date	$ 124,500,000.00	$ 139,000,000.00	$ 114,500,000.00
05/01/15	$ 111,459,019.74	$ 139,000,000.00	$ 114,500,000.00
11/01/15	$ 98,993,029.25	$ 139,000,000.00	$ 114,500,000.00
05/01/16	$ 86,805,748.60	$ 139,000,000.00	$ 114,500,000.00
11/01/16	$ 74,376,732.93	$ 139,000,000.00	$ 114,500,000.00
05/01/17	$ 61,823,849.44	$ 139,000,000.00	$ 114,500,000.00
11/01/17	$ 48,965,946.28	$ 139,000,000.00	$ 114,500,000.00
05/01/18	$ 36,505,831.08	$ 139,000,000.00	$ 114,500,000.00
11/01/18	$ 23,697,663.02	$ 139,000,000.00	$ 114,500,000.00
05/01/19	$ 10,850,402.08	$ 139,000,000.00	$ 114,500,000.00
11/01/19	—	$ 136,784,621.67	$ 114,500,000.00
05/01/20	—	$ 123,832,978.20	$ 114,500,000.00
11/01/20	—	$ 110,544,516.62	$ 114,500,000.00
05/01/21	—	$ 97,129,942.59	$ 114,500,000.00
11/01/21	—	$ 83,296,263.74	$ 114,500,000.00
05/01/22	—	$ 69,627,888.41	$ 114,500,000.00
11/01/22	—	$ 55,511,769.55	$ 114,500,000.00
05/01/23	—	$ 41,307,040.44	$ 114,500,000.00
11/01/23	—	$ 26,734,292.38	$ 114,500,000.00
05/01/24	—	$ 12,140,566.27	$ 114,500,000.00

11/01/24	—	—	$	111,687,407.75
05/01/25	—	—	$	96,596,587.62
11/01/25	—	—	$	81,003,751.37
05/01/26	—	—	$	65,515,731.30
11/01/26	—	—	$	49,502,297.99
05/01/27	—	—	$	33,330,923.03
11/01/27	—	—	$	16,714,614.06
05/01/28	—	—		—

APPENDIX A

DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms. The following terms have the following meanings:

"17g-5 Website" is defined in Section 10.18(a) of the Indenture.

"Account Records" is defined in Section 1(a)(i) of the Administration Agreement.

"Act" is defined in Section 10.03(a) of the Indenture.

"Additional Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(iii) of the Servicing Agreement.

"Administration Agreement" means the Administration Agreement, dated as of the Closing Date, by and between Consumers Energy and the Issuer.

"Administration Fee" is defined in Section 2 of the Administration Agreement.

"Administrator" means Consumers Energy, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliate Wheeling" means a Person's use of direct access service where an electric utility delivers electricity generated at a Person's industrial site to that Person or that Person's affiliate at a location, or general aggregated locations, within the State of Michigan that was either one of the following: (a) for at least 90 days during the period from January 1, 1996 to October 1, 1999, supplied by Self-Service Power, but only to the extent of the capacity reserved or load served by Self-Service Power during the period; or (b) capable of being supplied by a Person's cogeneration capacity within the State of Michigan that has had since January 1, 1996 a rated capacity of 15 megawatts or less, was placed in service before December 31, 1975 and has been in continuous service since that date. The term affiliate for purposes of this definition means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with another specified entity, where control means, whether through an ownership, beneficial, contractual or equitable interest, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person or the ownership of at least 7% of an entity either directly or indirectly.

"Amendatory Schedule" means a revision to service riders or any other notice filing filed with the Commission in respect of the Securitization Rate Schedule pursuant to a True-Up Adjustment.

"Annual Accountant's Report" is defined in Section 3.04(a) of the Servicing Agreement.

"Annual True-Up Adjustment" means each adjustment to the Securitization Charges made in accordance with Section 4.01(b)(i) of the Servicing Agreement.

"Annual True-Up Adjustment Date" means the first billing cycle of August of each year, commencing in August, 2015.

"Authorized Denomination" means, with respect to any Securitization Bond, the authorized denomination therefor specified in the Series Supplement, which shall be at least $100,000 and, except as otherwise provided in the Series Supplement, integral multiples of $1,000 in excess thereof.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.).

"Basic Documents" means the Indenture, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Certificate of Formation, the LLC Agreement, the Servicing Agreement, the Series Supplement, the Intercreditor Agreement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Bill of Sale" means a bill of sale substantially in the form of Exhibit A to the Sale Agreement delivered pursuant to Section 2.02(a) of the Sale Agreement.

"Billed Securitization Charges" means the amounts of Securitization Charges billed by the Servicer.

