



Investor Meeting

Grand Rapids, Michigan

October 24, 2013



Cross Winds® Energy Park



Gas Combined Cycle Plant



Consumers Smart Energy Program

- The Future - A View from the CEO
- Insights – CFO Perspective
- Your Operating Management – Driving Results
 - Electric Generation & Energy Supply
 - Smart Energy
 - Pipeline Replacement & Safety
 - Electric Distribution
- Wrap-Up
- Q&A
- Break

3:00-4:30

John Russell
Tom Webb

Dennis Dobbs
Patti Poppe
Garrick Rochow
Dan Malone
Tom Webb

4:30-4:45

- MPSC Regulatory Panel

4:45-5:30

MPSC Chairman,
Mr. John Quackenbush

MPSC Commissioner,
Mrs. Sally Talberg

- Powering Michigan's Comeback
- Michigan Business Climate – Growth
- Break
- Cocktails
- Dinner with Mr. Bob Woodward

5:30-6:00

Mr. Doug Rothwell

6:00-6:45

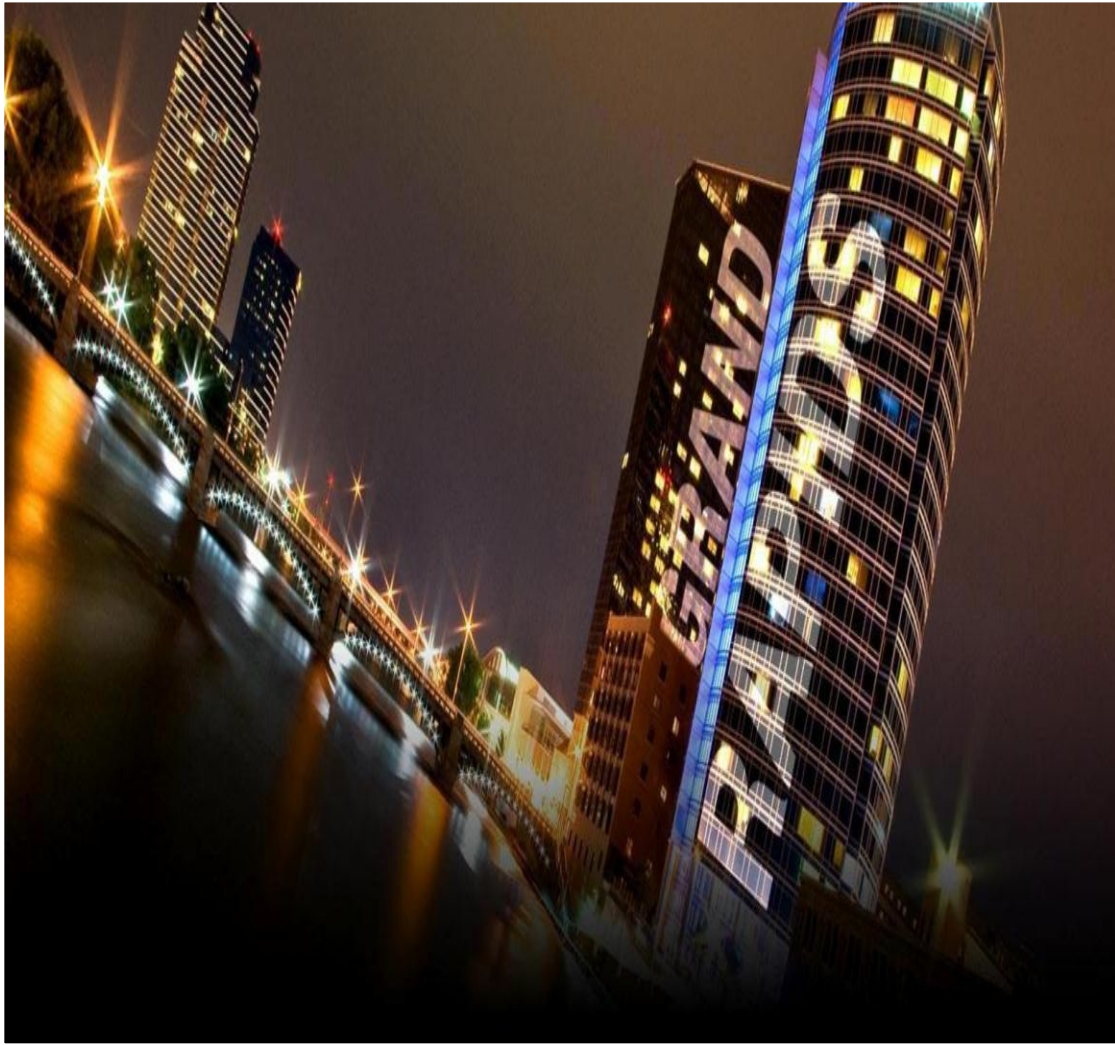
6:45

7:15



John Russell
President & CEO

Welcome



Grand Rapids

- **#2 Largest city in Michigan**
 - 1,000,000 people
- **#1 City in the US to raise a family** (Forbes, April 2012)
- **#2 Job growth for a US metro area since 2010** (CareerBuilder, September 2013)
- **#4 Best city in the US to find a job** (Forbes, April 2013)

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This presentation is made as of the date hereof and contains “forward-looking statements” as defined in Rule 3b-6 of the Securities Exchange Act of 1934, Rule 175 of the Securities Act of 1933, and relevant legal decisions. The forward-looking statements are subject to risks and uncertainties. All forward-looking statements should be considered in the context of the risk and other factors detailed from time to time in CMS Energy’s and Consumers Energy’s Securities and Exchange Commission filings. Forward-looking statements should be read in conjunction with “FORWARD-LOOKING STATEMENTS AND INFORMATION” and “RISK FACTORS” sections of CMS Energy’s and Consumers Energy’s Form 10-K for the year ended December 31, 2012 and as updated in subsequent 10-Qs. CMS Energy’s and Consumers Energy’s “FORWARD-LOOKING STATEMENTS AND INFORMATION” and “RISK FACTORS” sections are incorporated herein by reference and discuss important factors that could cause CMS Energy’s and Consumers Energy’s results to differ materially from those anticipated in such statements. CMS Energy and Consumers Energy undertake no obligation to update any of the information presented herein to reflect facts, events or circumstances after the date hereof.

The presentation also includes non-GAAP measures when describing CMS Energy’s results of operations and financial performance. A reconciliation of each of these measures to the most directly comparable GAAP measure is included in the appendix and posted on our website at www.cmsenergy.com.

CMS Energy provides historical financial results on both a reported (Generally Accepted Accounting Principles) and adjusted (non-GAAP) basis and provides forward-looking guidance on an adjusted basis. Management views adjusted earnings as a key measure of the company’s present operating financial performance, unaffected by discontinued operations, asset sales, impairments, regulatory items from prior years, or other items. These items have the potential to impact, favorably or unfavorably, the company's reported earnings in future periods. Because the company is not able to estimate the impact of these matters, the company is not providing a reconciliation to the comparable future period reported earnings.

	2013	
	First Nine Months	Full Year
EPS	\$1.29	\$1.65 - \$1.66
<u>Better/(Worse) Than</u>		
• Plan	+5¢	+1¢ to 2¢
• 2012	(2)	+7%

Adjusted EPS (non-GAAP)

Operating cash flow (bils)

Dividend payout ratio

Customer base rate increases

FFO/Average debt

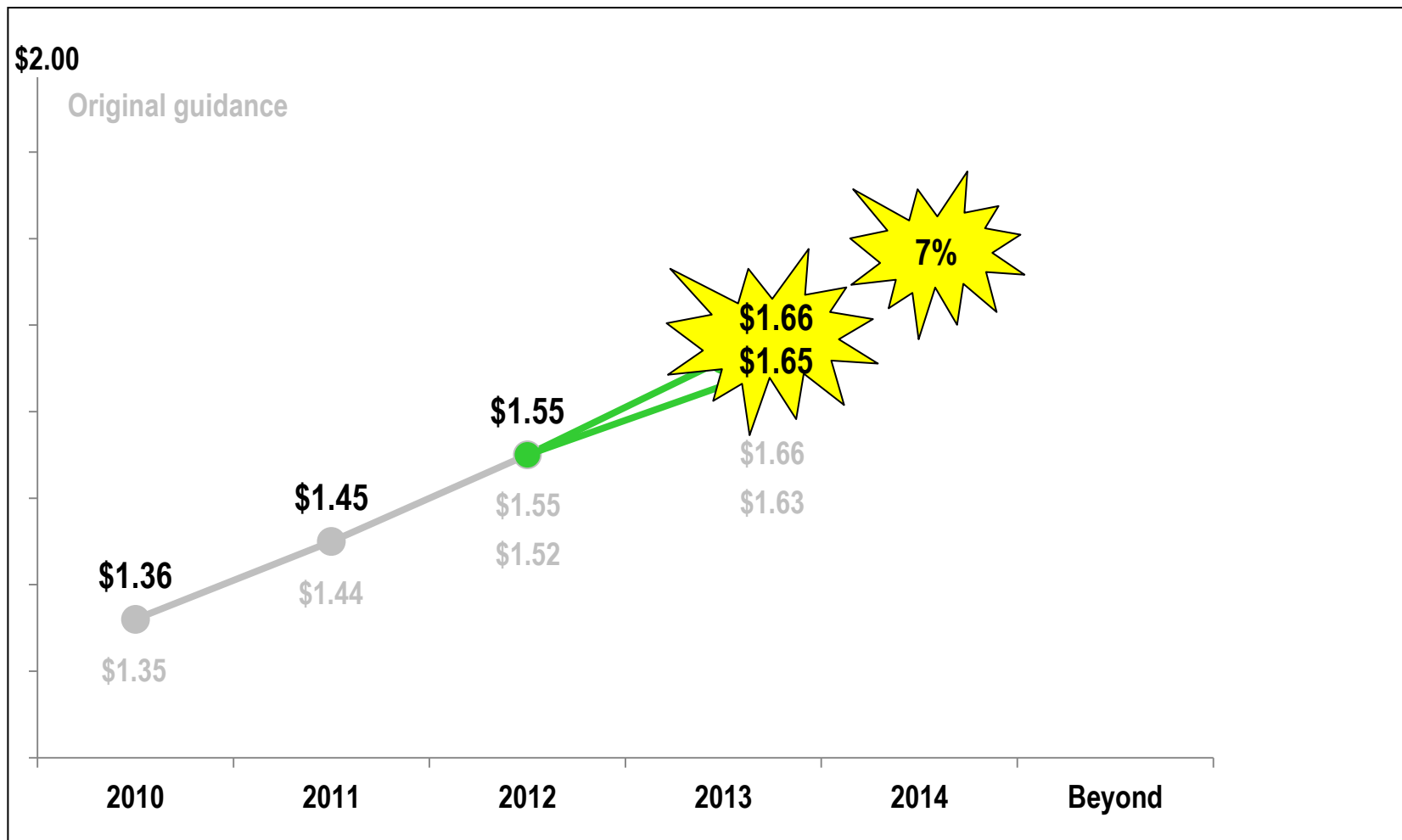
2013 Target	
\$1.63 - \$1.66	✓
5% - 7%	✓
\$1.3	✓
≈ 62%	✓
< 2%	✓
18%	✓

^a Adjusted EPS (non-GAAP)

.... reinvesting earlier from earlier gains.

2013 EPS^a Guidance....

CMS ENERGY



^a Adjusted EPS (non-GAAP)

.... raised to the high end of the range to 7%.

Best in Class

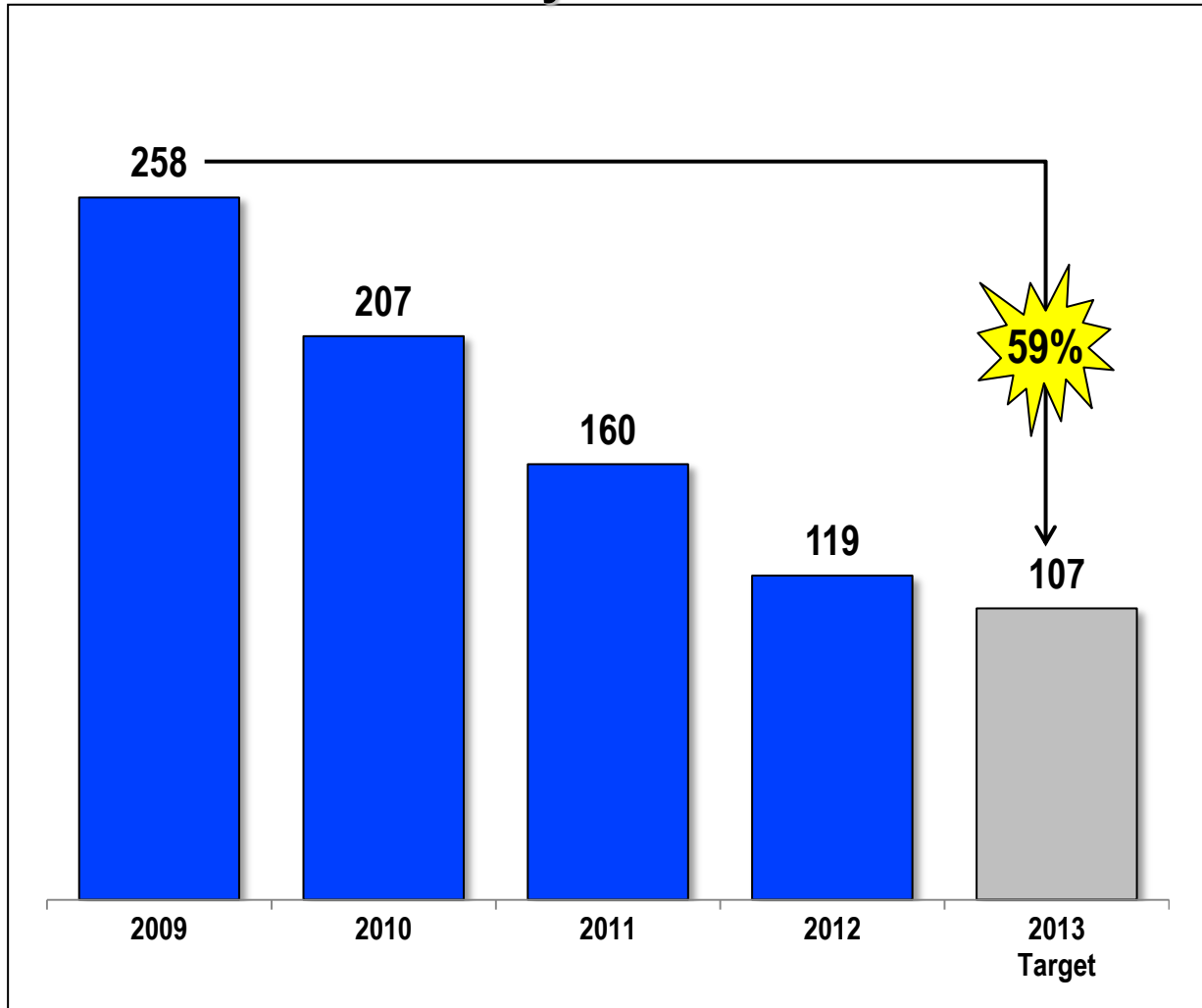
Best Value

Proud to Wear the Colors



.... dynamic, data driven, breakthrough performance.

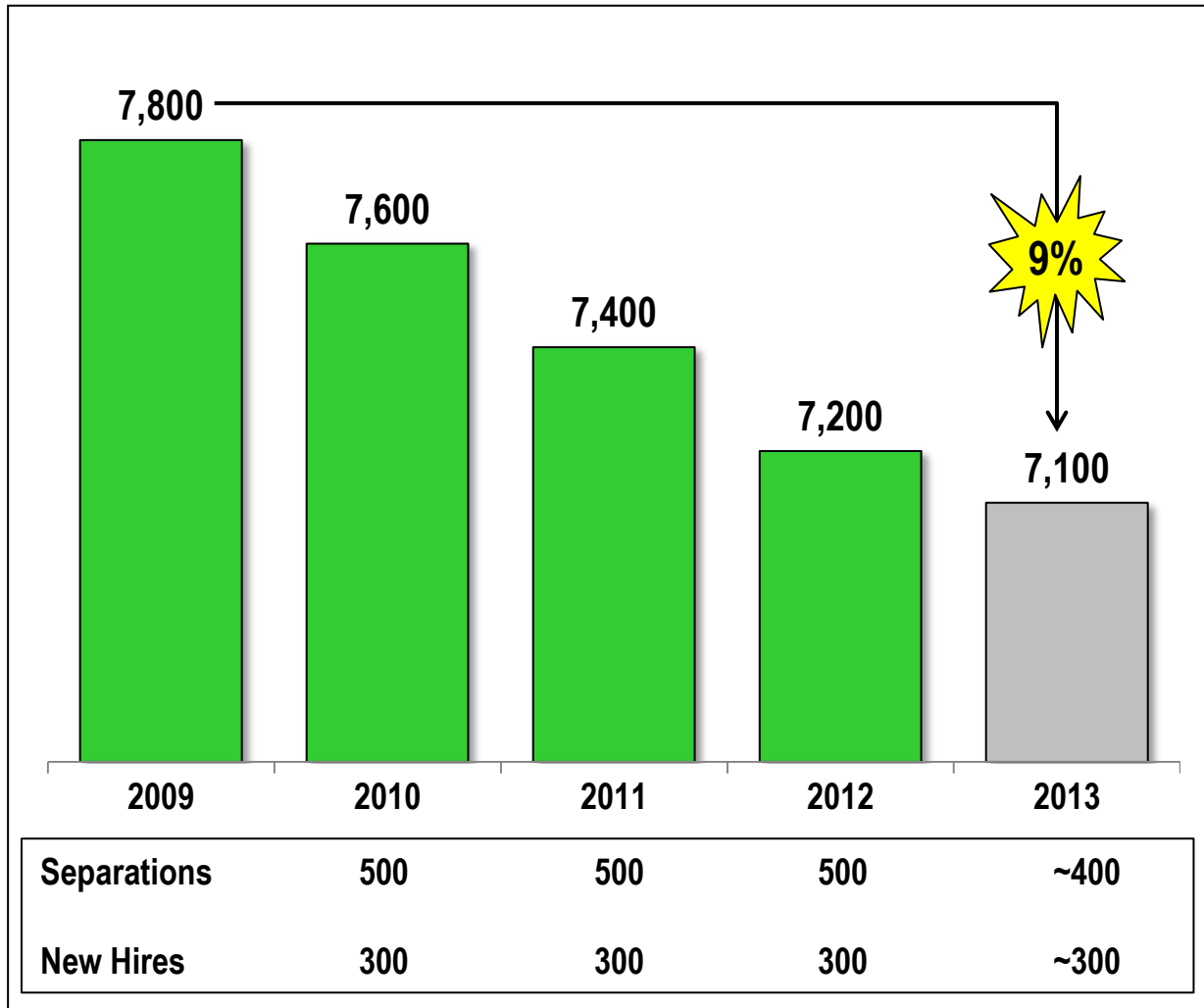
Safety Incidents



- First quartile performance
- 59% improvement since 2009
- \$8 million savings last two years

. . . . begin with safety.

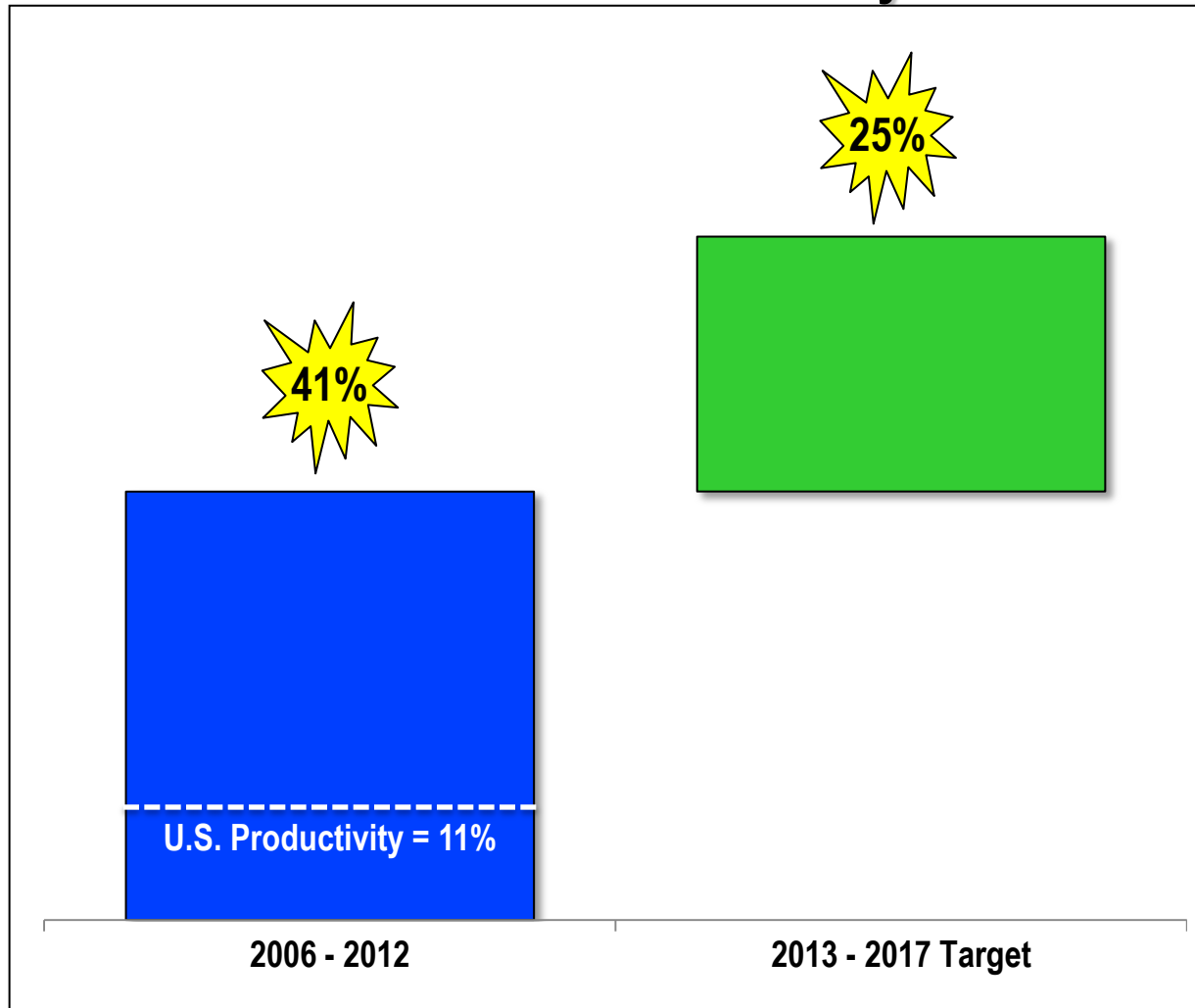
Headcount



- 9% reduction since 2009
- Recent VSP programs have helped
- New hires are two-thirds the cost

. . . . through natural attrition, supplemented with VSP programs.

