

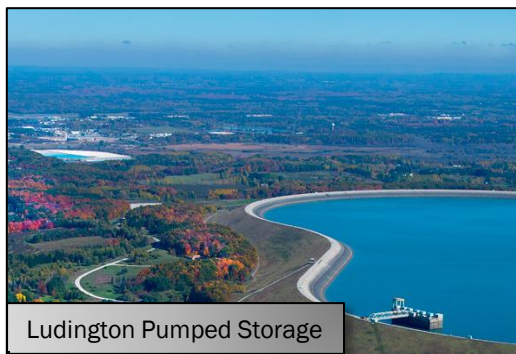
# Investor Meetings

## June 27, 2016



Jackson Generating Station

Among lowest acquisition cost ever



Ludington Pumped Storage

Fourth largest in the world



Cross Winds<sup>®</sup> Energy Park

#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, 2015 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](http://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. References to earnings guidance refer to such guidance as provided by the company on April 28, 2016.

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](http://www.cmsenergy.com/investor-relations), a channel of distribution.

## Quality Consistent, Predictable Performance



### Simple, Perhaps Unique Model....

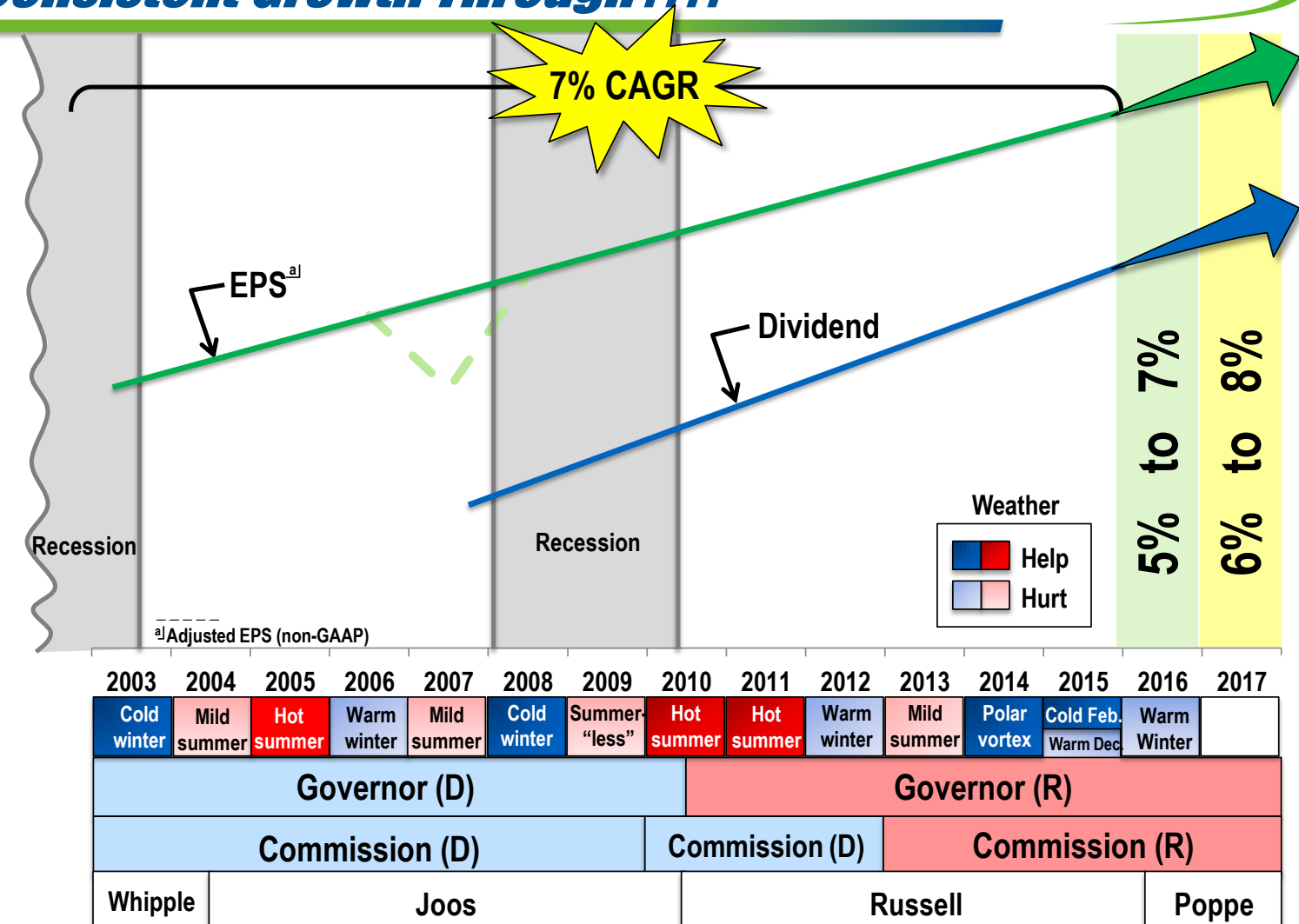
CMS ENERGY

	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	<u>5 - 6 pts</u>
Rate increase at or below inflation	<u>&lt;2%</u>

.... drives sustainable growth with upside opportunities.