"Billing Period" means the period created by dividing the calendar year into 12 consecutive periods of approximately 21 Servicer Business Days.

"Bills" means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by Consumers Energy in its capacity as Servicer.

"Bond Interest Rate" means, with respect to any Tranche of Securitization Bonds, the rate at which interest accrues on the Securitization Bonds of such Tranche, as specified in the Series Supplement.

"Book-Entry Form" means, with respect to any Securitization Bond, that such Securitization Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Securitization Bond was issued.

"Book-Entry Securitization Bonds" means any Securitization Bonds issued in Book-Entry Form; provided, however, that, after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Securitization Bonds are to be issued to the Holder of such Securitization Bonds, such Securitization Bonds shall no longer be "Book-Entry Securitization Bonds".

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are, or DTC or the Corporate Trust Office is, authorized or obligated by law, regulation or executive order to be closed.

"Calculation Period" means, with respect to any True-Up Adjustment, the period comprised of the 12 consecutive Collection Periods beginning with the Collection Period in which such True-Up Adjustment would go into effect; provided, that, in the case of any True-Up Adjustment that would go into effect after the date that is 12 months prior to the last Scheduled Final Payment Date, the Calculation Period shall begin on the date the True-Up Adjustment would go into effect and end on the Payment Date following such True-Up Adjustment date; provided, further, that, for the purpose of calculating the first Periodic Payment Requirement as of the Closing Date, "Calculation Period" means, initially, the period commencing on the Closing Date and ending on the last day of the billing cycle of July, 2015.

"Capital Subaccount" is defined in Section 8.02(a) of the Indenture.

"Capital Subaccount Investment Earnings" shall mean, for any Payment Date with respect to any Calculation Period, the sum of (a) an amount equal to investment earnings since the previous Payment Date (or, in the case of the first Payment Date, since the Closing Date) on the initial amount deposited by Consumers Energy in the Capital Subaccount plus (b) any such amounts not paid on any prior Payment Date.

"Certificate of Compliance" means the certificate referred to in Section 3.03 of the Servicing Agreement and substantially in the form of Exhibit E to the Servicing Agreement.

"Certificate of Formation" means the Certificate of Formation filed with the Secretary of State of the State of Delaware on March 6, 2014 pursuant to which the Issuer was formed.

"Claim" means a "claim" as defined in Section 101(5) of the Bankruptcy Code.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with such Clearing Agency.

"Closing Date" means July 22, 2014, the date on which the Securitization Bonds are originally issued in accordance with Section 2.10 of the Indenture and the Series Supplement.

"Code" means the Internal Revenue Code of 1986.

"Collection Account" is defined in Section 8.02(a) of the Indenture.

"Collection in Full of the Securitization Charges" means the day on which the aggregate amounts on deposit in the General Subaccount and the Excess Funds Subaccount are sufficient to pay in full all the Outstanding Securitization Bonds and to replenish any shortfall in the Capital Subaccount.

"Collection Period" means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

"Commission" means the Michigan Public Service Commission.

"Commission Regulations" means any regulations, including temporary regulations, promulgated by the Commission pursuant to Michigan law.

"Company Minutes" is defined in Section 1(a)(iv) of the Administration Agreement.

"Consumers Energy" means Consumers Energy Company, a Michigan corporation.

"Corporate Trust Office" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the Closing Date is located at 101 Barclay Street, 7 East, New York, New York 10286, Attention: Asset Backed Securities Unit, Telephone: (212) 815-5331, Facsimile: (212) 815-2830, or at such other address as the Indenture Trustee may designate from time to time by notice to the Holders of Securitization Bonds and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"Covenant Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Customers" means all existing and future retail electric distribution customers of Consumers Energy or its successors, including all existing and future retail electric customers who are obligated to pay Securitization Charges pursuant to the Financing Order, except that "Customers" shall exclude (i) customers taking retail open access service from Consumers Energy as of December 6, 2013 to the extent that those retail open access customers remain, without transition to bundled service, on Consumers Energy's retail choice program, (ii) customers to the extent they obtain or use Self-Service Power and (iii) customers to the extent engaged in Affiliate Wheeling.

"Daily Remittance" is defined in Section 6.11(a) of the Servicing Agreement.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"Definitive Securitization Bonds" is defined in Section 2.11 of the Indenture.

"Delaware UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Delaware.

"DTC" means The Depository Trust Company.

"Eligible Account" means a segregated non-interest-bearing trust account with an Eligible Institution.