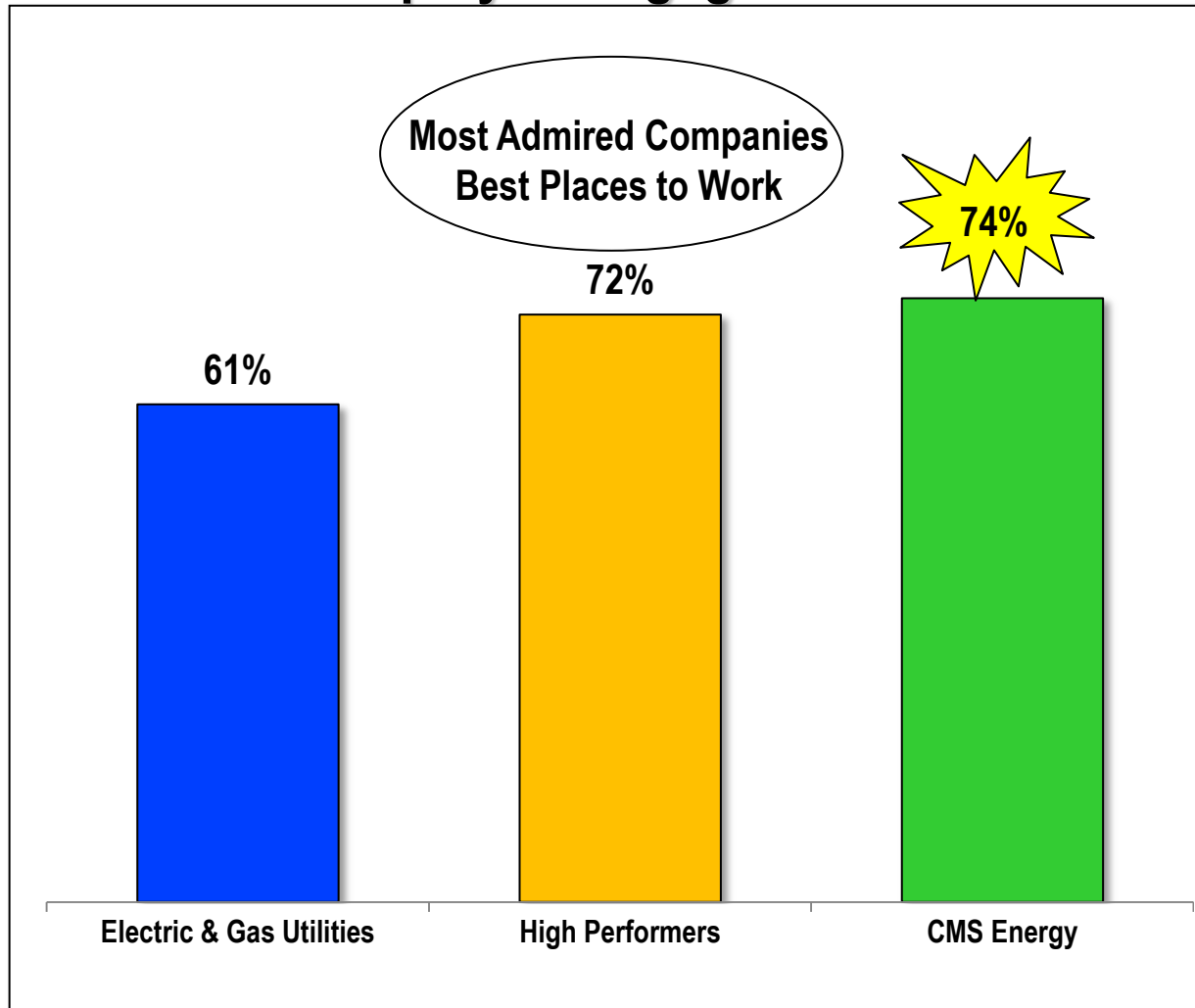
Cumulative Productivity



- 41% improvement since 2006
- Planning 25% over next 5 years
- \$10 million in savings per year

. . . . enhance productivity and reduce costs.

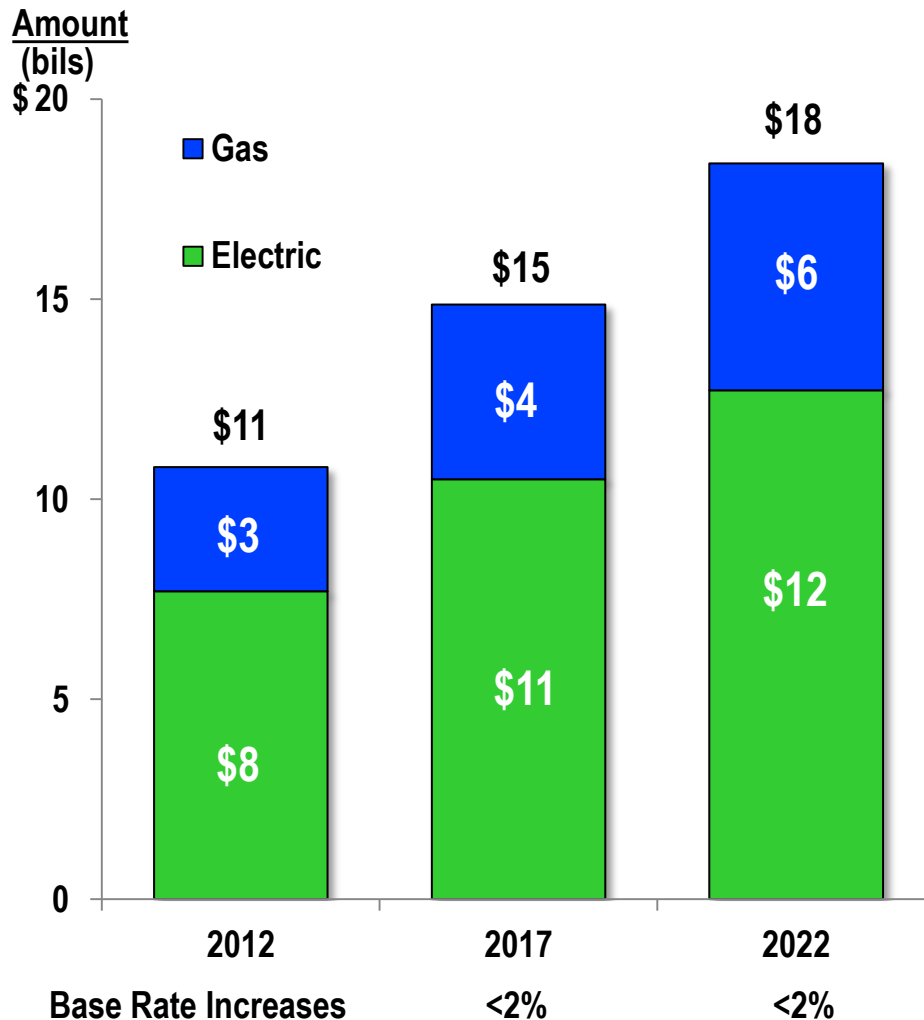
Employee Engagement



- First quartile performance
- Engagement scores at levels of most admired companies
- Target to maintain high level of engagement

. . . . include actively engaged employees.

Visible Investment: Rate Base Growth.... **CMS ENERGY**



Capital Investment “Checklist”

- ✓ Add Customer Value
- ✓ Reduce O&M Costs
- ✓ Reduce Fuel Costs
- ✓ Mandated by State or Federal Regulators

.... drives EPS, cash flow, and dividend growth.

Visible Investment: Customer-Driven.... CMS ENERGY

Clean Power

\$3 Billion



Environmental

Capacity

\$2 Billion



New gas generation

Reliability

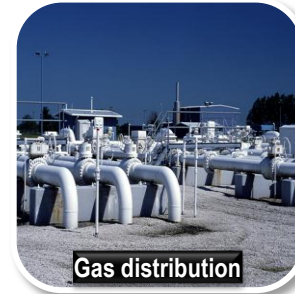
\$3.5 Billion



Consumers Smart Energy

Infrastructure

\$4 Billion



Gas distribution



Renewable energy



Ludington Pumped Storage



Main replacements



Propane switching



Gas conversions



Pipeline replacements



Electric reliability



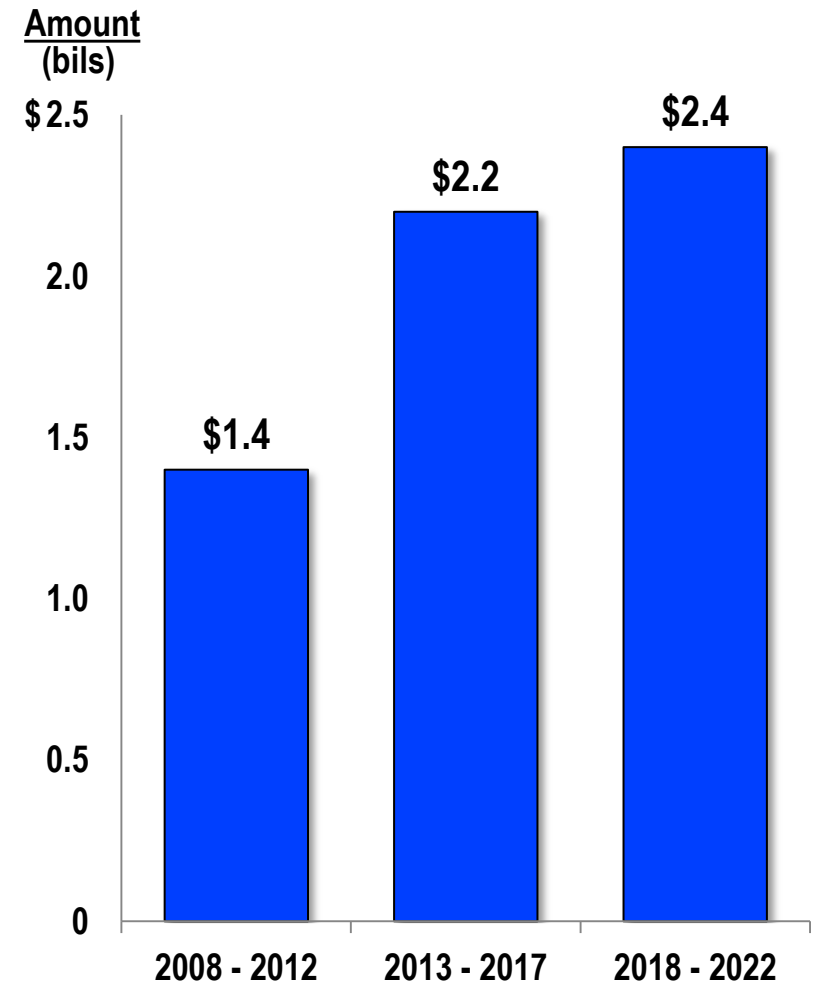
Electric distribution

.... small and incremental with no big bets.

Gas System

- **#4 largest gas utility**
- **27,000 miles of distribution mains**
- **24,000 miles of service pipe**
- **1,700 miles of transmission lines**
- **300 bcf gas storage**

Investment



. . . investment opportunities.

- Exited transmission in 2002
- Recent developments
 - ReliabilityFirst Corporation interpretation
 - FERC orders
- Opportunity to reclassify and register as transmission owner / operator



.... opportunity; better for our customers.

Five-Year Financial Plan....

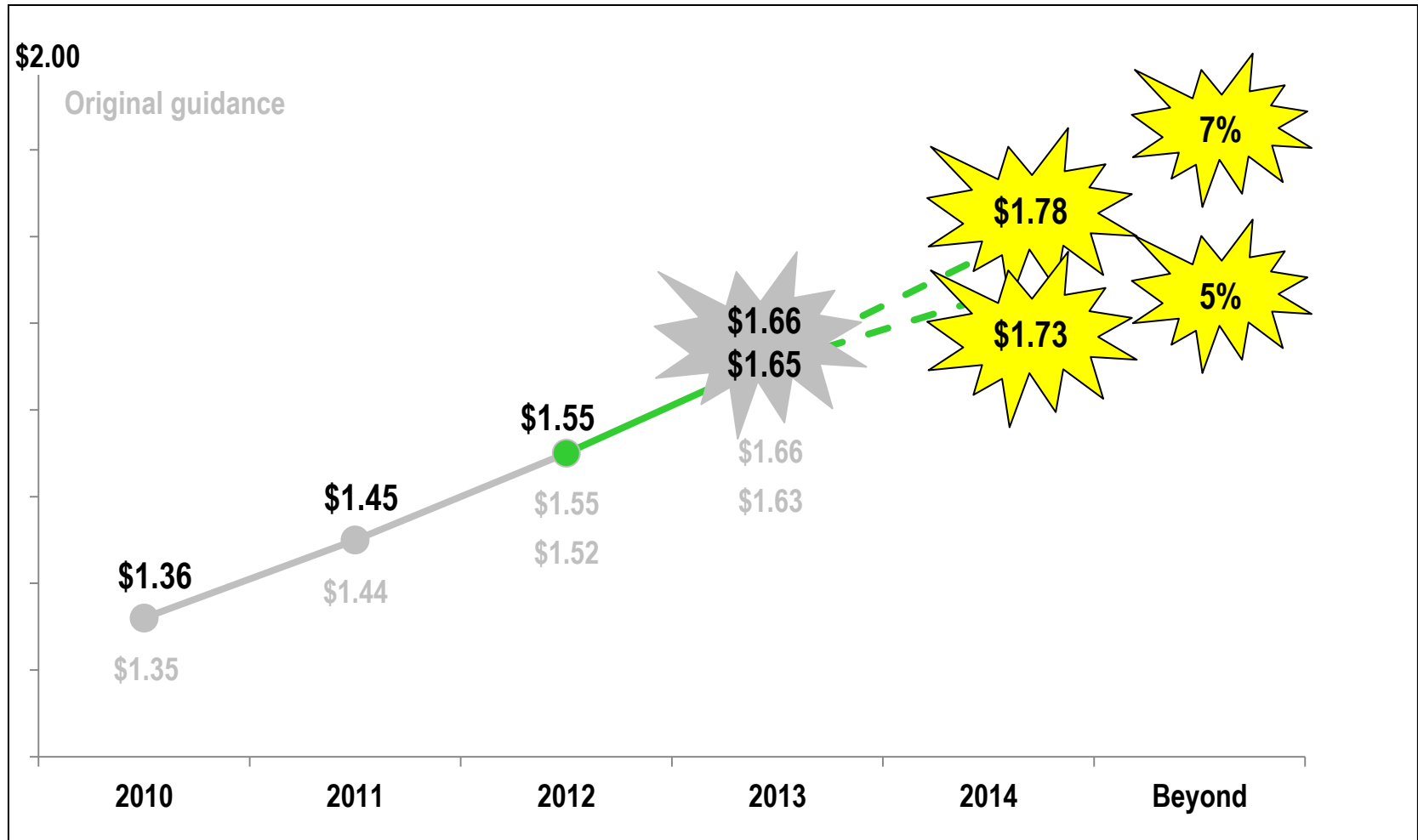
CMS ENERGY

	2014-2018 Plan	2013-2017 Plan
Capital Investment (bils)	\$7.0	\$6.5
O&M cost (annual increase %)	-2%	Less than 1%
Customer base rate increases (excluding fuel)	1% (E) 2 (G)	1% (E) 1 (G)
Return on Equity	10.3% ✓	10.3%
EPS annual growth	5% - 7%	5% - 7%
Dividend yield	4	4
Total Shareholder Return (TSR)	9% - 11%	9% - 11%
Dividend Payout (= Peers) Growth	60%-70% 5% - 7%	62%

.... sustainable, "less risk" than prior plan.

2014 EPS^a Guidance....

CMS ENERGY

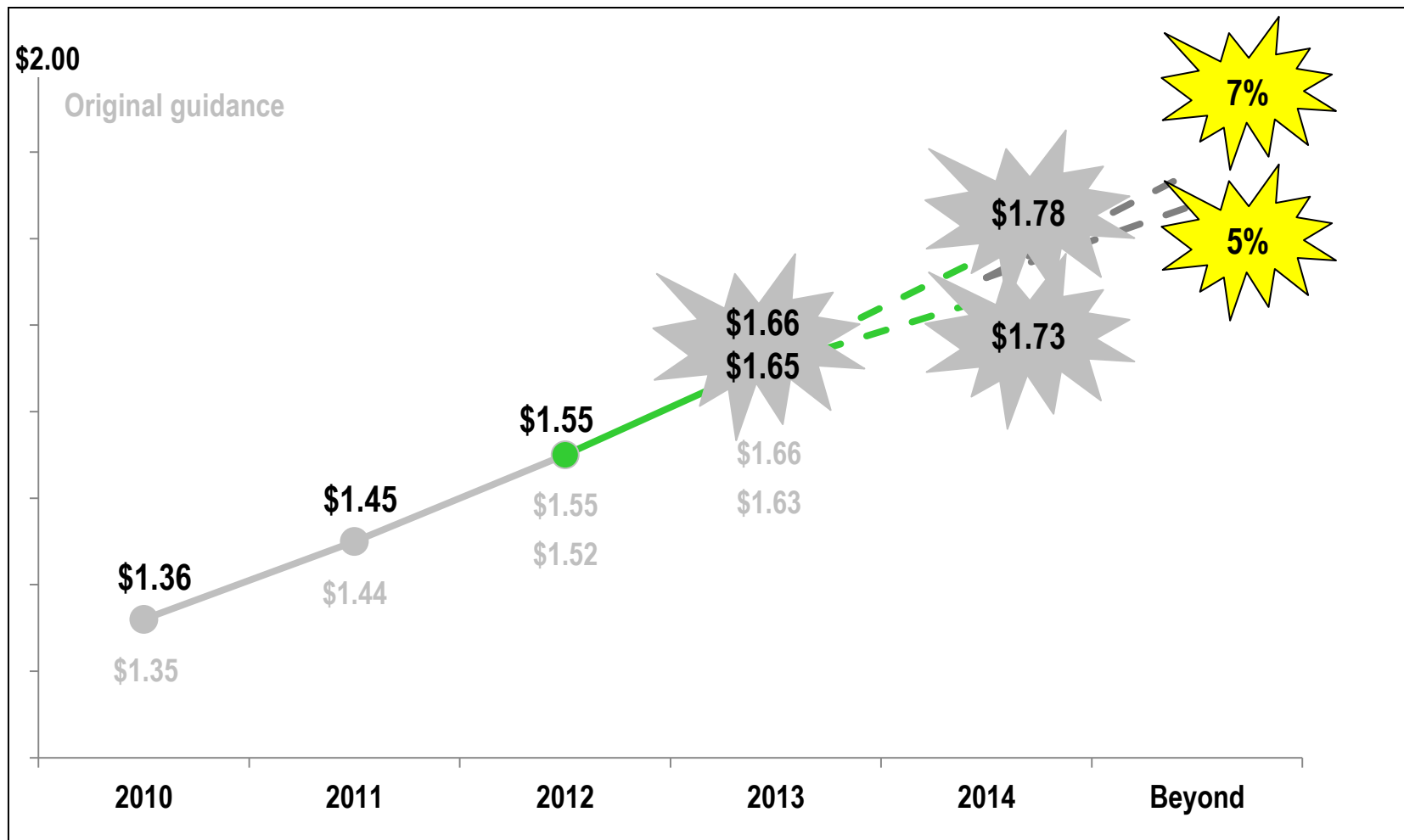


^a Adjusted EPS (non-GAAP)

.... of \$1.73 to \$1.78; up 5% to 7%.

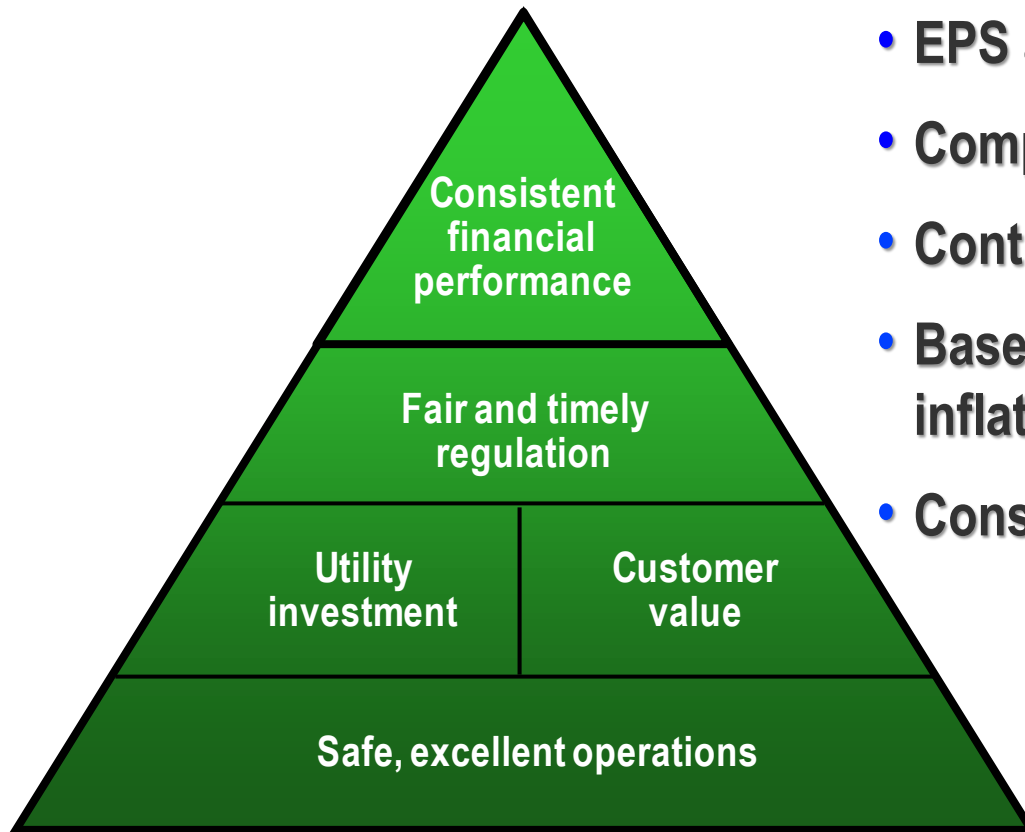
Long-Term EPS^a Guidance....

CMS ENERGY



^a Adjusted EPS (non-GAAP)

.... continues track record of 5% to 7% “real” growth.



- Capital investment in utility \$15 billion
- EPS and OCF growth 1–2 pts > peers
- Competitive payout ratio (60%-70%)
- Continuous cost improvement
- Base rates at or below the “rate of inflation”
- Constructive regulatory environment

. . . . a passion for customers AND investors.



Tom Webb
Executive Vice President & CFO

CMS EPS^a Growth....

CMS ENERGY

EPS Index

CMS Average = 7.5%

5% to 7%
Guidance
Range

0

Peer = 3.5%

International sale
recovered in 2008

2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 Future

^a Adjusted EPS (non-GAAP)

... actual performance stronger.

CMS EPS Cumulative Growth....

CMS ENERGY

	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Nine Year</u>
CMS Energy	7%	23%	85%	91%
Note: Annual Dividend Yield	4	4	3	2
Peers – S&P 500/ MidCap 400 Utilities	1	10	7	36
Note: Annual Dividend Yield	4	4	4	4

Source: Bloomberg, periods ending 12/31/2012

.... at the very high end of all peers.