### Consistent Growth Through....

CMS ENERGY



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



## Cost Premier Cost Reductions

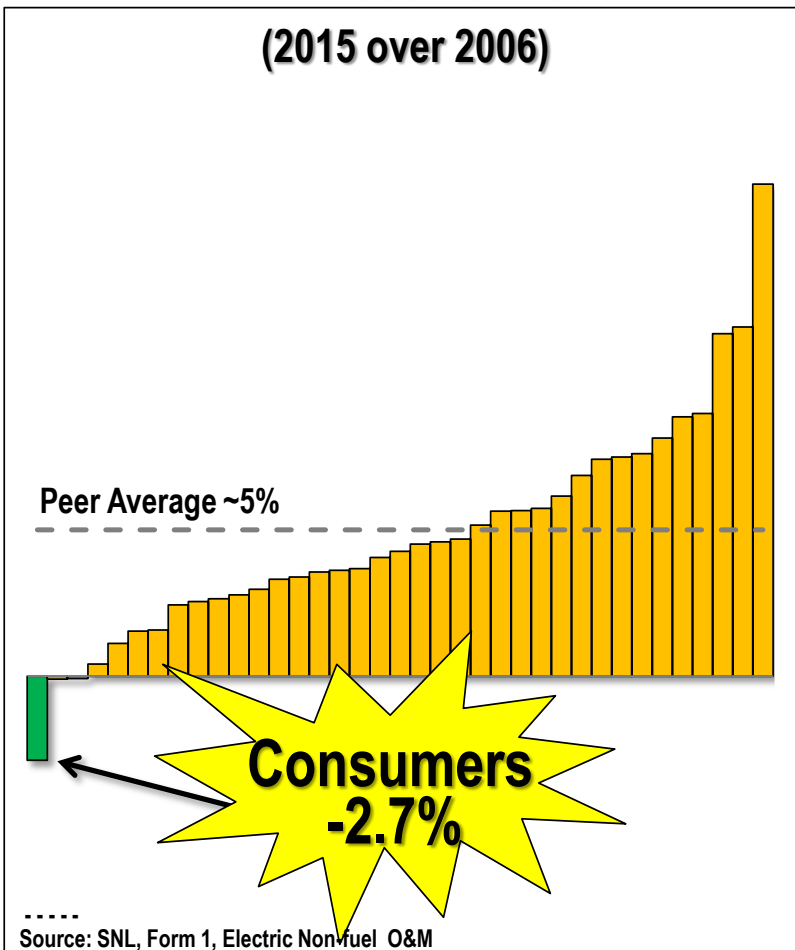


### O&M Cost Performance ....

CMS ENERGY

#### Actual Cost Reduction

(2015 over 2006)



#### New Cost Savings

	2014 & 2015 (mils)	2016 & 2017 (mils)
• Attrition	\$ - 35	\$ - 35
• Productivity (Coal → Gas)	- 35	- 15
• "Pole Top" Hardening	- 20	- 10
• Smart Meters	- 5	- 20
• Eliminate Waste (UAs) & Work Management	- 15	- 10
• Mortality Tables & Discount Rates	+50	0
• Service Upgrades	+20	+ 30
<b>Net savings</b>	<b>\$ - 40</b>	<b>\$ - 60</b>
<b>Percent savings</b>	<b>- 4%</b>	<b>- 6%</b>

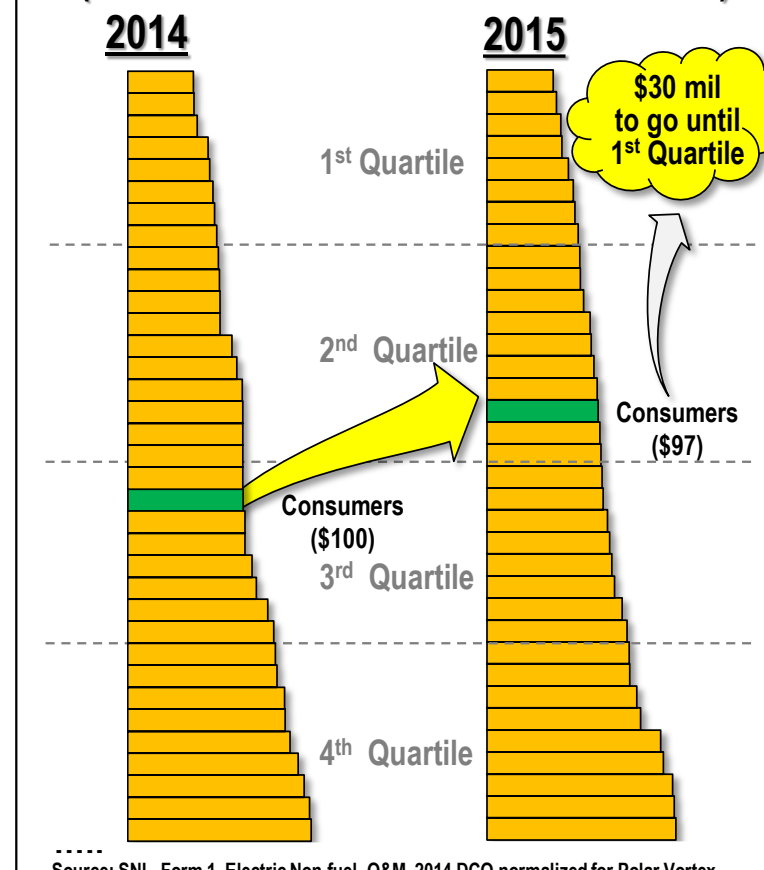
**3%  
a year!**

### O&M Cost Performance ....

CMS ENERGY

#### Where We Can Improve More

(Electric Distribution Cost Per Customer)



#### How We Will Do It



**Build the job as  
designed**



**Accurately schedule  
the job**



**"Field services" project**

... driven by good "business decisions."

