

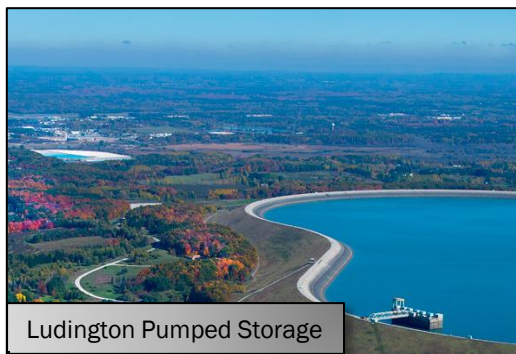
RBC Global Energy and Power Conference

June 6, 2016



Jackson Generating Station

Among lowest acquisition cost ever



Ludington Pumped Storage

Fourth largest in the world



Cross Winds[®] 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.

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, a channel of distribution.

- **Retired 950 MW of coal plants in April**
 - **Coal mix now below 25%**
- **Rate Cases**
 - **Settled gas rate case -- \$40 million**
 - **Track record demonstrates constructive regulation**
 - **Filed electric rate case at \$225 million**
- **Energy Law**
 - **Proceeding through Senate and House**
 - **Business plan based on strong 2008 Law**

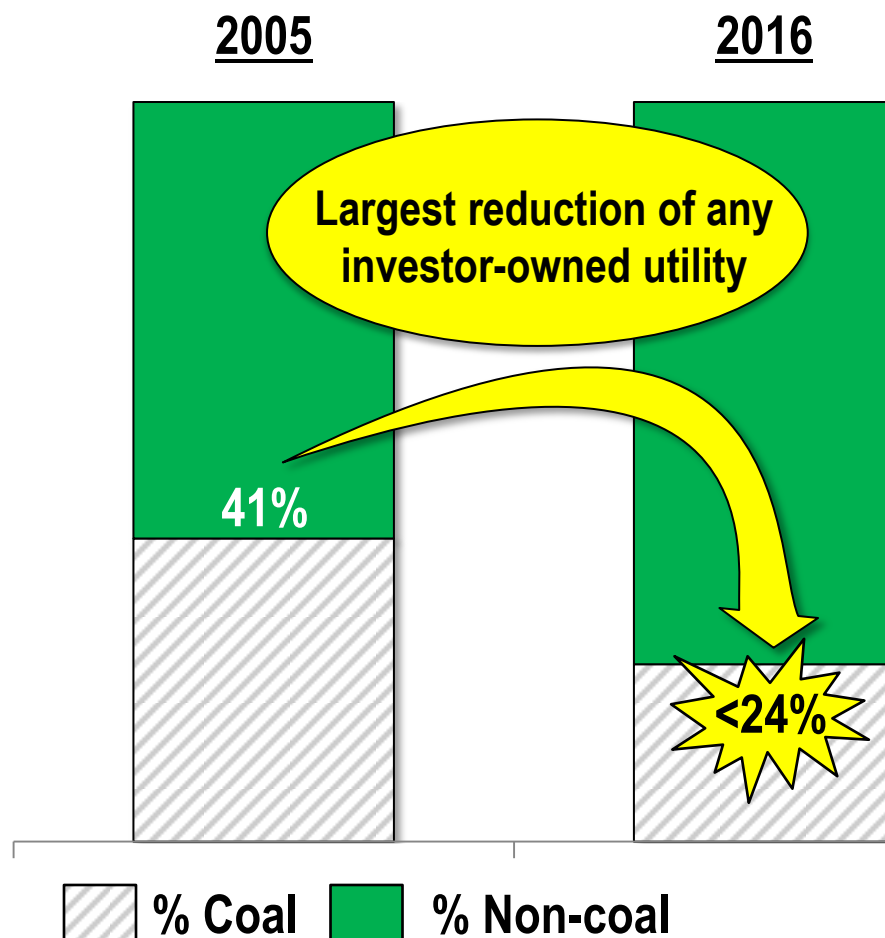
.... reflects sustainable business model.

A “Green” Strategy

- Largest coal reduction of any investor-owned utility!
- Purchased Jackson Generating Station; lowest acquisition cost (540 MW, \$155 mil)
- Added new wind farms
- Energy efficiency continues at 1% annually

Positioned well for carbon reduction

Coal Mix



.... “leaving it better than we found it.”

Regulatory Track Record....

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Gas Rate Cases

<u>Year</u>	<u>Step</u>	<u>Amount</u> (mils)	<u>Capex</u>
2012	Settled	\$16	188%
2013	Stay-out ✓		
2014	Stay-out ✓		
2015	Settled	45	200
2016	Settled	40	158

Electric Rate Cases

<u>Step</u>	<u>Amount</u> (mils)	<u>Capex</u>
Order	\$118	110%
Settled	89	127
Stay-out ✓		
Order	126	137
Filed	225	72

10.3%

.... continues to be constructive.

Present Law

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

Updates

Nothing happens

- Reliability
- Fair process
- Security
- IRP Process

Plan

6% - 8%
growth in
2017 and
beyond

Customer
Upside

.... process continues.

Simple, Perhaps Unique Model....

CMS ENERGY

**2017+
Plan**

Capital investment (reliability, costs, enviro mandates)	6% - 8%
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- O&M cost reductions	2 - 3 pts
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- Sales growth	1
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- No “block” equity dilution & other	2
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INVESTMENT SELF-FUNDED

5 - 6 pts

Rate increase at or below inflation
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<2%

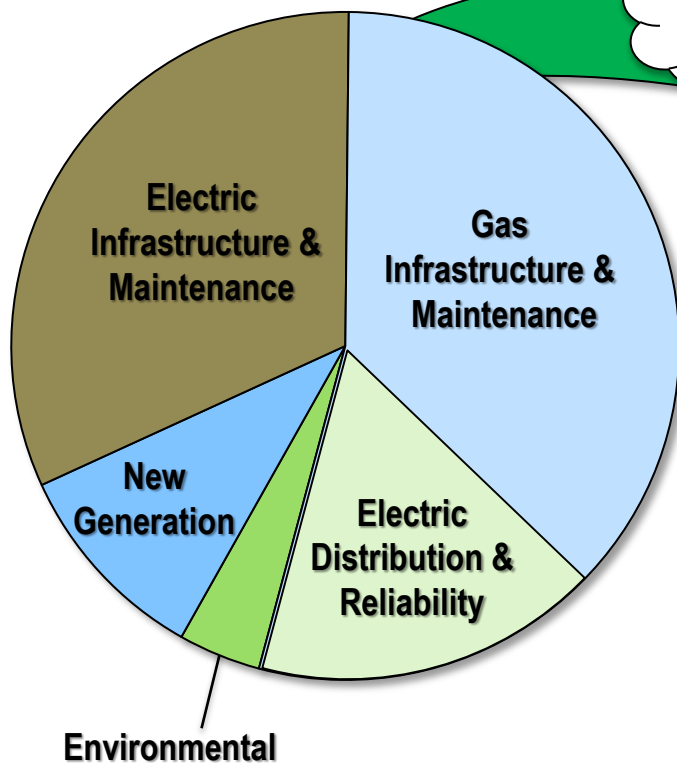
.... drives sustainable growth with upside opportunities.