"Eligible Institution" means:

(a) the corporate trust department of the Indenture Trustee, so long as any of the securities of the Indenture Trustee has a credit rating from each Rating Agency in one of its generic rating categories that signifies investment grade; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank) (i) that has either (A) a long-term issuer rating of "AA-" or higher by S&P and "A2" or higher by Moody's or (B) a short-term issuer rating of "A-1+" or higher by S&P and "P-1" or higher by Moody's or any other long-term, short-term or certificate of deposit rating acceptable to the Rating Agencies, and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation.

If so qualified under clause (b) of this definition, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.

"Eligible Investments" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, or bankers' acceptances issued by, any depository institution (including the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by U.S. federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of Consumers Energy or any of its Affiliates), which at the time of purchase is rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitization Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's and S&P;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has a long-term unsecured debt rating of at least "A+" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "Aa3" from Moody's and a short-term unsecured debt rating of at least "P1" from Moody's.

"Event of Default" is defined in Section 5.01 of the Indenture.

"Excess Funds Subaccount" is defined in Section 8.02(a) of the Indenture.

"Exchange Act" means the Securities Exchange Act of 1934.

"Expected Amortization Schedule" means, with respect to any Tranche, the expected amortization schedule related thereto set forth in the Series Supplement.

"Federal Book-Entry Regulations" means 31 C.F.R. Part 357 et seq. (Department of Treasury).

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Servicer from three federal funds brokers of recognized standing selected by it.

"Final" means, with respect to the Financing Order, that the Financing Order has become final, that the Financing Order is not being appealed and that the time for filing an appeal thereof has expired.

"Final Maturity Date" means, with respect to each Tranche of Securitization Bonds, the final maturity date therefor as specified in the Series Supplement.

"Financing Order" means the financing order issued by the Commission to Consumers Energy on December 6, 2013, Case No. U-17473, authorizing the creation of the Securitization Property. Consumers Energy unconditionally accepted all conditions and limitations requested by such order in a letter dated January 24, 2014 from Consumers Energy to the Commission.

"General Subaccount" is defined in Section 8.02(a) of the Indenture.

"Global Securitization Bond" means a Securitization Bond to be issued to the Holders thereof in Book-Entry Form, which Global Securitization Bond shall be issued to the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement.

"Governmental Authority" means any nation or government, any U.S. federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Grant" means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, grant a lien upon, a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the Securitization Bond Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Securitization Bond Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise and generally to do and receive

anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Indemnified Losses" is defined in Section 5.03 of the Servicing Agreement.

"Indemnified Party" is defined in Section 6.02(a) of the Servicing Agreement.

"Indemnified Person" is defined in Section 5.01(f) of the Sale Agreement.

"Indenture" means the Indenture, dated as of the Closing Date, by and between the Issuer and The Bank of New York Mellon, a New York banking corporation, as Indenture Trustee and as Securities Intermediary.

"Indenture Trustee" means The Bank of New York Mellon, a New York banking corporation, as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee for the benefit of the Secured Parties, under the Indenture.

"Independent" means, when used with respect to any specified Person, that such specified Person (a) is in fact independent of the Issuer, any other obligor on the Securitization Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or person performing similar functions.

"Independent Certificate" means a certificate to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such certificate shall state that the signer has read the definition of "Independent" in the Indenture and that the signer is Independent within the meaning thereof.

"Independent Manager" is defined in Section 4.01(a) of the LLC Agreement.

"Independent Manager Fee" is defined in Section 4.01(a) of the LLC Agreement.

"Insolvency Event" means, with respect to a specified Person: (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such specified Person or any substantial part of its property in an involuntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or ordering the winding-up or liquidation of such specified Person's affairs, and such

decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such specified Person of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Closing Date or thereafter, or the consent by such specified Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such specified Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or the making by such specified Person of any general assignment for the benefit of creditors, or the failure by such specified Person generally to pay its debts as such debts become due, or the taking of action by such specified Person in furtherance of any of the foregoing.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of the Closing Date, by and among the Issuer, the Indenture Trustee, Consumers Energy, the parties to the accounts receivables sale program of Consumers Receivables Funding II, LLC, Consumers Funding LLC and the trustee for the securitization bonds issued by Consumers Funding LLC, and any subsequent such agreement.

"Interim True-Up Adjustment" means either a Semi-Annual Interim True-Up Adjustment made in accordance with Section 4.01(b)(ii) of the Servicing Agreement or an Additional Interim True-Up Adjustment made in accordance with Section 4.01(b)(iii) of the Servicing Agreement.

"Investment Company Act" means the Investment Company Act of 1940.

"Investment Earnings" means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

"Issuer" means Consumers 2014 Securitization Funding LLC, a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the Trust Indenture Act, each other obligor on the Securitization Bonds.

"Issuer Documents" is defined in Section 1(a)(iv) of the Administration Agreement.

"Issuer Order" means a written order signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Issuer Request" means a written request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Legal Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Letter of Representations" means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency's rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitization Bonds.