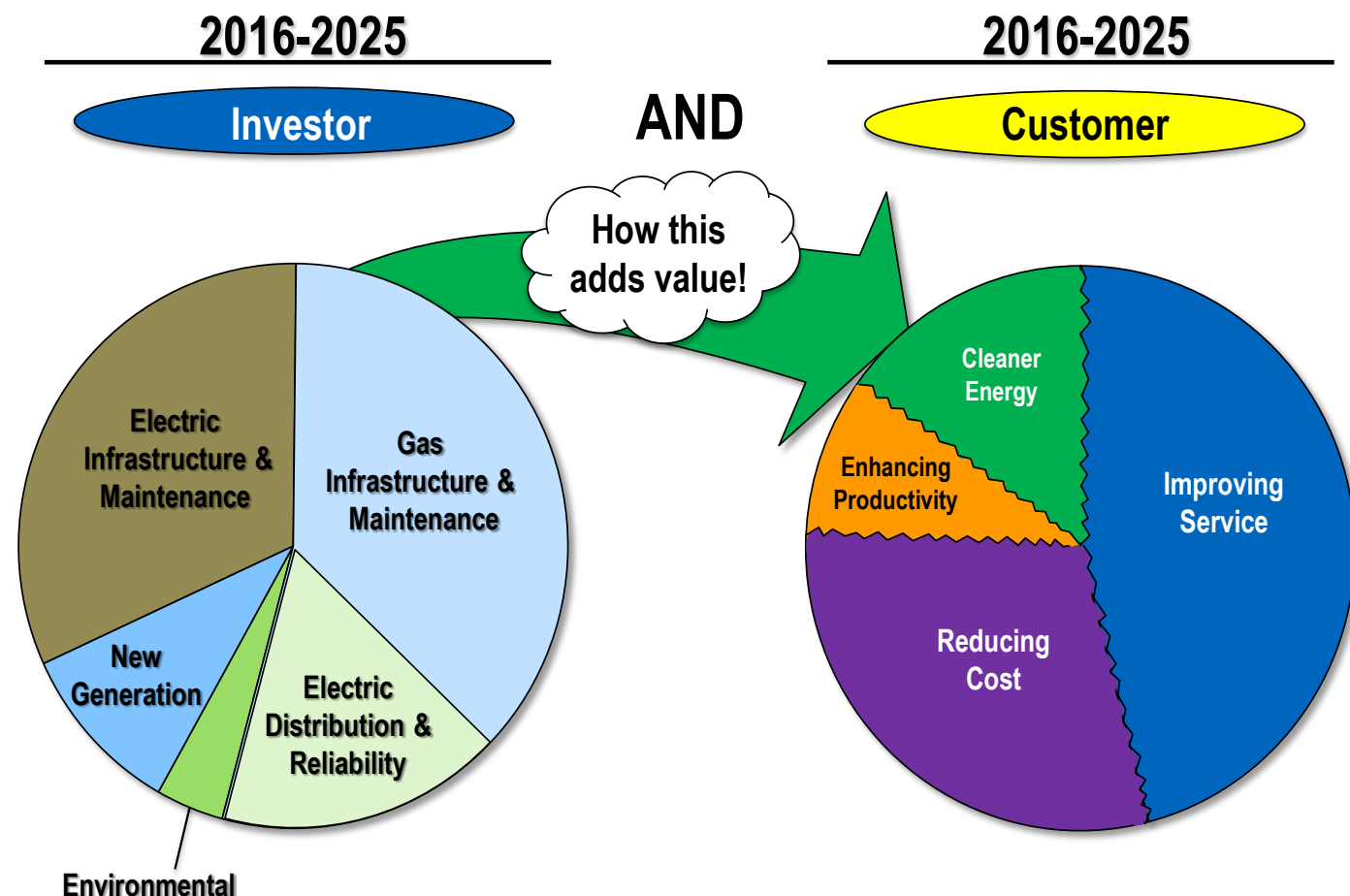
... opportunities to improve even more.



## Delivery Customers AND Investors

### Capex \$17 Billion Over 10 Years ....

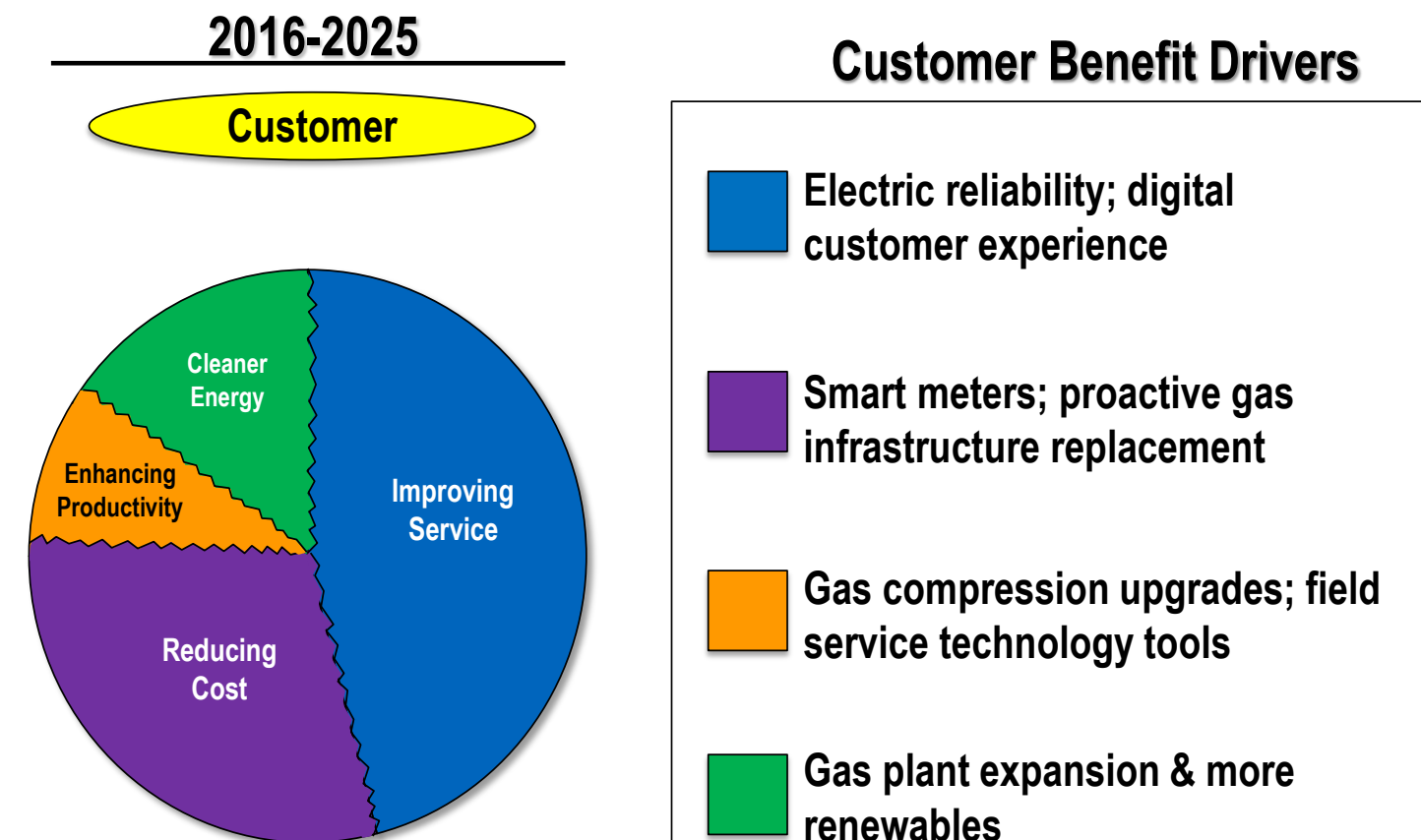
CMS ENERGY



... without raising base rates above inflation.

