

Investor Meetings

February 8 - 9, 2016



Among lowest acquisition cost ever



#1 LDC in gas storage



#2 in renewable sales in the Great Lakes area

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, 2014 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.

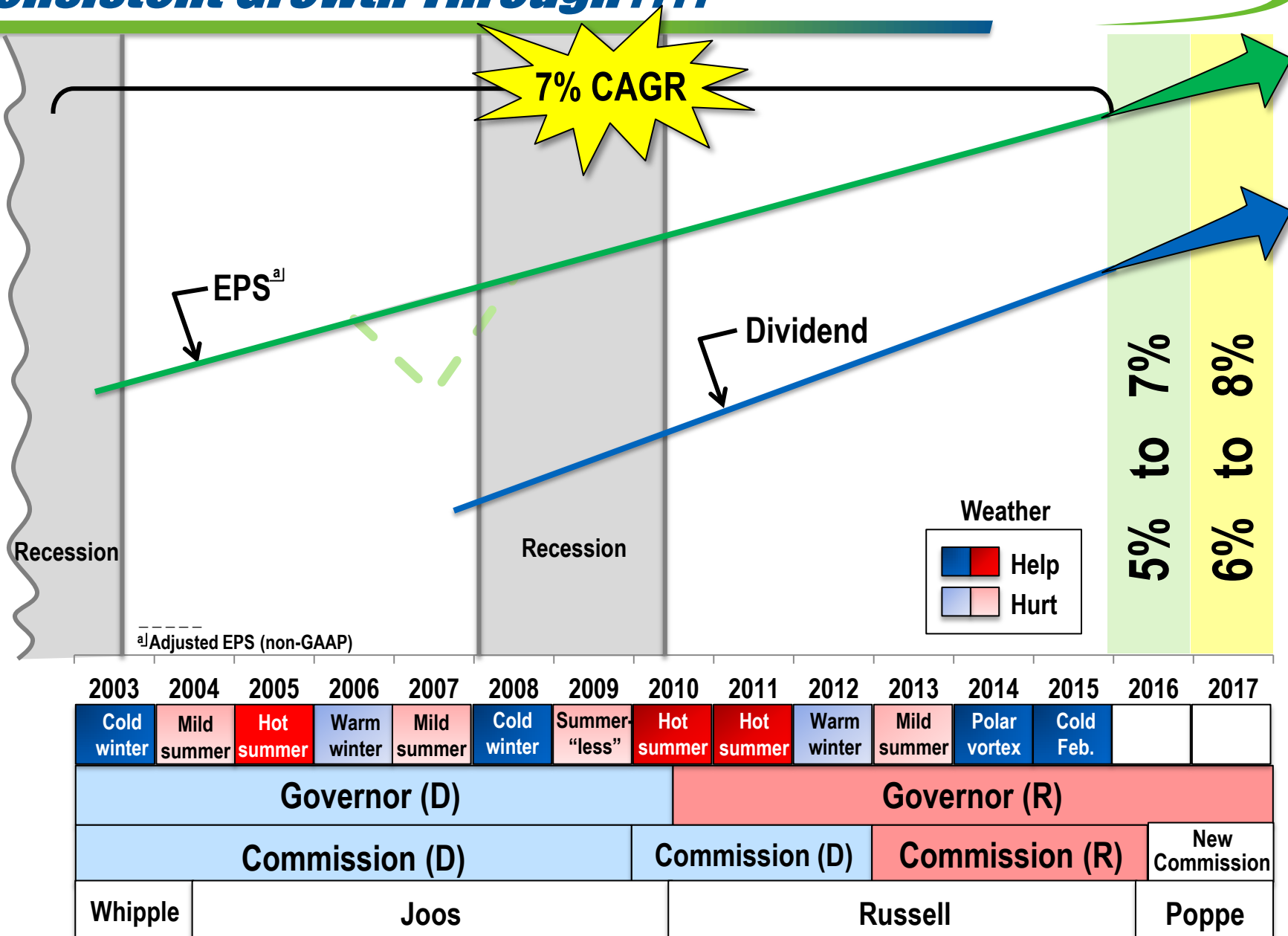
The presentation also includes non-GAAP measures when describing CMS Energy’s results of operations and financial performance. A reconciliation of each of these measures to the most directly comparable GAAP measure is included in the appendix and posted on our website at www.cmsenergy.com.

CMS Energy provides historical financial results on both a reported (GAAP) 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.

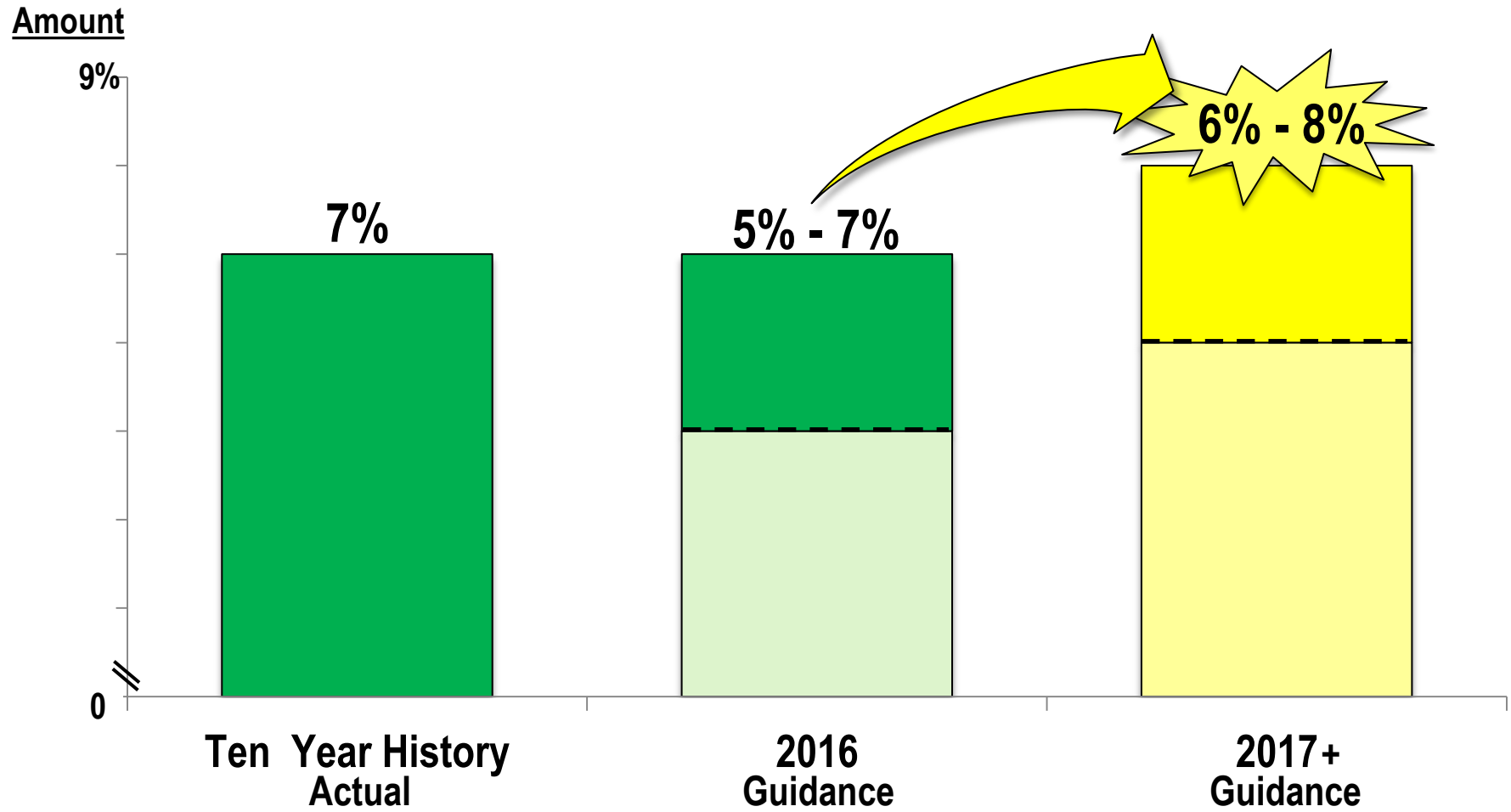
Investors and others should note that CMS Energy routinely posts important information on its website and considers the Investor Relations section, www.cmsenergy.com/investor-relations, a channel of distribution.

Consistent Growth Through....

CMS ENERGY



.... recessions, adverse weather, and policy leadership.



^{a)} Adjusted EPS (non-GAAP)

.... the future shines bright.

2017+ Plan

Capital investment (reliability, costs, enviro mandates) 6% - 8%

- O&M cost reductions 2 - 3 pts
- Sales growth 1
- No “block” equity dilution & other 2

INVESTMENT SELF-FUNDED

5 - 6 pts

Rate increase at or below inflation < 2 %

Possible without
base rate >
inflation

.... drives sustainable growth with upside opportunities.

Capex Expanded to \$17 bil....