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

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2016-2025

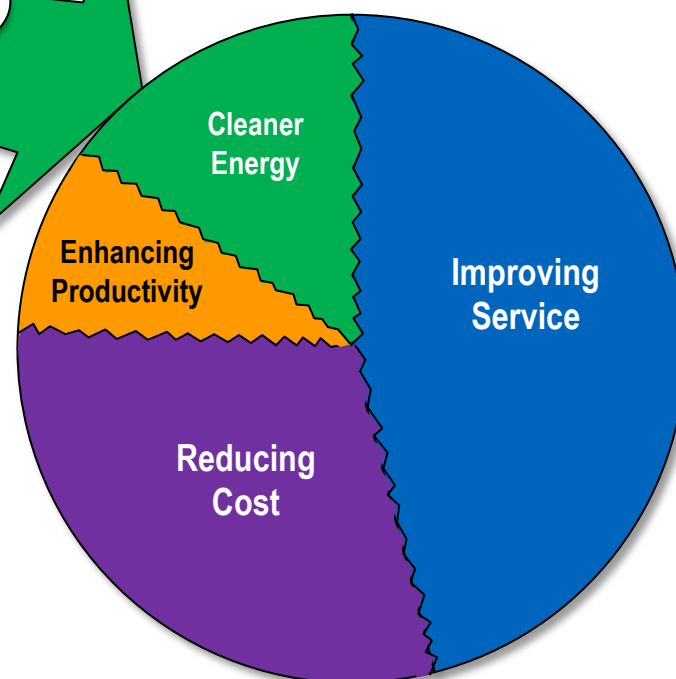
Investor



AND

2016-2025

Customer

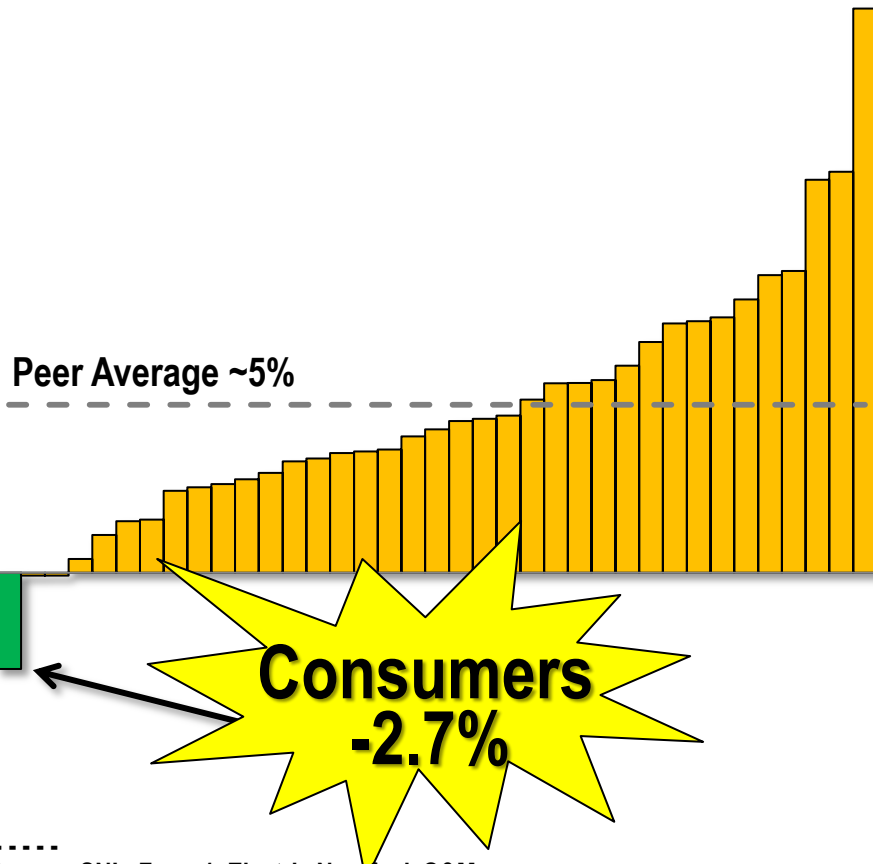


How this
adds value!

.... without raising base rates above inflation.

Actual Cost Reduction

(2015 over 2006)



Source: SNL, Form 1, Electric Nonfuel O&M

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
Net Savings	\$ - 40	\$ - 60
Percent Savings	- 4%	- 6%

**3%
a year!**

... driven by good “business decisions.”

Where We Can Improve More

(Electric Distribution Cost Per Customer)

2006

2015

1st Quartile

2nd Quartile

3rd Quartile

Consumers

4th Quartile

Consumers

Up from
3rd Quartile
in 2014!

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

How We Will Do It



Build the job as designed



Accurately schedule the job

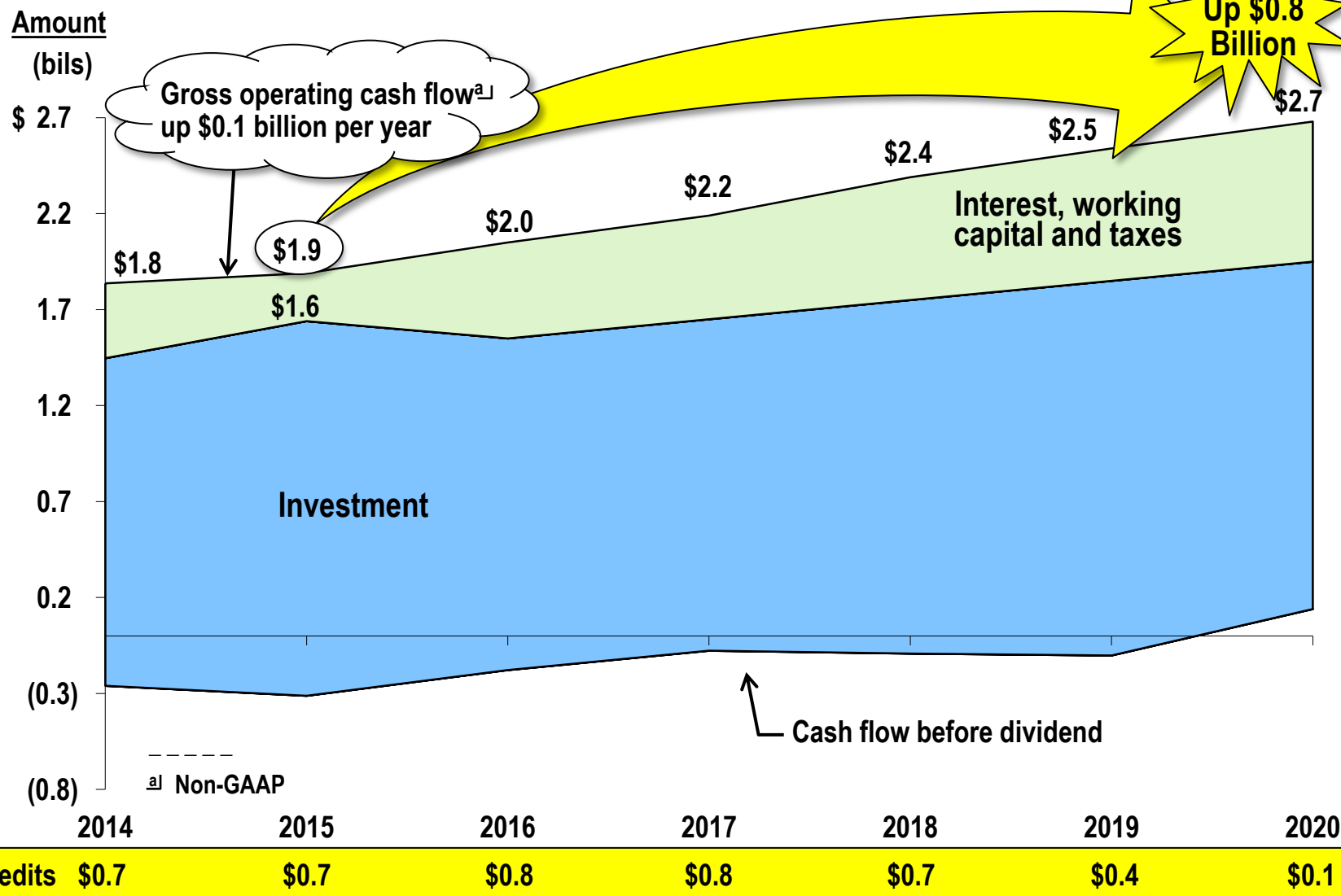


“Field Services” Project

... opportunities to improve even more.