RESULTS

**Consistent
Predictable**

Investment

- Ten Year - \$15 Billion
- Small, bite size projects
- None “bet the company”

Self-Imposed Limits

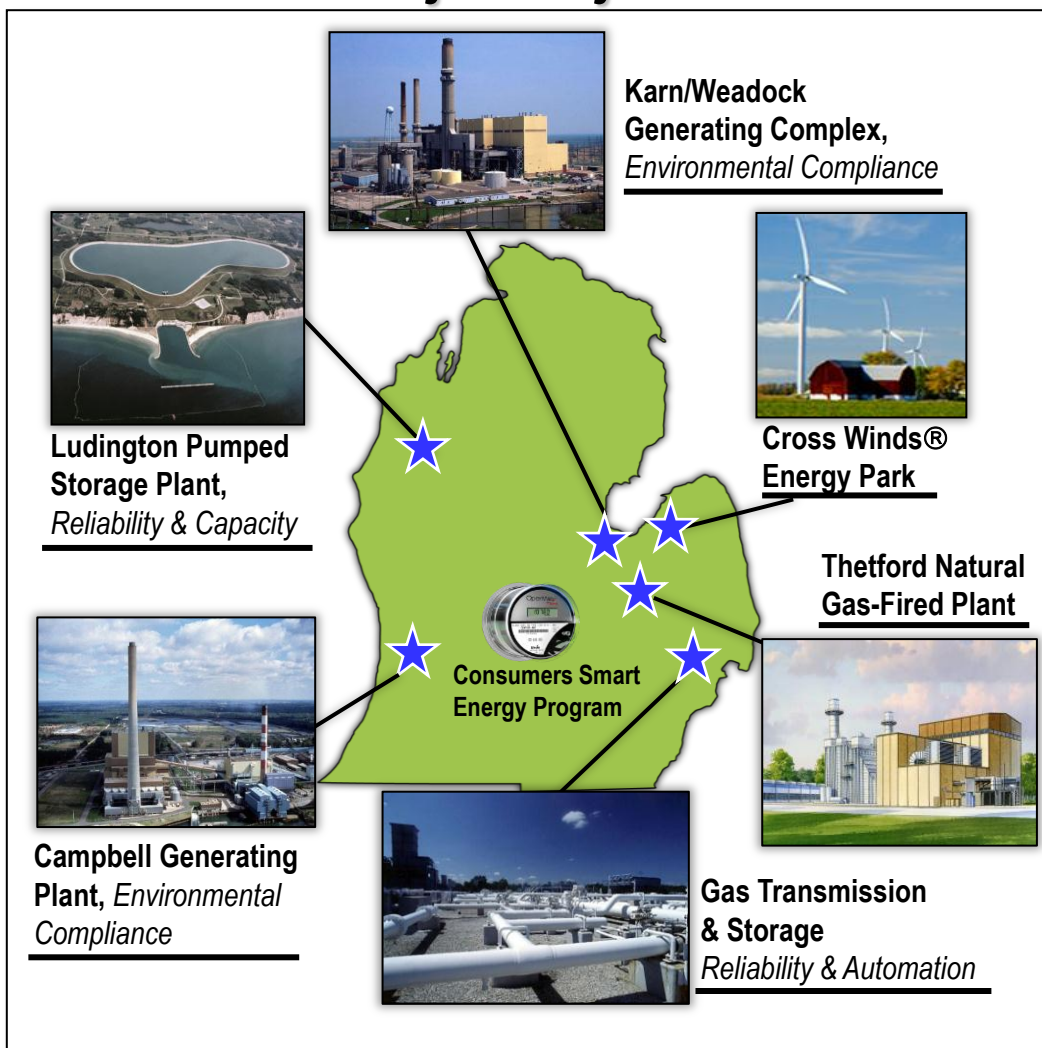
- Sustainable Base Rates < 2% Inflation
- Investment “Needed Not Wanted”

Enablers

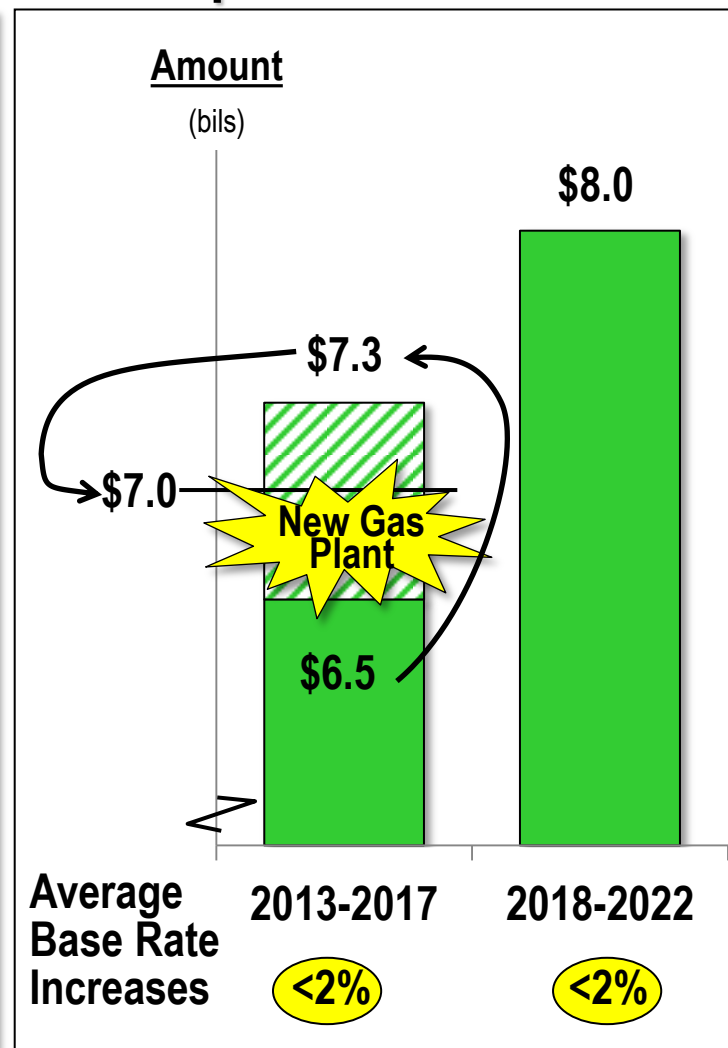
- Plan Sales Growth Conservatively
- O&M Down 2%/Year
- Constructive Law & Regulation
- Strong Customer Focus
- Credit Rating Upgraded
- Growth Self-funded

.... benefits customers AND shareowners.

Major Projects



Capital Investment



.... drives EPS and cash flow growth.

Need New Gas Plant....

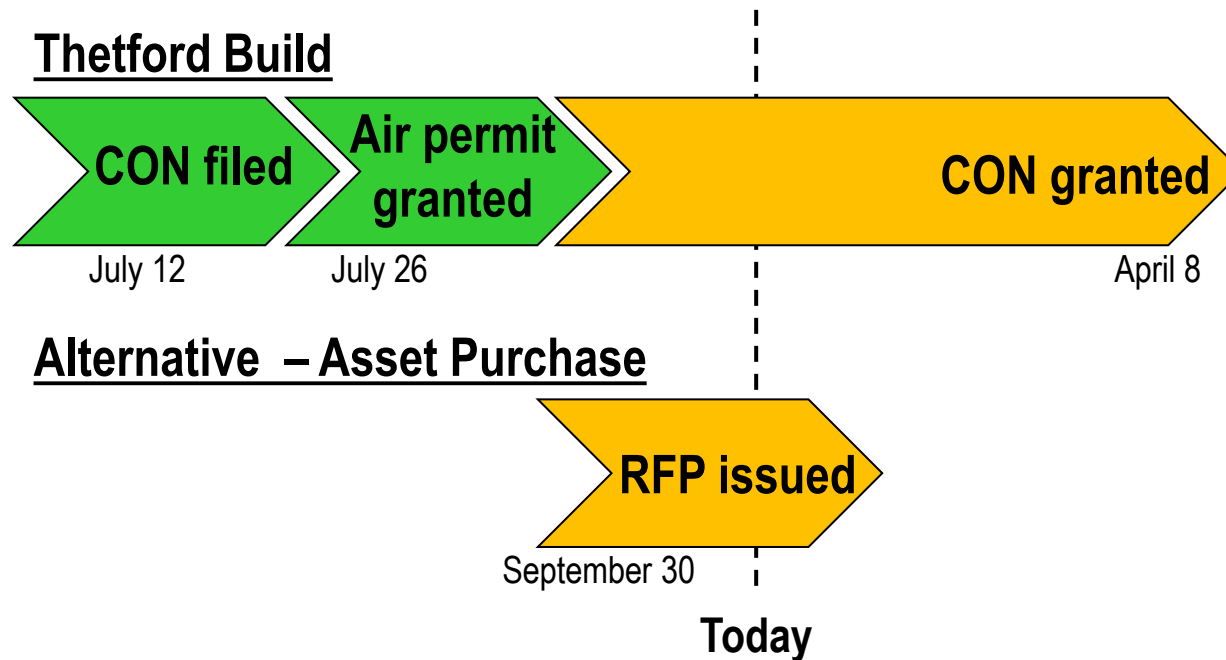
Customers

- Capacity needed
- Seek best deal

Investors

Unaffected:

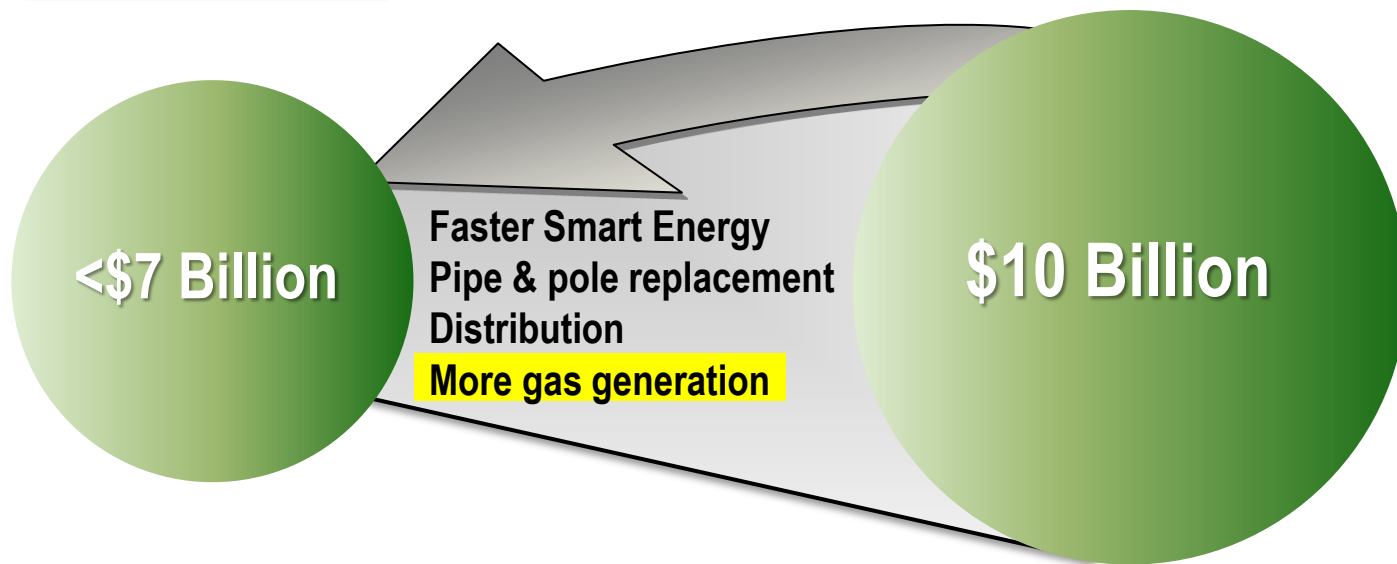
- Flexible 10-year, \$15 billion capex plan
- Build or buy



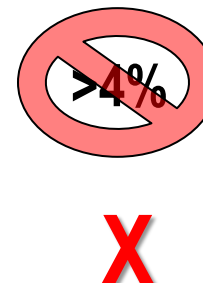
.... purchase if better for customers; investors unaffected.

**2013 – 2017
Five-Year Plan**

Opportunity Level



Customer base rates



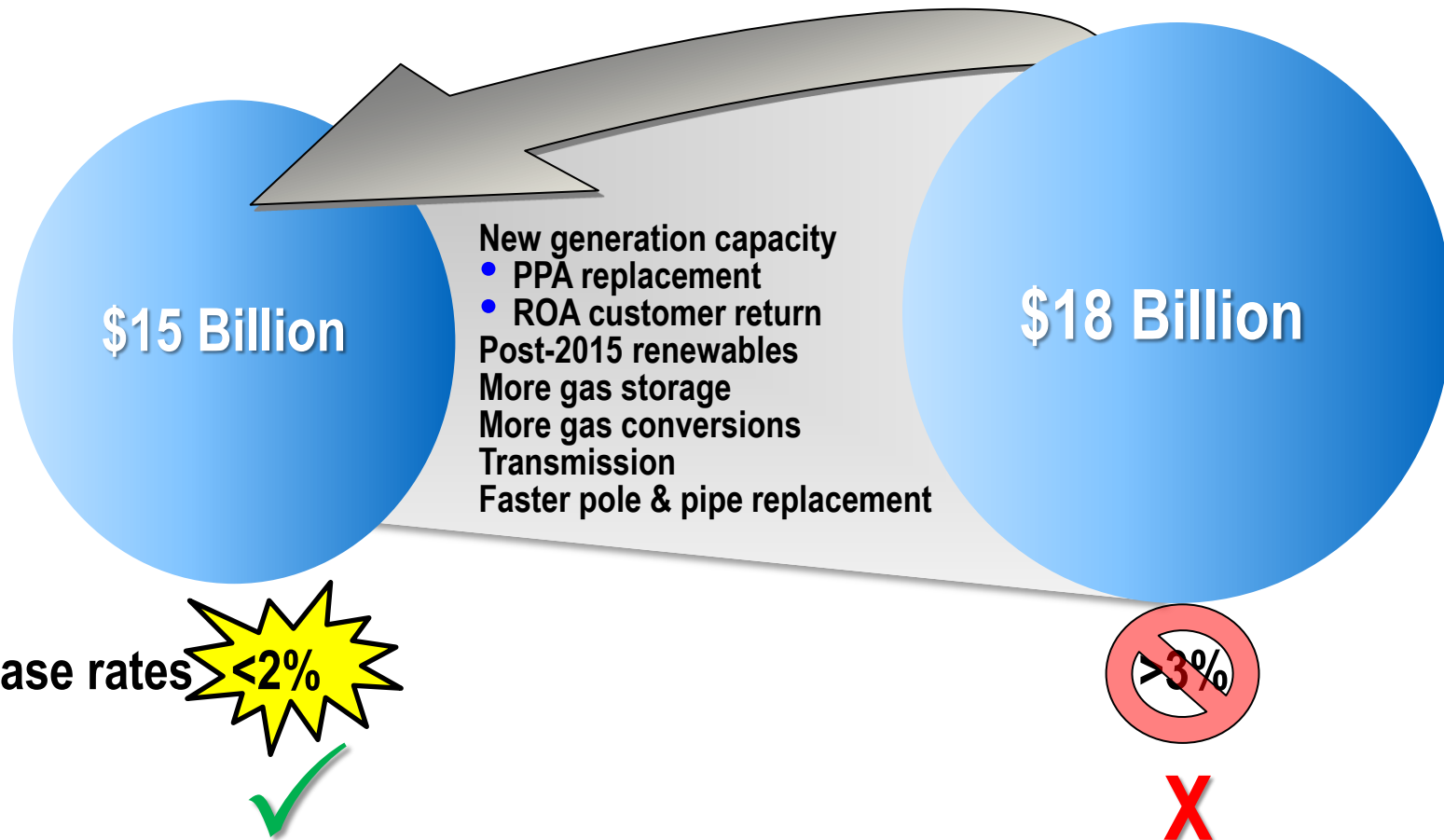
.... at sustainable and affordable pace, in low-risk, “bite size” projects.

Capital Investment Plan

CMS ENERGY

2013-2022
10-Year Plan

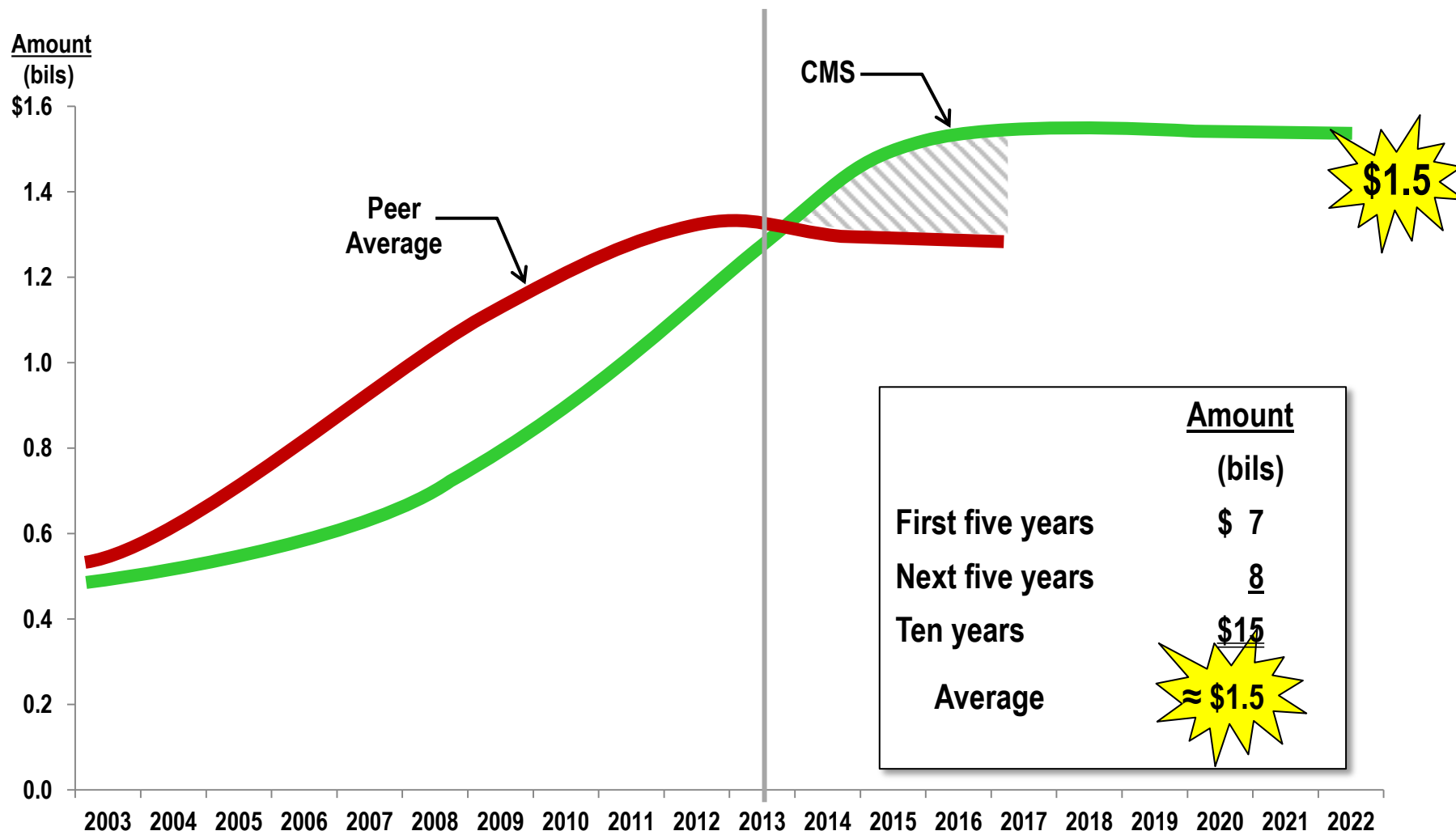
Opportunity Level



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Long-Term Capital Investment....

CMS ENERGY

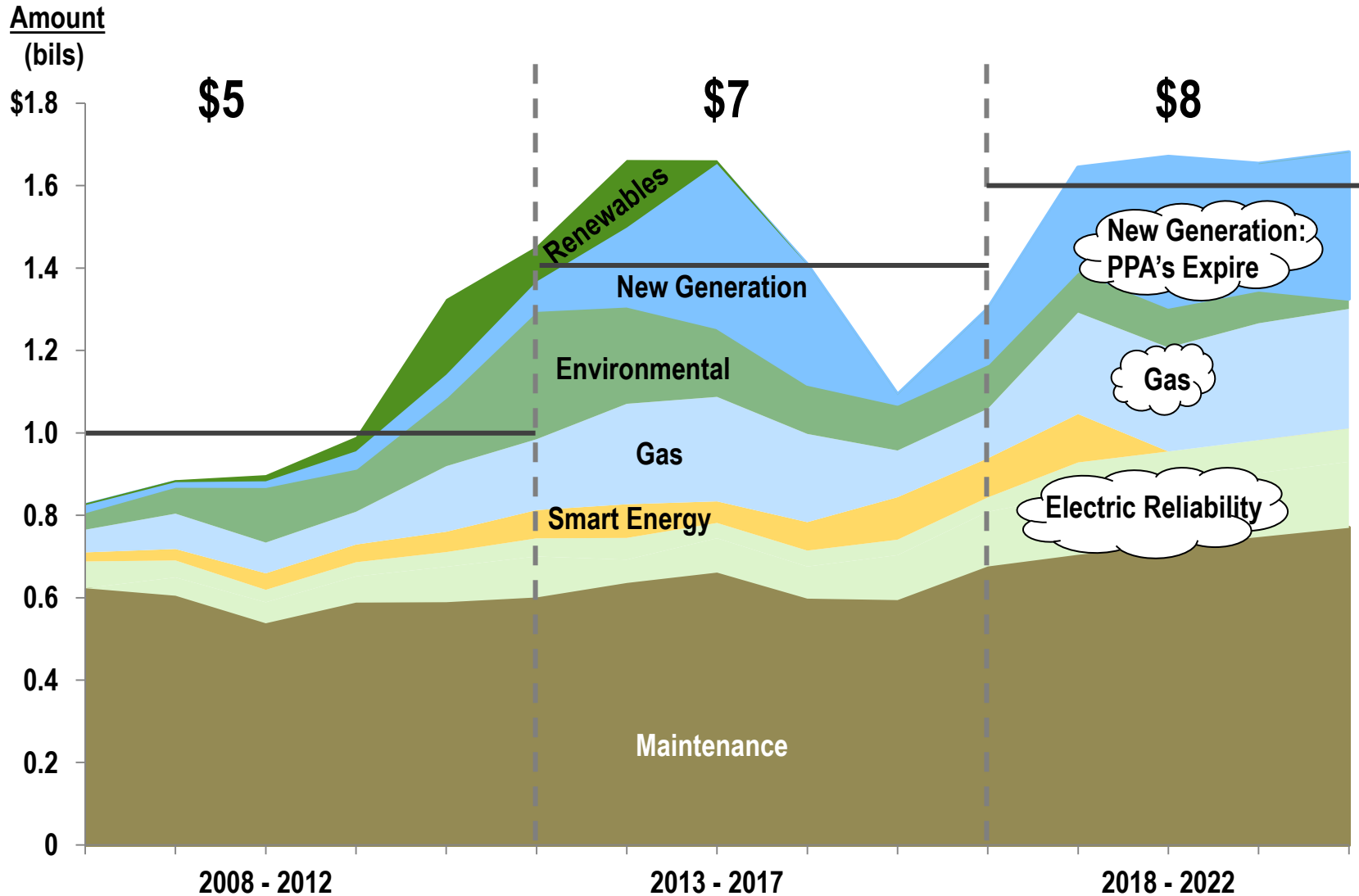


a) Source: 10K; actual amounts through 2012 smoothed for illustration

.... needs still growing!

Capital Investment Visibility....

CMS ENERGY

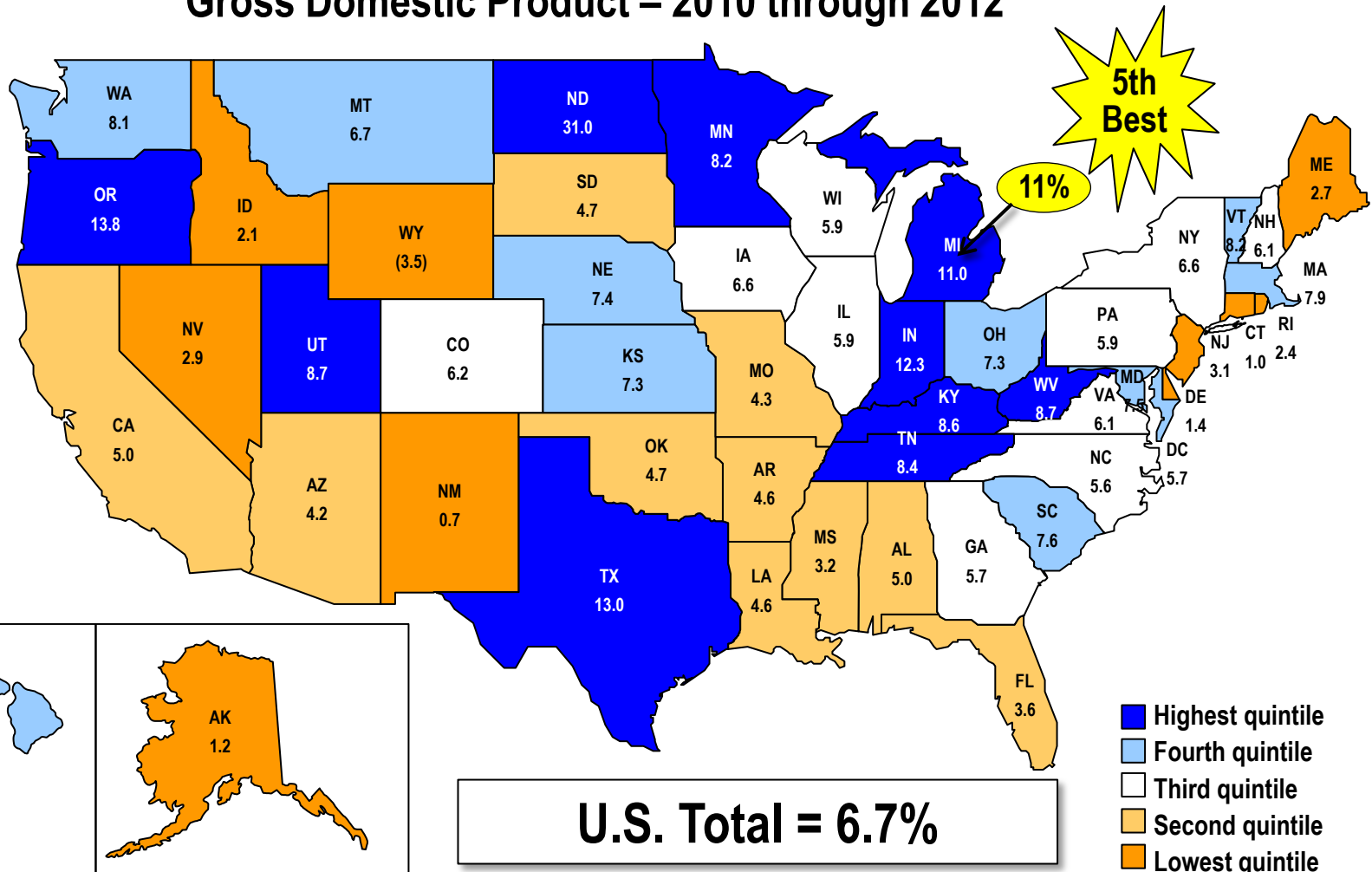


.... clear for next ten years – needed, not just wanted.