"Lien" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Consumers 2014 Securitization Funding LLC, dated as of the Closing Date.

"Losses" means (a) any and all amounts of principal of and interest on the Securitization Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic Documents or the Financing Order that are not made when so required and (b) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

"Manager" means each manager of the Issuer under the LLC Agreement.

"Member" has the meaning specified in the first paragraph of the LLC Agreement.

"Michigan UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of Michigan.

"Monthly Servicer's Certificate" is defined in Section 3.01(b)(i) of the Servicing Agreement.

"Moody's" means Moody's Investors Service, Inc.. References to Moody's are effective so long as Moody's is a Rating Agency.

"NRSRO" is defined in Section 10.18(b) of the Indenture.

"NY UCC" means the Uniform Commercial Code as in effect on the Closing Date in the State of New York.

"Officer's Certificate" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee.

"Ongoing Other Qualified Costs" means the Qualified Costs described as such in the Financing Order, including Operating Expenses and any other costs identified in the Basic Documents; provided, however, that Ongoing Other Qualified Costs do not include the Issuer's costs of issuance of the Securitization Bonds and Consumers Energy's costs of retiring existing debt and equity securities.

"Operating Expenses" means all unreimbursed fees, costs and out-of-pocket expenses of the Issuer, including all amounts owed by the Issuer to the Indenture Trustee (including indemnities, legal fees and expenses) or any Manager, the Servicing Fee, the Administration Fee, legal and accounting fees, Rating Agency and related fees (i.e. website provider fees) and any franchise or other taxes owed by the Issuer, including on investment income in the Collection Account.

"Opinion of Counsel" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"Outstanding" means, as of the date of determination, all Securitization Bonds theretofore authenticated and delivered under the Indenture, except:

(a) Securitization Bonds theretofore canceled by the Securitization Bond Registrar or delivered to the Securitization Bond Registrar for cancellation;

(b) Securitization Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Securitization Bonds; and

(c) Securitization Bonds in exchange for or in lieu of other Securitization Bonds that have been issued pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Securitization Bonds are held by a Protected Purchaser;

provided, that, in determining whether the Holders of the requisite Outstanding Amount of the Securitization Bonds or any Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver under any Basic Document, Securitization Bonds owned by the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding (unless one or more such Persons owns 100% of such Securitization Bonds), except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitization Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Securitization Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Securitization Bonds and that the pledgee is not the Issuer, any other obligor upon the Securitization Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all Securitization Bonds, or, if the context requires, all Securitization Bonds of a Tranche, Outstanding at the date of determination.

"Paying Agent" means, with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Securitization Bonds pursuant to the Indenture.

"Payment Date" means, with respect to any Tranche of Securitization Bonds, the dates specified in the Series Supplement; provided, that if any such date is not a Business Day, the Payment Date shall be the Business Day succeeding such date.

"Periodic Billing Requirement" means, for any Calculation Period, the aggregate amount of Securitization Charges calculated by the Servicer as necessary to be billed during such period in order to collect the Periodic Payment Requirement on a timely basis.

"Periodic Interest" means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

"Periodic Payment Requirement" for any Calculation Period means the total dollar amount of Securitization Charge Collections reasonably calculated by the Servicer in accordance with Section 4.01 of the Servicing Agreement as necessary to be received during such Calculation Period (after giving effect to the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation and that are projected to be available for payments on the Securitization Bonds at the end of such Calculation Period and including any shortfalls in Periodic Payment Requirements for any prior Calculation Period) in order to ensure that, as of the last Payment Date occurring in such Calculation Period, (a) all accrued and unpaid interest on the Securitization Bonds then due shall have been paid in full on a timely basis, (b) the Outstanding Amount of the Securitization Bonds is equal to the Projected Unpaid Balance on each Payment Date during such Calculation Period, (c) the balance on deposit in the Capital Subaccount equals the Required Capital Level and (d) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided, that, with respect to any Annual True-Up Adjustment or Interim True-Up Adjustment occurring after the date that is one year prior to the last Scheduled Final Payment Date for the Securitization Bonds, the Periodic Payment Requirements shall be calculated to ensure that sufficient Securitization Charges will be collected to retire the Securitization Bonds in full as of the next Payment Date.

"Periodic Principal" means, with respect to any Payment Date, the excess, if any, of the Outstanding Amount of Securitization Bonds over the outstanding principal balance specified for such Payment Date on the Expected Amortization Schedule.

"Permitted Lien" means the Lien created by the Indenture.