Operating Cash Flow Growth....

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.... up \$0.8 billion or 40% over five years!

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

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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

0%

10

25%

25

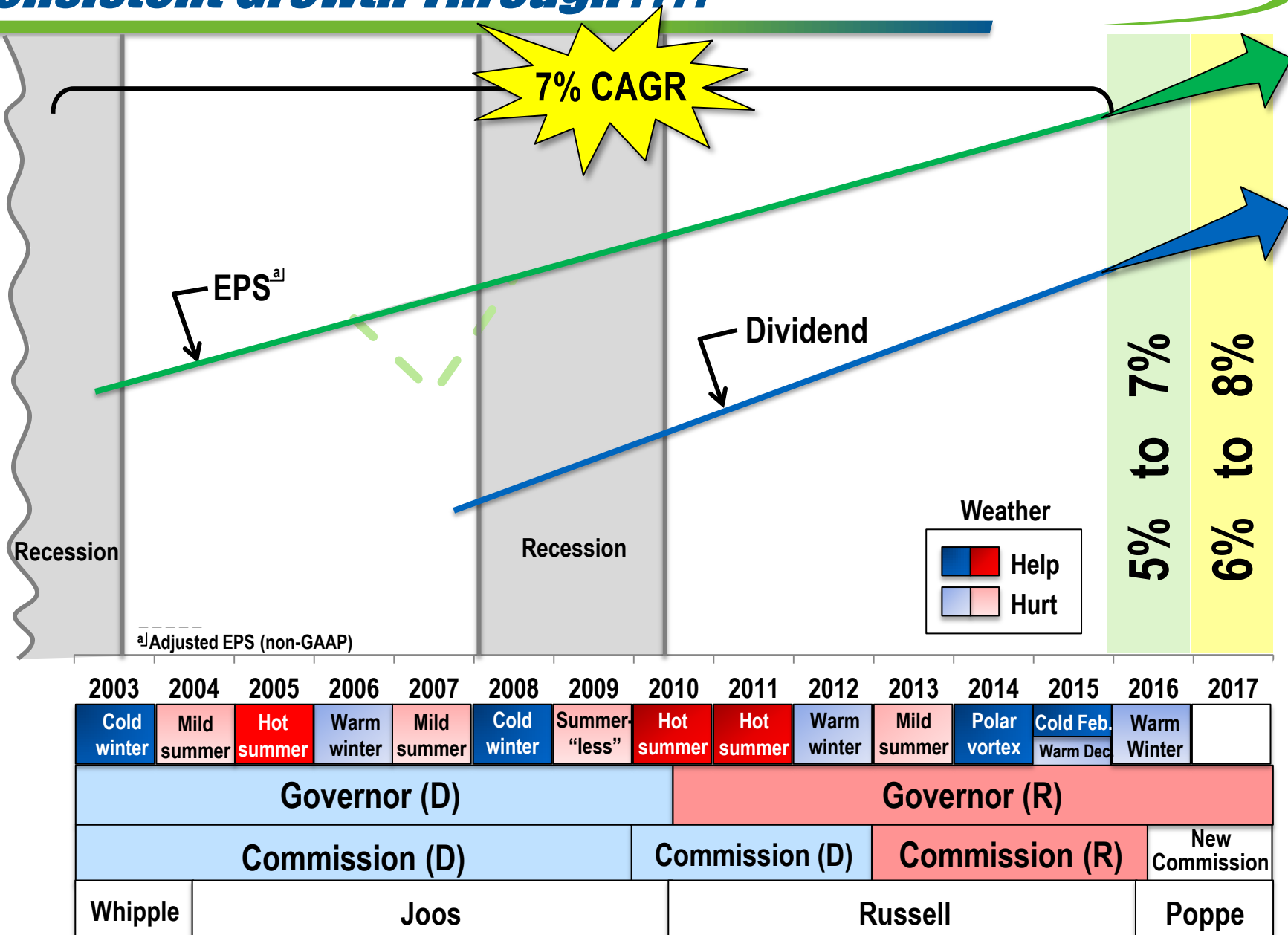
25%

50% - 90%

.... adding value.

Consistent Growth Through....