Michigan Economy Performance....

CMS ENERGY

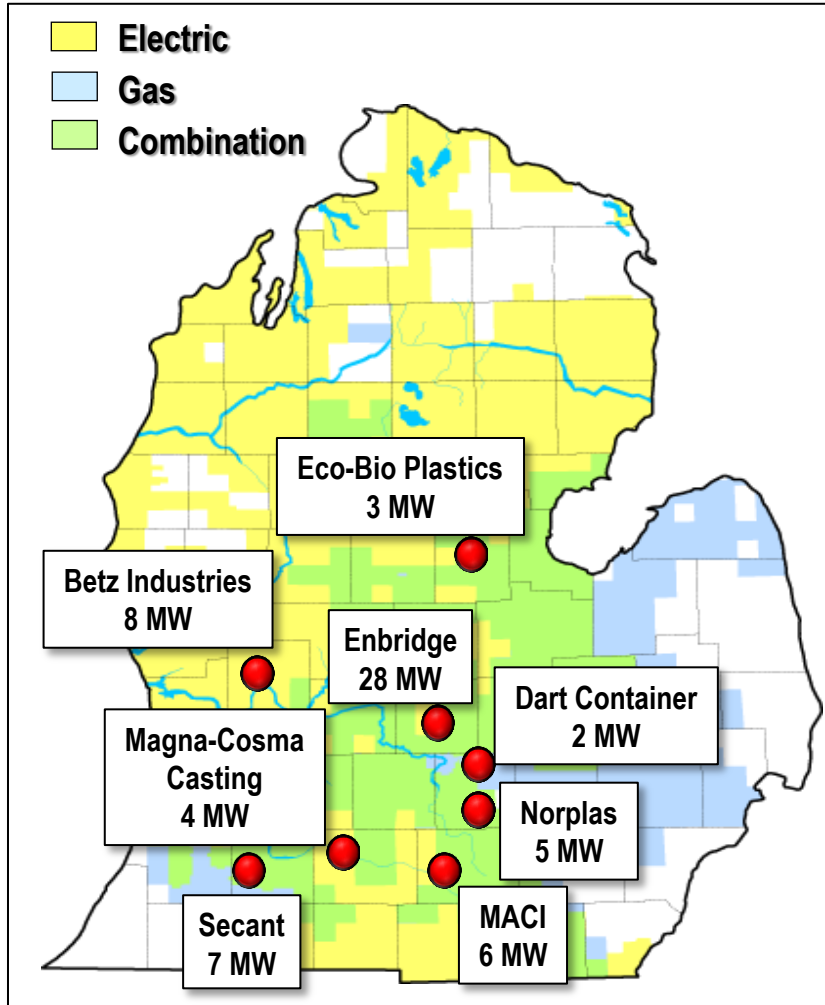
Gross Domestic Product – 2010 through 2012



Source: U.S. Department of Commerce – bea.gov, real GDP 2005 chained dollars, 2012 advance and 2009 – 2011 revised, 6/6/13

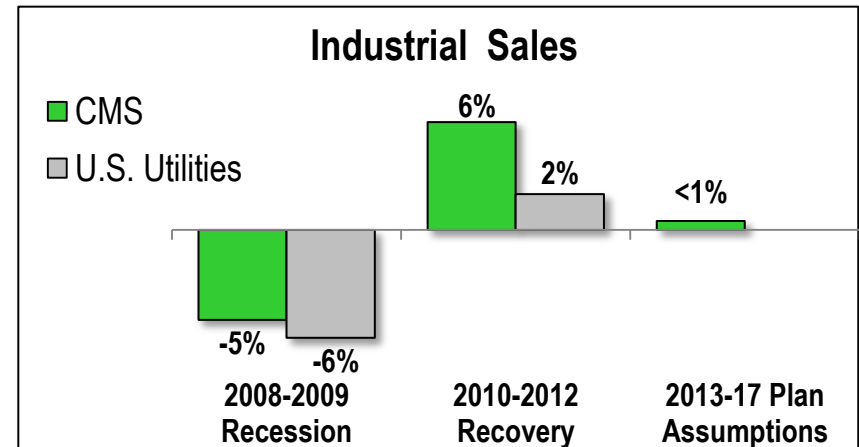
.... among the best in the nation.

Examples of New Business



Economic Indicators

	Grand Rapids	Michigan	U.S.
Unemployment August 2013	6%	9%	7%
Jobs (non-farm payrolls) 8-2012 thru 8-2013	5	2	2
GDP (real) 2010 thru 2012	14	11	7
Population 2010 Census thru July 2012	2	0	2

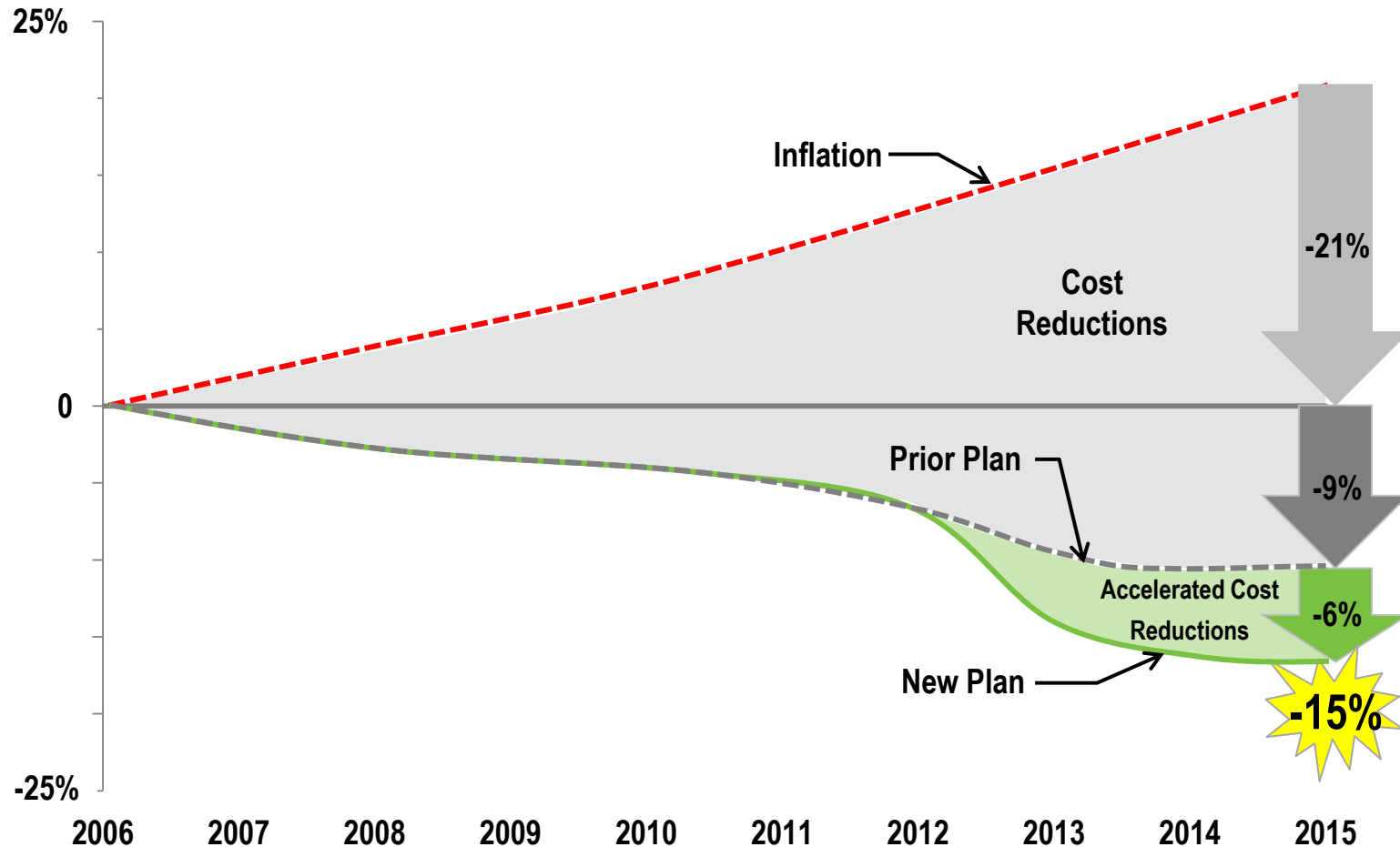


.... even better, but we plan conservatively.

Trend of O&M Cost Savings....

CMS ENERGY

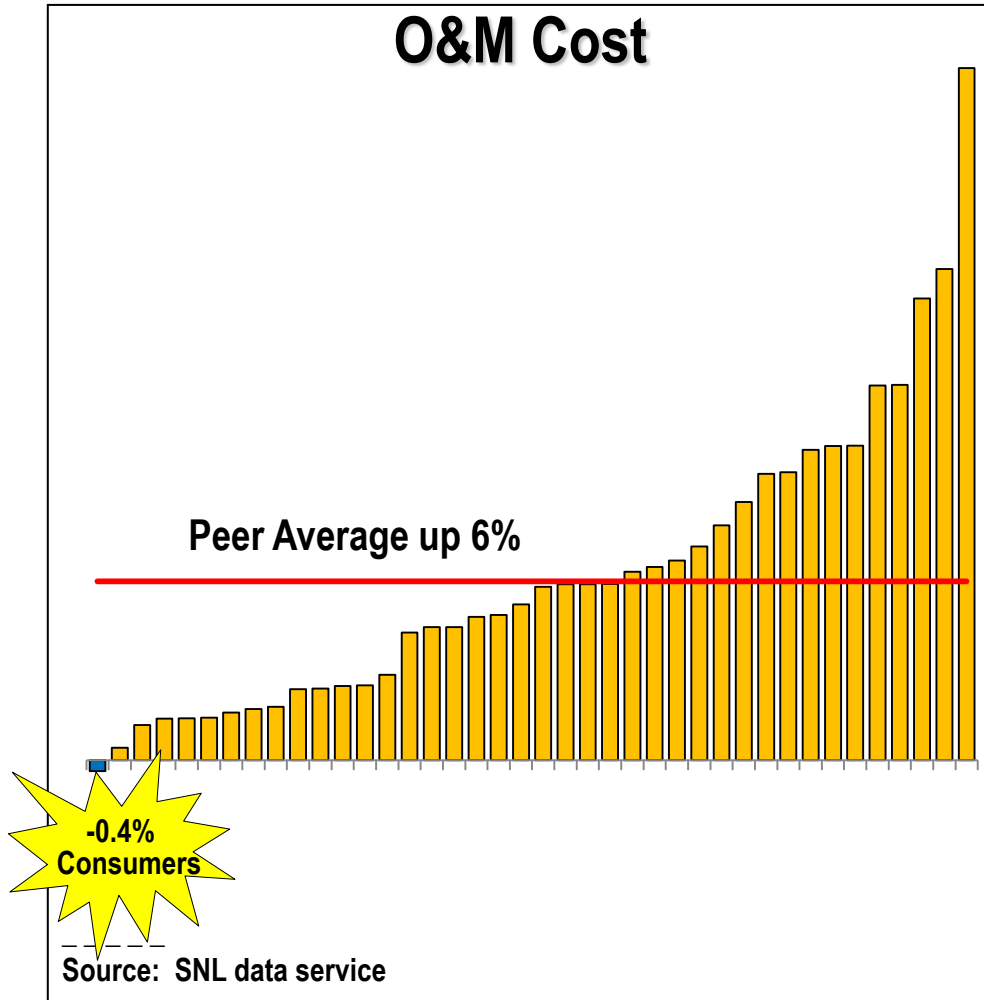
Percent Change



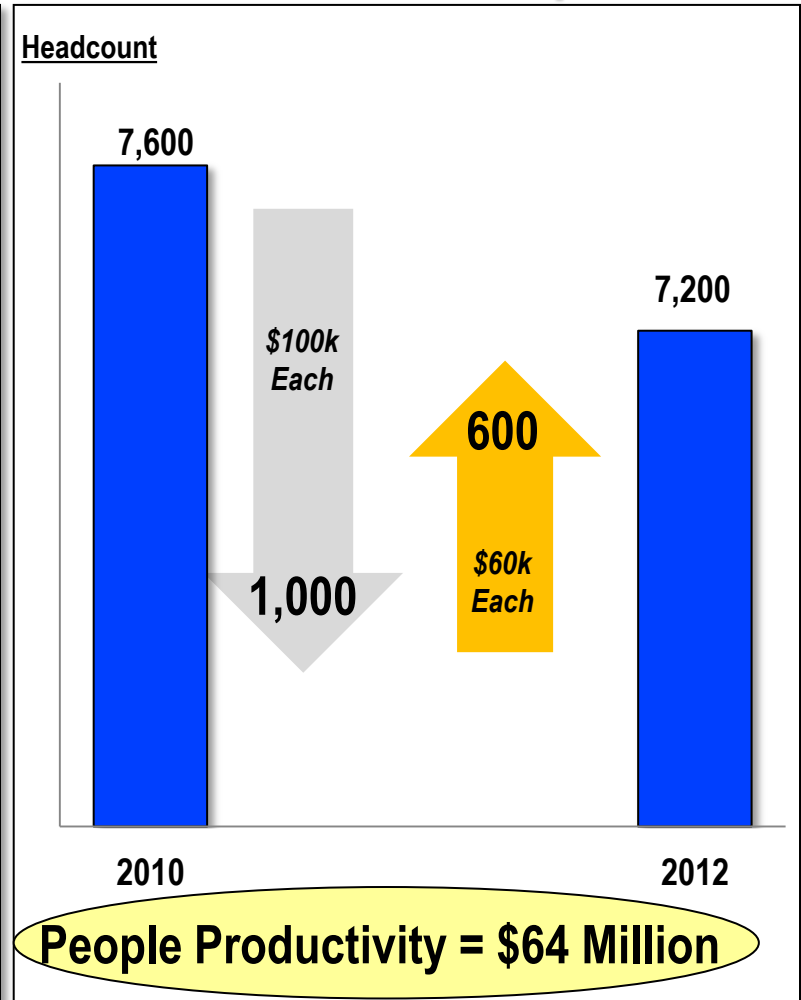
Lines smoothed for illustrative purposes

..... accelerated; funding investment and reducing risk.

2012 over 2006 Electric Non-fuel O&M Cost



How – One Example



..... part of CMS mindset.

Continuous Cost Reduction....

CMS ENERGY

Future Savings

How – Two Examples

	<u>2017 vs 2012</u> (mils)
• Fuel mix	\$25
• Benefits	75
• Less Expensive New Hires & Lower Headcount	75
• Consumers Smart Meter	20
• Inflation	(100)
• Performance Excellence	<u>30+</u>
2017 vs 2012	<u>\$125</u>

Fuel Mix		<u>MW</u>	<u>Employees</u>
2013-14	Build Wind Farms	+ 200	+ 4
2016	Retire Coal	- 900	- 300
2016	Add GCC	+ 700	+ 20
	Total	<u>0</u>	<u>- 276</u>

Future Savings (mils)

Future Annual Savings
(mils)

Benefits

2002-06	Active health care sharing
2003-05	Pension "DB" to "DC"
2003-06	Retiree health care sharing
2007-10	Retiree health care- access only for new hires
2013	EGWP, OPEB & other

Future savings

Opportunity: Discount Rates

\$25

\$25

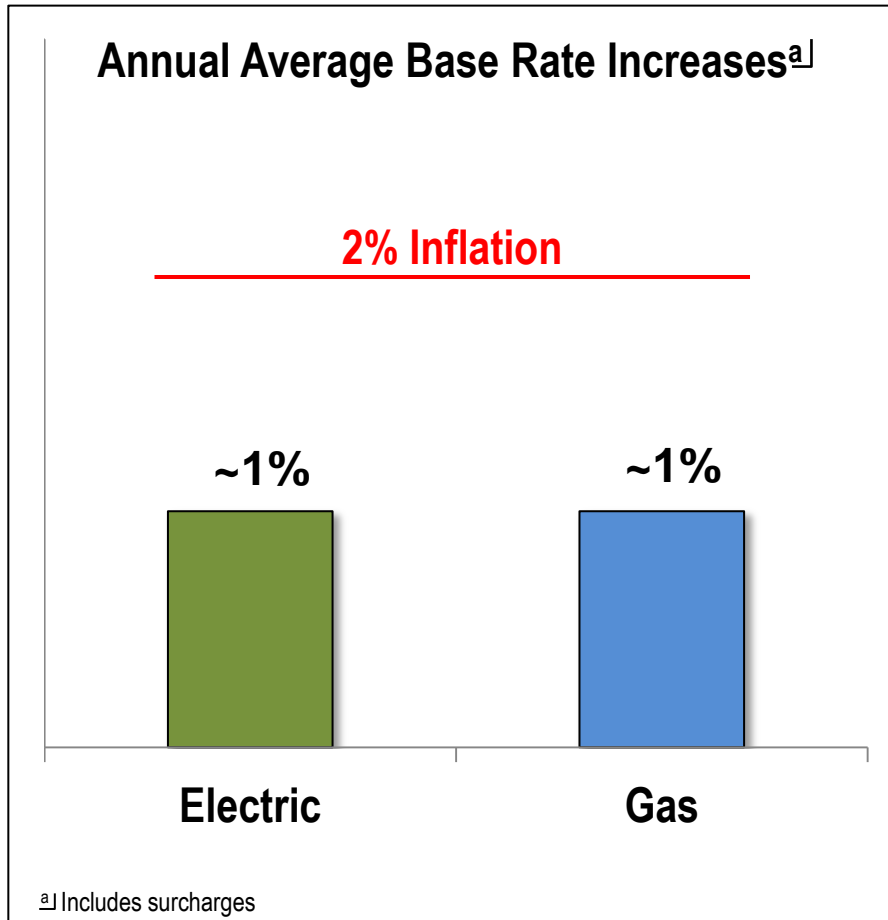
50

\$75

\$20

.... a way of life at CMS.

2013-2017

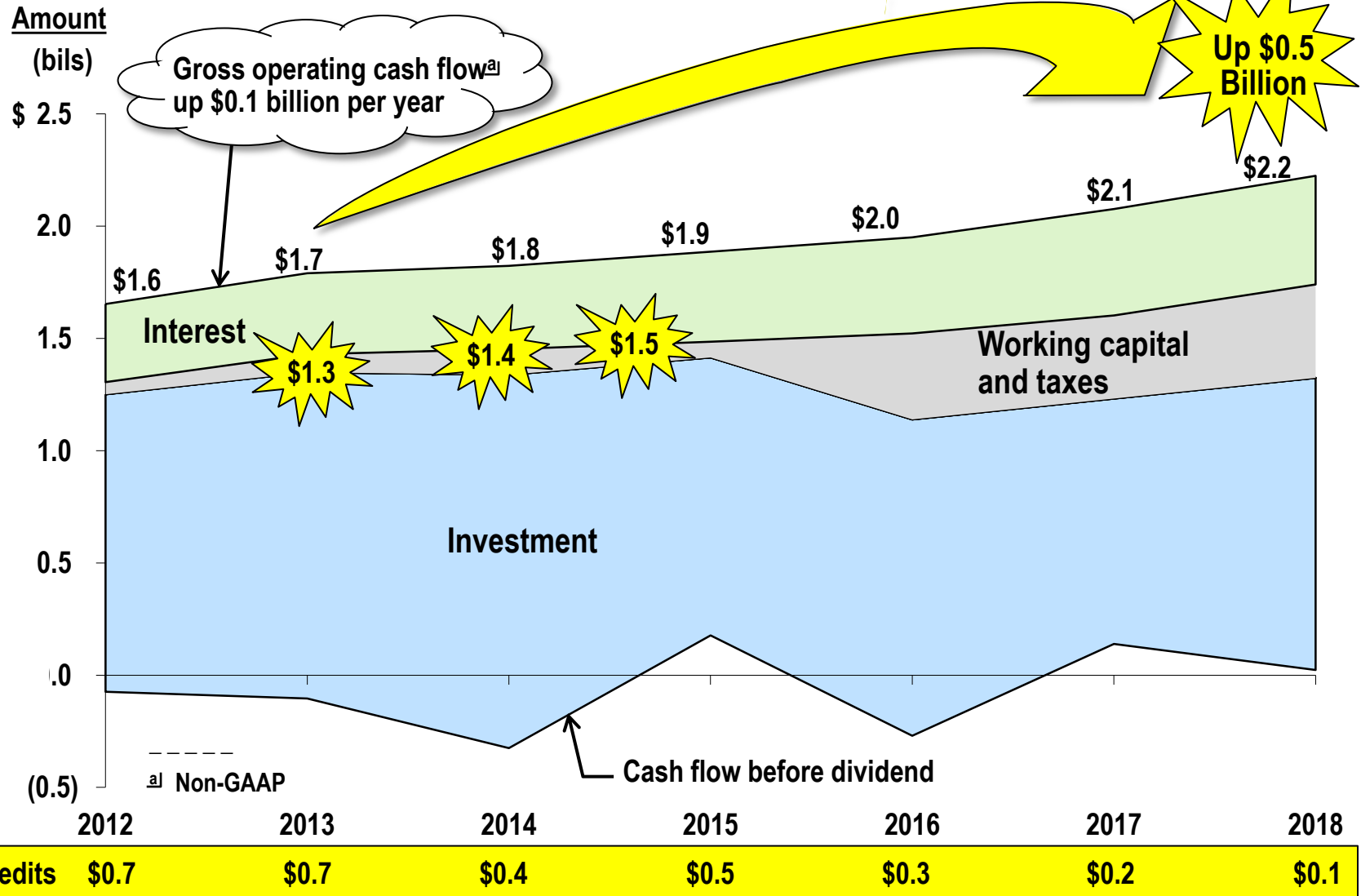


Cost Reductions

- Eliminate 2014 base rate increases:
 - Electric
 - Gas
- Eliminated renewable surcharge
- Eliminated rate skewing
- Lowered summer block rates

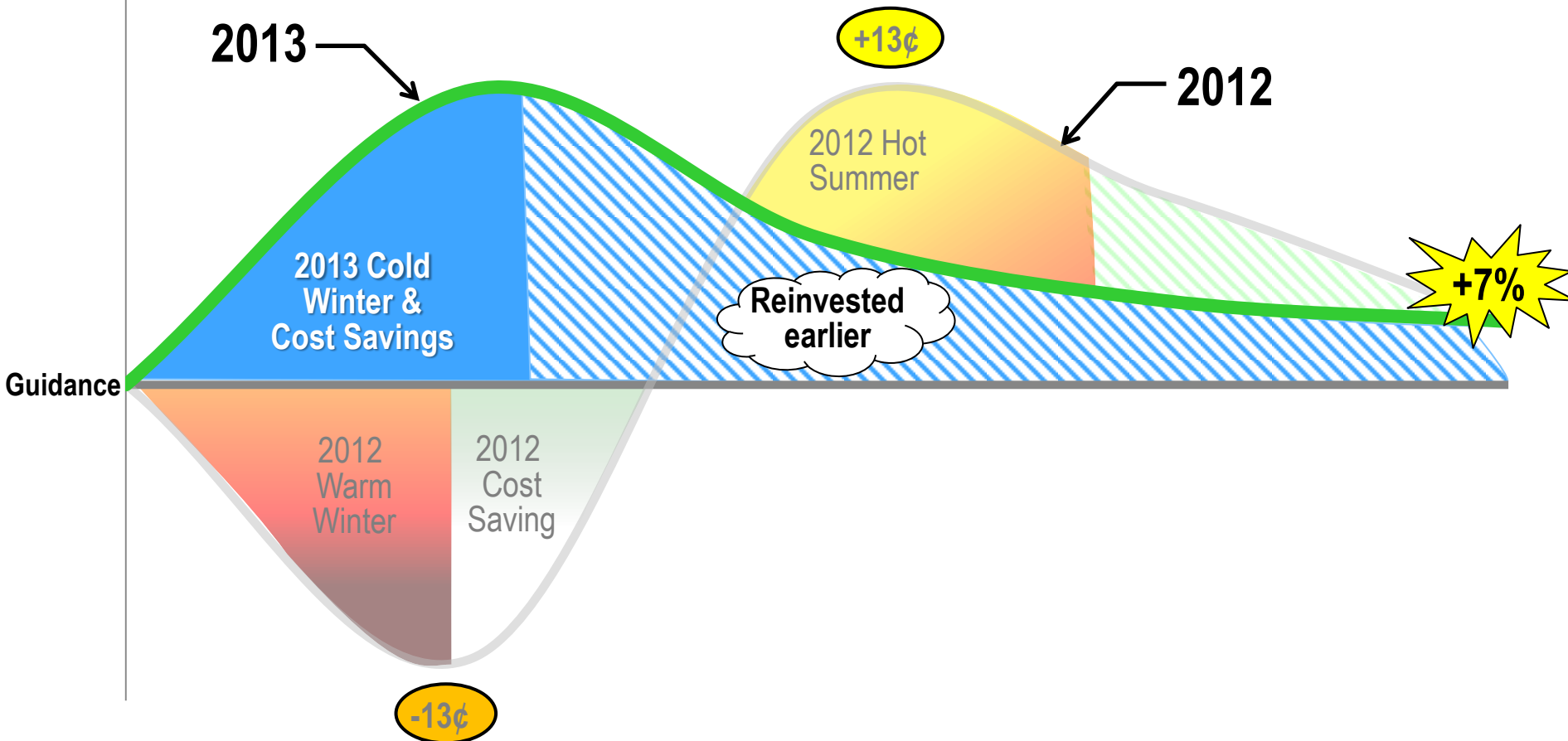
. . . . affordable and sustainable.