CMS ENERGY

2005-2014

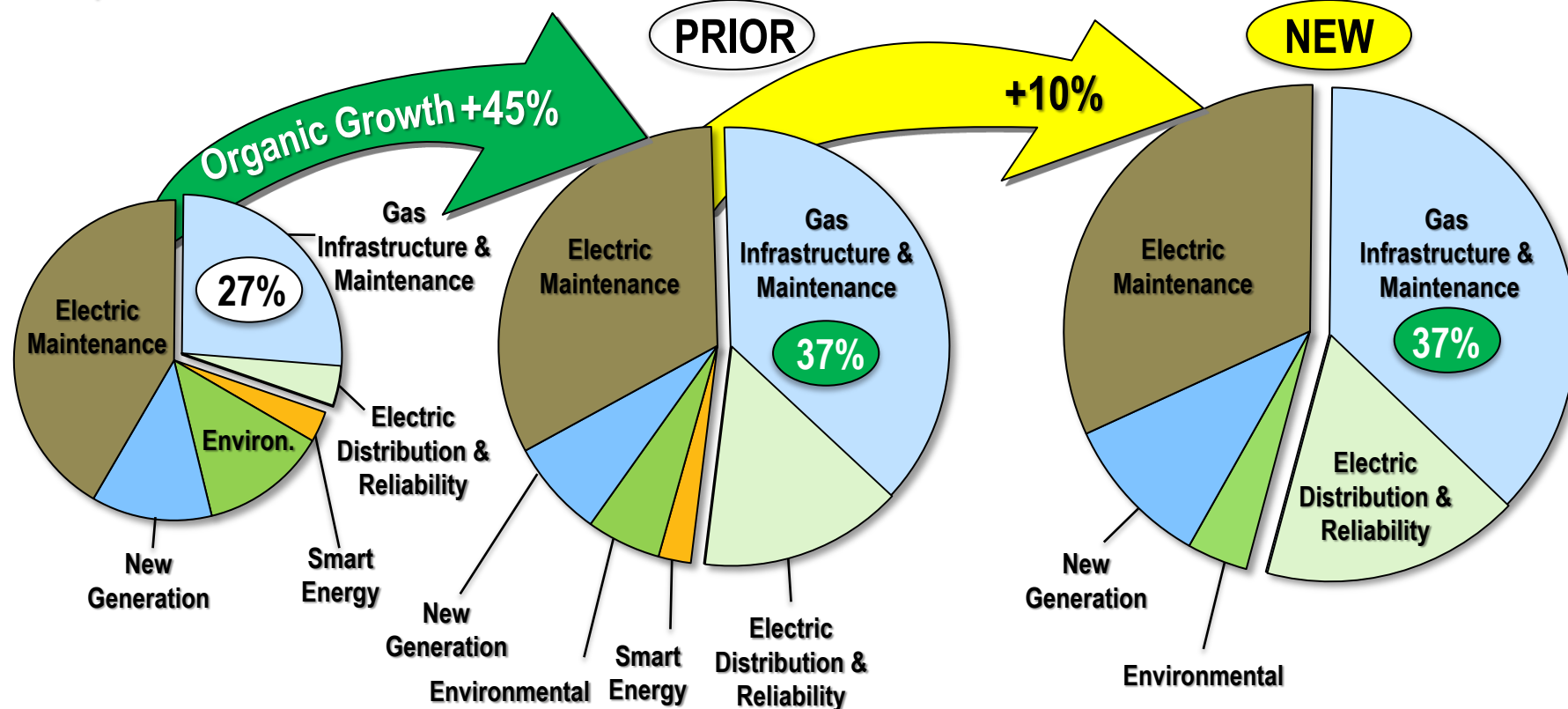
\$10.7 bil

2015-2024

\$15.5 bil

2016-2025

\$17 bil



Additional Capex

✓ Clean Energy

✓ Gas Infrastructure

✓ Electric Distribution

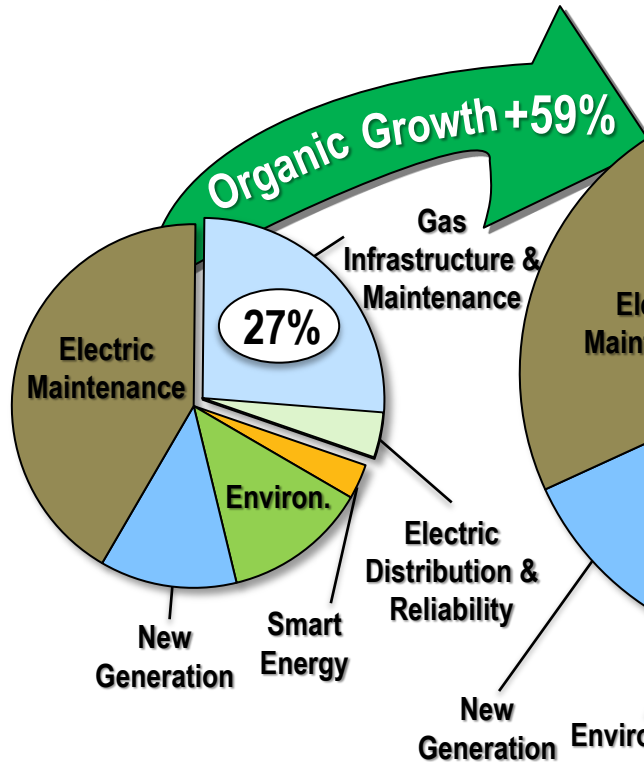
... naturally, without raising rates above inflation.

Capex Opportunities Remain....