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

Appendix

CMS Capital Expenditures

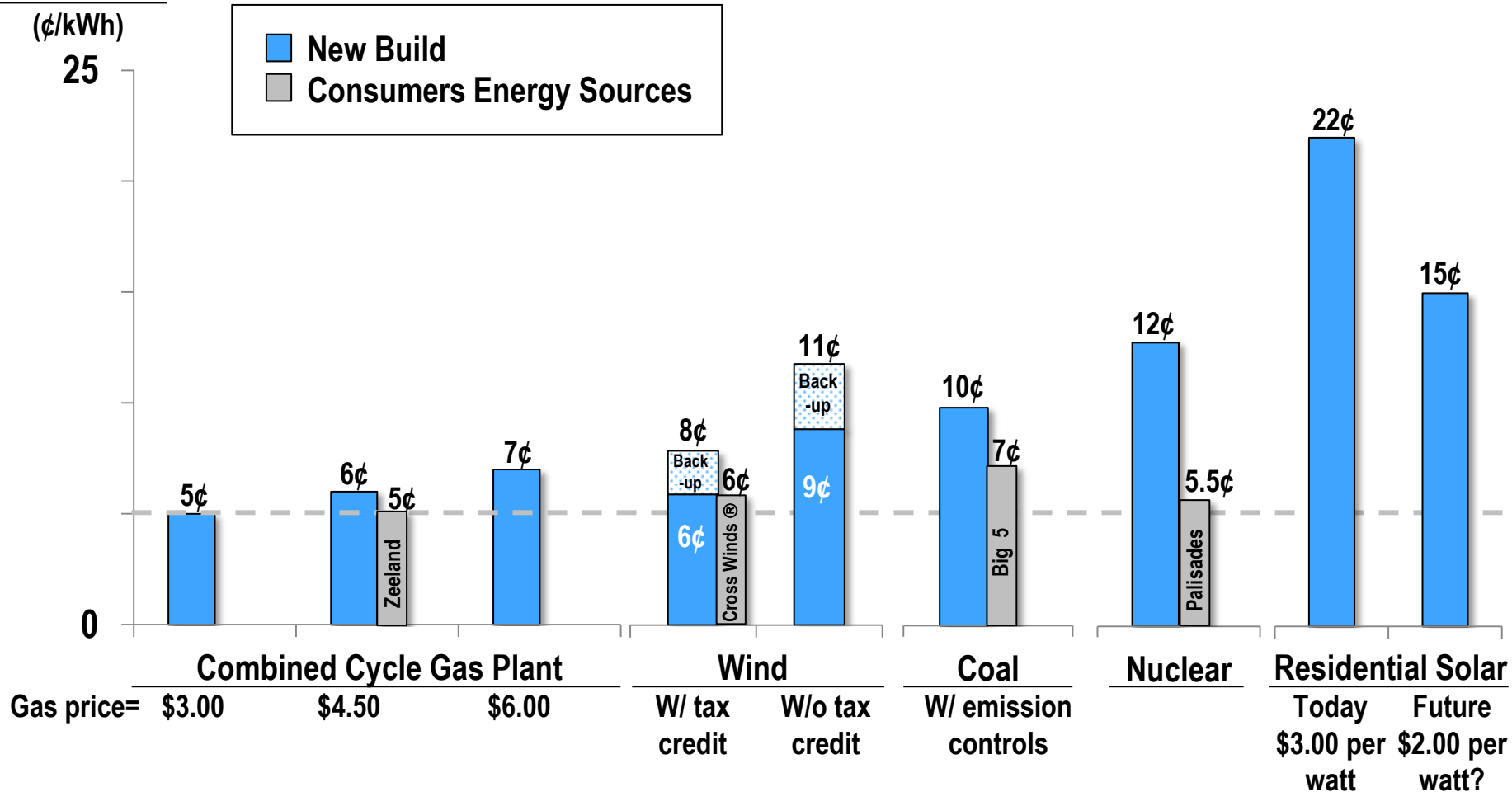
CMS ENERGY

	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>

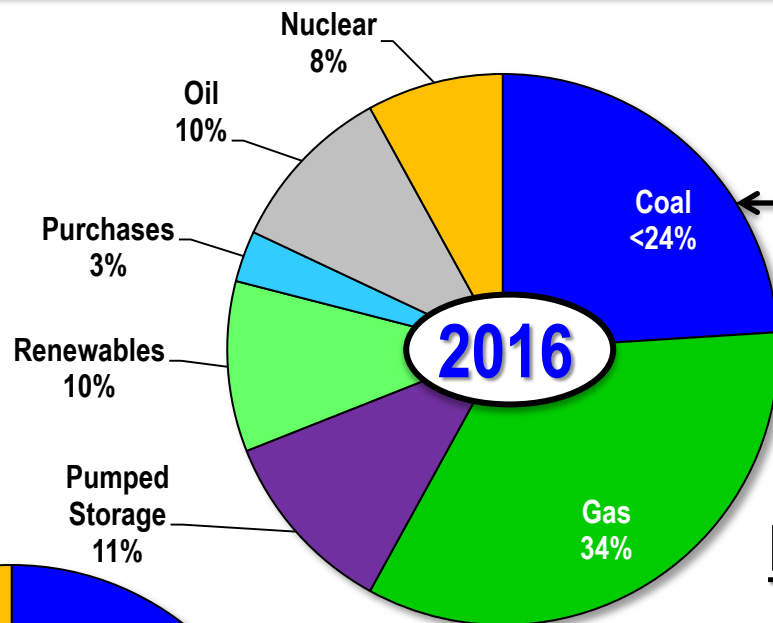
Generation Strategy: New Supply Sources....

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Levelized cost
of new build
(¢/kWh)



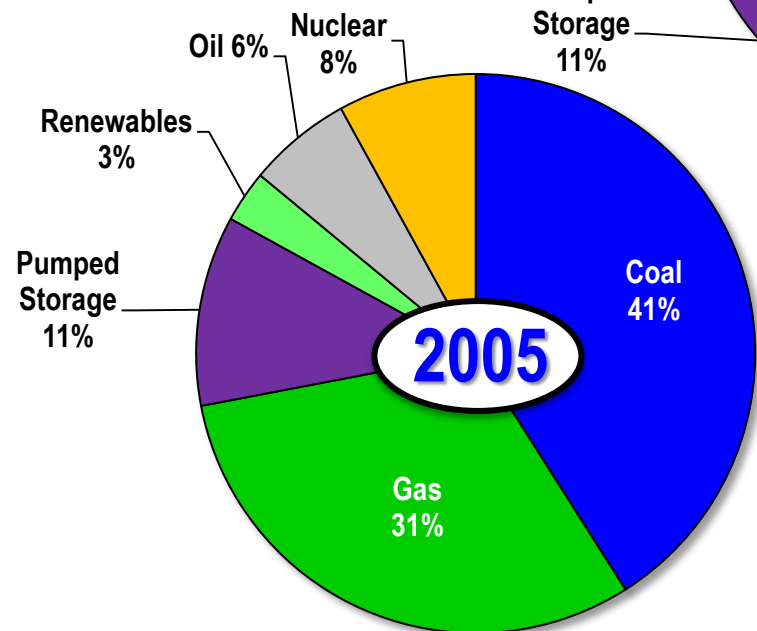
.... combined cycle gas is the most attractive new source of supply.



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

Future Capacity Mix

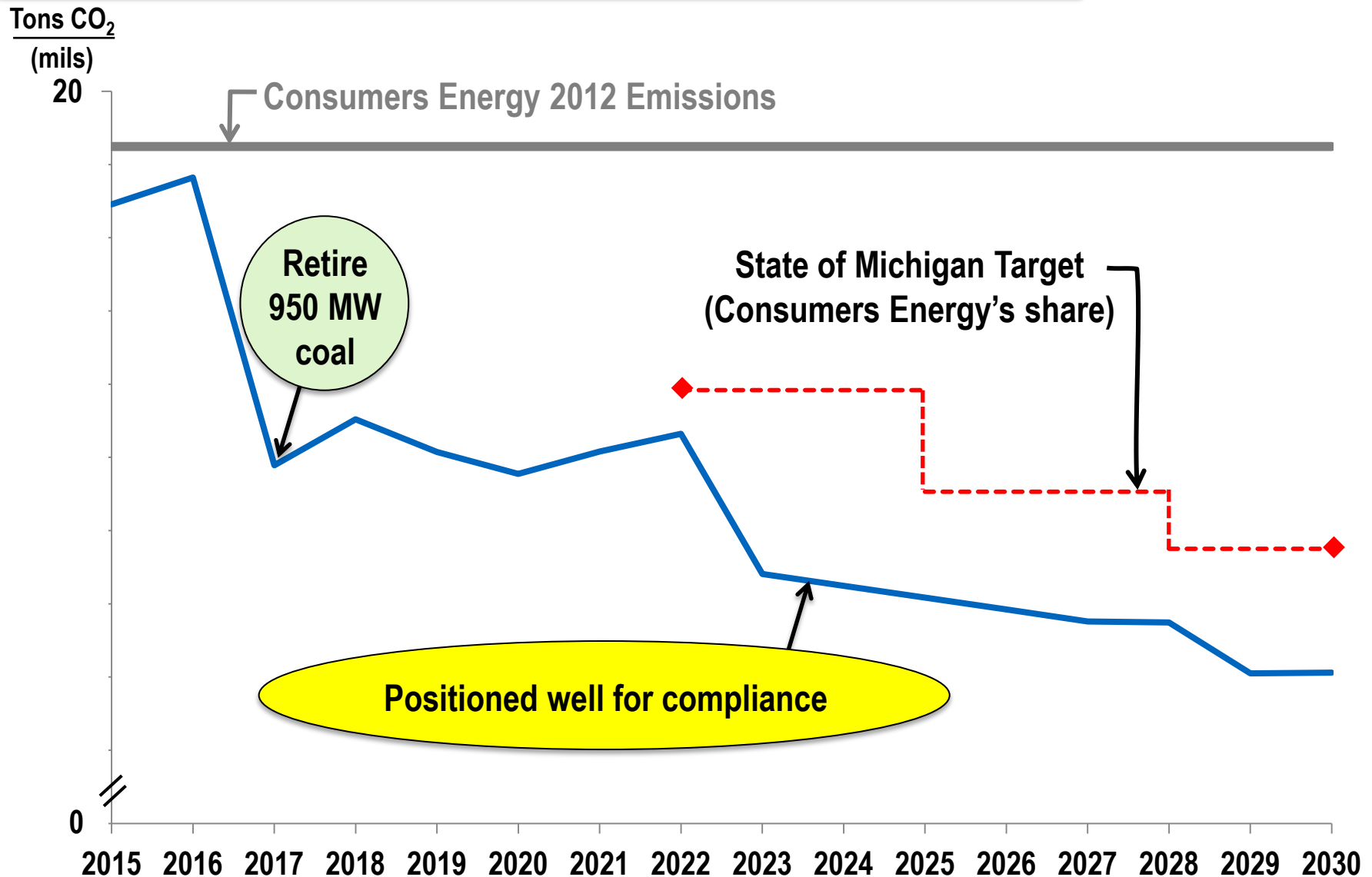
- More Renewables
- Expanded Pumped Storage
- Clean Energy Resources