### Capex \$17 Billion Over 10 Years ....

CMS ENERGY



... adds substantial customer value.

# ***The Consumers Energy Way....***

**CMS ENERGY**

## **Vision & Strategy**



## **Extraordinary Outcomes**

### Operational Performance

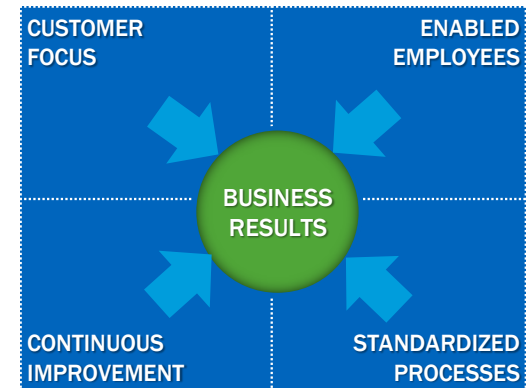
- Safety
- Price competitiveness
- Environmental stewardship
- Customer satisfaction

### Value Creation

- Short-term: eliminate waste to fund value
- Long-term: topline growth
  - New offerings
  - M&A
  - Business and customer attraction and growth

**6% - 8% Growth**

## **Disciplined System for How**



✓ **Quality:** We get it right the first time

✓ **Cost:** We see and eliminate waste

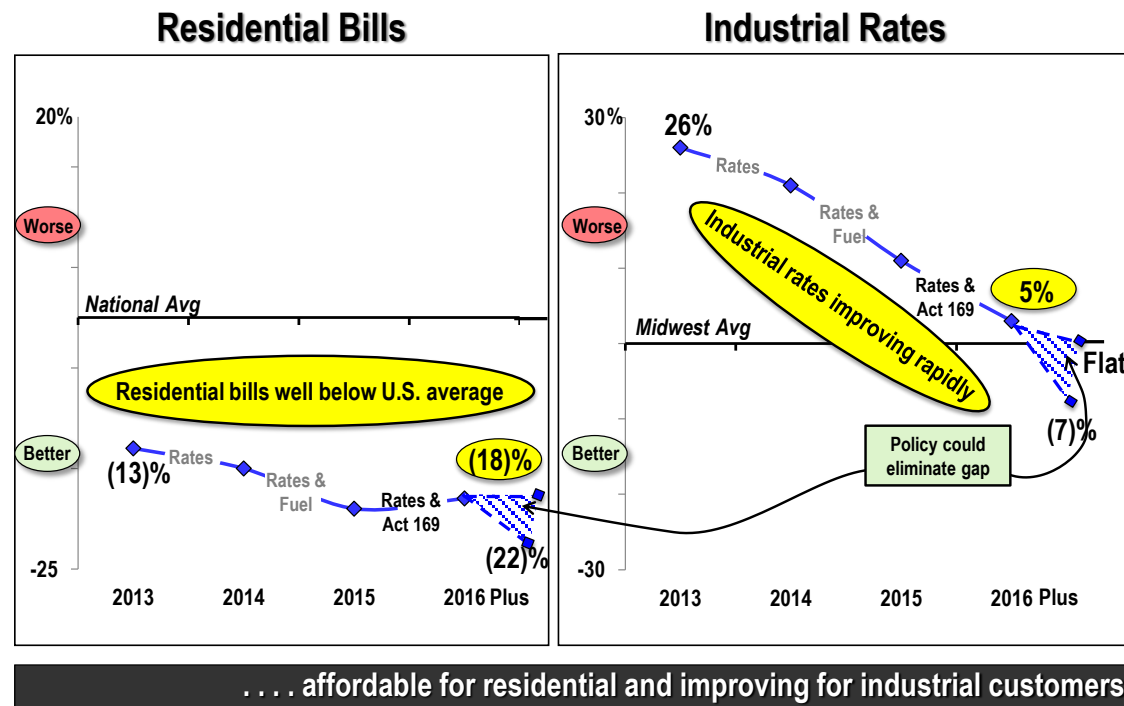
✓ **Delivery:** We get it done on time

.... a culture of continuous improvement.



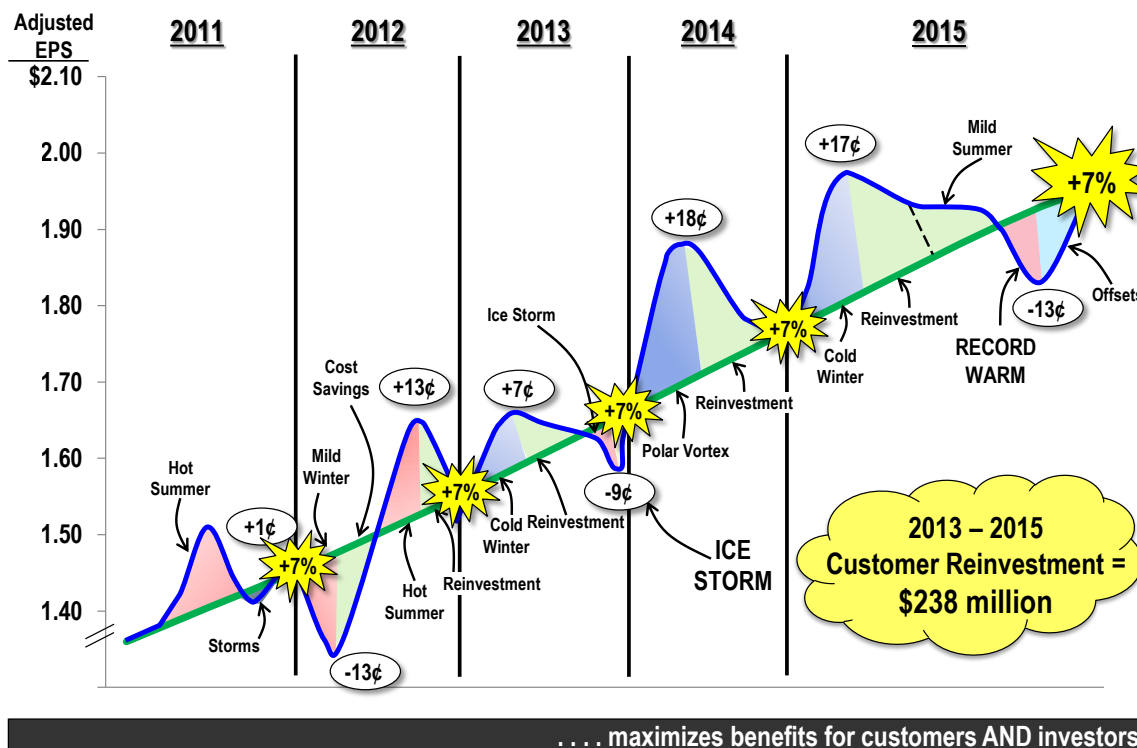
## Electric Customer Prices....