Operating Cash Flow Grows \$0.5 Billion . . . CMS ENERGY



. . . credit ratings upgraded.

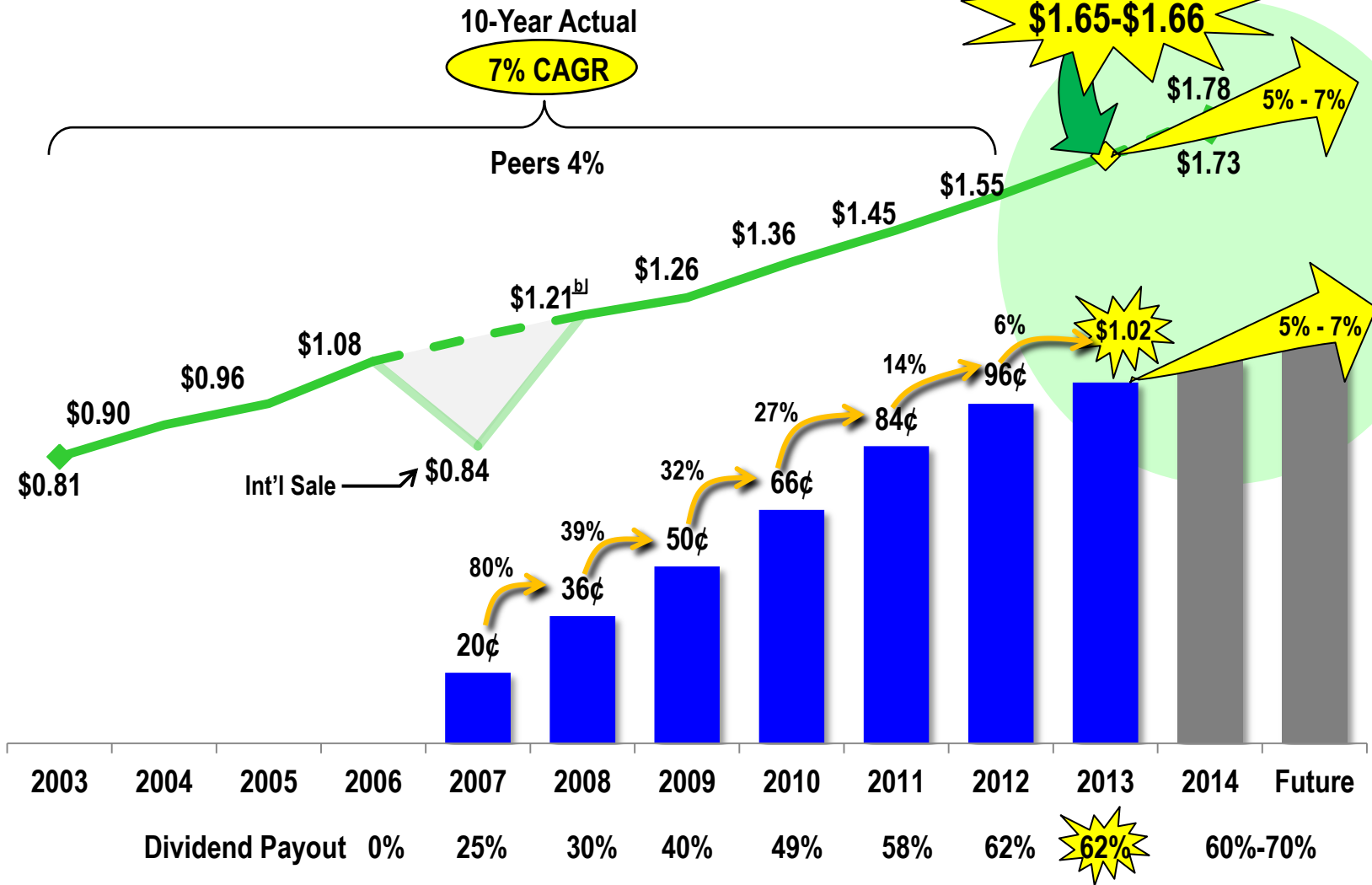
Adjusted EPS
(non-GAAP)



.... deliver for customers AND investors.

Mindset....

CMS ENERGY



Adjusted EPS (non-GAAP) excluding MTM in 2004-2006

^{bl} \$1.25 excluding discontinued Exeter operations and accounting changes related to convertible debt and restricted stock

... drives consistent "real" growth.



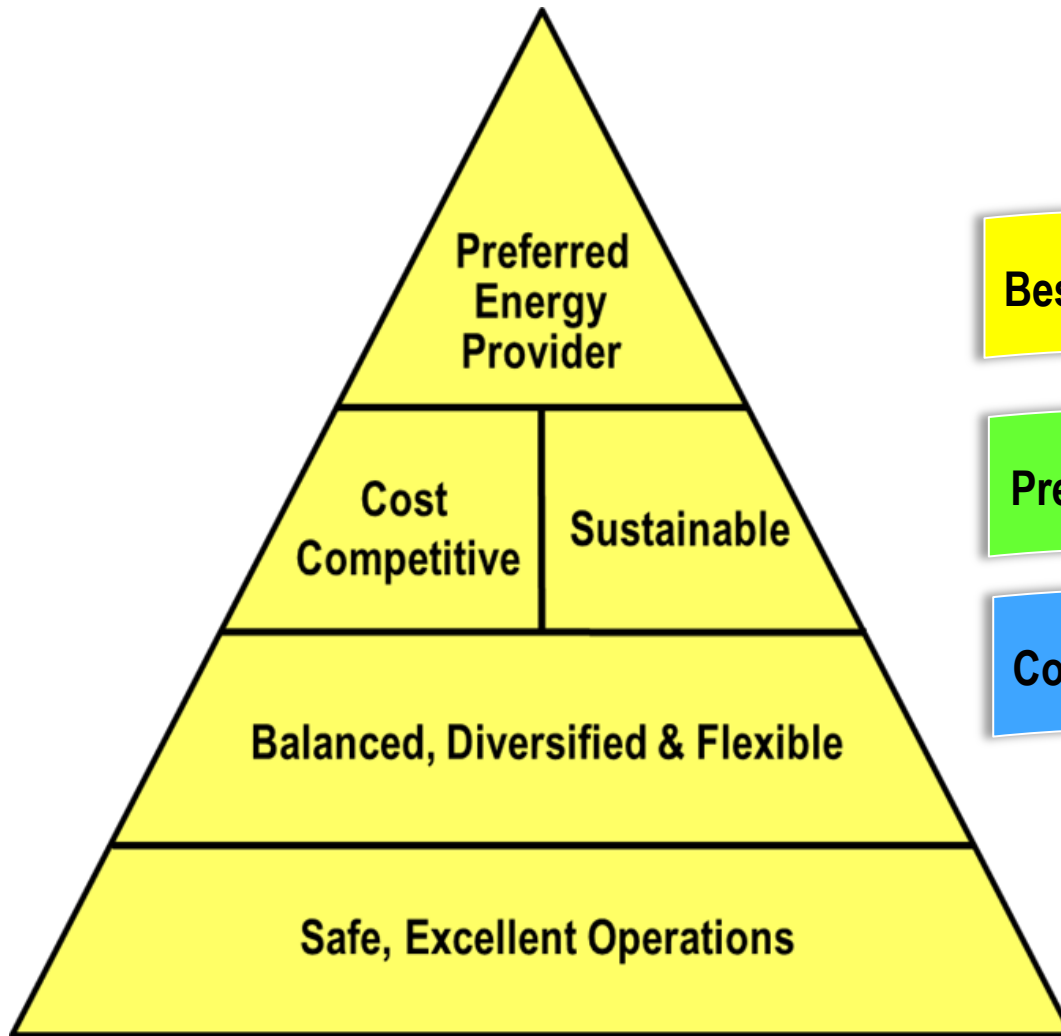
Consumers Energy

Count on Us

Electric Generation & Energy Supply

Dennis Dobbs

**Vice President Generation
Engineering & Services**



Best Energy Choice for Our Customers

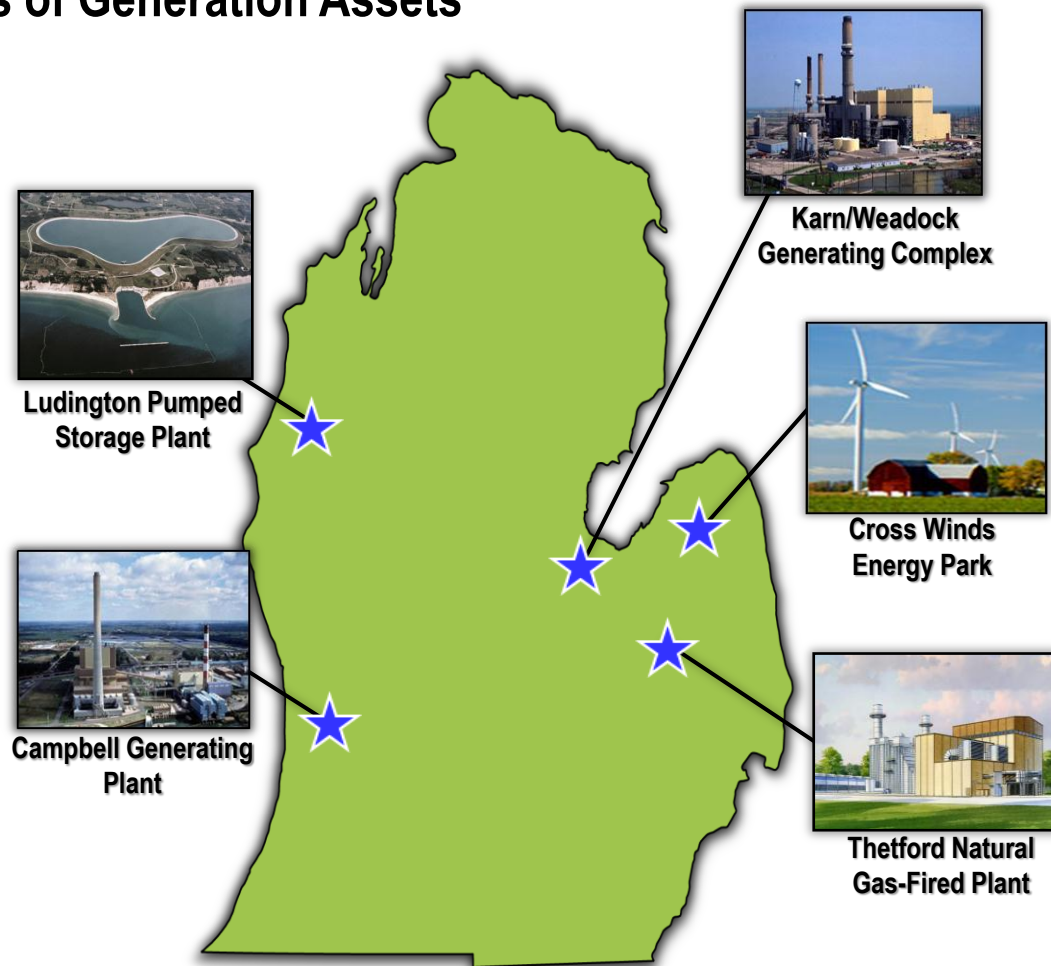
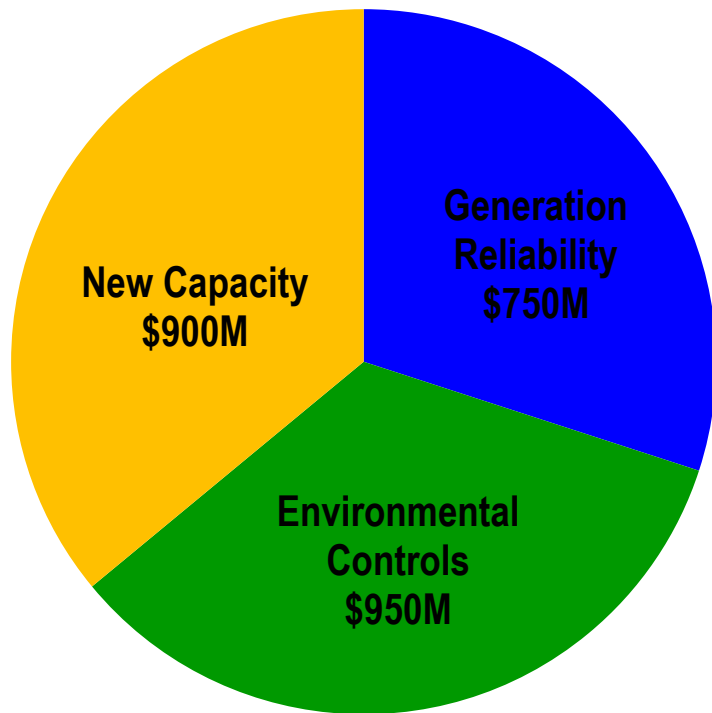
Premium Investment Opportunities

Continuous Environmental Improvements

To be the Preferred Energy Provider for our Customers

Major Generation Investments

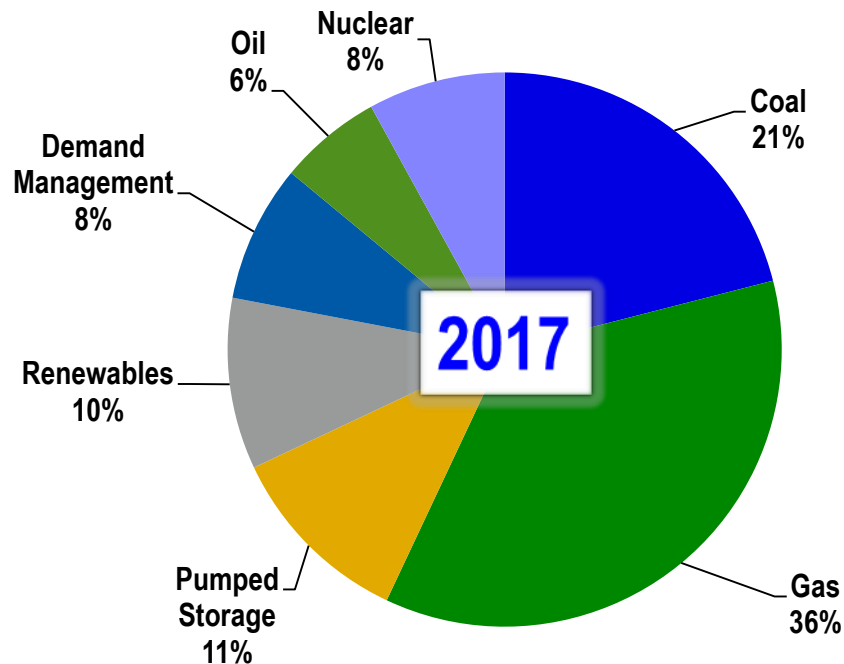
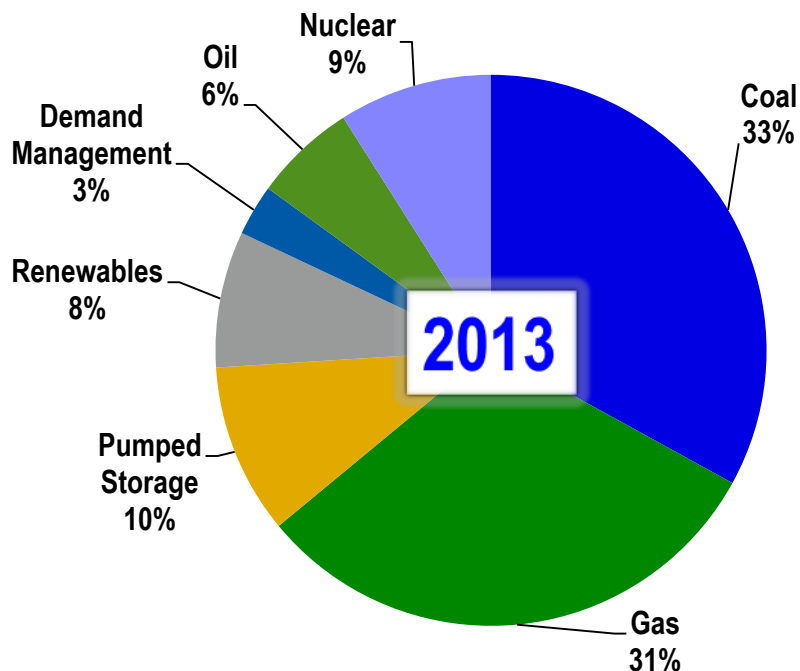
Over 6 GWs of Generation Assets



Investing \$2.6 Billion in Generation over the Next 5 Years

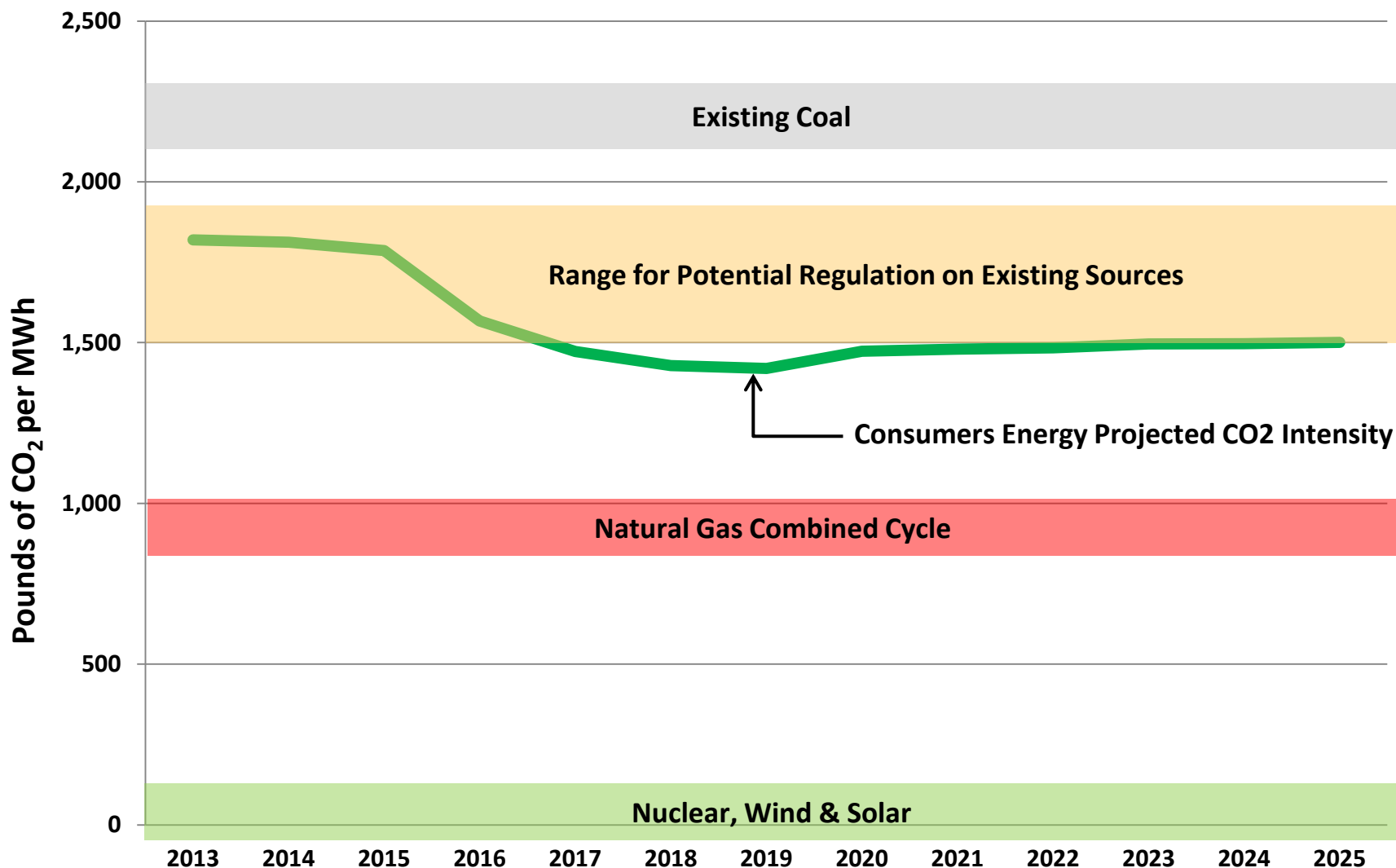
Capacity Diversity

		MW	Employees
2006	Sold Palisades	- 800	- 650
2009	Purchased Zeeland GCC	+ 930	+ 22
2013-14	Build Wind Farms	+ 205	+ 4
2016	Suspend Operation of Coal Units	- 900	- 300
2016	Add Gas Combined Cycle	+ <u>700</u>	+ <u>20</u>
	Total	<u>+135</u>	<u>-904</u>