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

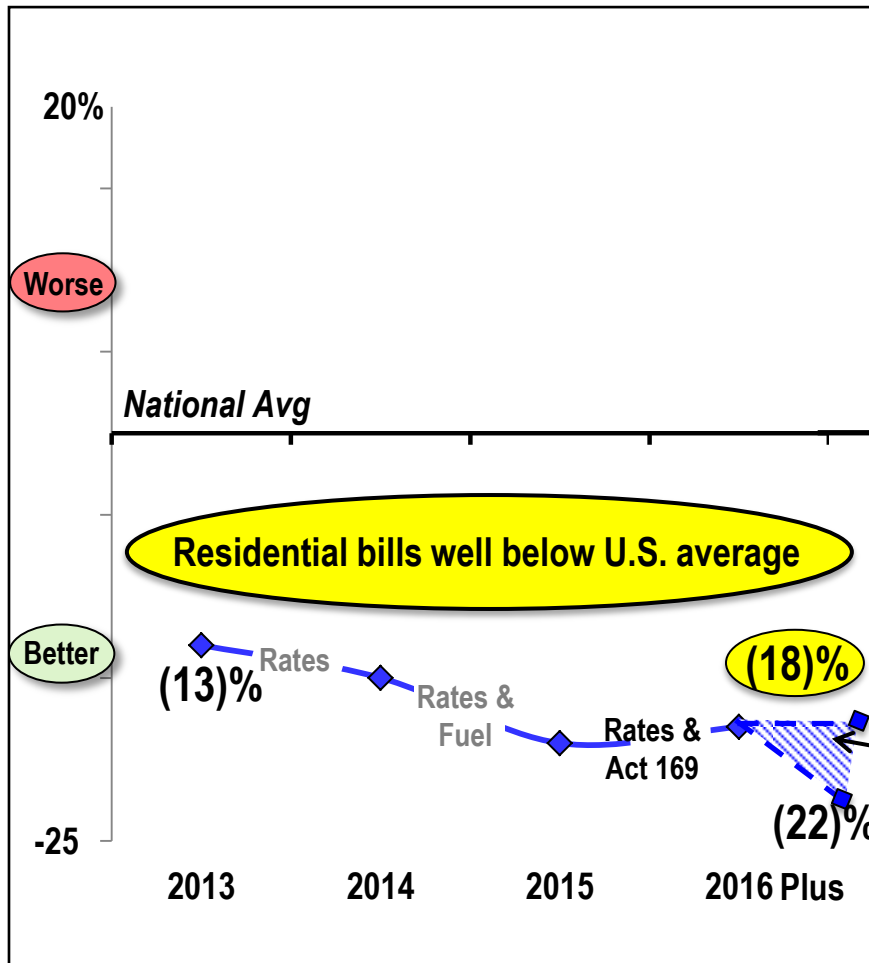
Clean Power Plan....

CMS ENERGY

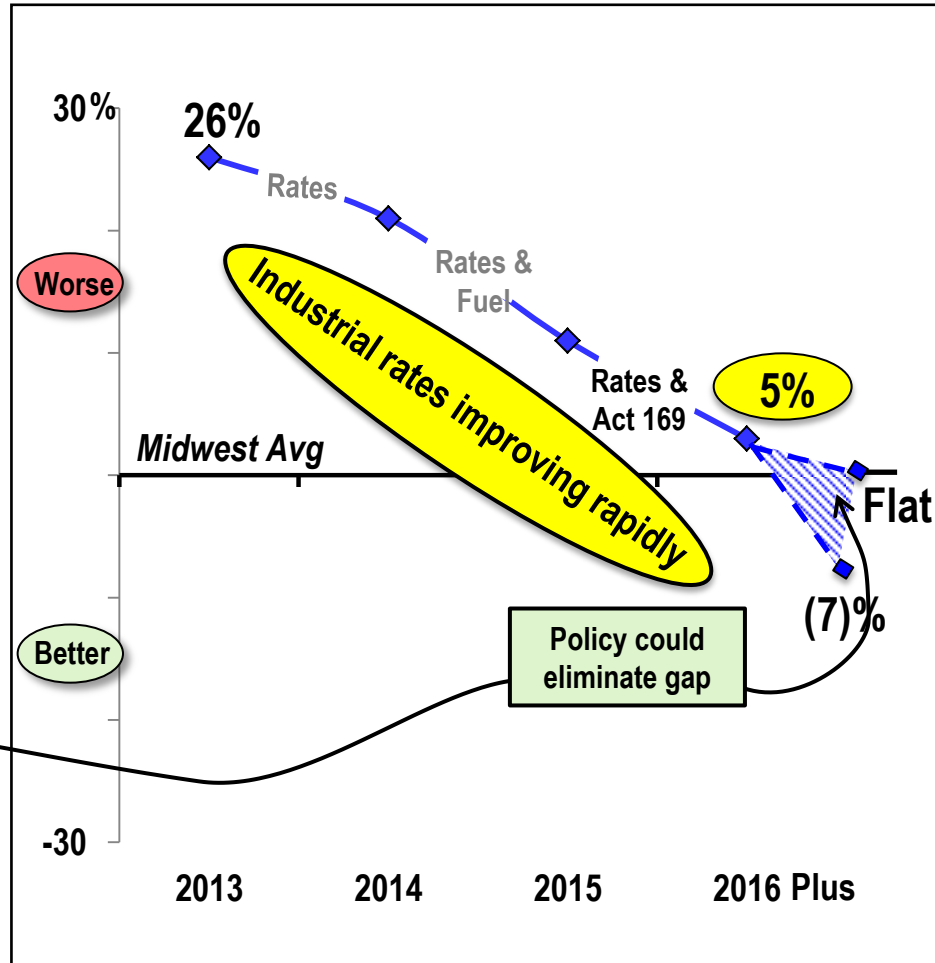


... recently stayed by the U.S. Supreme Court.