CMS ENERGY

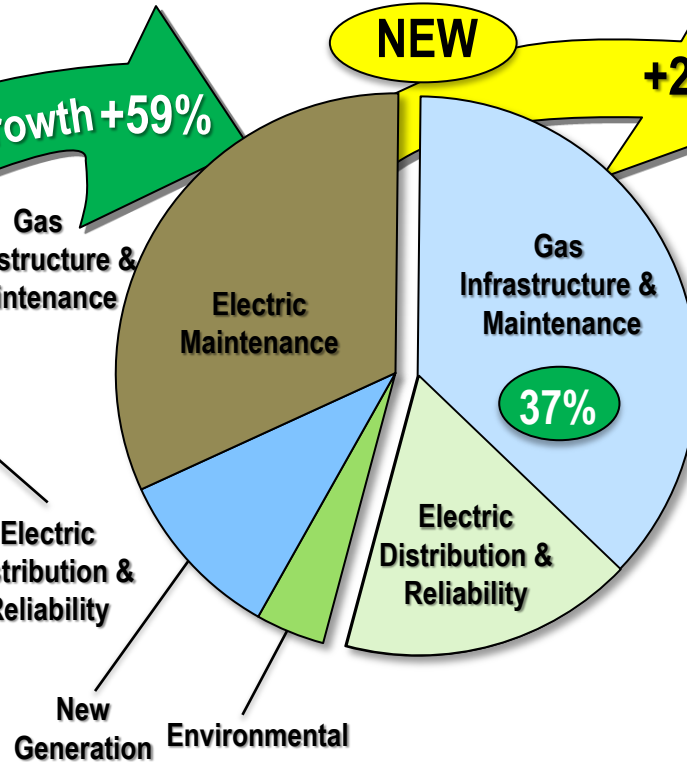
2005-2014

\$10.7 bil



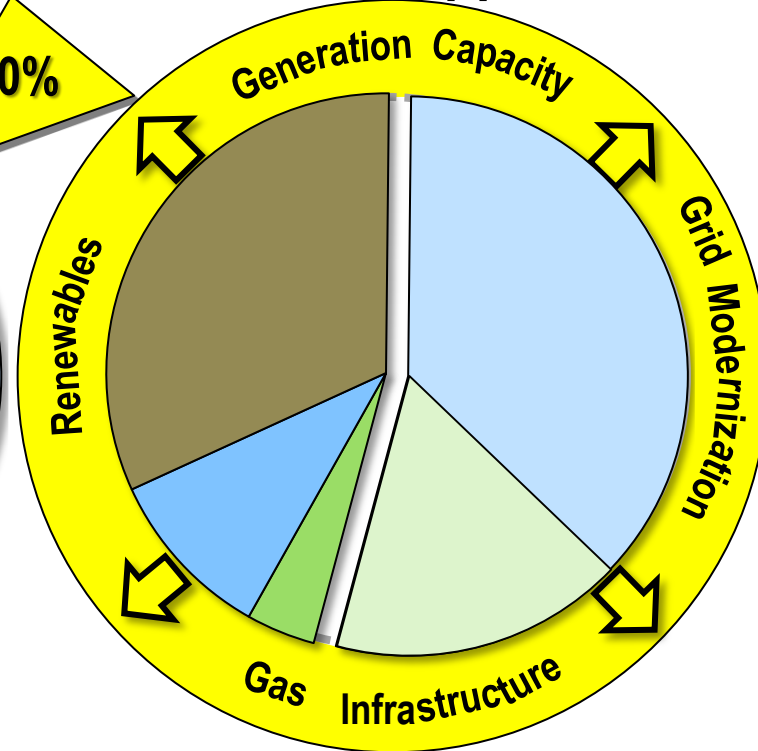
2016-2025

\$17 bil



2016-2025

\$20+ bil with Opportunities



Capex Opportunities

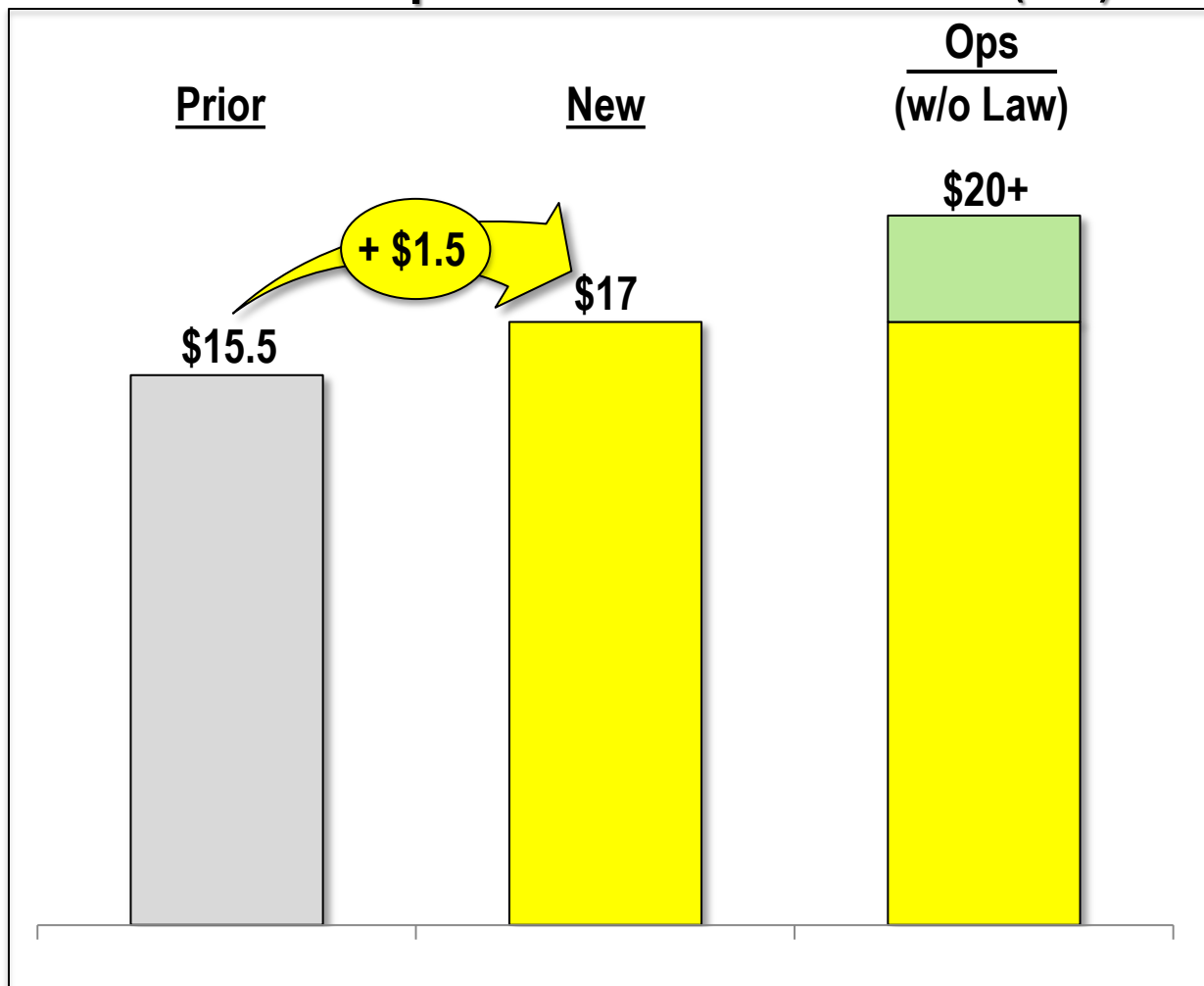
✓ Renewables

✓ PPAs Expire

✓ Gas Infrastructure

.... some possible without rate pressure.

Ten-Year Capital Investment Growth (bils)



Details

<u>New vs Prior</u>	<u>Capex</u> (bils)
Electric reliability	\$0.4
Gas infrastructure	0.4
Clean energy	0.7
New	\$1.5
<u>Ops</u>	
Replace expiring PPAs; generation	\$2.0
Reliability & pipes	1.0
Ops	\$3.0+

.... regardless of the law update.

Summary

Bonus Depreciation

- 6 years already
- New 5 years!
 - \$600 mil shelter



Capital Investment

- Add \$1.5 billion
 - Electric reliability
 - Gas infrastructure
 - Clean energy

NOLs

- Extended point of use
- Avoids “block” equity

Improved Plan

<u>No “Block” Equity</u>		<u>10-Year Capex</u>	<u>2017+ EPS Growth</u>
NEW			
		\$17 bil	6% - 8%
PRIOR			
		\$15.5 bil	5% - 7%
10 Years			

.... helpful at CMS.

New Bonus Depreciation....

	<u>2016 – 2020</u> (bils)	<u>2021 – 2025</u> (bils)
<u>Rate Base Growth</u>		
• Add \$1.5 billion	\$0.8	\$0.7
	0.2	
• Jackson Plant Backfill (gas and electric infrastructure)		
• Pension	<u>0.2</u>	
Increase (gross)	\$1.2	\$0.7
• New Bonus Depreciation	<u>0.6</u>	
Increase (net)	<u>\$0.6</u>	<u>\$0.7</u>
• Annual EPS Lift	2¢	2¢
	1%	1%

.... funds some new capex.

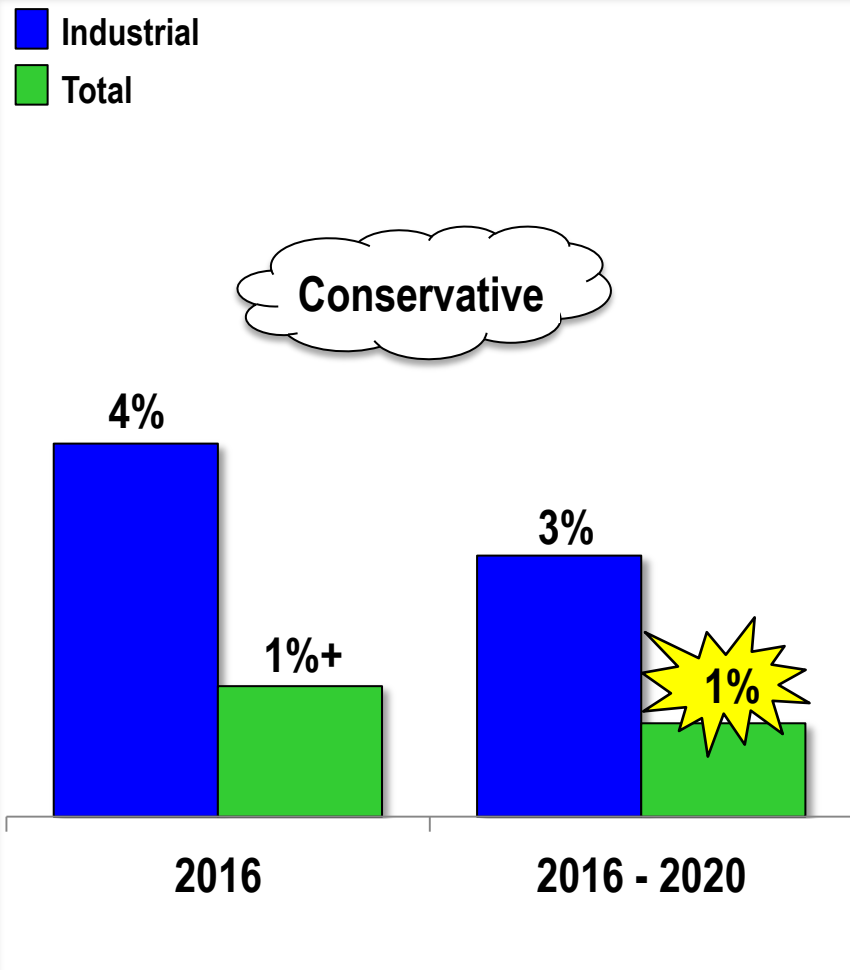
Our Service Territory^{a)} Outperforms

	Grand Rapids	Michigan	U.S
Building Permits ^{b)}	+173%	+131%	+97%
GDP 2010→2014	22	14	10
Population 2011→2014	3	0	2
Unemployment (12/15)	3.2	5.1	5.0

^{a)} Grand Rapids

^{b)} Annualized numbers December 2010→December 2015

Annual Electric Sales^{c)}

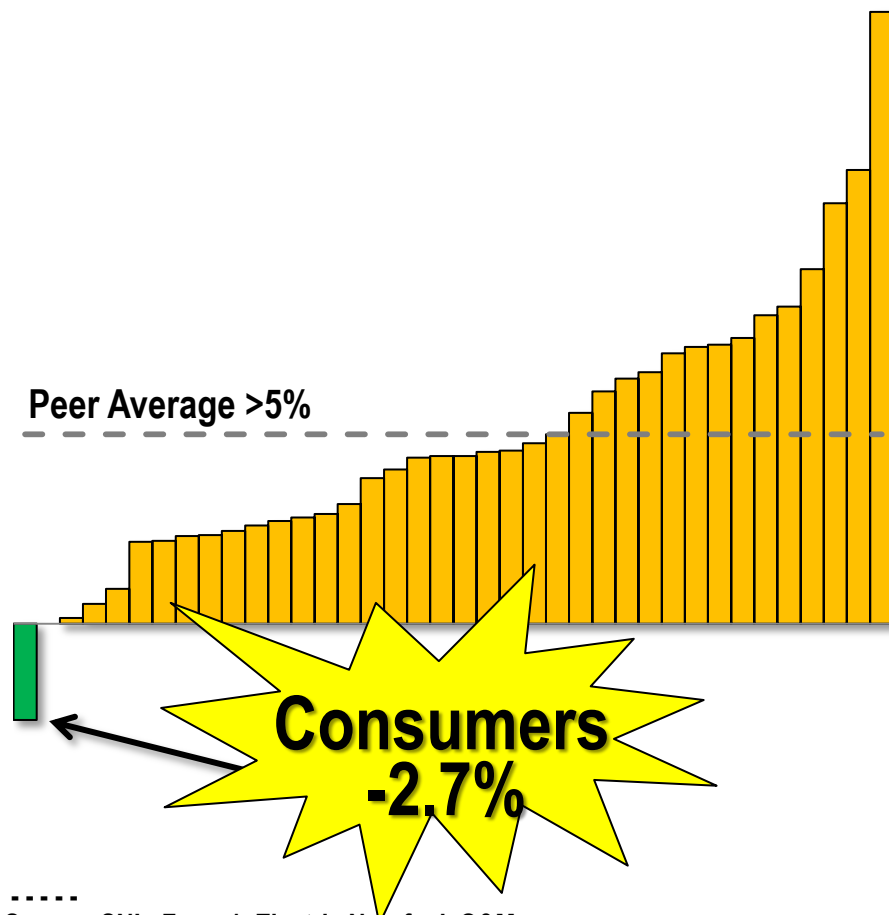


^{c)} Weather normalized vs. prior year

.... planned conservatively.

Actual Cost Reduction

(2014 over 2006)



Source: SNL, Form 1, Electric Non-fuel O&M

Further Cost Reductions

Two-way communication



25%-50%
reduction
in calls



\$5-10 mil
savings

Grid modernization

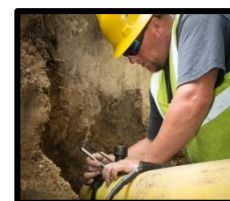


1-2 pt
line loss
reduction



\$25-50 mil
savings

Work management



Productive
truck rolls



\$15-25 mil
savings

... better than peers with substantial upside.