CMS ENERGY



## Managing Work Every Year....

CMS ENERGY



### INVESTOR INFORMATION

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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 update!)

### The Consumers Energy Way

- Quality: we get it right the first time
- Cost: we see and eliminate waste
- Delivery: we get it done on time
- ... a culture of continuous improvement.



Adjusted EPS

Dividend

Gross OCF (bils)

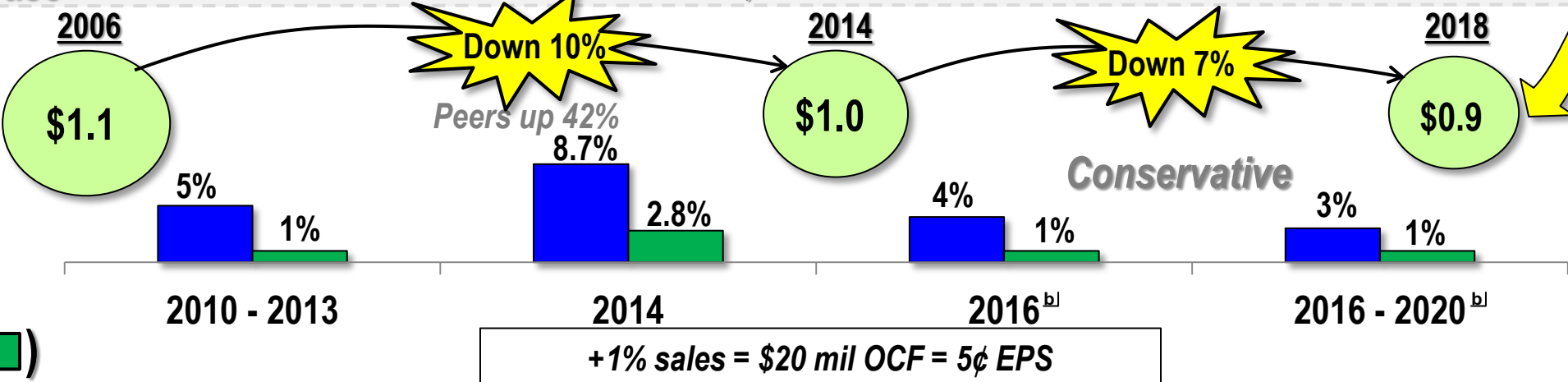
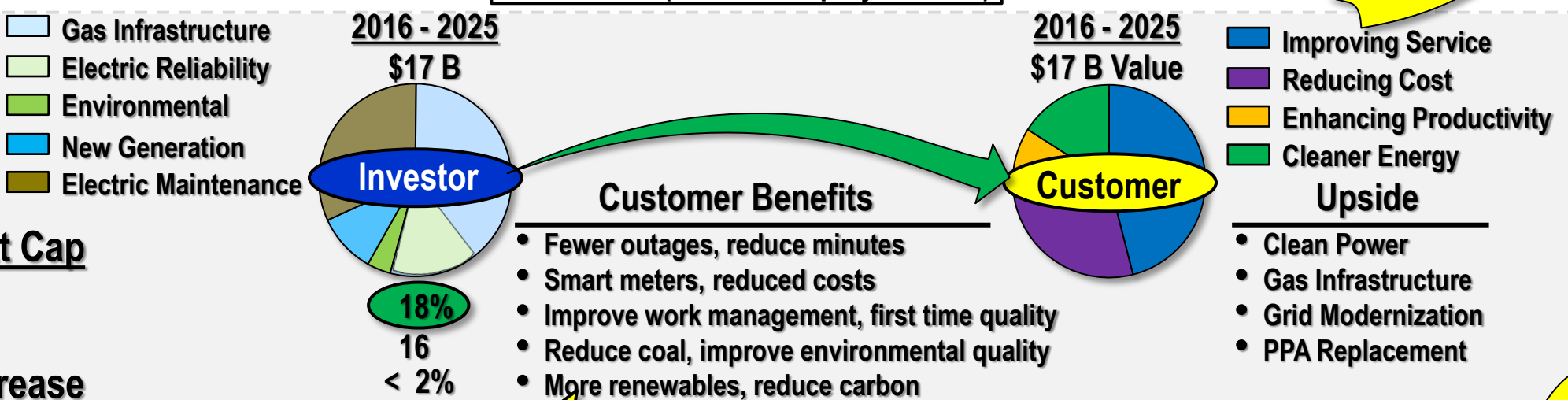
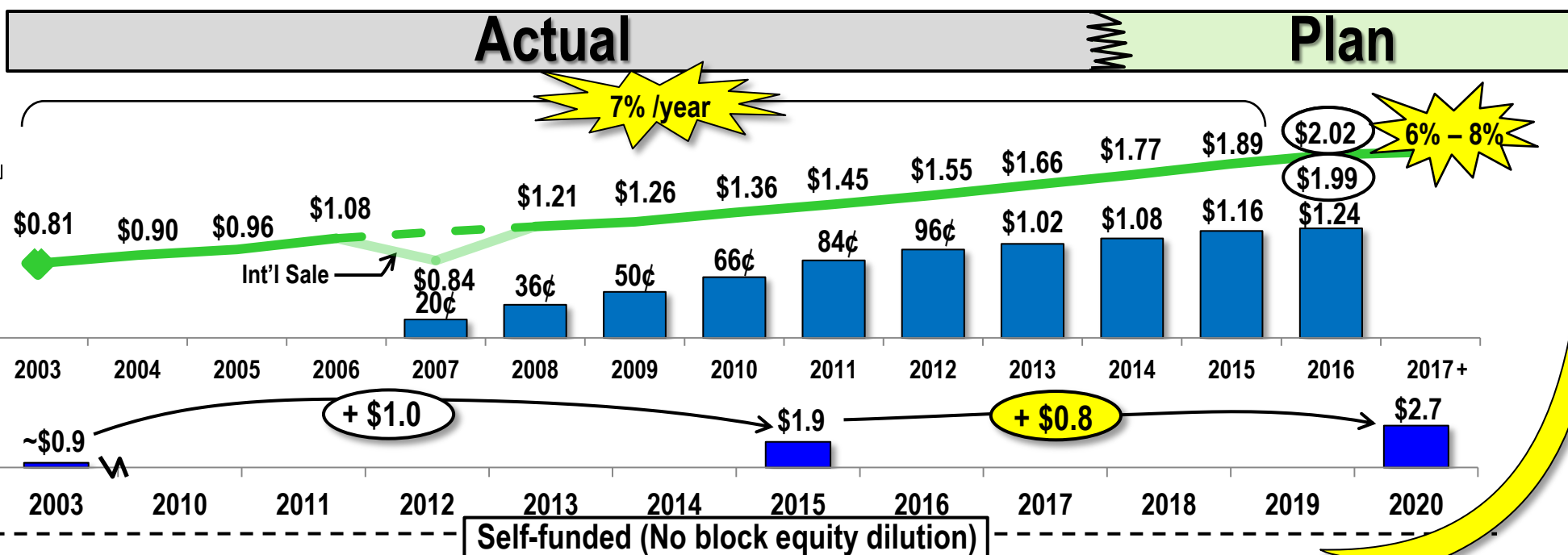
CapEx