Residential Bills

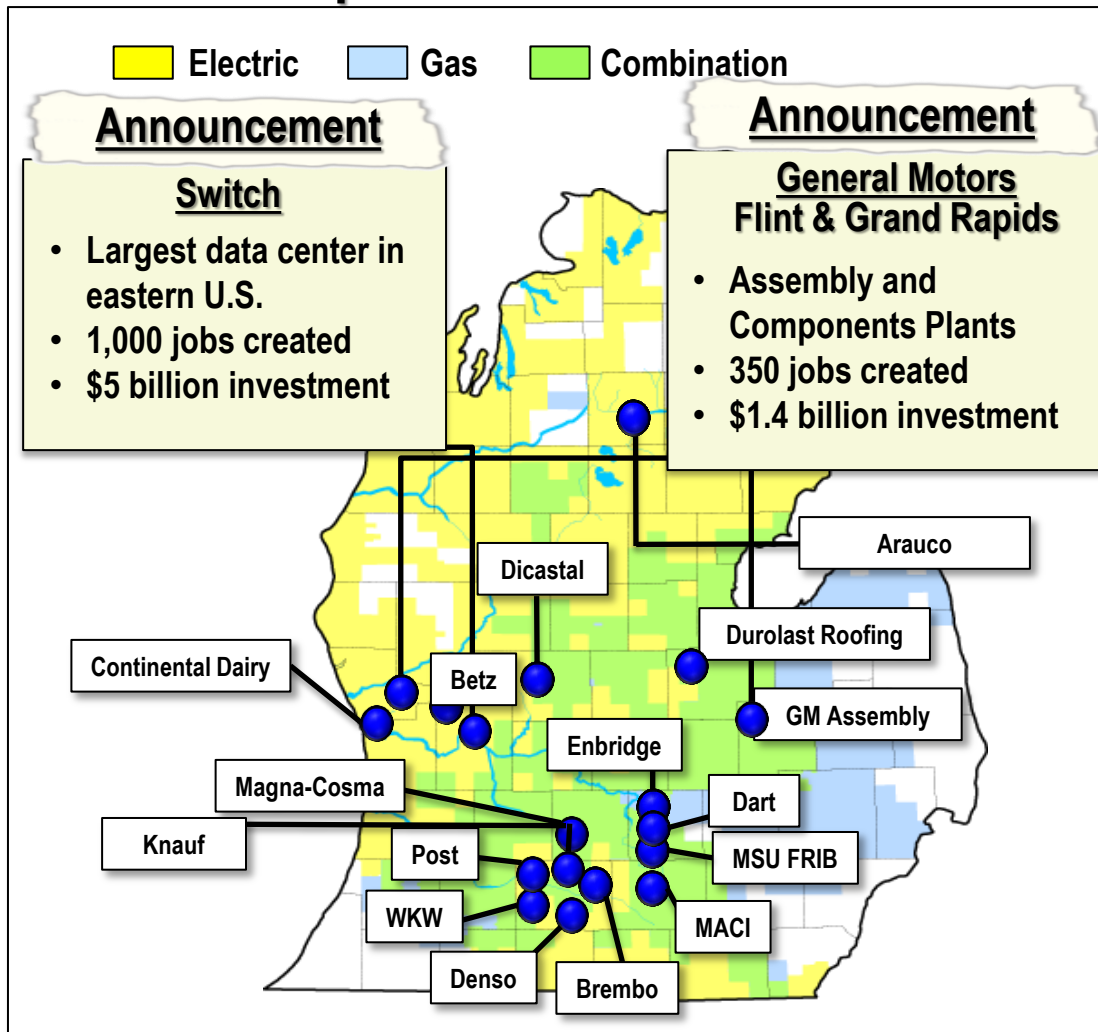


Industrial Rates



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

Examples of New Business

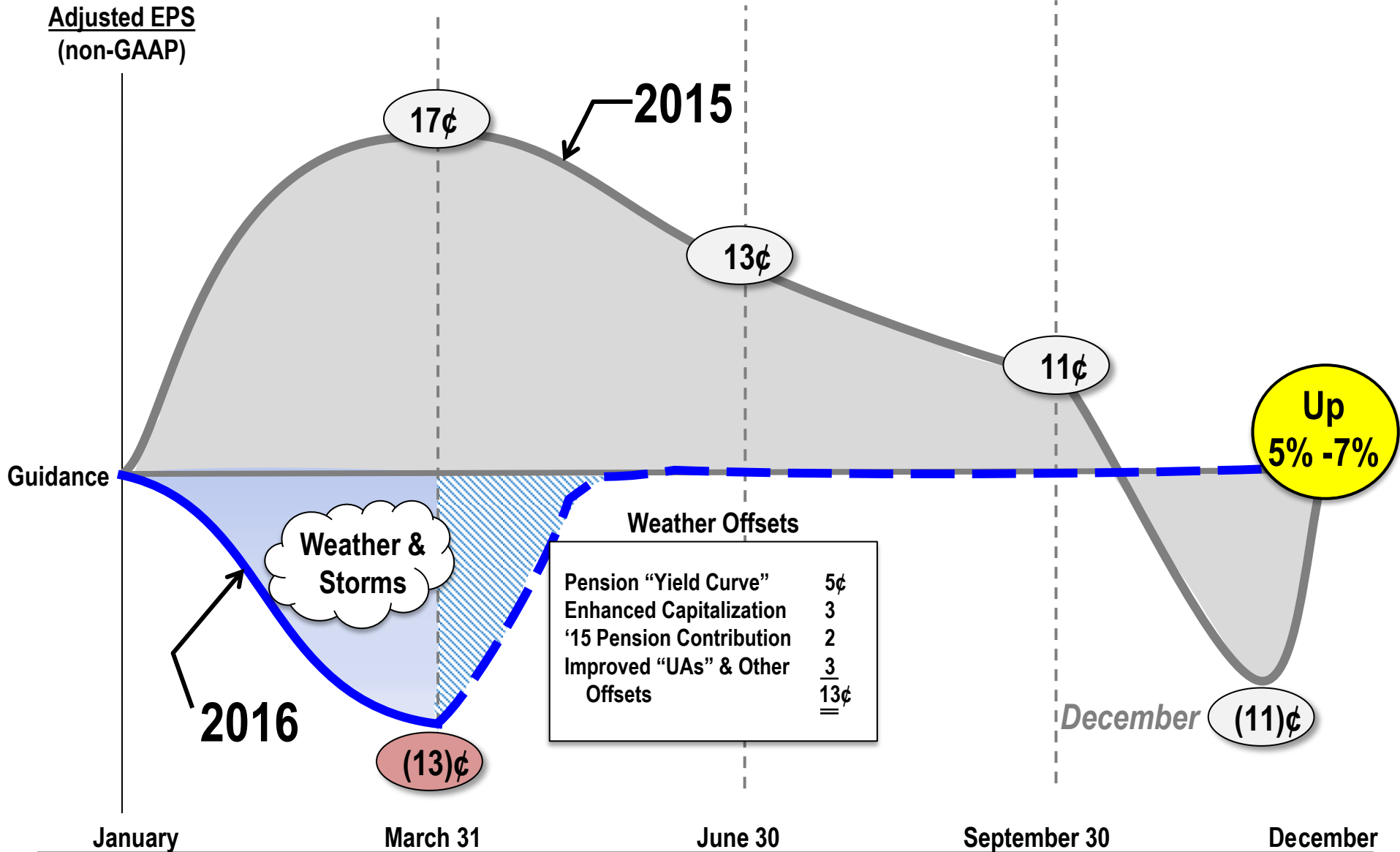


Industries

	<u>MW</u>
Auto	71
Food	20
Manufacturing	53
Metal	28
Petroleum	19
Plastics	18
Others	<u>49</u>
Total	Up ~<u>258</u>

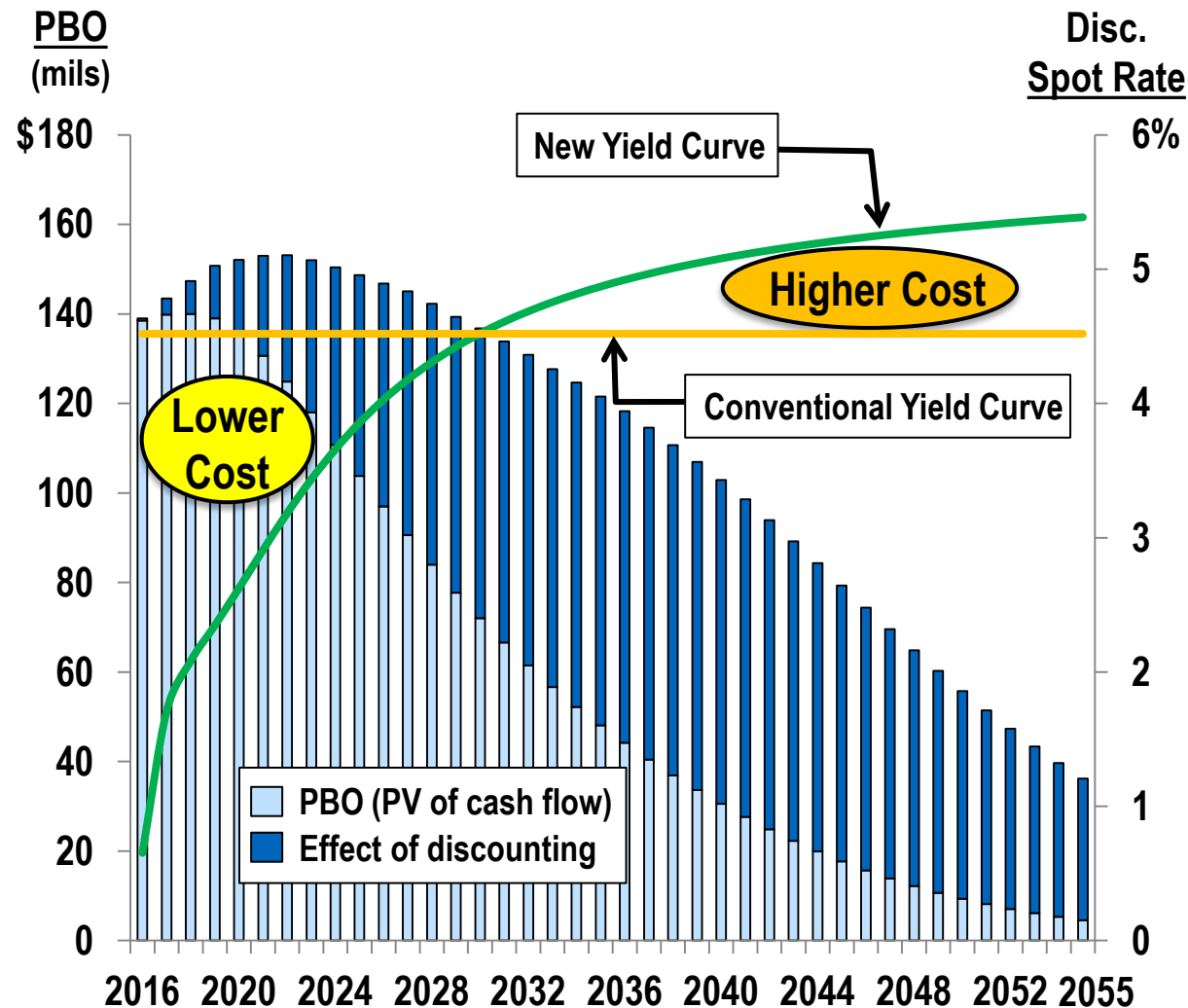
.... includes 4% of additional sales growth.