"Permitted Successor" is defined in Section 5.02 of the Sale Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Predecessor Securitization Bond" means, with respect to any particular Securitization Bond, every previous Securitization Bond evidencing all or a portion of the same debt as that evidenced by such particular Securitization Bond, and, for the purpose of this definition, any Securitization Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Securitization Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Securitization Bond.

"Premises" is defined in Section 1(g) of the Administration Agreement.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Projected Unpaid Balance" means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of Securitization Bonds for such Payment Date set forth in the Expected Amortization Schedule.

"Protected Purchaser" has the meaning specified in Section 8-303 of the UCC.

"Qualified Costs" means all qualified costs as defined in Section 10h(g) of the Securitization Law allowed to be recovered by Consumers Energy under the Financing Order.

"Rating Agency" means, with respect to any Tranche of Securitization Bonds, any of Moody's or S&P that provides a rating with respect to the Securitization Bonds. If no such organization (or successor) is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Indenture Trustee and the Servicer.

"Rating Agency Condition" means, with respect to any action, at least ten Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each of S&P and Moody's to the Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of Securitization Bonds; provided, that, if, within such ten Business Day period, any Rating Agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (a) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request and, if it has, promptly request the related Rating Agency Condition confirmation and (b) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent).

"Record Date" means one Business Day prior to the applicable Payment Date.

"Registered Holder" means the Person in whose name a Securitization Bond is registered on the Securitization Bond Register.

"Regulation AB" means the rules of the SEC promulgated under Subpart 229.1100 — Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123.

"Reimbursable Expenses" is defined in Section 2 of the Administration Agreement.

"Released Parties" is defined in Section 6.02(d) of the Servicing Agreement.

"Required Capital Level" means an amount of capital equal to 0.5% of the initial principal amount of the Securitization Bonds.

"Requirement of Law" means any foreign, U.S. federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

"Responsible Officer" means, with respect to: (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business. References to S&P are effective so long as S&P is a Rating Agency.

"Sale Agreement" means the Securitization Property Purchase and Sale Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Scheduled Final Payment Date" means, with respect to each Tranche of Securitization Bonds, the date when all interest and principal is scheduled to be paid with respect to that Tranche in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date with respect to any Tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such Tranche. The "last Scheduled Final Payment Date" means the Scheduled Final Payment Date of the latest maturing Tranche of Securitization Bonds.

"Scheduled Payment Date" means, with respect to each Tranche of Securitization Bonds, each Payment Date on which principal for such Tranche is to be paid in accordance with the Expected Amortization Schedule for such Tranche.

"SEC" means the Securities and Exchange Commission.

"Secured Obligations" means the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Securitization Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee.

"Secured Parties" means the Indenture Trustee, the Holders and any credit enhancer described in the Series Supplement.

"Securities Act" means the Securities Act of 1933.

"Securities Intermediary" means The Bank of New York Mellon, a New York banking corporation, solely in the capacity of a "securities intermediary" as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

"Securitization Bond Collateral" is defined in the preamble of the Indenture.

"Securitization Bond Register" is defined in Section 2.05 of the Indenture.

"Securitization Bond Registrar" is defined in Section 2.05 of the Indenture.

"Securitization Bonds" means the securitization bonds authorized by the Financing Order and issued under the Indenture.

"Securitization Charge" means any securitization charges as defined in Section 10h(i) of the Securitization Law that are authorized by the Financing Order.

"Securitization Charge Collections" means Securitization Charges actually received by the Servicer to be remitted to the Collection Account.

"Securitization Charge Payments" means the payments made by Customers based on the Securitization Charges.

"Securitization Law" means the laws of the State of Michigan adopted in June 2000 enacted as 2000 PA 142.

"Securitization Property" means all securitization property as defined in Section 10h(j) of the Securitization Law created pursuant to the Financing Order and under the Securitization Law, including the right to impose, collect and receive the Securitization Charges in an amount necessary to provide the full recovery of all Qualified Costs, the right under the Financing Order to obtain periodic adjustments of Securitization Charges under Section 10k(3) of the Securitization Law and all revenue, collections, payments, moneys and proceeds arising out of the rights and interests described under Section 10(j) of the Securitization Law. The term "Securitization Property" when used with respect to Consumers Energy means and includes the rights of Consumers Energy that exist prior to the time that such rights are first transferred in connection with the issuance of the Securitization Bonds so as to become Securitization Property in accordance with Section 10j(2) of the Securitization Law and the Financing Order.

"Securitization Property Records" is defined in Section 5.01 of the Servicing Agreement.

"Securitization Rate Class" means one of the four separate rate classes to whom Securitization Charges are allocated for ratemaking purposes in accordance with the Financing Order.

"Securitization Rate Schedule" means the Tariff sheets to be filed with the Commission stating the amounts of the Securitization Charges, as such Tariff sheets may be amended or modified from time to time pursuant to a True-Up Adjustment.