Evolving to Cleaner Generation while becoming more Cost Competitive

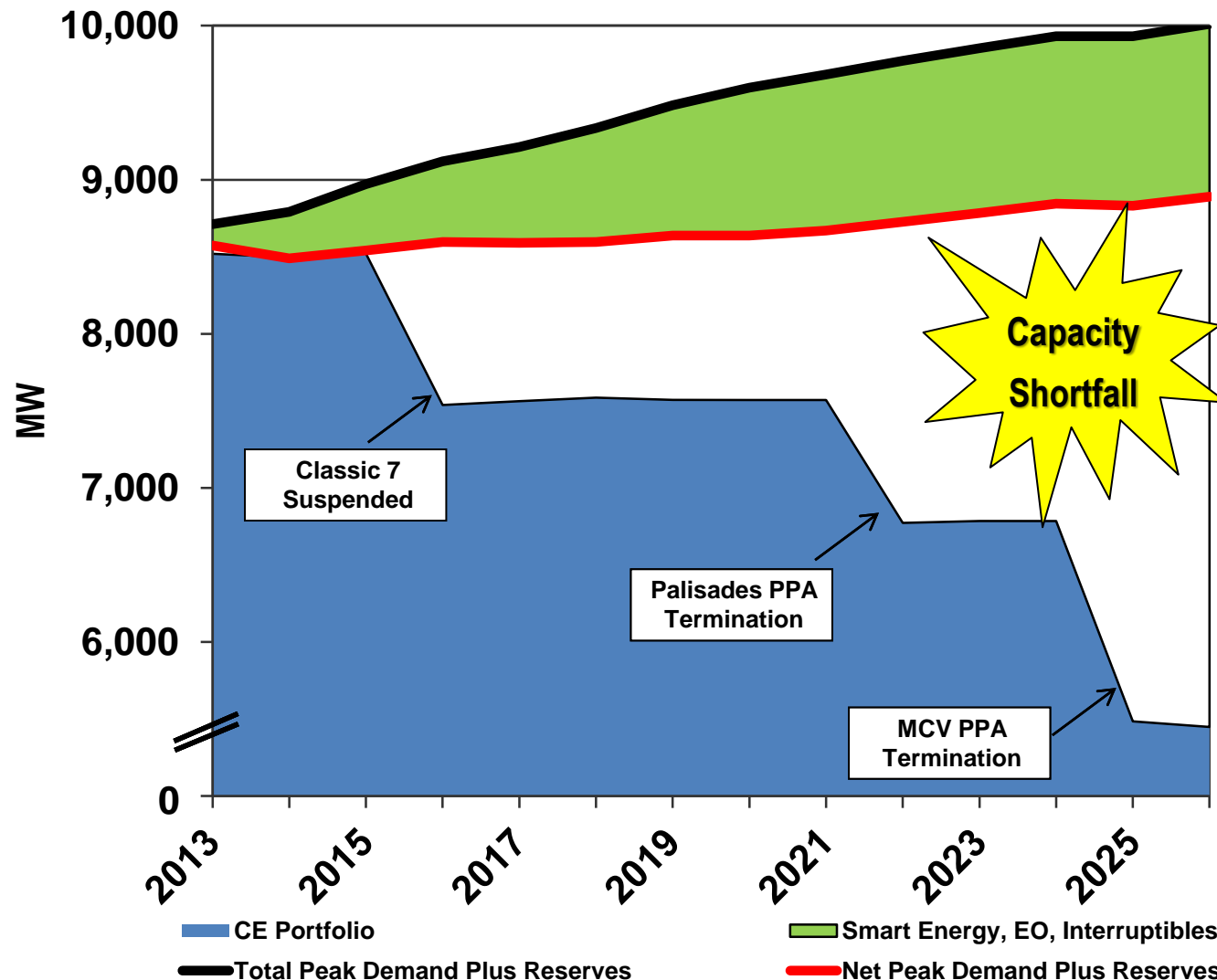
Projected CO₂ Intensity



Positioned well for potential CO₂ regulations

Consumers Energy's Long-Term Capacity Forecast

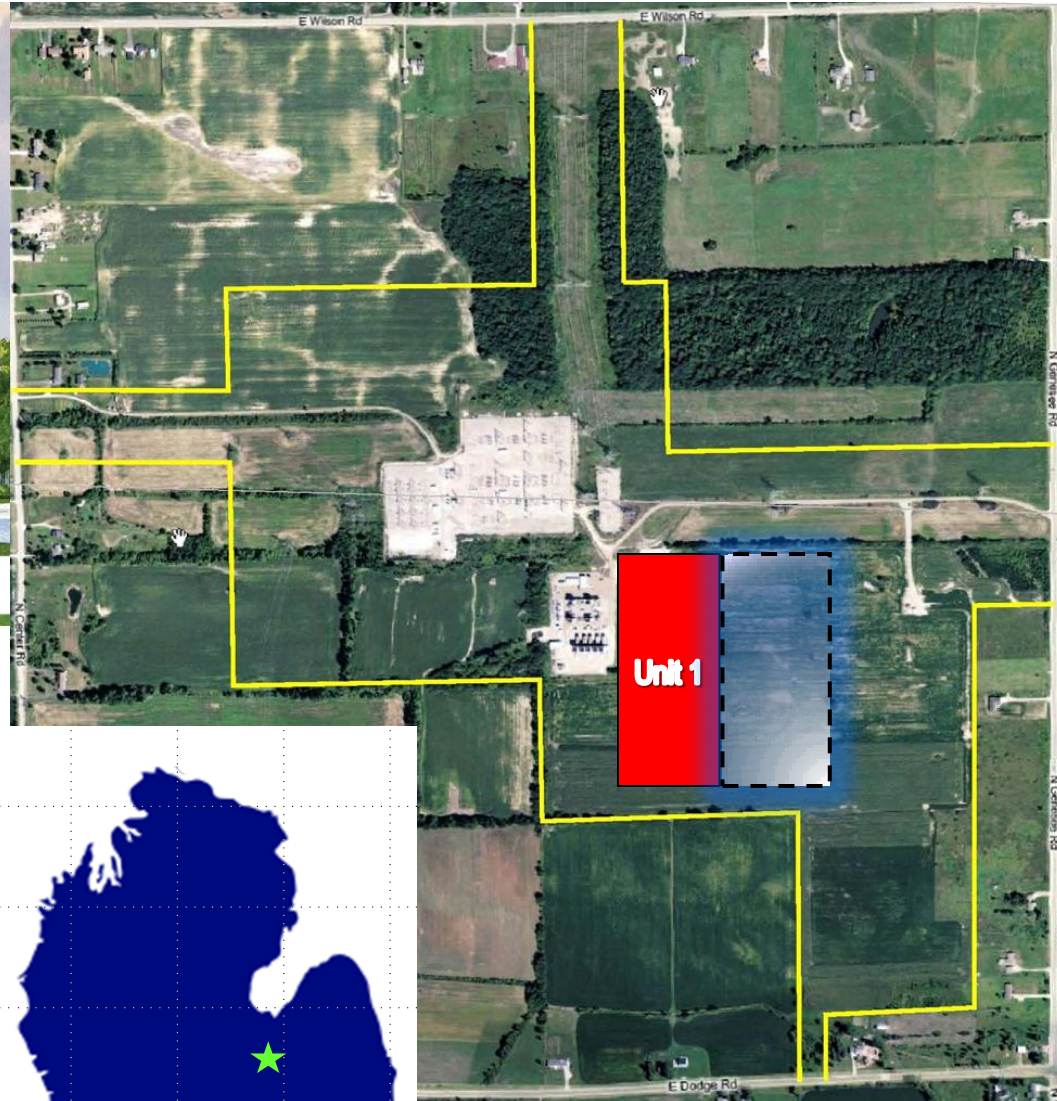
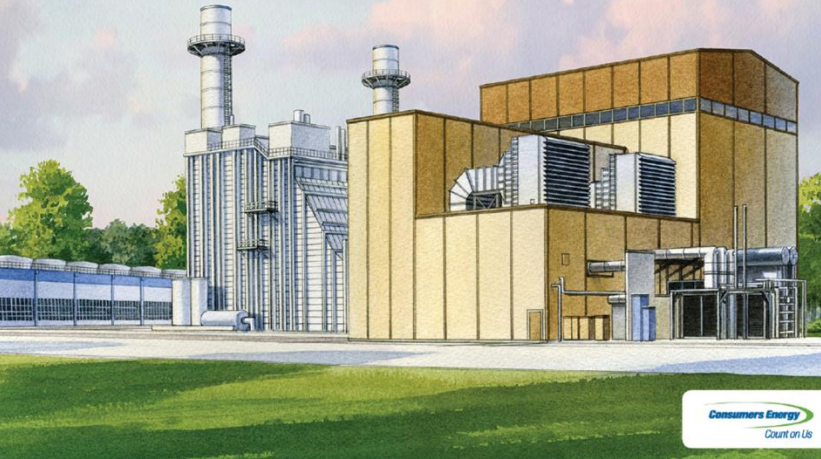
CMS ENERGY



Thetford Combined Cycle Plant

CMS ENERGY

BUILDING CLEAN,
NATURAL GAS POWER
FOR MICHIGAN.
THAT'S OUR PROMISE



700 MW Combined Cycle Plant

\$750M Investment

2017 Commercial Operation Date

230-acre Site

Major Contracts
to be Signed
Nov 18

COD
June 1

Air Permit Submitted
and Approved

CON Application
Process

THETFORD

2012

Q1

Q2

Q3

Q4

2013

Q1

Q2

Q3

Q4

2014

2015

2016

2017

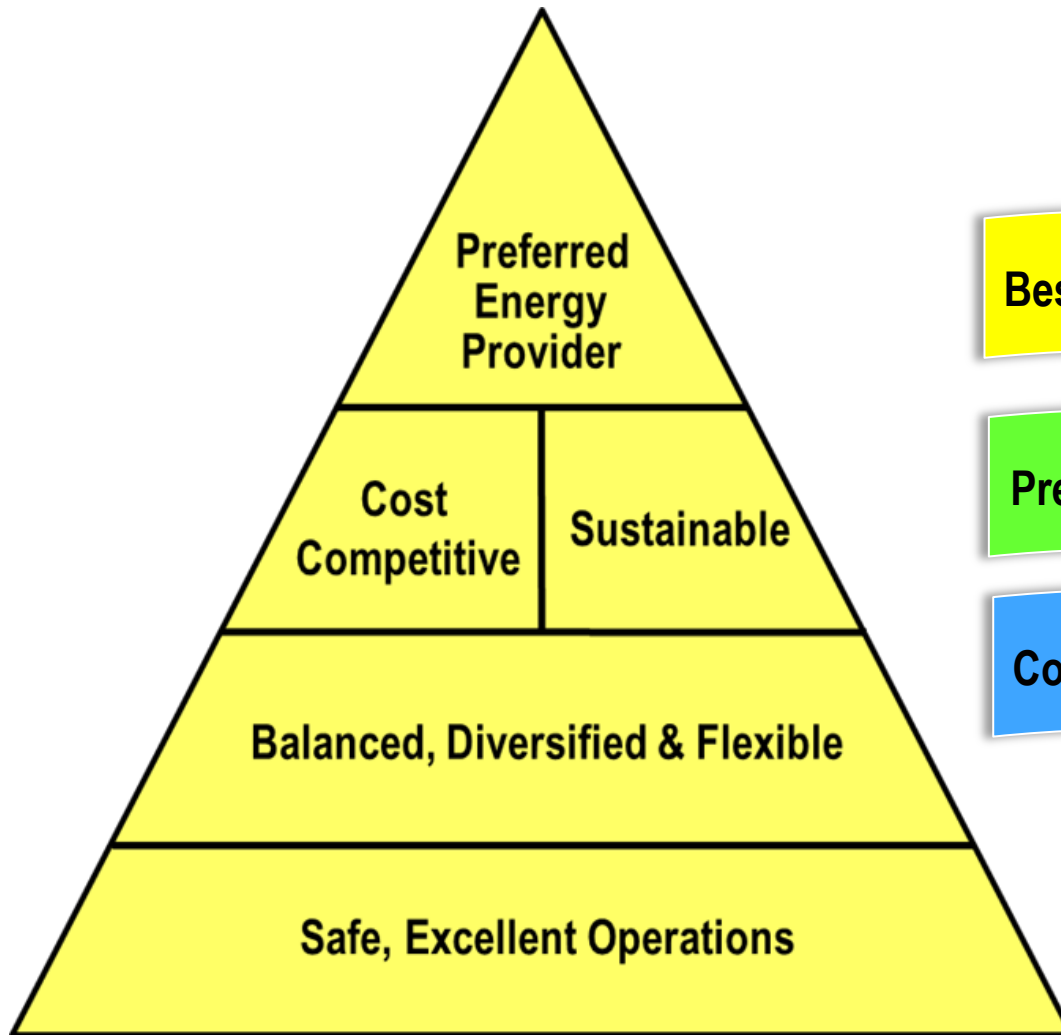
Completed 1st Asset
Capacity RFP

Complete 2nd Asset
Capacity RFP

File Rate
Case
Jan 2015

Rate Case Order
on Purchase
Jan 2016

ASSET
PURCHASE



Best Energy Choice for Our Customers

Premium Investment Opportunities

Continuous Environmental Improvements

To be the Preferred Energy Provider for our Customers



Consumers Energy

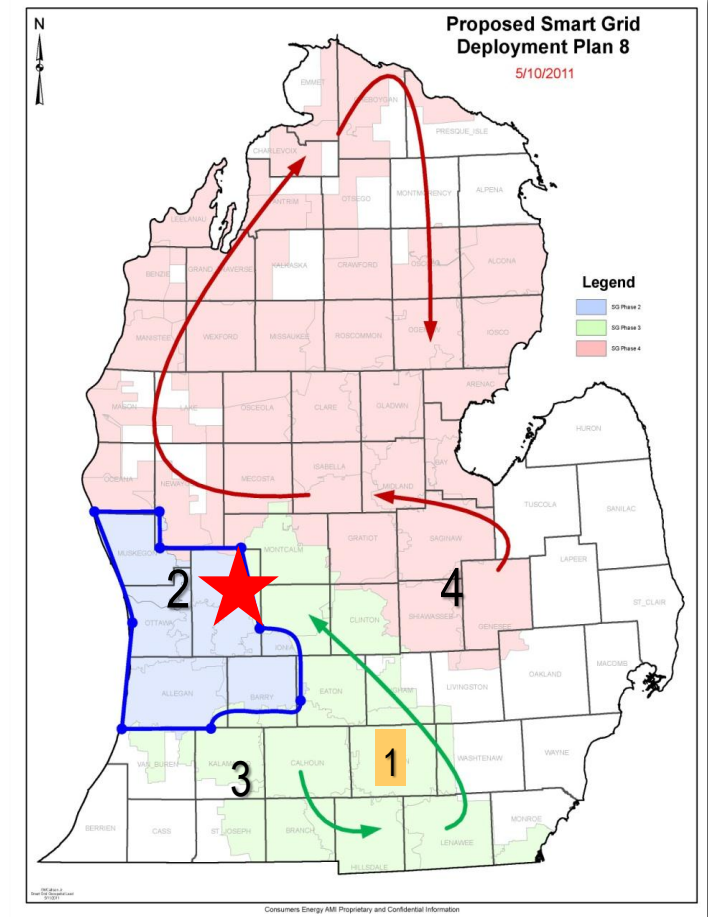
Count on Us


State of the Business Smart Energy

Patti Poppe

**Vice President Customer Experience
& Operations**

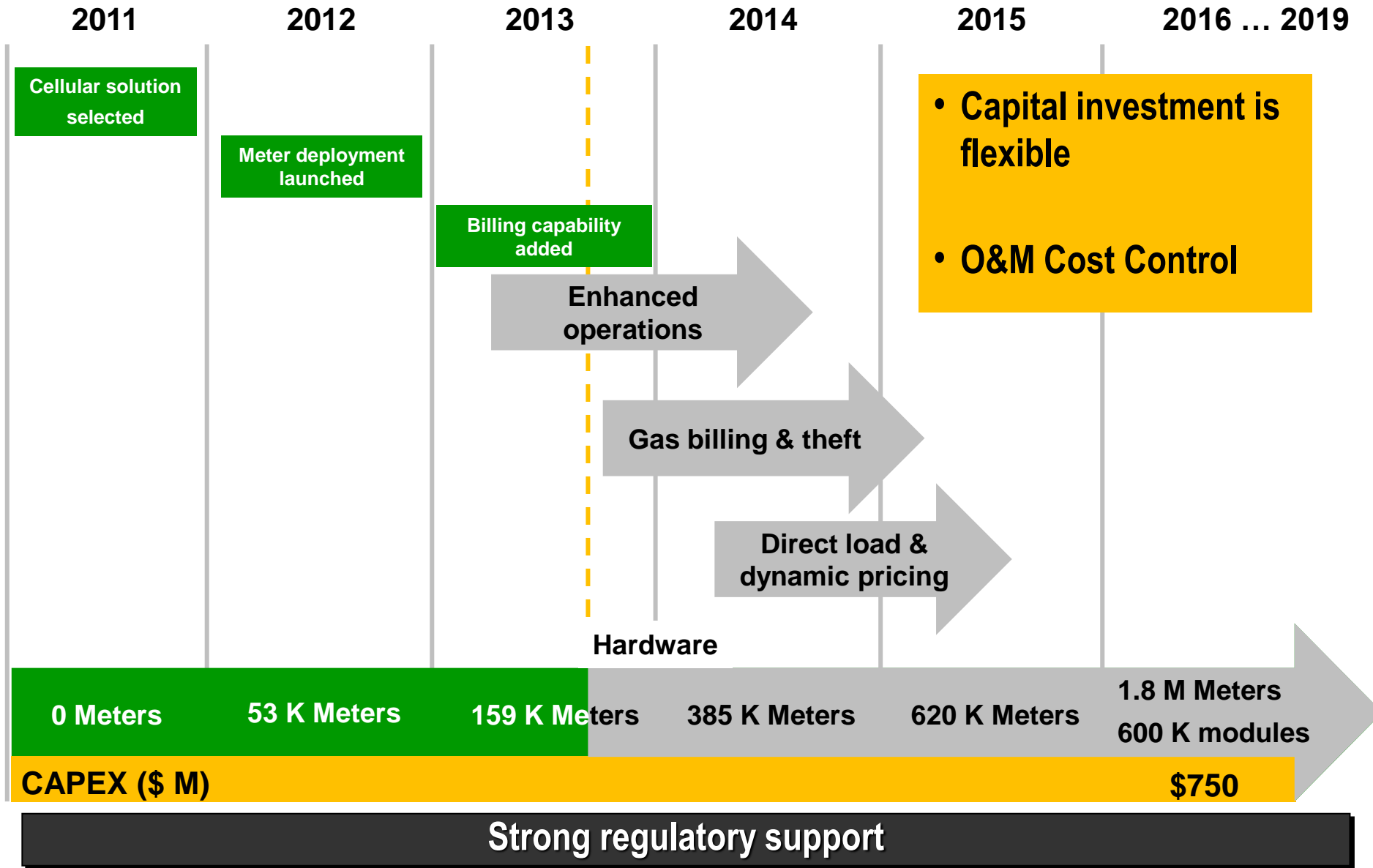
- Deliberate pace of program
- Cellular solution (point to point network)
- 130,000 smart meters installed
 - 99% meter read rate
- Realization of operational benefits



 You are here

Total of ~1.8 million electric meters; ~600,000 gas modules.

Smart energy timeline



Re-introduction to the customer

Consumers Energy

Count on Us

2



CUSTOMER
COMMUNICATION

3



INSTALLATION
EXPERIENCE

4



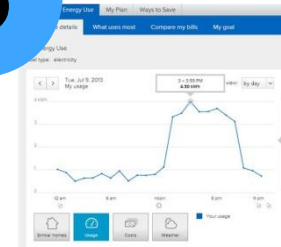
DEDICATED CALL
CENTER

1



OUTREACH
EVENTS

5



WEB PORTAL

Net promoter score increase: 40%

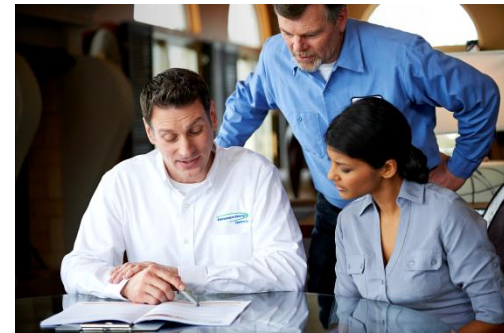
Opt-out rate: < 1%

Platform for future investment

Consumers Energy

Count on Us

- Commitment to financial goals
- New smart “Grid” investments
- Platform for future investments in new products and services
- Additional smart meter investments for gas only customers