Adjusted EPS
(non-GAAP)



.... weather offset, right on track.

The Curve



Implications

- Applies each spot rate in the full yield curve to the present value of the cash flow corresponding to that rate
- Consistent with how “interest cost” would be determined if each cash flow were in a separate plan, and “interest cost” was total of these separate plans
- With upward sloping yield curve, results in lower “interest cost”
- Ongoing -- less volatile
- 2016 uptick 5¢

.... reduces “interest cost,” starting in 2016.

Summary

Bonus Depreciation

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

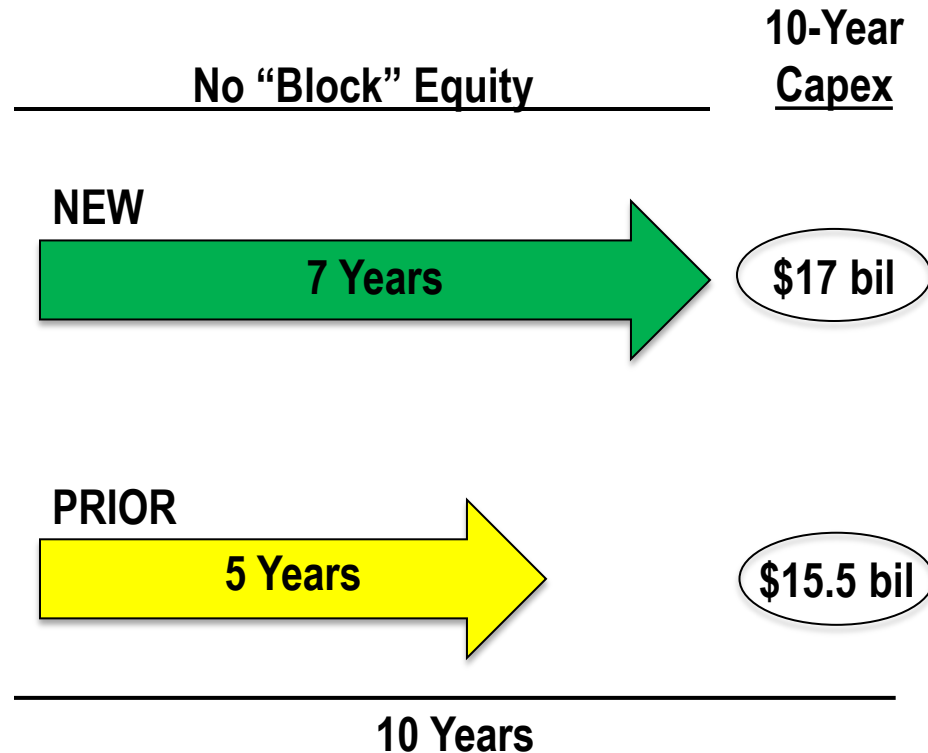
Capital Investment

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

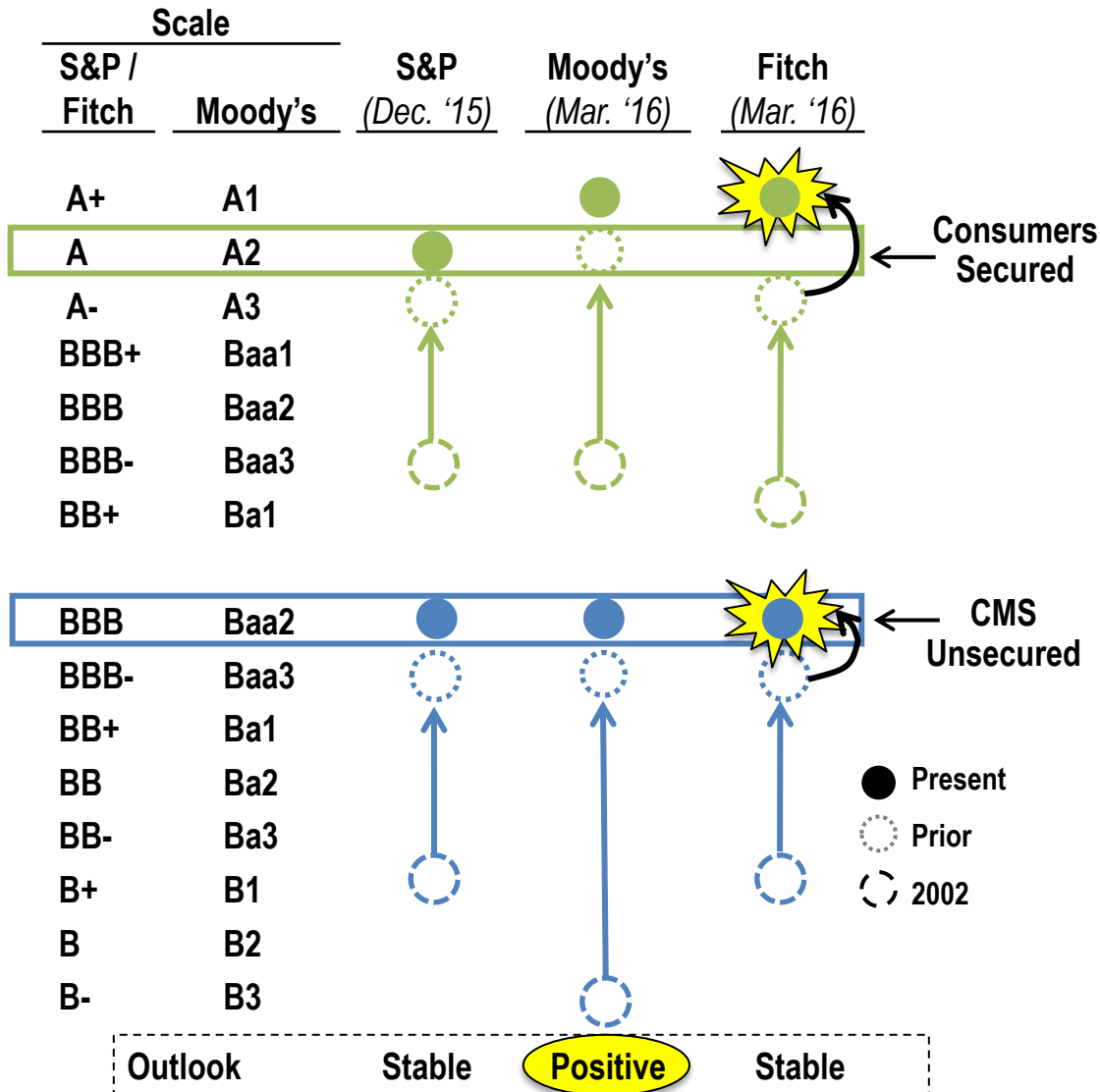
NOLs

- Extended point of use
- Avoids “block” equity

Improved Plan



.... helpful at CMS.