"Self-Service Power" means (a) electricity generated and consumed at an industrial site or contiguous industrial site or single commercial establishment or single residence without the use of an electric utility's transmission and distribution system or (b) electricity generated primarily by the use of by-product fuels, including waste water solids, which electricity is consumed as part of a contiguous facility, with the use of an electric utility's transmission and distribution system, but only if the point or points of receipt of the power within the facility are not greater than three miles distant from the point of generation. A site or facility with load existing on the effective date of the Securitization Law that is divided by an inland body of water or by a public highway, road or street but that otherwise meets this definition meets the contiguous requirement of this definition regardless of whether Self-Service Power was being generated on the effective date of the Securitization Law. A commercial or industrial facility or single residence that meets the requirements of clause (a) above or clause (b) above meets this definition whether or not the generation facility is owned by an entity different from the owner of the commercial or industrial site or single residence.

"Seller" is defined in the preamble to the Sale Agreement.

"Semi-Annual Interim True-Up Adjustment" means any Interim True-Up Adjustment made pursuant to Section 4.01(b)(ii) of the Servicing Agreement.

"Semi-Annual Servicer's Certificate" is defined in Section 4.01(c)(ii) of the Servicing Agreement.

"Series Supplement" means the indenture supplemental to the Indenture in the form attached as Exhibit B to the Indenture that authorizes the issuance of the Securitization Bonds.

"Servicer" means Consumers Energy, as Servicer under the Servicing Agreement.

"Servicer Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Detroit, Michigan, Jackson, Michigan, New York, New York or Cincinnati, Ohio are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business.

"Servicer Default" is defined in Section 7.01 of the Servicing Agreement.

"Servicer Policies and Practices" means, with respect to the Servicer's duties under Exhibit A to the Servicing Agreement, the policies and practices of the Servicer applicable to such duties that the Servicer follows with respect to comparable assets that it services for itself and, if applicable, others.

"Servicing Agreement" means the Securitization Property Servicing Agreement, dated as of the Closing Date, by and between the Issuer and Consumers Energy, and acknowledged and accepted by the Indenture Trustee.

"Servicing Fee" is defined in Section 6.06(a) of the Servicing Agreement.

"Servicing Standard" means the obligation of the Servicer to calculate, apply, remit and reconcile proceeds of the Securitization Property, including Securitization Charge Payments, and all other Securitization Bond Collateral for the benefit of the Issuer and the Holders (a) with the same degree of care and diligence as the Servicer applies with respect to payments owed to it for its own account, (b) in accordance with all applicable procedures and requirements established by the Commission for collection of electric utility tariffs and (c) in accordance with the other terms of the Servicing Agreement.

"Special Payment Date" means the date on which, with respect to any Tranche of Securitization Bonds, any payment of principal of or interest (including any interest accruing upon default) on, or any other amount in respect of, the Securitization Bonds of such Tranche that is not actually paid within five days of the Payment Date applicable thereto is to be made by the Indenture Trustee to the Holders.

"Special Record Date" means, with respect to any Special Payment Date, the close of business on the fifteenth day (whether or not a Business Day) preceding such Special Payment Date.

"Sponsor" means Consumers Energy, in its capacity as "sponsor" of the Securitization Bonds within the meaning of Regulation AB.

"State" means any one of the fifty states of the United States of America or the District of Columbia.

"State Pledge" means the pledge of the State of Michigan as set forth in Section 10n(2) of the Securitization Law.

"Subaccounts" is defined in Section 8.02(a) of the Indenture.

"Successor" means any successor to Consumers Energy under the Securitization Law, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, acquisition, sale or transfer, by operation of law, as a result of electric utility restructuring or otherwise.

"Successor Servicer" is defined in Section 3.07(e) of the Indenture.

"Tariff" means the most current version on file with the Commission of Sheet No. C-43.10 and Sheet No. D-5.10 of Consumers Energy's Rate Book for Electric Service, M.P.S.C. 13 — Electric, or substantially comparable sheets included in a later complete revision of Consumers Energy's Rate Book for Electric Service approved and on file with the Commission.

"Tax Returns" is defined in Section 1(a)(iii) of the Administration Agreement.

"Temporary Securitization Bonds" means Securitization Bonds executed and, upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive Securitization Bonds pursuant to Section 2.04 of the Indenture.

"Termination Notice" is defined in Section 7.01 of the Servicing Agreement.

"Tranche" means any one of the groupings of Securitization Bonds differentiated by amortization schedule, interest rate or sinking fund schedule, as specified in the Series Supplement.