Consumers Energy

Count on Us

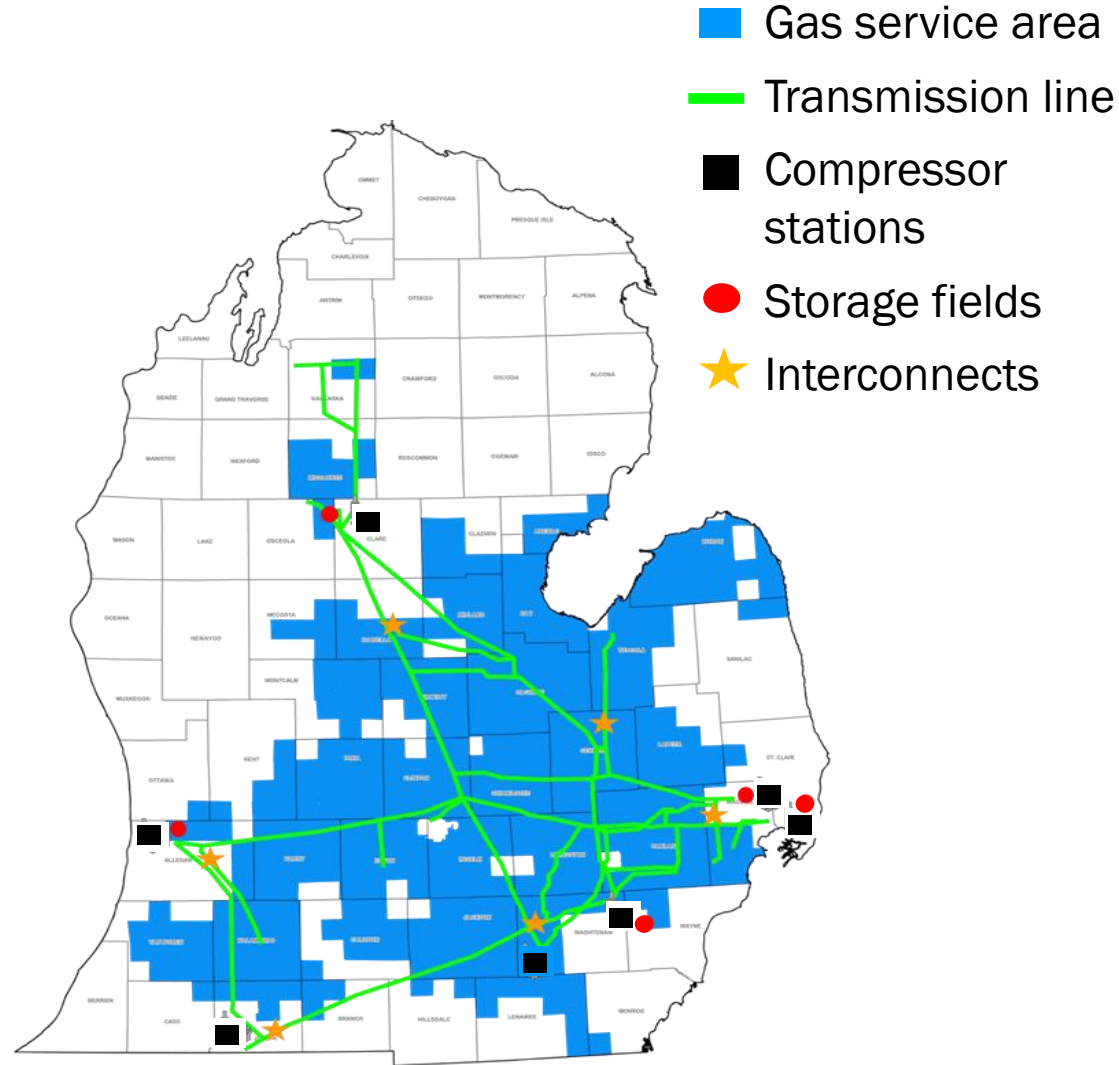
Pipeline Replacement & Safety

Garrick Rochow

Vice President of Energy Delivery

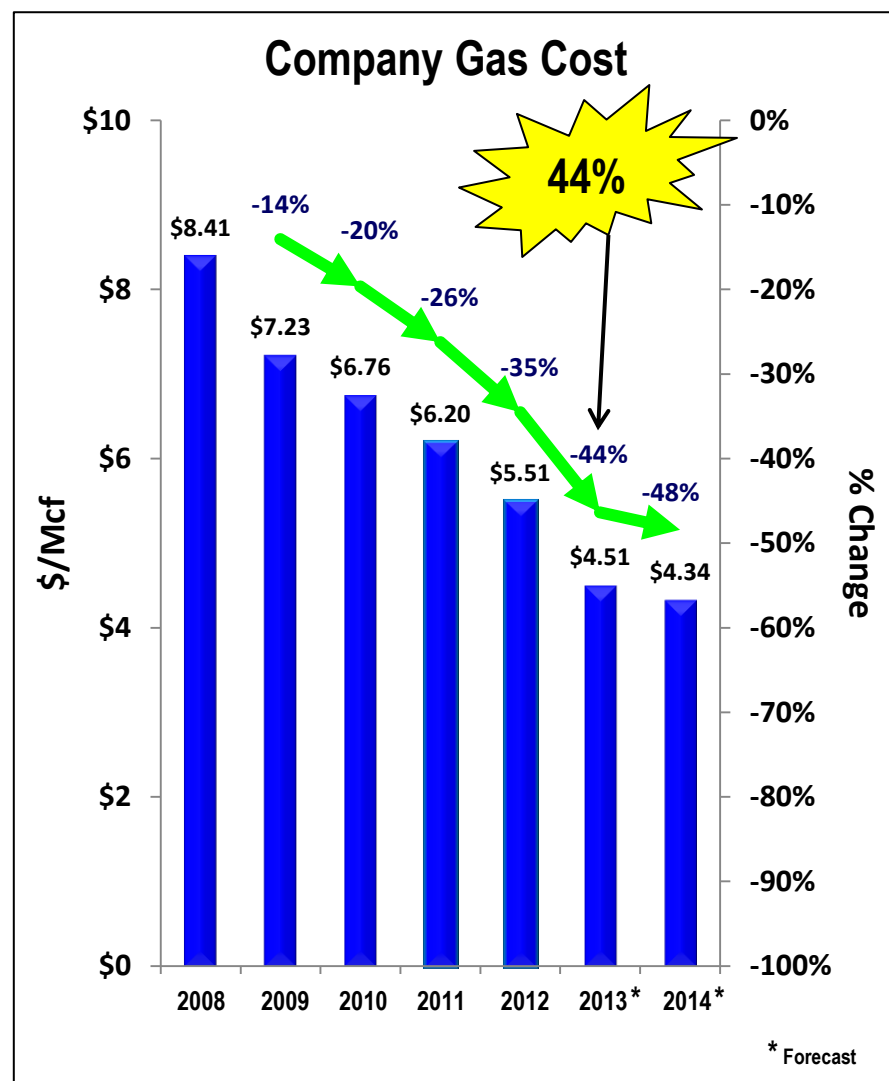
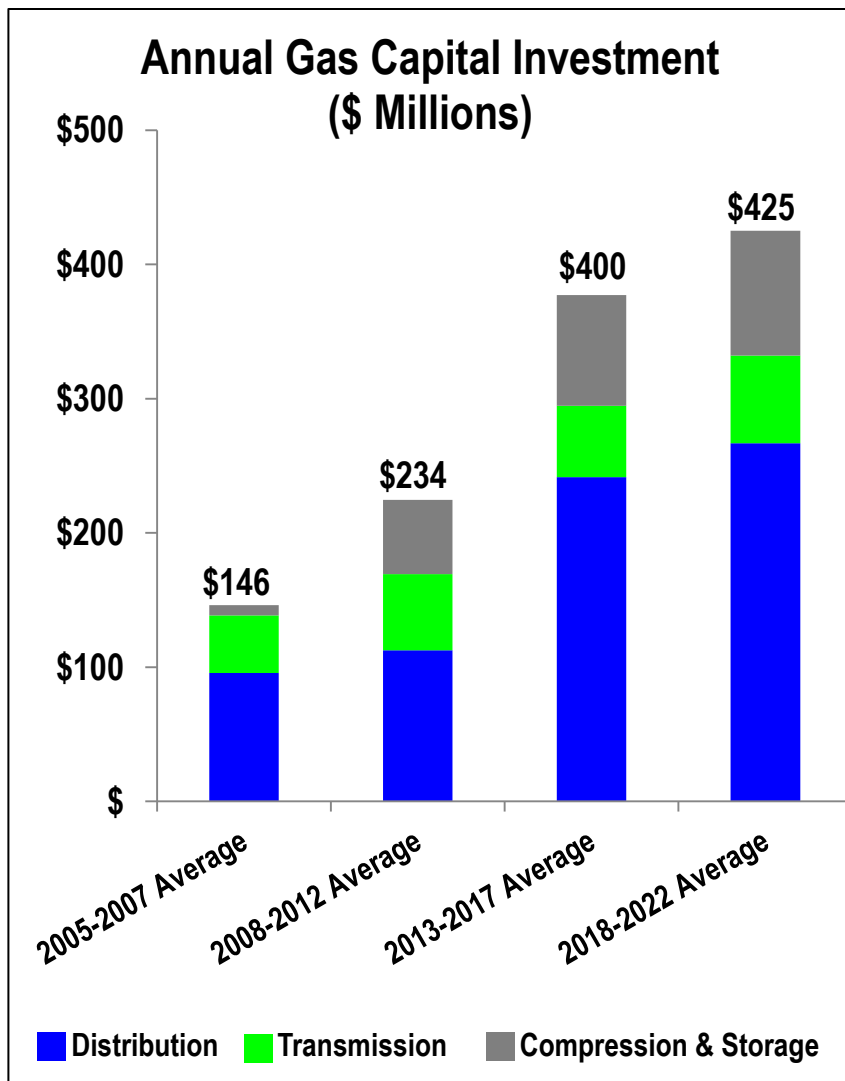
Consumers Energy Gas System

- Among the largest systems in the country
- Increased pipeline regulation
- Continued growth into the future



One of largest gas systems in the country – outstanding investment opportunities.

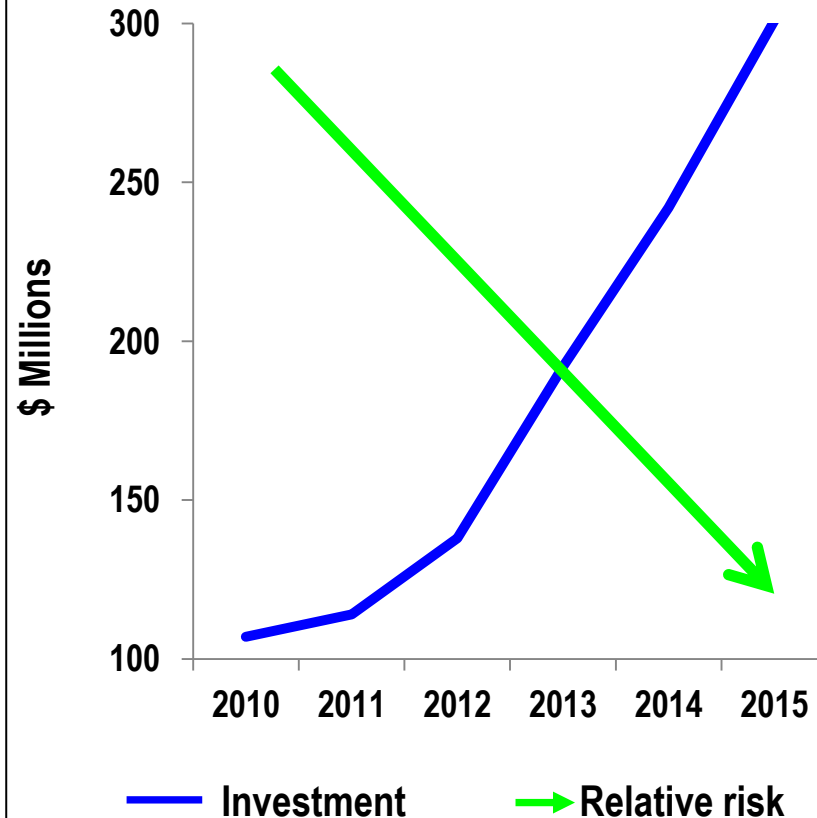
Gas Program Investments



Increasing investment in a prime environment.

- Infrastructure Replacement Plan
- Replacing cast iron and bare steel pipe
- Public Service Commission approved
- Investment potential
 - 2014 – 2018 average \$96MM per year

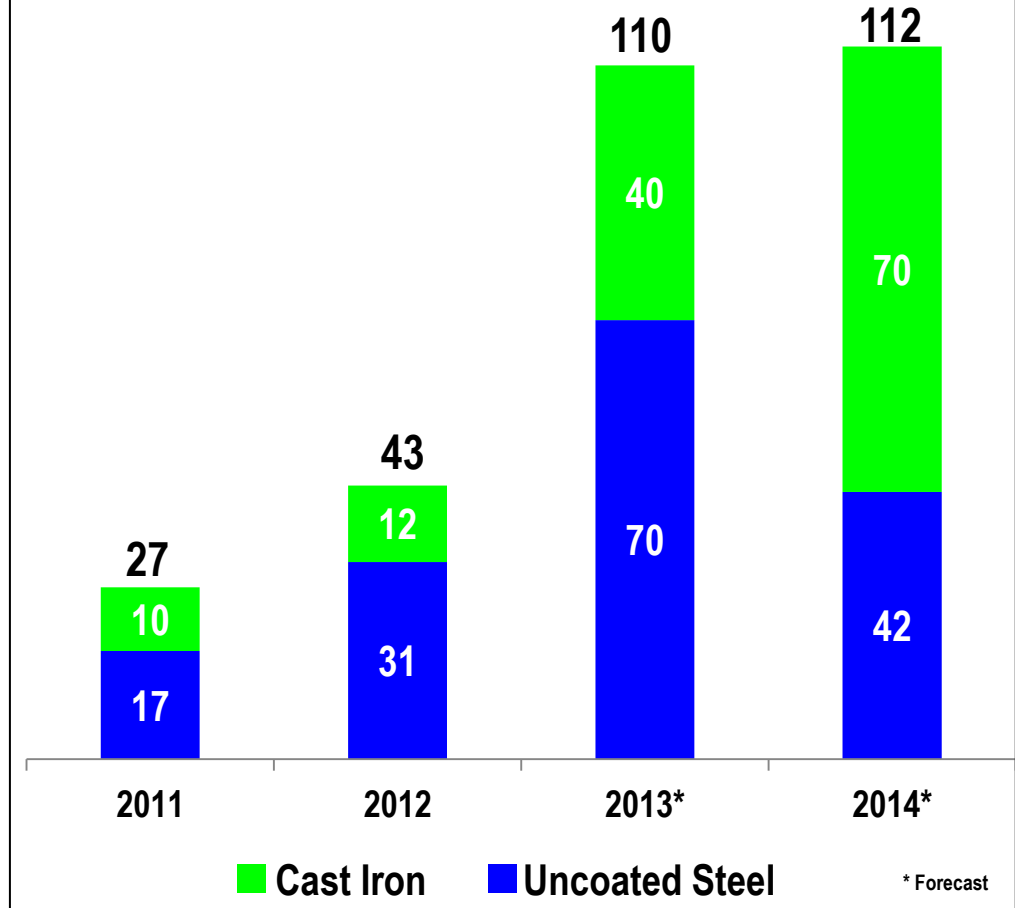
Risk Reduction as Investments Increase



As investments increase, risk is reduced.

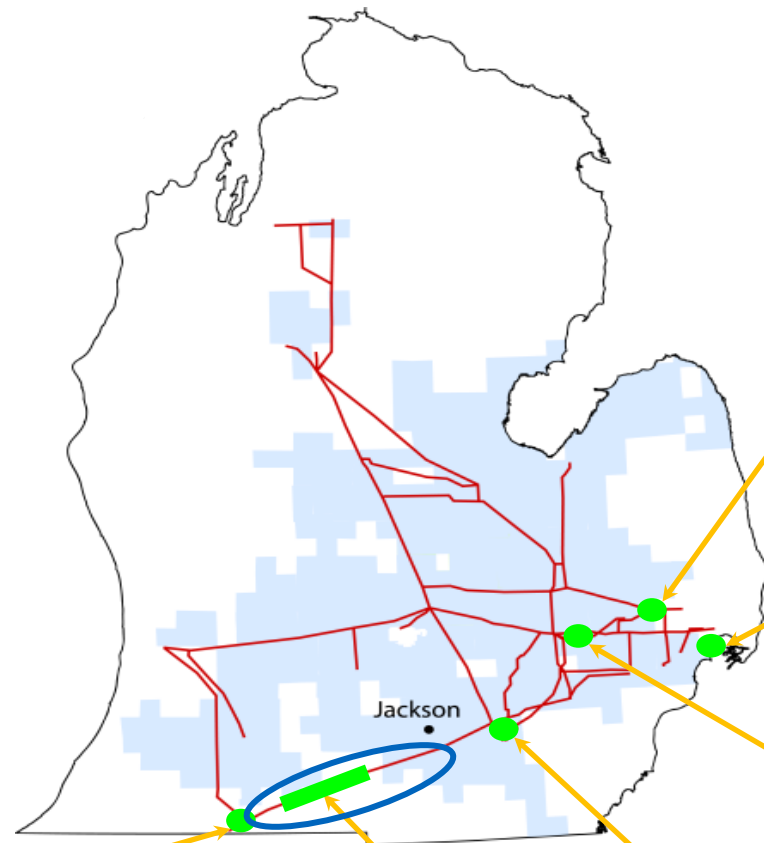
- ~ 50% of our natural gas leaks occur in ~10% of our system (2,900 miles)
- Reduces leaks
- Reduces operating costs

Main Replacement Miles



Reducing operating costs through investments.

Transmission and Compression



- Gas service area
- Transmission pipeline system
- Complete
- Under Construction
- Proposed

Ray Compressor Station
Completed
\$175 Million

St. Clair Compressor Station
Proposed
\$ 72 Million

West Oakland Pipeline
Completed
\$104 Million

Freedom Compressor Station
Proposed
\$88 Million

Southwest Michigan Pipeline
Under Construction
\$120 Million

White Pigeon Compressor Station
Completed
\$76 Million

Strengthening strategic corridors.

Southwest Michigan Pipeline

- \$120MM
- 24.1 miles, 36" diameter
- Existing second line rights
- Public Service Commission approved
- Reduced supply risk
- Reduced compression costs
- Supports purchasing strategy



Pipe arriving



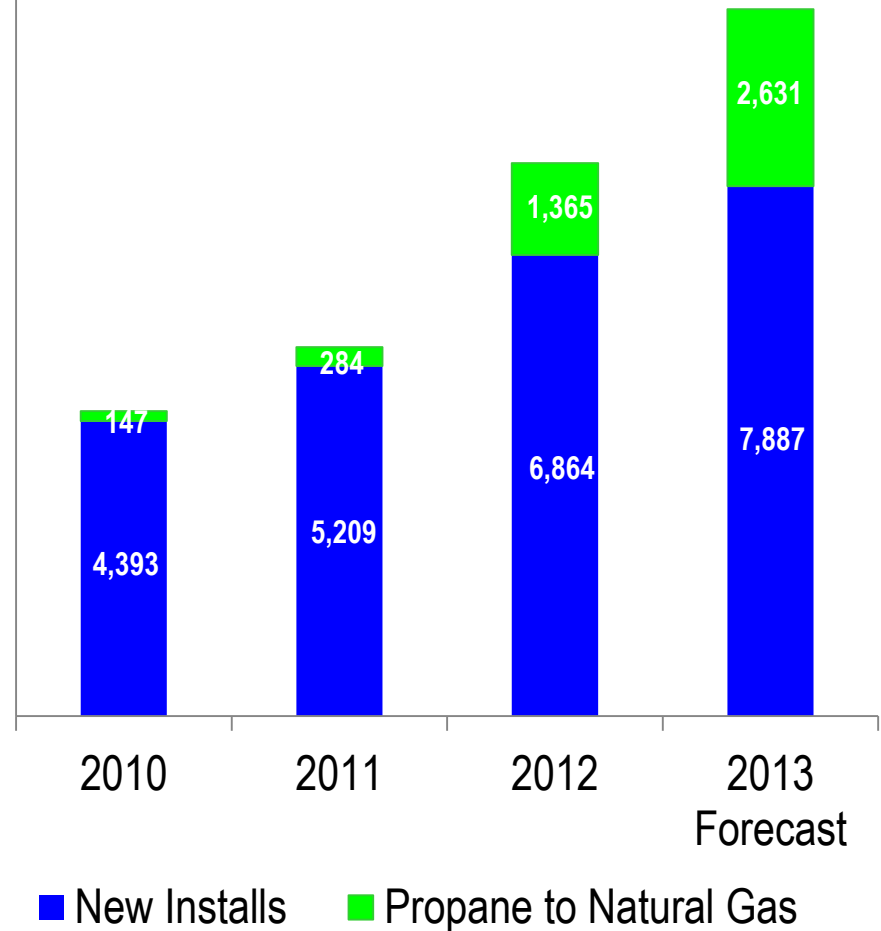
Existing right-of-way

Investments improve customer value.

Gas New Business Service Installs

- Propane to natural gas
- Customer savings ~\$1,500 per year
- 5 year plan ~ 15,000 customers who will switch
 - Potential – 85,000
- Investment potential
 - 2014 – 2018 average \$45MM per year

New Business



Growing our business through adding new customers.

Summary - Investing in the Future

- One of the largest gas systems in the country
- Reducing risk
- Committed to O&M reduction
- Contributing to financial targets
- Poised for continued growth



Outstanding investment opportunities.



Consumers Energy

Count on Us

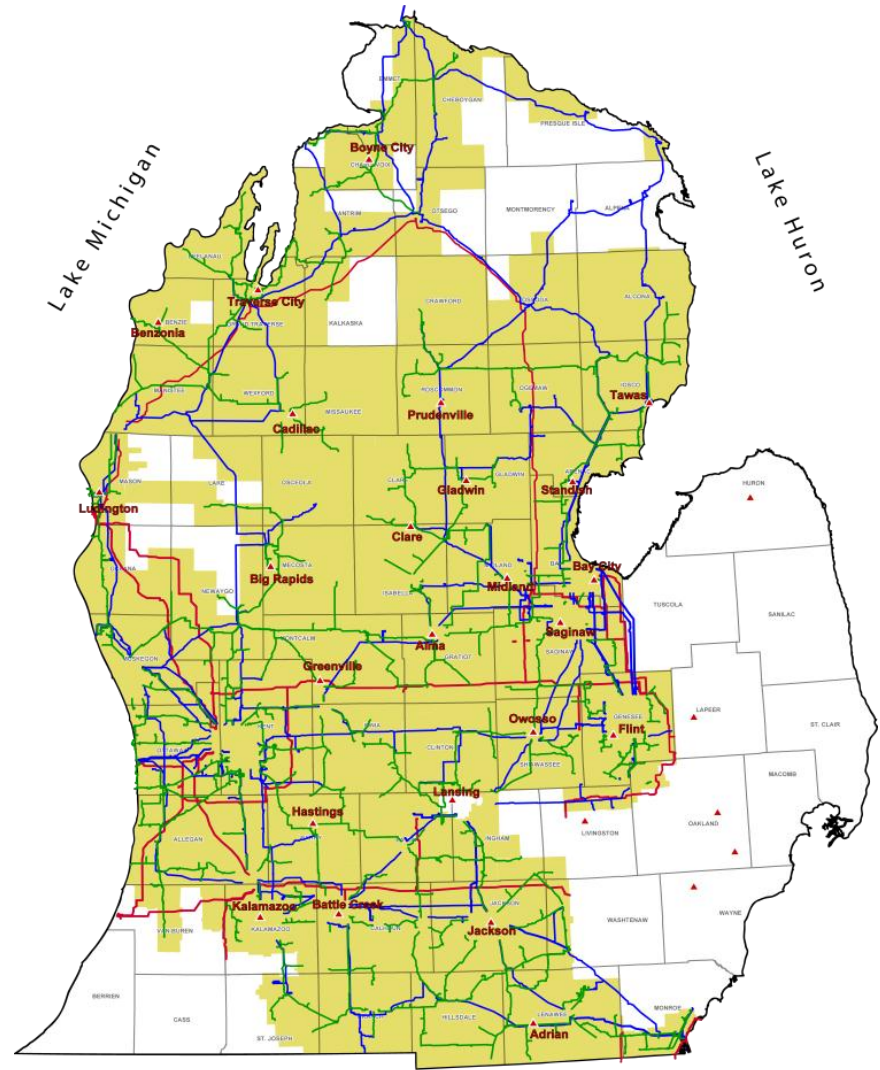
Electric Transmission & Distribution

Dan Malone

**Senior Vice President of Distribution &
Customer Operations**

Today's Electric Distribution System

- 1.8 million electric customers
- 40 billion kWhrs per year
- 9,006 MW all time peak
- ~ 65,500 miles low voltage distribution (LVD)
- ~ 4,400 miles high voltage distribution (HVD)

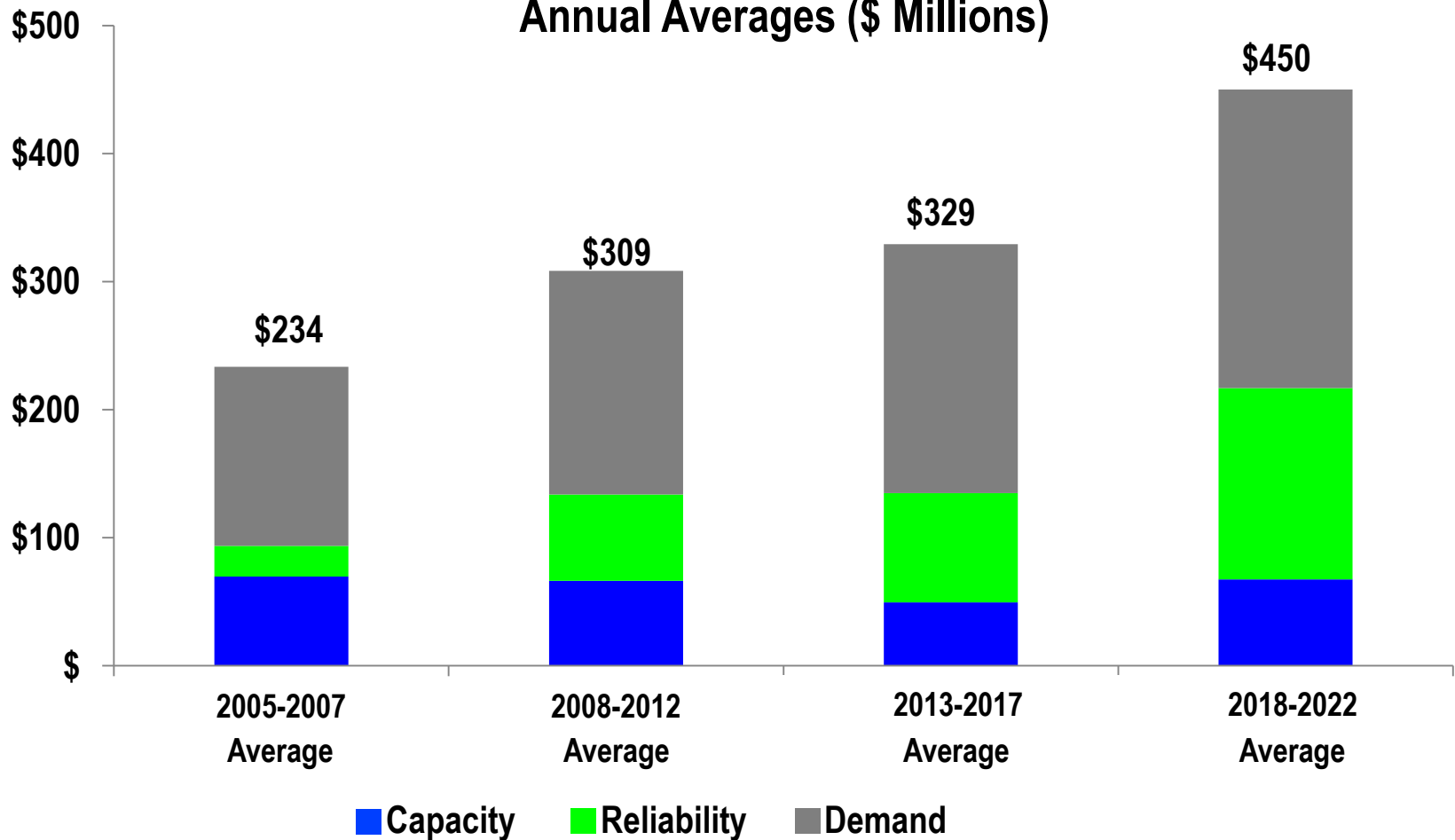


Electric Service Area

Providing safe and reliable energy.