Percent of Mkt Cap  
— CMS  
— Peers  
Base Rate Increase

O&M Cost (bils)

Electric Sales (Ind. /Total)

Energy Policy



- 2008 Law**
- Energy efficiency standards
  - File and implement
  - 10% renewables by 2015
  - 10% ROA cap

Update not in plan

- Update Features**
- IRP Process
  - Fair Prices
    - Eliminate ROA subsidy (\$150 million or 4% customer savings)

**Model**

2017+ Plan

Capital investment 6% - 8%

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

INVESTMENT (SELF-FUNDED)

Rate increase < 2 %

5 - 6 pts

**Cost Reduction (2015 over 2006)**

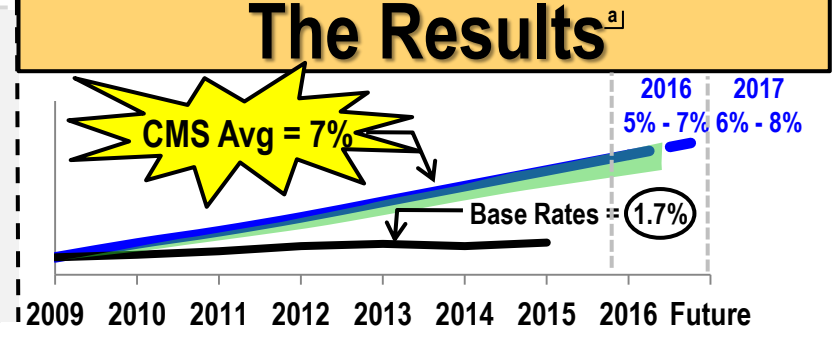
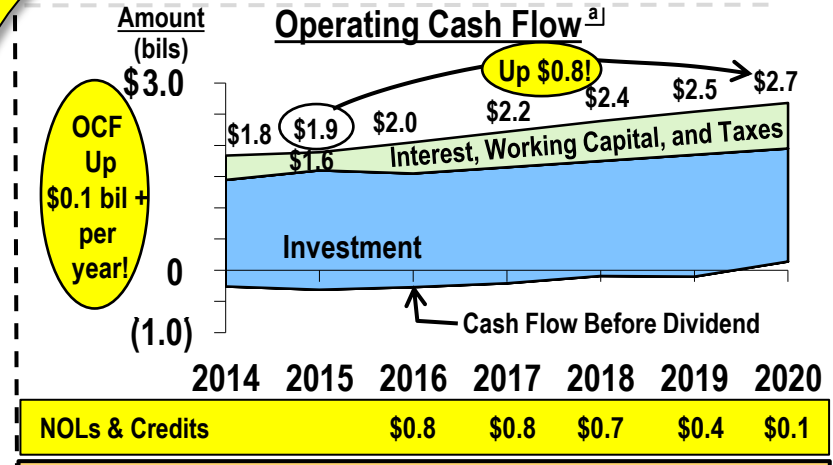
Peer Avg ~5%

Consumers -2.7%

**New Cost Savings (mils)**

	2014 & 15	2016 & 17
Attrition	\$ - 35	\$ - 35
Productivity (Coal Gas)	- 35	- 15
"Pole Top" Hardening	- 20	- 10
Smart Meters	- 5	- 20
Work Management	- 15	- 10
Discount Rates Plus	+50	0
Service Upgrades	+20	+ 30
<b>Net Savings</b>	<b>\$ - 40</b>	<b>\$ - 60</b>
<b>Percent Savings</b>	<b>- 4%</b>	<b>- 6%</b>

-3%/yr



This placemat contains "forward-looking statements"; please refer to our SEC filings for information regarding the risks and uncertainties that could cause our results to differ materially. It also contains non-GAAP measures. Reconciliations to most directly comparable GAAP measures are found on our website at www.cmsenergy.com

<sup>a</sup> Adjusted Non-GAAP as of April 28, 2016 <sup>b</sup> As of January 2016



## **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
<b>Reported earnings (loss) per share - GAAP</b>	(\$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
<b>After-tax items:</b>													
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	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted earnings per share, including MTM - non-GAA</b>	\$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									
<b>Adjusted earnings per share, excluding MTM - non-GAA</b>	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)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Consumers Operating Income + Depreciation & Amortization	\$ 1,813	\$ 1,866	\$ 2,030	\$ 2,161	\$ 2,336	\$ 2,481	\$ 2,613
Enterprises Project Cash Flows	20	20	35	58	58	63	70
<b>Gross Operating Cash Flow</b>	<b>\$ 1,833</b>	<b>\$ 1,886</b>	<b>\$ 2,065</b>	<b>\$ 2,219</b>	<b>\$ 2,394</b>	<b>\$ 2,544</b>	<b>\$ 2,683</b>
Other operating activities including taxes, interest payments and working capital	(386)	(246)	(515)	(569)	(644)	(694)	(733)
<b>Net cash provided by operating activities</b>	<b>\$ 1,447</b>	<b>\$ 1,640</b>	<b>\$ 1,550</b>	<b>\$ 1,650</b>	<b>\$ 1,750</b>	<b>\$ 1,850</b>	<b>\$ 1,950</b>