"True-Up Adjustment" means any Annual True-Up Adjustment or Interim True-Up Adjustment, as the case may be.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force on the Closing Date, unless otherwise specifically provided.

"UCC" means the Uniform Commercial Code as in effect in the relevant jurisdiction.

"Underwriters" means the underwriters who purchase Securitization Bonds of any Tranche from the Issuer and sell such Securitization Bonds in a public offering.

"Underwriting Agreement" means the Underwriting Agreement, dated July 14, 2014, by and among Consumers Energy, the representatives of the several Underwriters named therein and the Issuer.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and that are not callable at the option of the issuer thereof.

"Weighted Average Days Outstanding" means the weighted average number of days Consumers Energy's monthly bills to Customers remain outstanding during the calendar year preceding the calculation thereof pursuant to Section 4.01(b)(i) of the Servicing Agreement.

B. Rules of Construction. Unless the context otherwise requires, in each Basic Document to which this Appendix A is attached:

(a) All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control.

(b) The term "including" means "including without limitation", and other forms of the verb "include" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated in any of the Basic Documents, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

(e) The words "hereof", "herein" and "hereunder" and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document. References to Articles, Sections, Appendices and Exhibits in any Basic Document are references to Articles, Sections, Appendices and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document.

(f) The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

(g) The definitions contained in this Appendix A apply equally to the singular and plural forms of such terms, and words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.

(h) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth in such agreement or document) and include any attachments thereto.

(i) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(j) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(k) The word "or" is not exclusive.

(l) All terms defined in the relevant Basic Document to which this Appendix A is attached shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein.

(m) A term has the meaning assigned to it.

EXHIBIT D TO INTERCREDITOR AGREEMENT

Exhibit I of the RPA and the RSA (brackets indicate differences between RPA and RSA):

"Receivable" means all indebtedness and other obligations owed to {the Seller or the} Originator (at the time it arises, and before giving effect to any transfer or conveyance under the {Receivables Sale} Agreement {or hereunder}) {or Buyer (after giving effect to the transfers under the Agreement)} or in which {the Seller or the} Originator {or Buyer} has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods, electricity or gas or the rendering of services by Originator, and which is identified on the books and records of Originator {or the Seller} (including its accounting system) with the account code "Account 1460000 Customer Receivables" or "Account 1460201 — A/R Other" (or, in each case, any subsequent or replacement account code used to identify similar indebtedness or other similar obligations owed to {the Seller or} Originator), and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto. Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be a Receivable regardless of whether the account debtor{, the Seller} or Originator treats such indebtedness, rights or obligations as a separate payment obligation. Notwithstanding the foregoing, "Receivable" does not include: (A) (i) 2001 Transferred Securitization Property or (ii) the books and records relating solely to the 2001 Transferred Securitization Property; provided that the determination of what constitutes collections of the 2001 Securitization Charges in respect of 2001 Transferred Securitization Property shall be made in accordance with the calculation methodology specified in Annex 2 to the 2001 Servicing Agreement; or (B) (i) 2014 Transferred Securitization Property or (ii) the books and records relating solely to the 2014 Transferred Securitization Property; provided that the determination of what constitutes collections of the 2014 Securitization Charges in respect of 2014 Transferred Securitization Property shall be made in accordance with the calculation methodology specified in Exhibit A to the 2014 Servicing Agreement.

Exhibit I of the RPA:

"2001 Securitization Charge" means "Securitization Charge" as defined in Appendix A to the 2001 Servicing Agreement.

"2001 Securitization Charge Collections" means "Securitization Charge Collections" as defined in Appendix A to the 2001 Servicing Agreement.

"2001 Securitization Property" means "securitization property" within the meaning of the Michigan Customer Choice and Electricity Reliability Act, 2000 PA 141 and 2000 PA

142 as approved in the financing order issued by the Michigan Public Service Commission on October 24, 2000, as amended.

"2001 Servicing Agreement" means the Servicing Agreement dated as of November 8, 2001 between Consumers Funding LLC and Consumers Energy Company, as the same may be amended, restated, supplemented or otherwise modified from time to time with the consent of the Administrative Agent and each Managing Agent (to the extent such consent is required by the terms of this Agreement).

"2001 Transferred Securitization Property" means "Transferred Securitization Property" as defined in Appendix A to the 2001 Servicing Agreement.

"2014 Securitization Charge" means "Securitization Charge" as defined in Appendix A to the 2014 Servicing Agreement.

"2014 Securitization Charge Collections" means "Securitization Charge Collections" as defined in Appendix A to the 2014 Servicing Agreement.

"2014 Securitization Property" means "Securitization Property" as defined in Appendix A to the 2014 Servicing Agreement.