"DIG" (750 MW) & Peakers (200 MW)....

CMS ENERGY

Pre-Tax Income

(mils)

\$80

40

0

Contracts
(layering in over time)

\$12

Outage
pull-ahead

\$20

\$35

New
contracts

\$55

+\$20

\$75

+\$40

2015

2016

2017

Future

Capacity (\$/kw-mth)

≈ \$1.00

≈ \$2.00

≈ \$3.00

\$4.50

\$7.50

Available:

- Energy
- Capacity

0%

0%

25%

25%

25%

0

10

25

90

90

.... adding value.

2008 Law

- 10% renewables by 2015
(Currently at 10%)
- Energy efficiency standards
(1% per year)
- File-and-implement
(Forward test year)
- 10% ROA cap
(Capped)

*Has been
working well*

Key Players

House



✓ Committee
Vote

✓ Full vote

Senate



✓ Committee
Vote

✓ Full vote

Updates

- ROA -- Fair choice; no
subsidy
- Efficiency -- Eliminate
waste
- Renewables -- Integrated
Resource Plan (IRP)

**NOT IN
PLAN!**

.... progress continues.

2016 EPS Guidance Raised....

CMS ENERGY

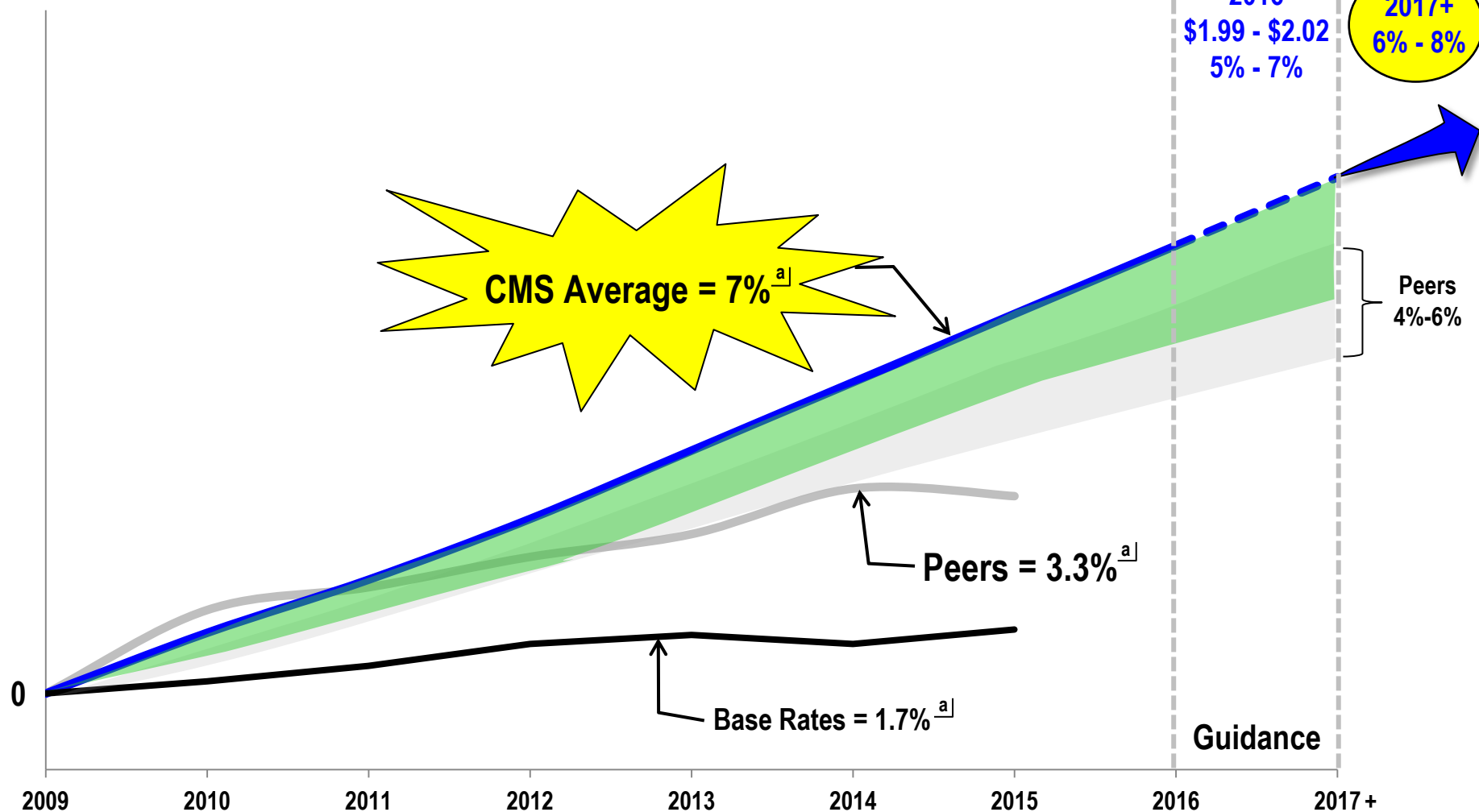
	<u>Adjusted EPS</u> (non-GAAP)	<u>Prior Guidance</u>
• Utility		
• Electric	\$1.52 - \$1.54	
• Gas	<u>0.65 - 0.66</u>	
Total Utility	\$2.17 - \$2.20	
• Enterprises	0.06	
• Parent and other	<u>(0.24)</u>	
Total EPS	<u>\$1.99 - \$2.02</u> +5% to +7%	\$1.97 - \$2.01
• Operating cash flow (GAAP) (mils)	\$1,550	

.... building on high end, actual 2015 performance.

	2016	2017
Adjusted EPS (non-GAAP)	\$1.99 - \$2.02 +5% to +7%	+6% to +8%
Operating cash flow (mils)	\$1,550	\$1,650
Dividend payout ratio	≥ 62%	≥ 62%
Customer price incr./(decr.)		
Electric (excl. fuel)	~1%	~2%
Gas	~(10)%	~(2)%
FFO/Average debt	18%	19%
Capital investment (bils)	\$1.7	\$1.7

.... 14th year of transparent, consistent, strong performance.

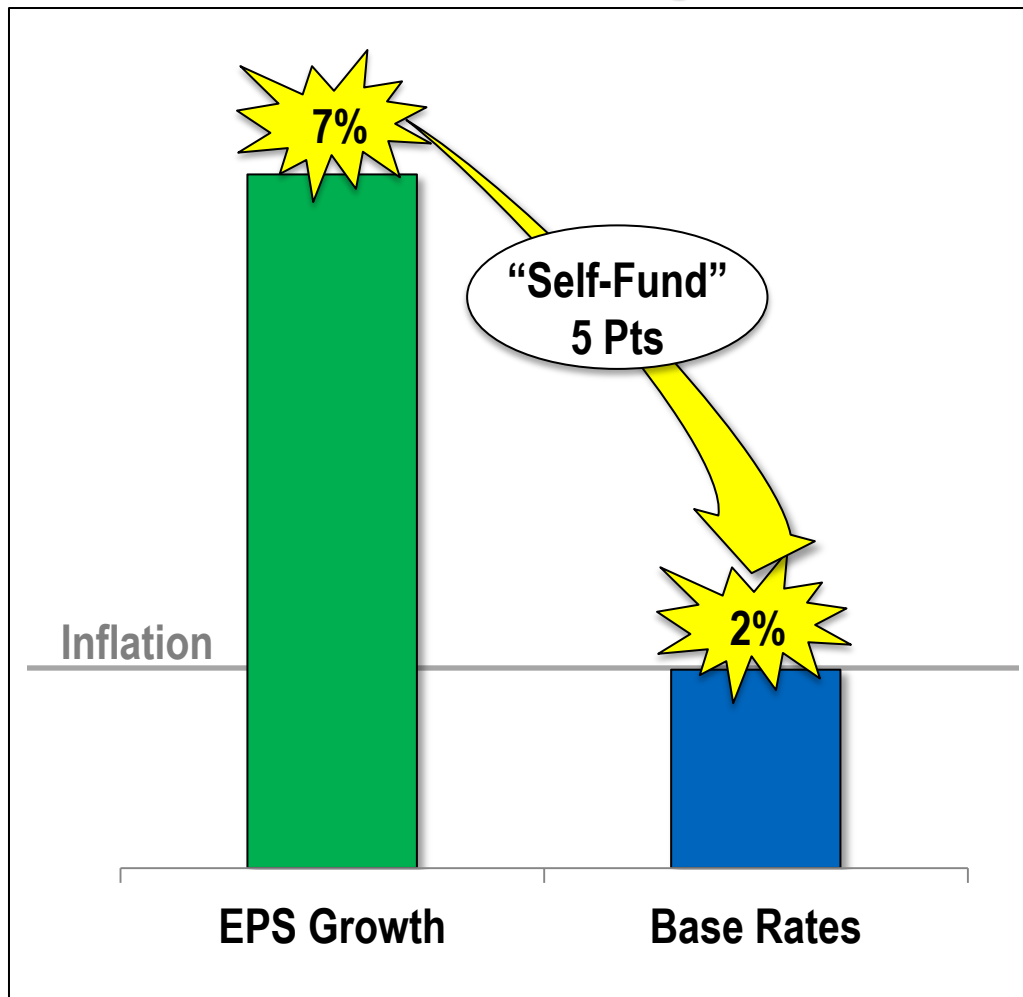
EPS Index



^{a)} Compounded Annual Growth Rate

.... substantially better than peers.

Five-Year Average Growth



How

	Future (points)
• O&M Cost Reductions	2 - 3
• Conservative sales growth	1
• Other incl. taxes, avoid dilution	2
Self Funding	5 - 6

.... makes our growth sustainable.