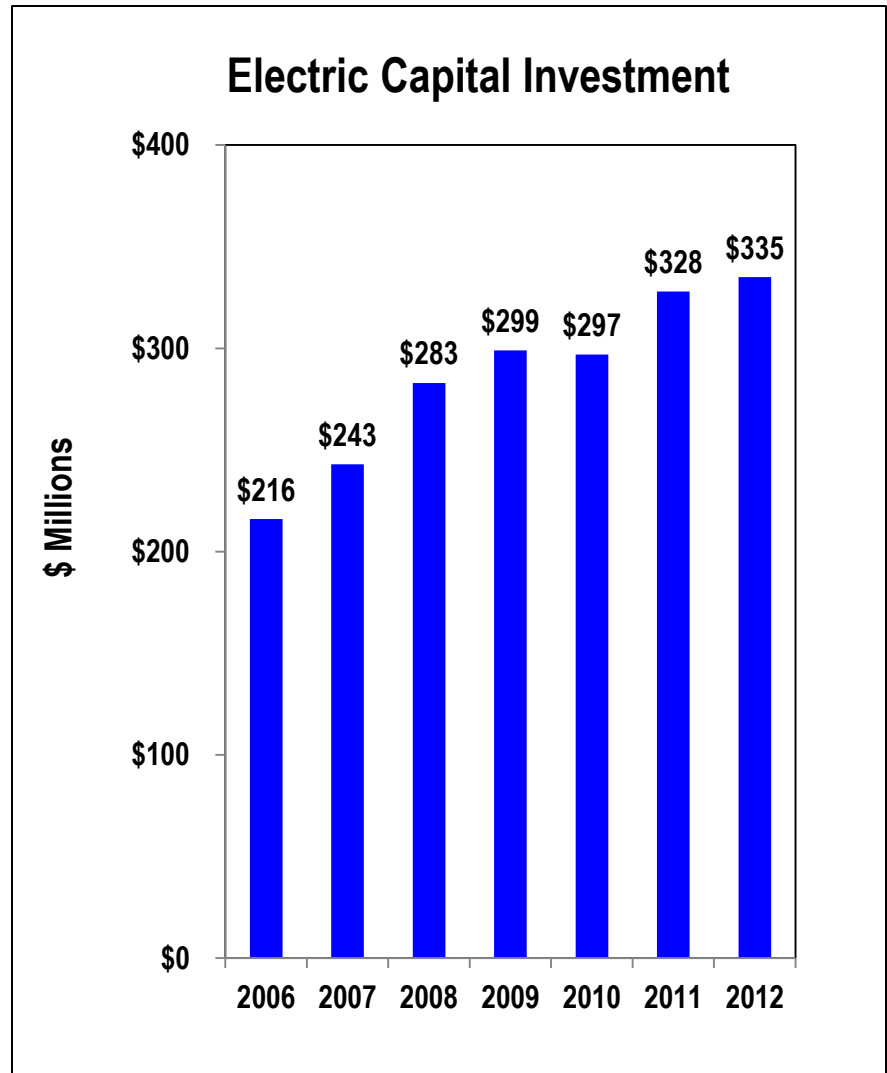
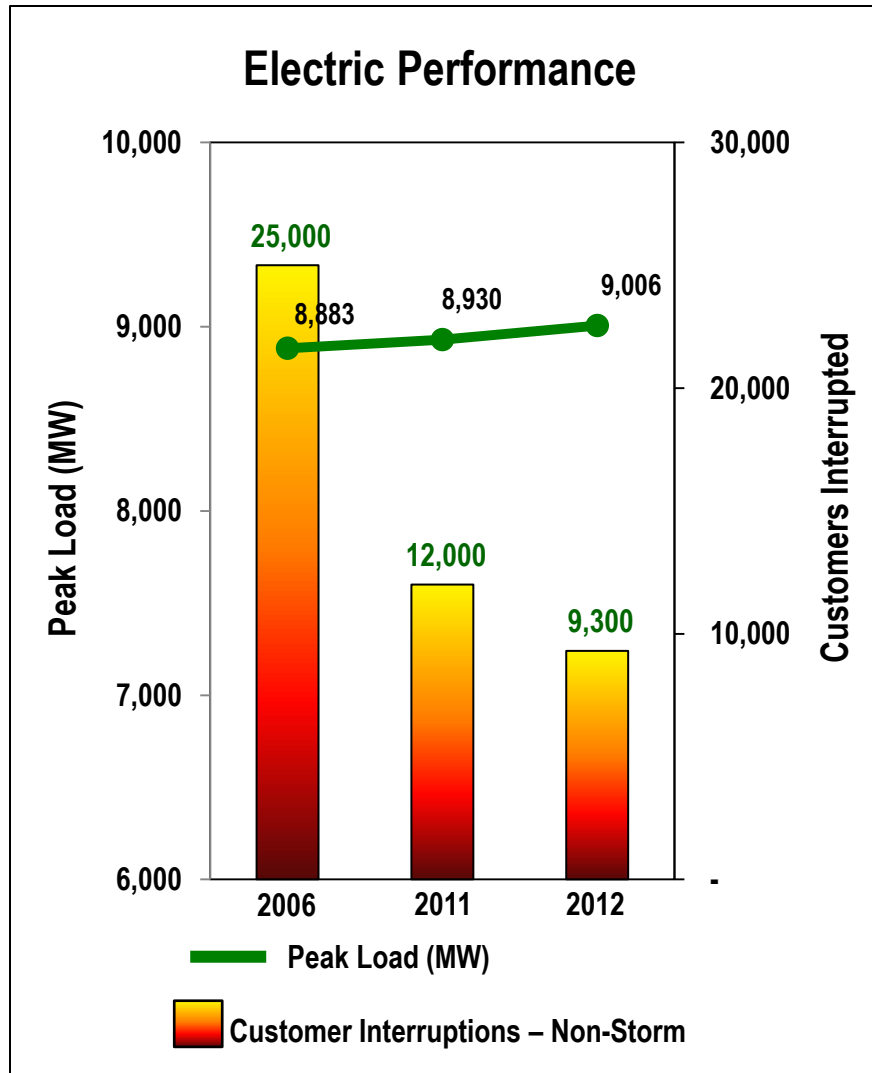
Electric Distribution Capital Investment

DCO Electric Capital Investment Annual Averages (\$ Millions)



Consumers Energy increasing its investment in Electric Distribution System Infrastructure.

Peak Load & System Performance



Reaping the benefits of system improvement.

Move into Transmission

- Consumers Energy exited the transmission business in 2002
- Planning to register as Transmission Owner/Operator by 2016
- Opportunity to reclassify some assets
- Customers and shareholders benefits



Positions Consumers Energy for potential future growth in an adjacent business.

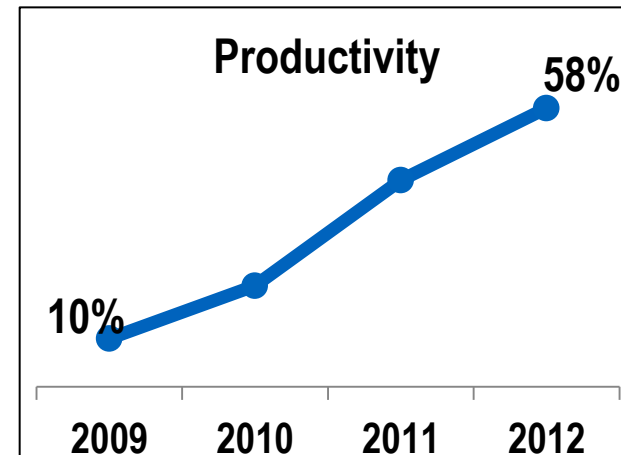
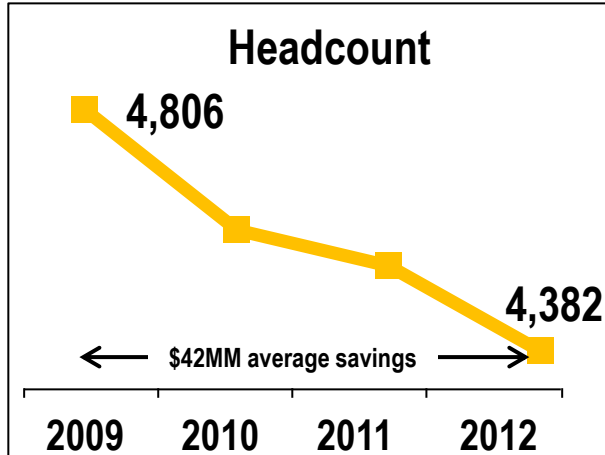
Norplas – New Customer Acquisition

- New industrial customer - 4.8 MW
- Competition with neighboring utility
- Met customer requirements
- Project completion – 2013
- Full Revenue - \$4MM



More competitive.

Distribution Productivity Improvements



- Cost Savings
 - Predictable work plans and productive field resources contribute to financial success as well as improving satisfaction
- Make & Meet Commitments
 - Measuring improvement - 95% in 2017
 - Adding contract work for short cycle work - 2013

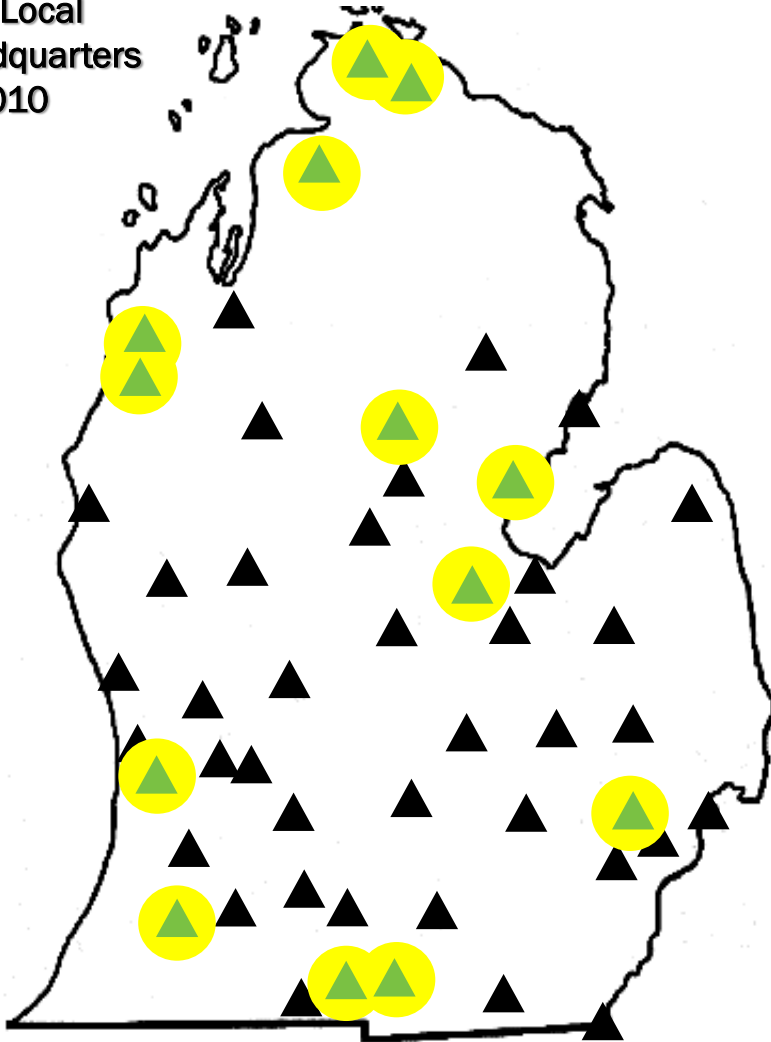
Continuing to drive down costs.

Productivity – Headquarters Reduction

Consumers Energy

Count on Us

+50 Local
Headquarters
in 2010



35 Local
Headquarters
by 2016

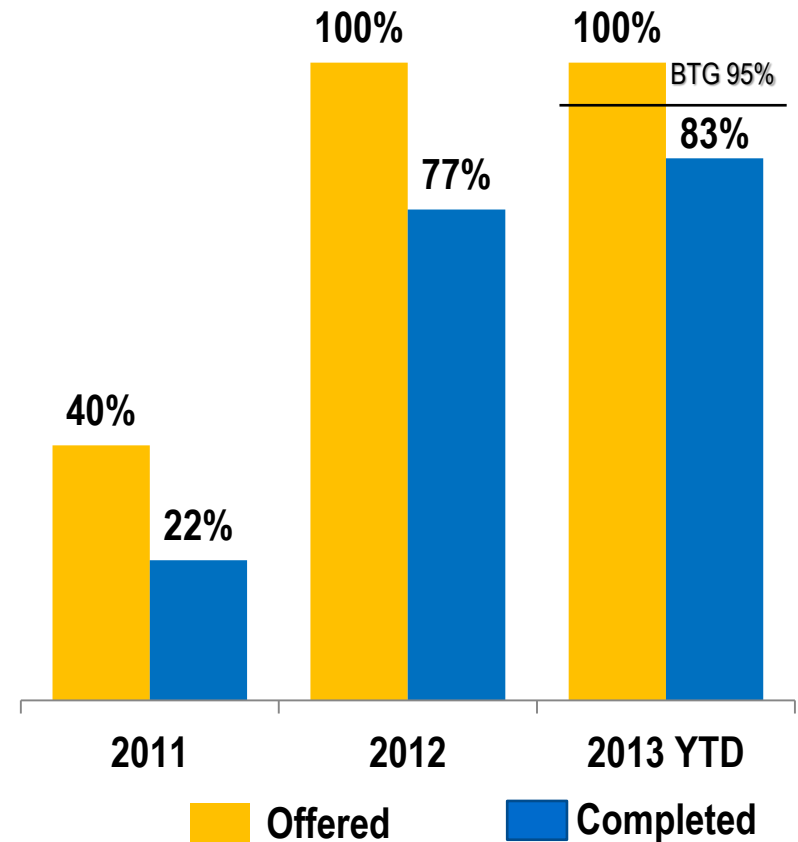
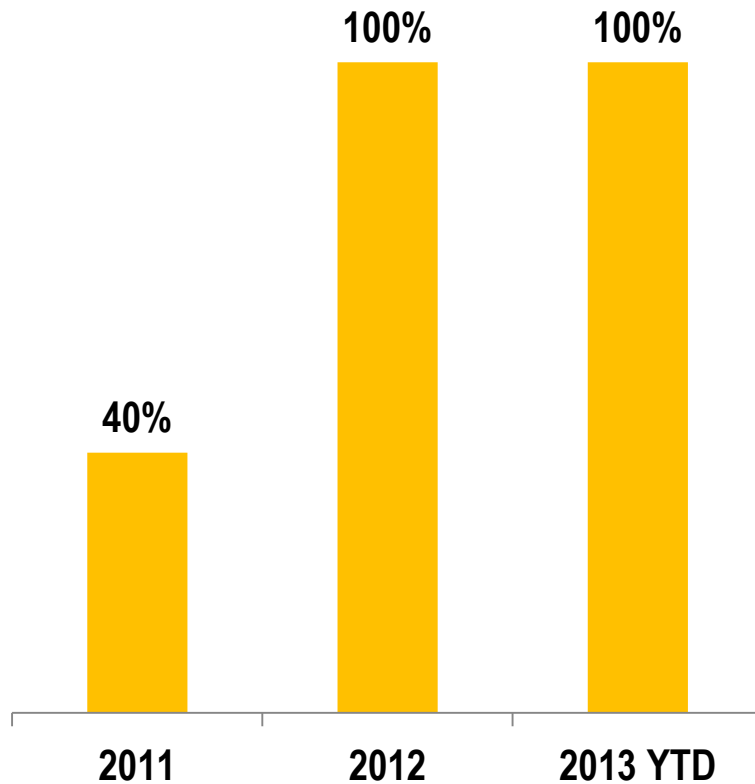


65% increase in home-site reporting.

Making and Meeting Requirements

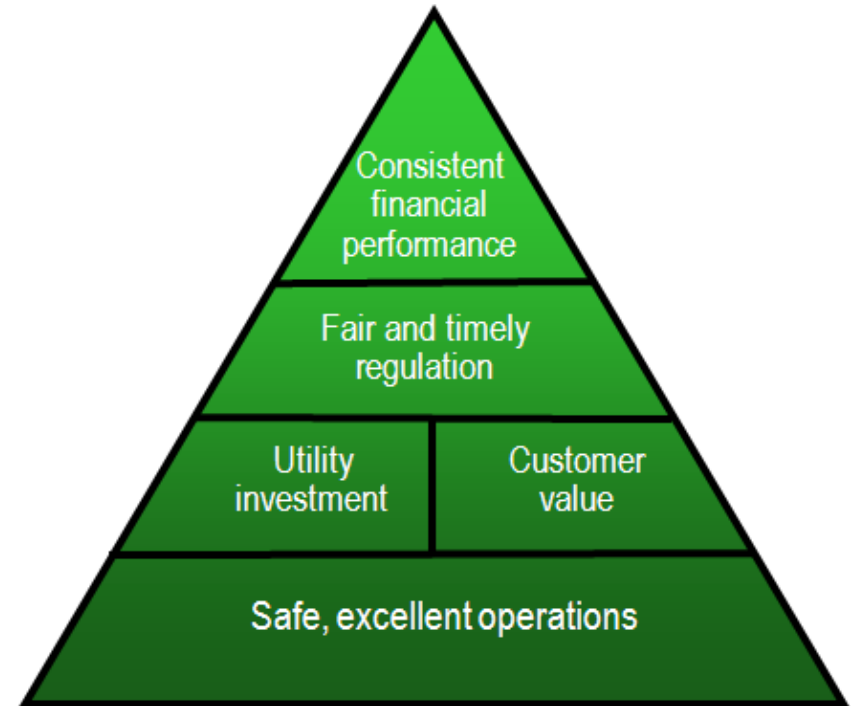
- 50% of 1.2 million orders
- Customer driven work
- Short cycle

- Awareness & expectations
- Resource utilization
- Customer communication



More reliable to customers.

- Consistent 5% - 7% EPS growth
 - Customer Value
 - Fair and Timely Regulation
 - Investments
 - Improved Operations
- Growth and investment
 - Gas Pipeline Replacement
 - Smart Energy
 - Transmission and Distribution
 - Productivity and Efficiency



Reliability, customer value, and productivity improvements drive investments.

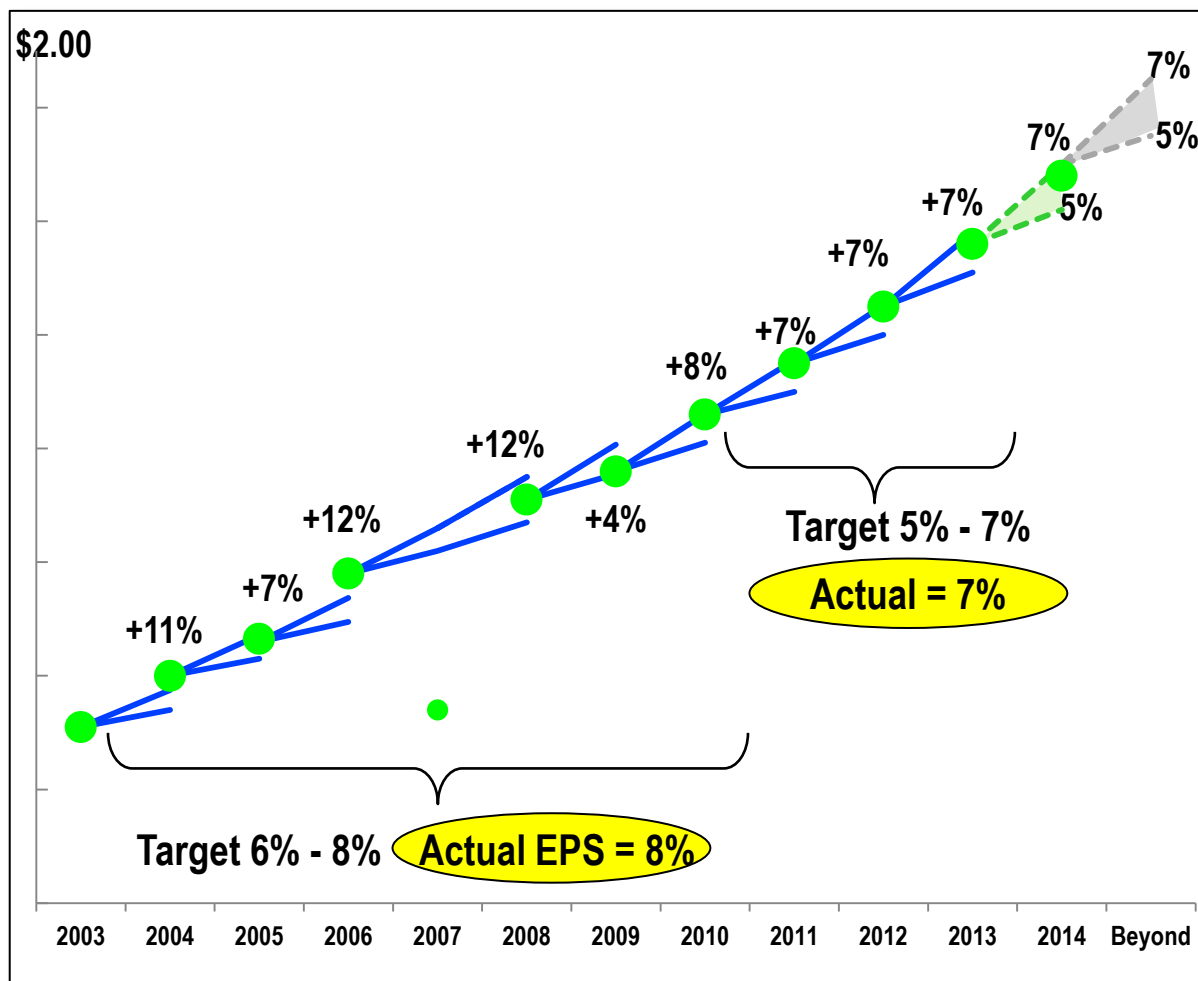


CMS ENERGY

The logo features the text "CMS ENERGY" in a bold, blue, italicized sans-serif font. It is enclosed within a green swoosh that starts as a thin line on the left and thickens into a solid shape on the right.

Wrap-Up

EPS^a Growth



^a Adjusted EPS (non-GAAP) excluding MTM in 2004-2006

Core Fundamentals

- ✓ Visible Investment
- ✓ Cost Controls
- ✓ Plan Conservatively
- ✓ Supportive Regulatory

.... distinguish CMS favorably with customers and owners.