# Investing in Michigan's Future *THROUGH ECONOMIC DEVELOPMENT*

**Garrick Rochow**

Vice President and Chief Customer Officer





# WHY ECONOMIC DEVELOPMENT?

2

- 130 years in Michigan
- Community commitment
- Economic, business, and job growth
- Political support
- Customer satisfaction



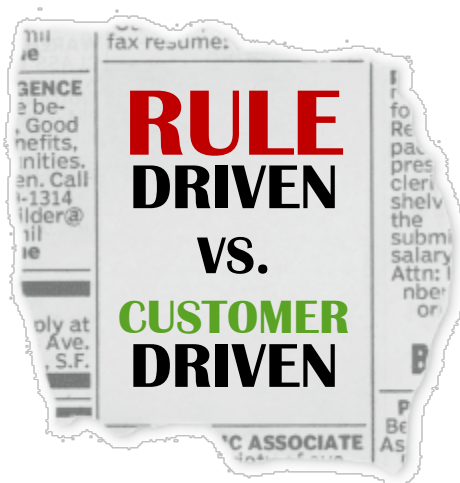


# A PLATFORM FOR CHANGE: FUYAO GLASS

3



in 2013....







# NEW MINDSET & APPROACH

4

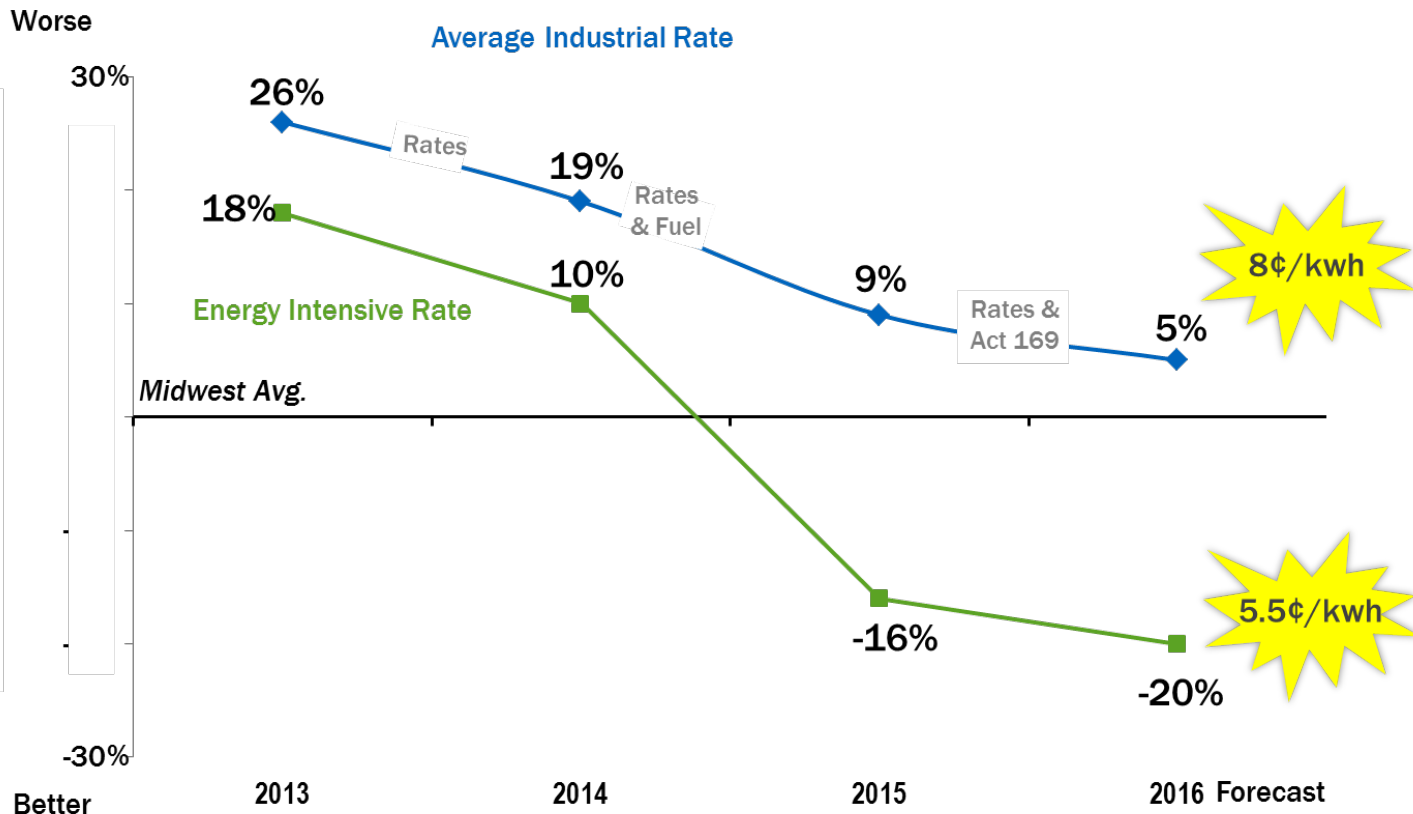
- ✓ Reduced cost of infrastructure
- ✓ Competitive rates
- ✓ Relationships with economic development organizations
- ✓ Innovative customer programs
- ✓ Energy Ready Sites