Appendix

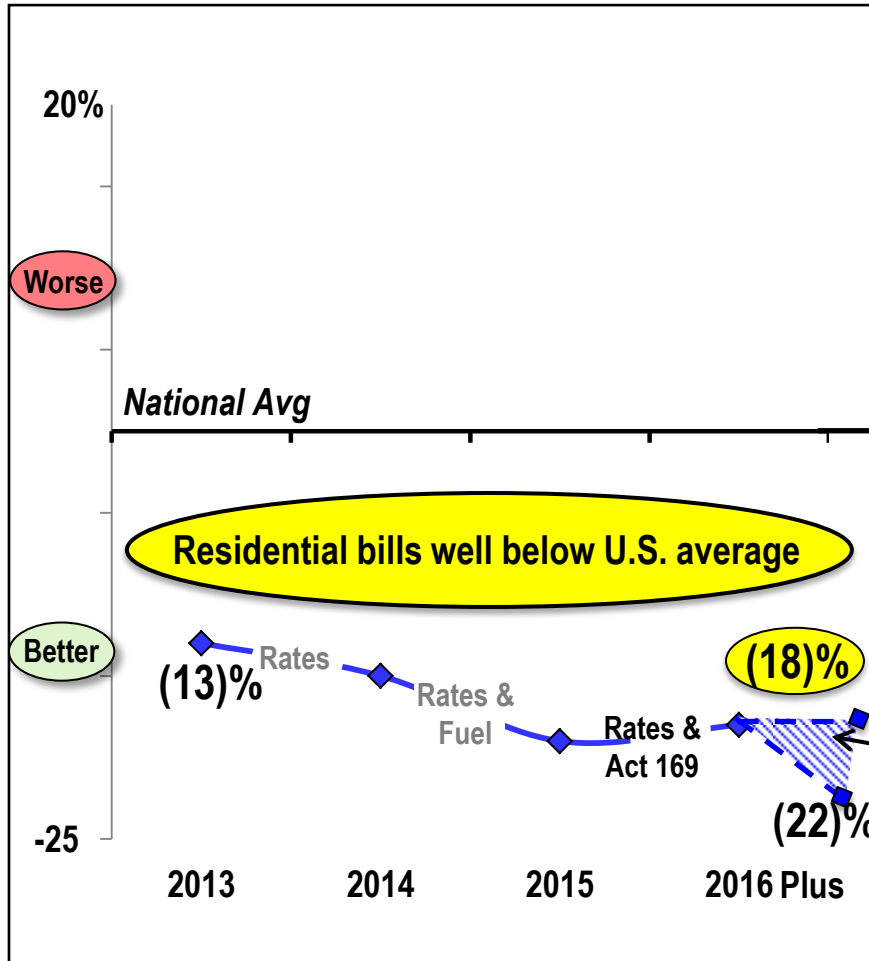
2016 Sensitivities....

		2016 Impact		
	<u>Sensitivity</u>	<u>EPS</u>	<u>OCF</u> (mils)	<u>Status</u>
Sales ^a				
• Electric (38,043 GWh)	± 1%	± \$0.05	± \$ 20	😊
• Gas (303 Bcf)	± 5	± 0.07	± 30	
Gas prices (NYMEX)	± 50¢	± 0	± 55	😊
ROE (authorized)				
• Electric (10.3%)	± 10 bps	± 0.01	± 5	😊
• Gas (10.3%)	± 20	± 0.01	± 4	
Interest Rates	±100 bps	± < 0.01	± 5	😊
Capital Investment	+\$100 mil	+ 0.01	+ 10	😊
Law Update	Upside	Not In Plan		😊

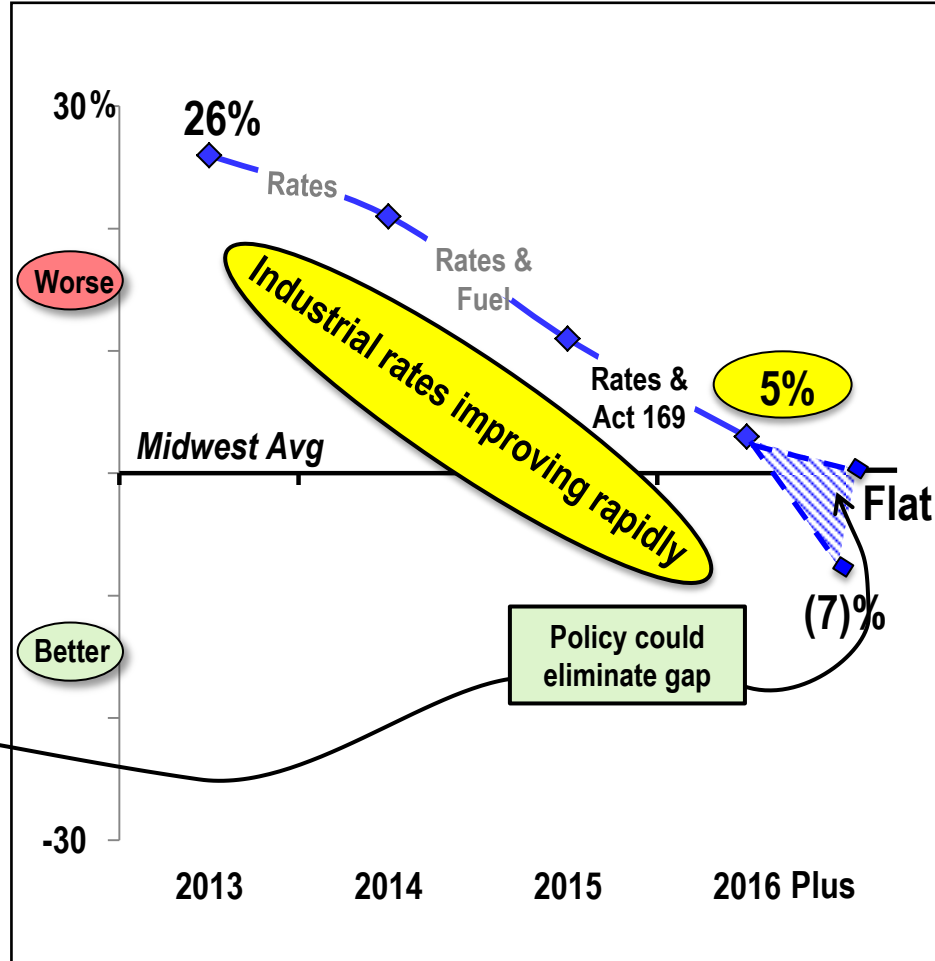
^{a)} Reflect 2016 sales forecast; weather adjusted

.... reflect strong risk mitigation.

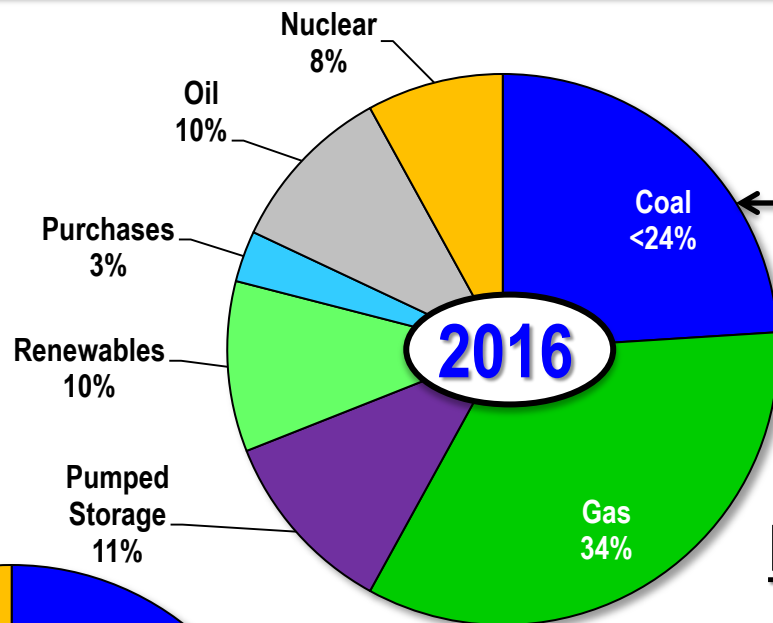
Residential Bills



Industrial Rates



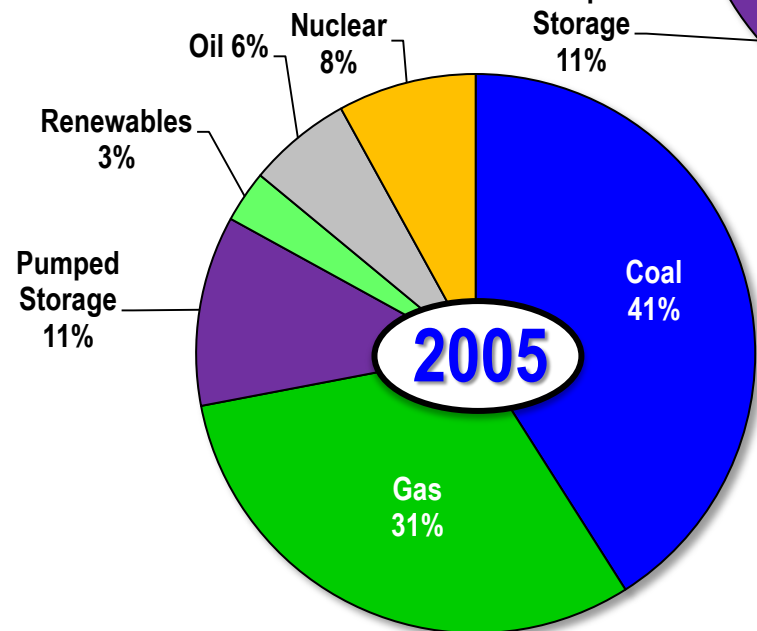
.... affordable for residential and improving for industrial customers.



Coal reduced
by over 40%!
2nd best in U.S.