"2014 Servicing Agreement" means the Securitization Property Servicing Agreement dated as of July 22, 2014 between Consumers 2014

Securitization Funding LLC and Consumers Energy Company, as the same may be amended, restated, supplemented or otherwise modified from time to time with the consent of the Administrative Agent and each Managing Agent (to the extent such consent is required by the terms of this Agreement).

"2014 Transferred Securitization Property" means 2014 Securitization Property that has been sold, assigned and/or transferred to Consumers 2014 Securitization Funding LLC pursuant to the 2014 Sale Agreement and the Bill of Sale (as defined in the 2014 Sale Agreement).

"Collection Account" means each concentration account, depositary account, lock-box account or similar account in which any Collections are collected or deposited and which is listed on Exhibit IV.

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds in respect of such Receivable, including, without limitation, all yield, Finance Charges or other related amounts accruing in respect thereof and all cash proceeds of Related Security with respect to such Receivable.

"Intercreditor Agreement" means the Intercreditor Agreement dated as of July 22, 2014 among BNS, Liberty Street Funding LLC, The Bank of New York Mellon, as trustee under the indenture of Consumers Funding LLC, Consumers Funding LLC, The Bank of New York Mellon, as trustee under the indenture of Consumers 2014 Securitization Funding LLC, Consumers 2014 Securitization Funding LLC, Consumers Receivables

Funding II, LLC and Consumers Energy Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Lock-Box" means each postal box or code listed on Exhibit IV over which the Administrative Agent has been granted control pursuant to a P.O. Box Transfer Notice.

"Purchasers" means any Conduit or Financial Institution, as applicable.

"Servicing Agreements" means the 2001 Servicing Agreement and the 2014 Servicing Agreement.

"Specified Accounts" means each Collection Account identified as a "Specified Account" on Exhibit IV and each other Collection Account designated by the Administrative Agent as a Specified Account in accordance with Section 7.1(j).

Section 2.9 of the RPA:

Payment Allocations. The Servicer shall, upon receipt of payments of amounts billed and collected from Obligors on their utility bills, allocate those receipts on a daily basis among Collections of Receivables, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections in accordance with the calculation methodologies specified in Annex 2 to the 2001 Servicing Agreement and Exhibit A to the 2014 Servicing Agreement.

First sentence of Section 7.1(j) of the RPA and Section 4.1(i) of the RSA (brackets indicate differences between RPA and RSA):

Collections. {Such Seller Party}{Originator} will cause (i) all checks representing Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections to be remitted to a Lock-Box, (ii) all other amounts in respect of Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections to be deposited directly to a Collection Account, (iii) all proceeds from all Lock-Boxes to be deposited by the {Servicer}{Originator} into a Collection Account, (iv) all funds in each Collection Account which is not a Specified Account to be remitted to a Specified Account as soon as is reasonably practicable and (v) each Specified Account to be subject at all times to a Collection Account Agreement that is in full force and effect.

Section 7.2(i) of the RPA and Section 4.2(g) of the RSA (brackets indicate differences between RPA and RSA):

Commingling. {Such Seller Party}{Originator} shall not deposit or otherwise credit, or cause or permit to be so deposited or credited{,} to{,} any Lock-Box or Collection Account cash or cash proceeds other than Collections, 2001 Securitization Charge Collections and 2014 Securitization Charge Collections.

First sentence of Section 8.2(b) of the RPA:

The Servicer will instruct all Obligors to pay all Collections, all 2001 Securitization Charge Collections and all 2014 Securitization Charge Collections directly to a Lock-Box or Collection Account.

Section 13.15 of the RPA:

Intercreditor Agreement. Each Purchaser and each Managing Agent hereby agrees to be bound by the terms of, and the Administrative Agent's covenants, agreements, waivers and acknowledgements under, the Intercreditor Agreement.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the application of CONSUMERS ENERGY COMPANY for a Financing Order Approving the Securitization of Qualified Costs	)))))	Case No. U-17473

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Dorothy H. Wright, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on July 22, 2014, she served an electronic copy of Consumers Energy Company's Form 8-K as filed with the U.S. Securities and Exchange Commission on July 22, 2014 upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein. She further states that she also served a hard copy of the same document upon the Honorable Sharon L. Feldman at the address listed in Attachment 1 hereto by depositing the same in the United States mail in the City of Jackson, Michigan, with first-class postage thereon fully paid.

Digitally signed by Dorothy H. Wright
Date: 2014.07.22 15:08:16 -04'00'

Dorothy H. Wright

Subscribed and sworn to before me this 22nd day of July, 2014.

Digitally signed by Tara L. Hilliard
Date: 2014.07.22 15:10:37 -04'00'

Tara L. Hilliard, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 09/12/20
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-17473

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