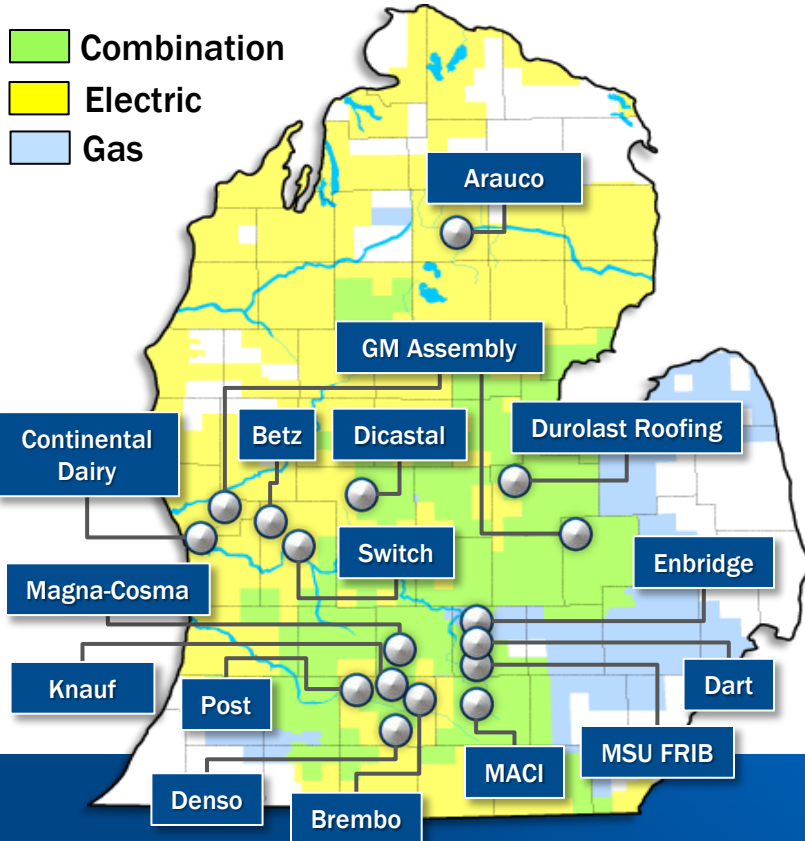
# COMPETITIVE RATES: A KEY DIFFERENTIATOR

5





## Examples of New Business Growth



## Growth by Industry

<u>TYPE</u>	<u>MW</u>
Automotive	71
Food	20
Manufacturing	53
Metal	28
Petroleum	19
Plastics	18
Others	49
<b>TOTAL</b>	<b>Up ~258</b>



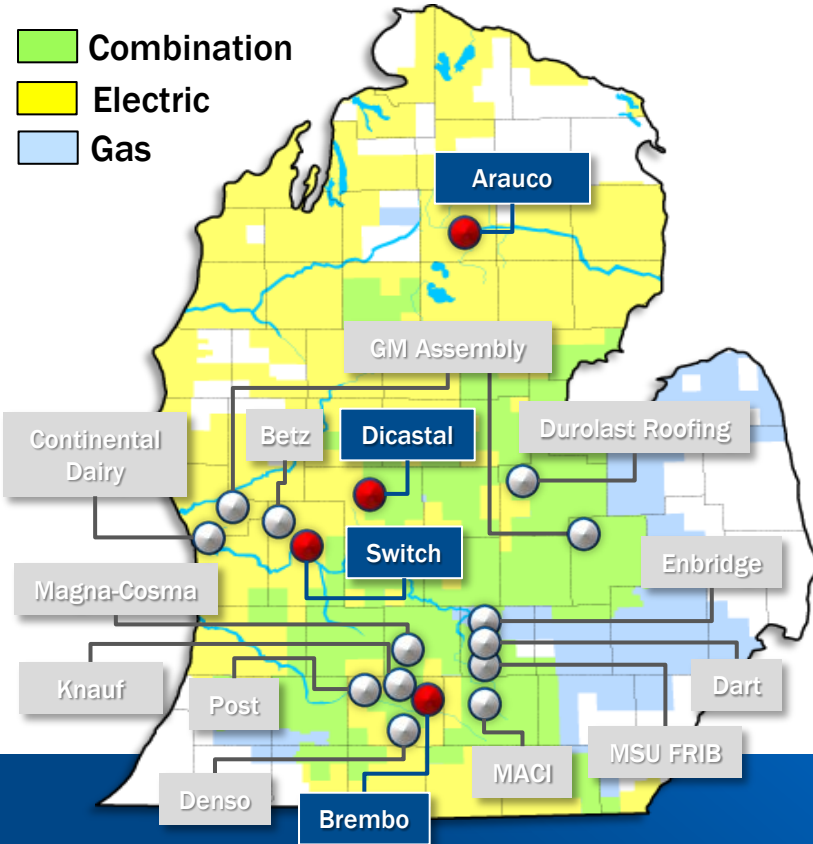


# DELIVERING RESULTS

7

## Examples of New Business Growth


- Combination
- Electric
- Gas



**Arauco**

Largest particleboard press in North America

- ✓ 250 jobs
- ✓ \$325 M



**Brembo**

Construction currently underway


- ✓ 254 jobs
- ✓ \$115 M



**Dicastal**

World's largest maker of alloy wheels

- ✓ 300 jobs
- ✓ \$140 M



**Switch**













Largest data center campus in the eastern U.S.

- ✓ 500 jobs
- ✓ \$400 M



# SHOWING IMPROVEMENTS

## Top 10 States for Doing Business in 2015

1.  GEORGIA ←
2.  TEXAS
3.  SOUTH CAROLINA ←
4.  TENNESSEE ←
5.  ALABAMA
- 5T.  FLORIDA
6.  INDIANA ←
7.  NORTH CAROLINA
8.  LOUISIANA
9.  OHIO ←
10.  KENTUCKY
14.  MICHIGAN

## Top 10 Pro-Business States in 2015

- |   |   |          |    |   |             |
|---|---|----------|----|---|-------------|
| 1 |  | Utah     | 6  |  | N. Dakota   |
| 2 |  | Nebraska | 7  |  | N. Carolina |
| 3 |  | Indiana  | 8  |  | Wyoming     |
| 4 |  | Virginia | 9  |  | Missouri    |
| 5 |  | Kansas   | 10 |  | Michigan    |

**“For the second consecutive year,  
[Michigan] is the Most Improved State  
because of a spectacular 14-position climb  
in rank from 2013 to 2015.”**



# LEADING THE WAY

9



Michigan Economic Development Leadership



# QUESTIONS?

## Investing in Michigan's Future *THROUGH ECONOMIC DEVELOPMENT*



**Garrick Rochow**

Vice President and Chief Customer Officer

**Consumers Energy**

Count on Us®