Future Capacity Mix

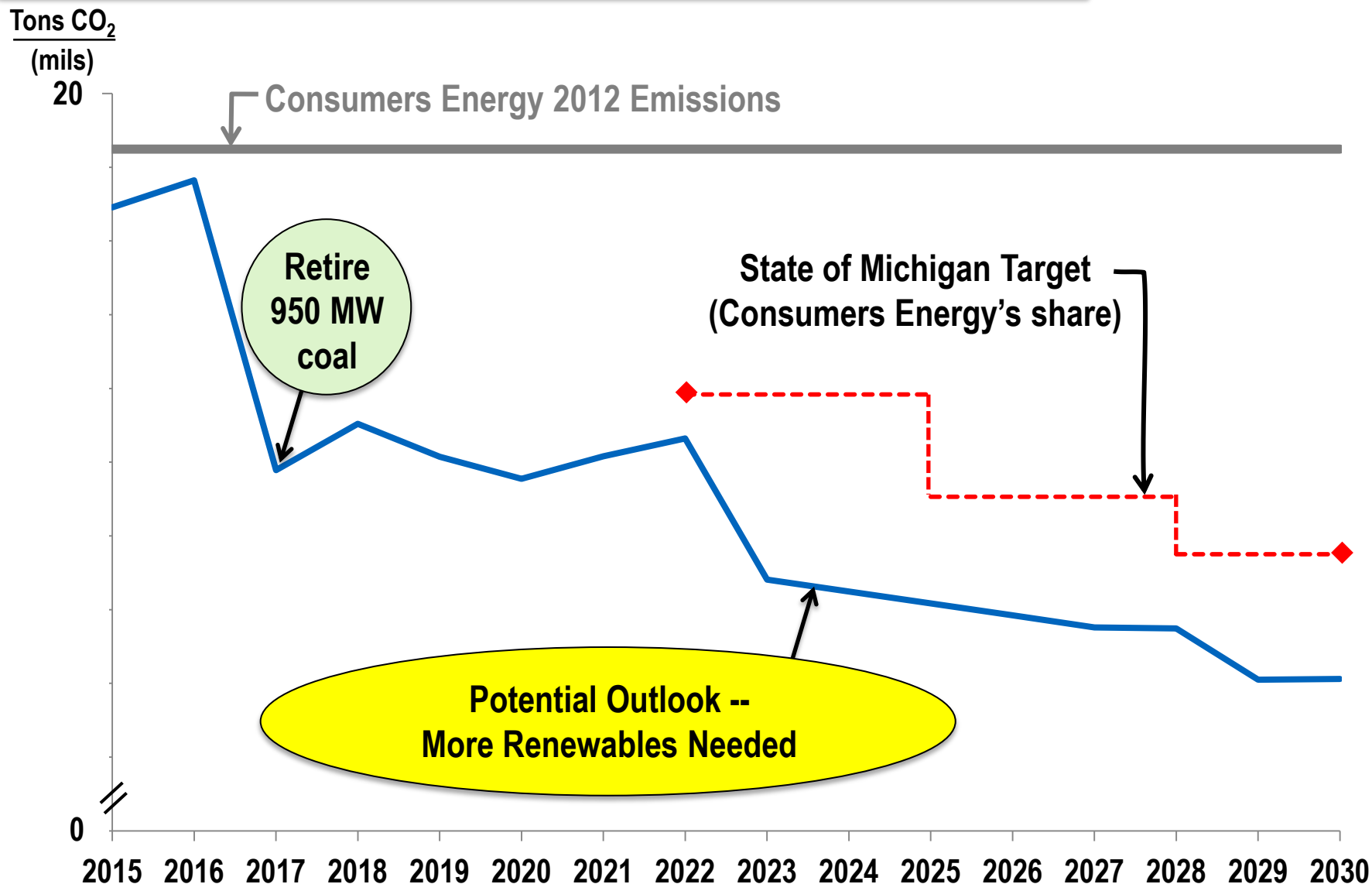
- More Renewables
- Expanded Pumped Storage
- Clean Energy Resources



.... evolving to cleaner generation and becoming more cost competitive.

Clean Power Plan....

CMS ENERGY



... positioned well for compliance.

CMS Capital Expenditures

	2016	2017	2018	2019	2020	2016-2020	2021-2025	2016-2025
	(mils)	(mils)	(mils)	(mils)	(mils)	Subtotal	Subtotal	Total
						(mils)	(mils)	(mils)
New Generation (includes Renewables)	\$ 87	\$ 72	\$ 59	\$ 43	\$ 31	\$ 292	\$ 1,378	\$ 1,670
Environmental	122	143	121	178	133	697	2	699
Electric Reliability & Distribution	443	416	351	417	370	1,997	1,414	3,411
Electric Maintenance	442	433	477	472	454	2,278	2,714	4,992
Total Electric	<u>\$ 1,094</u>	<u>\$ 1,064</u>	<u>\$ 1,008</u>	<u>\$ 1,110</u>	<u>\$ 988</u>	<u>\$ 5,264</u>	<u>\$ 5,508</u>	<u>\$ 10,772</u>
Gas Infrastructure	\$ 237	\$ 353	\$ 397	\$ 398	\$ 377	\$ 1,762	\$ 1,132	\$ 2,894
Gas Maintenance	331	322	307	304	299	1,563	1,771	3,334
Total Gas	<u>\$ 568</u>	<u>\$ 675</u>	<u>\$ 704</u>	<u>\$ 702</u>	<u>\$ 676</u>	<u>\$ 3,325</u>	<u>\$ 2,903</u>	<u>\$ 6,228</u>
Total Electric & Gas	<u>\$ 1,662</u>	<u>\$ 1,739</u>	<u>\$ 1,712</u>	<u>\$ 1,812</u>	<u>\$ 1,664</u>	<u>\$ 8,589</u>	<u>\$ 8,411</u>	<u>\$ 17,000</u>

2016 Cash Flow Forecast (non-GAAP)

CMS ENERGY

CMS Energy Parent

Consumers Energy

Cash at year end 2015	\$ 159
Sources	
Consumers Energy dividend and tax sharing	\$ 485
Enterprises	35
Sources	\$ 520
Uses	
Interest and preferred dividend	\$ (145)
Overhead and Federal tax payments	(10)
Equity infusion	(275)
Pension contribution	0
Uses ^{a)}	\$ (435)
Cash flow	\$ 85
Financing and Dividend	
New issues	\$ 300
Retirements	-
DRP, continuous equity	75
Net short-term financing & other	(9)
Common dividend	(345)
Financing	\$ 21
Cash at year end 2016	\$ 265
Bank Facility (\$550) available	\$ 549

	Amount
	(mils)
Cash at year end 2015	\$ 50
Sources	
Operating (depreciation & amortization \$805)	\$ 2,015
Other working capital	(265)
Sources	\$ 1,750
Uses	
Interest and preferred dividend	\$ (245)
Capital expenditures ^{b)}	(1,650)
Dividend and tax sharing \$0 from CMS	(485)
Pension contribution	0
Uses	\$ (2,380)
Cash flow	\$ (630)
Financing	
Equity	\$ 275
New issues	450
Retirements	(173)
Net short-term financing & other	53
Financing	\$ 605
Cash at year end 2016	\$ 25
Facilities (\$900)	\$ 580

^{a)} Includes other

^{b)} Includes cost of removal and capital leases

GAAP Reconciliation

CMS ENERGY CORPORATION
Earnings Per Share By Year GAAP Reconciliation
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Reported earnings (loss) per share - GAAP	(\$0.30)	\$0.64	(\$0.44)	(\$0.41)	(\$1.02)	\$1.20	\$0.91	\$1.28	\$1.58	\$1.42	\$1.66	\$1.74	\$1.89
After-tax items:													
Electric and gas utility	0.21	(0.39)	-	-	(0.07)	0.05	0.33	0.03	-	0.17	-	-	-
Enterprises	0.74	0.62	0.04	(0.02)	1.25	(0.02)	0.09	(0.03)	(0.11)	(0.01)	*	0.03	*
Corporate interest and other	0.16	(0.03)	0.04	0.27	(0.32)	(0.02)	0.01	*	(0.01)	*	*	*	*
Discontinued operations (income) loss	(0.16)	0.02	(0.07)	(0.03)	0.40	(*)	(0.08)	0.08	(0.01)	(0.03)	*	(*)	(*)
Asset impairment charges, net	-	-	1.82	0.76	0.60	-	-	-	-	-	-	-	-
Cumulative accounting changes	0.16	0.01	-	-	-	-	-	-	-	-	-	-	-
Adjusted earnings per share, including MTM - non-GAA	\$0.81	\$0.87	\$1.39	\$0.57	\$0.84	\$1.21 (a)	\$1.26	\$1.36	\$1.45	\$1.55	\$1.66	\$1.77	\$1.89
Mark-to-market impacts		0.03	(0.43)	0.51									
Adjusted earnings per share, excluding MTM - non-GAA	NA	\$0.90	\$0.96	\$1.08	NA	NA	NA	NA	NA	NA	NA	NA	NA

* Less than \$500 thousand or \$0.01 per share.

(a) \$1.25 excluding discontinued Exeter operations and accounting changes related to convertible debt and restricted stock.

CMS Energy
Reconciliation of Gross Operating Cash Flow to GAAP Operating Activities
(unaudited)
(mils)

	2014	2015	2016	2017	2018	2019	2020
Consumers Operating Income + Depreciation & Amortization	\$ 1,813	\$ 1,866	\$ 2,012	\$ 2,161	\$ 2,336	\$ 2,481	\$ 2,613
Enterprises Project Cash Flows	20	20	37	58	58	63	70
Gross Operating Cash Flow	\$ 1,833	\$ 1,886	\$ 2,049	\$ 2,219	\$ 2,394	\$ 2,544	\$ 2,683
Other operating activities including taxes, interest payments and working capital	(386)	(246)	(499)	(569)	(644)	(694)	(733)
Net cash provided by operating activities	\$ 1,447	\$ 1,640	\$ 1,550	\$ 1,650	\$ 1,750	\$ 1,850	\$ 1,950

Consumers Energy
2016 Forecasted Cash Flow GAAP Reconciliation (in millions) (unaudited)

Presentation Sources and Uses		Reclassifications From Sources and Uses to Statement of Cash Flows						Consolidated Statements of Cash Flows	
		Tax Sharing Operating	Interest/ Other Financing Payments as Operating	Other Working Capital as Investing	Capital Lease Pymts and Other as Financing	Securitization Debt Pymts as Financing	Common Dividends as Financing	GAAP Amount	Description
Cash at year end 2015	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	Cash at year end 2015
Sources									
Operating (dep & amort \$805)	\$ 2,015								
Other working capital	(265)								
Sources	\$ 1,750	\$ -	\$ (245)	\$ 38	\$ 23	\$ 74	\$ -	\$ 1,640	Net cash provided by operating activities
Uses									
Interest and preferred dividends	\$ (245)								
Capital expenditures ^a	(1,650)								
Dividends/tax sharing to CMS	(485)								
Pension Contribution	-								
Uses	\$ (2,380)	\$ -	\$ 245	\$ (38)	\$ -	\$ -	\$ 485	\$ (1,688)	Net cash used in investing activities
Cash flow	\$ (630)	\$ -	\$ -	\$ -	\$ 23	\$ 74	\$ 485	\$ (48)	Cash flow from operating and investing activities
Financing									
Equity	\$ 275								
New Issues	450								
Retirements	(173)								
Net short-term financing & other	53								
Financing	\$ 605	\$ -	\$ -	\$ -	\$ (23)	\$ (74)	\$ (485)	\$ 23	Net cash provided by financing activities
Net change in cash	\$ (25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (25)	Net change in cash
Cash at year end 2016	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	Cash at year end 2016

CMS Energy Parent
2016 Forecasted Cash Flow GAAP Reconciliation (in millions) (unaudited)

Reclassifications From Sources and Uses to Statement of Cash Flows

Presentation Sources and Uses		Non Equity Uses as Operating		Consolidated Statements of Cash Flows	
Description	non-GAAP Amount		Other	GAAP Amount	Description
Cash at year end 2015	\$ 159	\$ -	\$ (159)	\$ -	Cash at year end 2015
Sources					
Consumers Energy dividends/tax sharing	\$ 485				
Enterprises	35				
Sources	\$ 520	\$ (160)	\$ (51)	\$ 309	Net cash provided by operating activities
Uses					
Interest and preferred dividends	\$ (145)				
Overhead and Federal tax payments	(10)				
Equity infusions	(275)				
Pension Contribution	-				
Uses (a)	\$ (435)	\$ 160	\$ -	\$ (275)	Net cash used in investing activities
Cash flow					
	\$ 85	\$ -	\$ (51)	\$ 34	Cash flow from operating and investing activities
Financing and dividends					
New Issues	\$ 300				
Retirements	-				
Equity programs (DRP, continuous equity)	75				
Net short-term financing & other	(9)	-	-		
Common dividend	(345)				
Financing	\$ 21	\$ -	\$ (55)	\$ (34)	Net cash used in financing activities
Net change in cash					
	\$ 106	\$ -	\$ (106)	\$ -	Net change in cash
Cash at year end 2016					
	\$ 265	\$ -	\$ (265)	\$ -	Cash at year end 2016

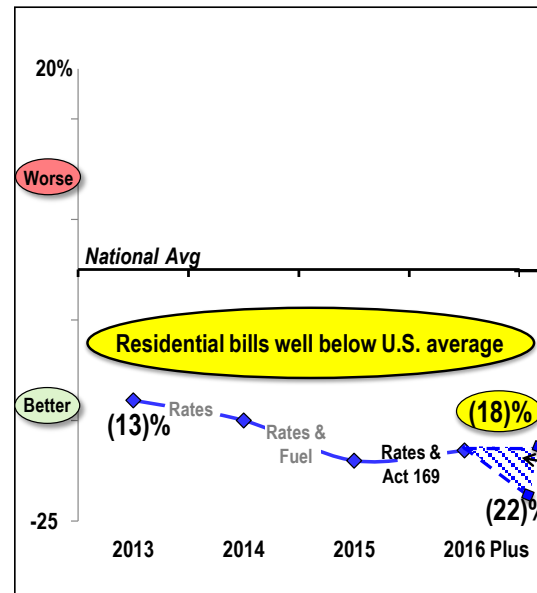
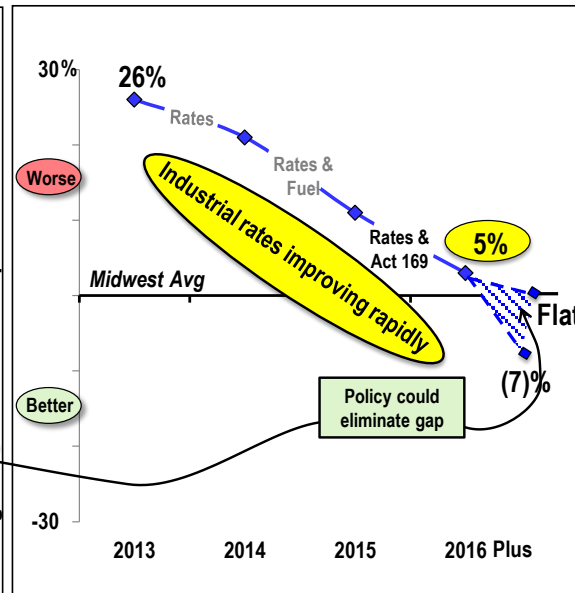
(a) Includes other

Consolidated CMS Energy
2016 Forecasted Consolidation of Consumers Energy and CMS Energy Parent Statements of Cash Flow (in millions) (unaudited)

Statements of Cash Flows			Eliminations/Reclassifications/Consolidation to Arrive at the Consolidated Statement of Cash Flows			Consolidated Statements of Cash Flows	
Description	Consumers Amount	CMS Parent Amount	Other Consolidated Entities	Consumers Common Dividend as Financing	Equity Infusions to Consumers	Amount	Description
Cash at year end 2015	\$ 50	\$ -	\$ 216	\$ -	\$ -	\$ 266	Cash at year end 2015
Net cash provided by operating activities	\$ 1,640	\$ 309	\$ 86	\$ (485)	\$ -	\$ 1,550	Net cash provided by operating activities
Net cash used in investing activities	(1,688)	(275)	(413)	-	275	(2,101)	Net cash used in investing activities
Cash flow from operating and investing activities	\$ (48)	\$ 34	\$ (327)	\$ (485)	\$ 275	\$ (551)	Cash flow from operating and investing activities
Net cash provided by financing activities	\$ 23	\$ (34)	\$ 431	\$ 485	\$ (275)	\$ 630	Net cash provided by financing activities
Net change in cash	\$ (25)	\$ -	\$ 104	\$ -	\$ -	\$ 79	Net change in cash
Cash at year end 2016	\$ 25	\$ -	\$ 320	\$ -	\$ -	\$ 345	Cash at year end 2016

Electric Customer Prices....

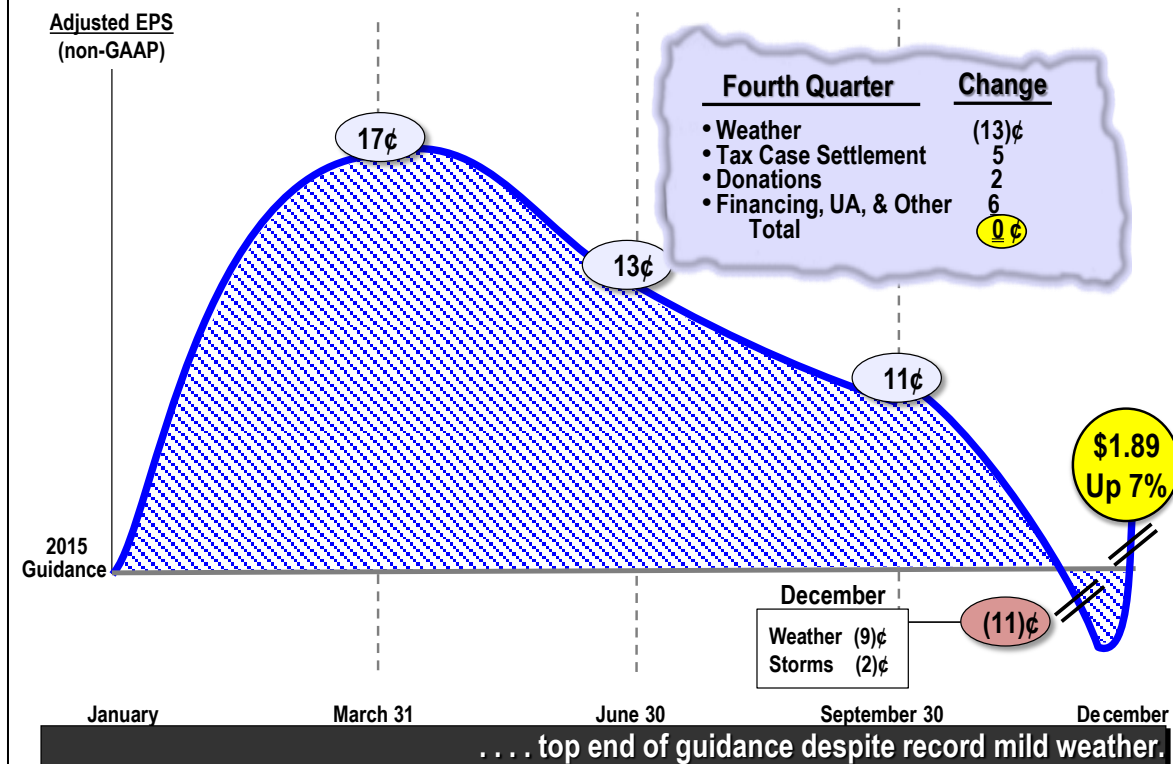
CMS ENERGY

Residential Bills**Industrial Rates**

... affordable for residential and improving for industrial customers.

Our Business Model Permitted....

CMS ENERGY



... top end of guidance despite record mild weather.

INVESTOR INFORMATION

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Travis Uphaus (517) 768-3114
www.cmsenergy.com

CMS ENERGY

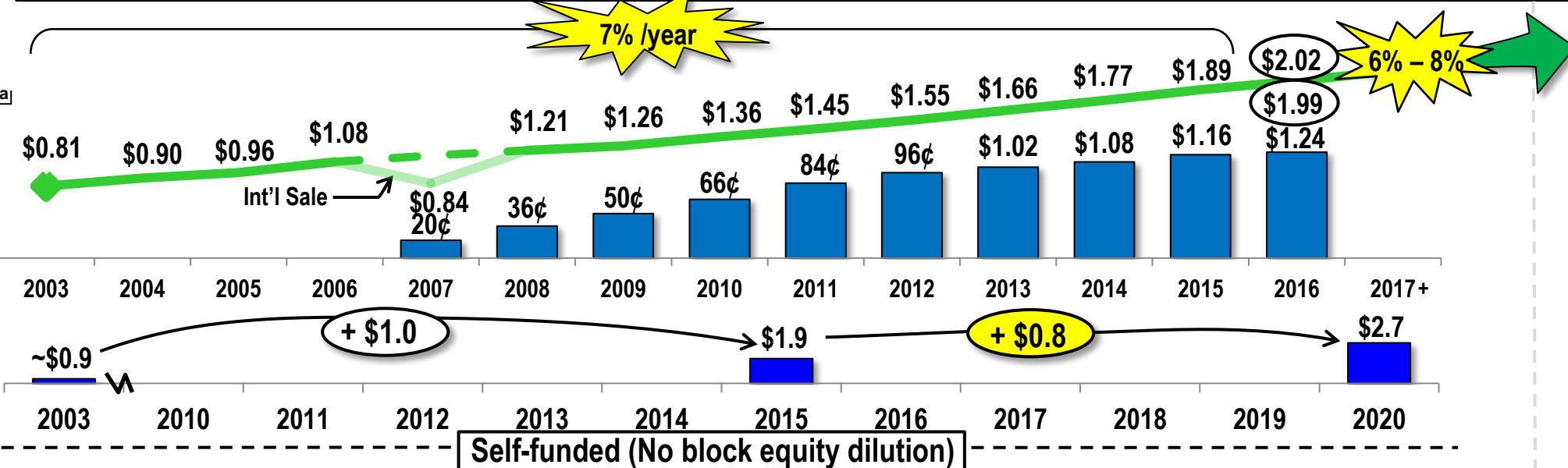
OUR MODEL; OUR PLAN**OUTPERFORMED FOR A DECADE:
NEXT DECADE EVEN BRIGHTER**

- 13 year track record (EPS and dividend growth)
- Capex -- \$17 billion, 100% organic (increased by \$1.5 billion)
- Self-funded -- No block equity dilution! (7 years -- up from 5!)
- World-class cost performance
- Conservative sales planning (under promise/over deliver)
- \$3+ billion capex opportunities (w/o Law!)

2015 EPS
Up +7% ✓2016 EPS
Up 5% to 7%2017+ EPS
Up 6% to 8%

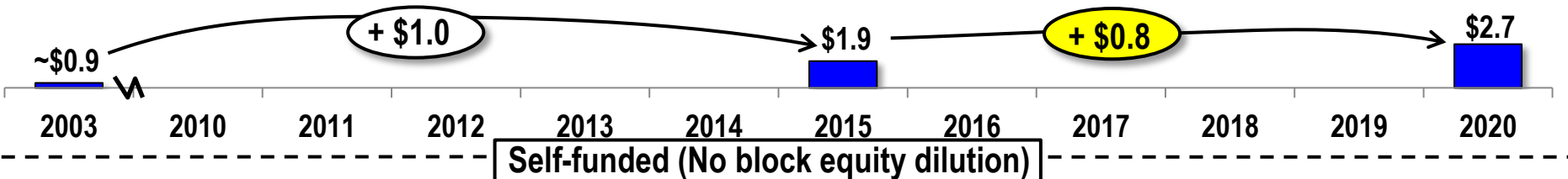
Winter 2016

● **Adjusted EPS**

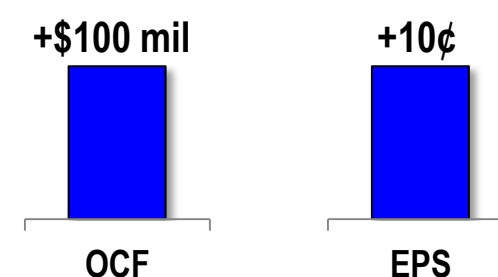


● **Dividend**

● **Gross OCF (bils)**



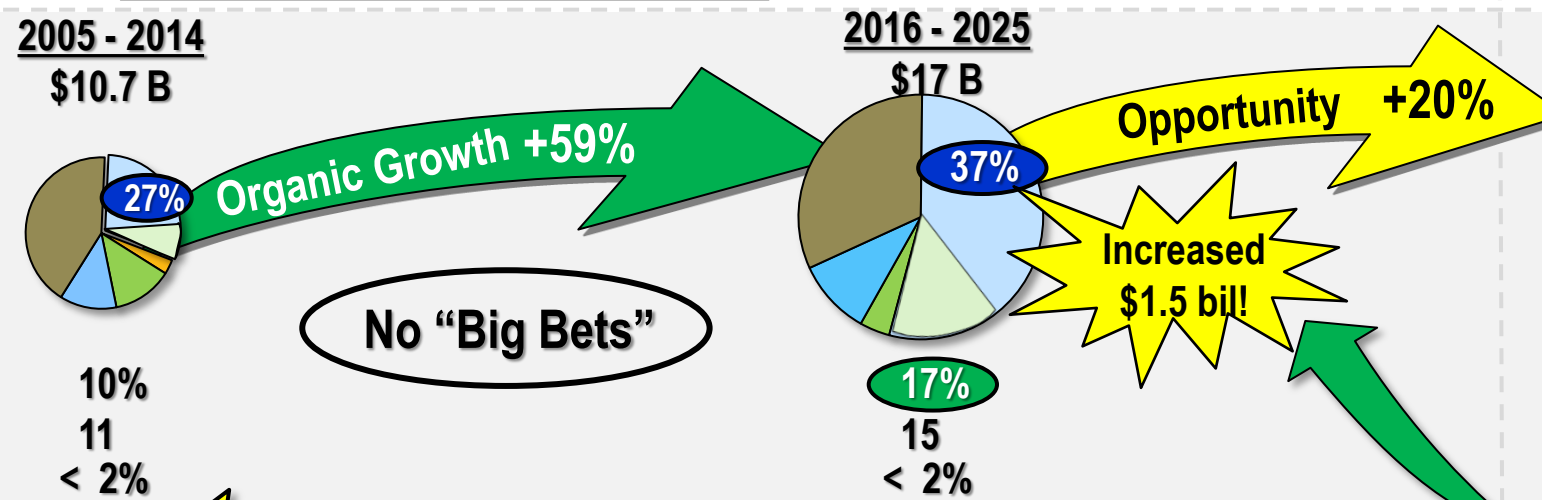
\$1 bil capex =



● **CapEx**

% of Mkt Cap
— CMS
— Peers
Base Rates

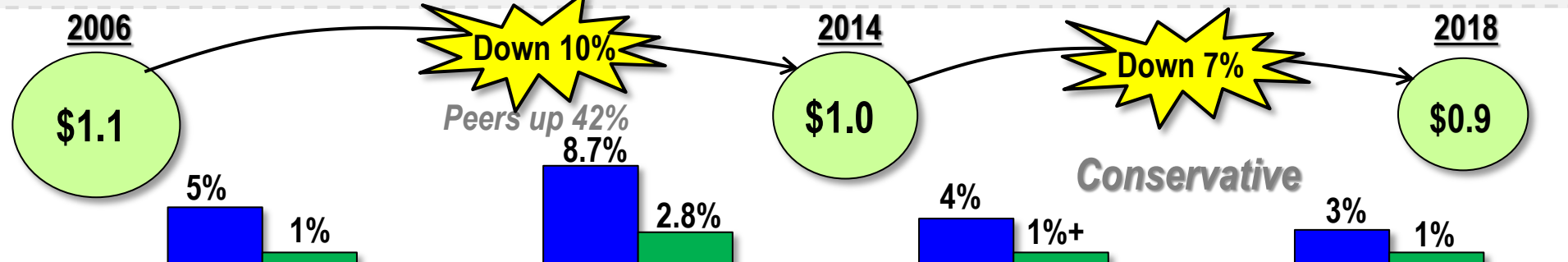
- Gas Infrastructure
- Electric Reliability
- Smart Energy
- Environmental
- New Generation
- Electric Maintenance



Upside

- Generation capacity
- Renewables
- Gas infrastructure
- Grid modernization

● **O&M Cost (bils)**



● **Electric Sales (Ind. ■ / Total ■)**



New Bonus Depreciation Funds Capex Growth

	2016 - 2020 (bils)	2021 - 2025 (bils)
Rate Base Growth		
• Add \$1.5 billion	\$0.8	\$0.7
• Jackson Plant Backfill	0.2	
• Pension	0.2	
Increase (gross)	\$1.2	\$0.7
• New Bonus Depreciation	0.6	
Increase (net)	\$0.6	\$0.7
• Annual EPS Lift	2¢	2¢
	1%	1%

● **Energy Policy**

	2008 Law	Update
Energy efficiency standards	• File and implement	Sen. Nofs: Keep "cap" Capacity requirement; "one way door"; No subsidy
10% renewables by 2015	• 10% ROA cap	Gov. Snyder: Keep "cap" Capacity requirement; "one way door" or 15-20 yr stay; No subsidy
10% ROA cap		Rep. Nesbitt: Keep "cap" Capacity req.; 15-20 yr stay; capacity charge for future ROA customers; No subsidy
		1% EO thru 2018; 30% clean energy goal by 2025
		1% EO thru 2018; 30% clean energy goal by 2025
		IRP Process

- New capacity
 - Gas generation -- \$700 million
 - Renewables -- \$1 billion
- New Energy Efficiency
 - Incentive/ rate base
 - Decoupling
- Eliminate ROA subsidy = \$150 million (customer savings)