Reflects

- Consistent Performance
- Less Risk
- Customer Focus
- Constructive Regulation
- Good Energy Policy

.... show continuous improvement.

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)

	<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
Gross Operating Cash Flow	\$ 1,833	\$ 1,886	\$ 2,065	\$ 2,219	\$ 2,394	\$ 2,544	\$ 2,683
Other operating activities including taxes, interest payments and working capital	(386)	(246)	(515)	(569)	(644)	(694)	(733)
Net cash provided by operating activities	\$ 1,447	\$ 1,640	\$ 1,550	\$ 1,650	\$ 1,750	\$ 1,850	\$ 1,950

June 2016

● Adjusted EPS

● Dividend

● Gross OCF (bils)

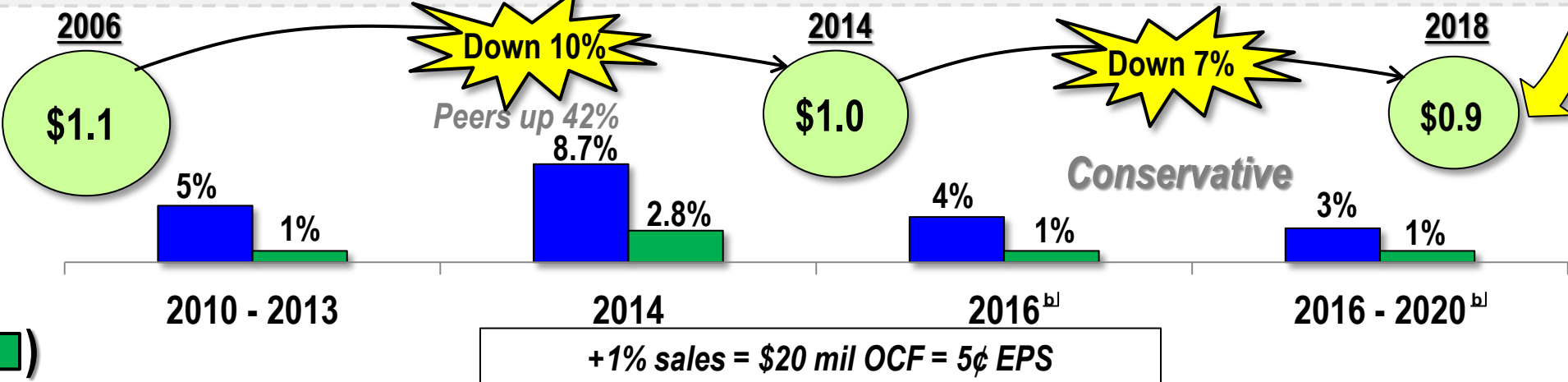
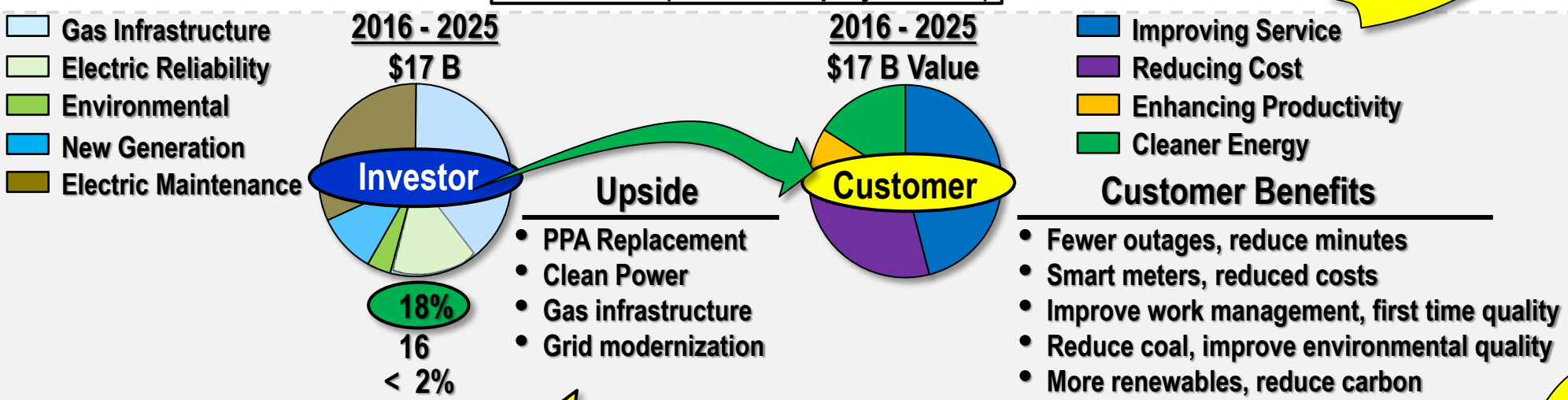
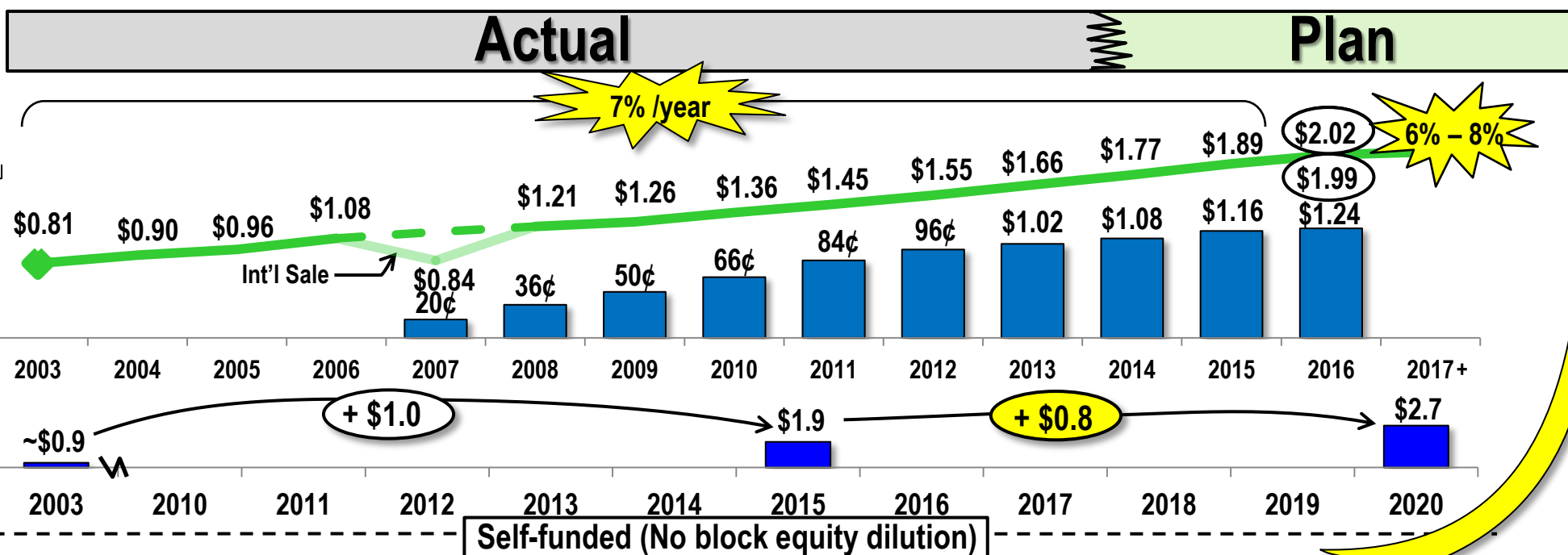
● CapEx

% of Mkt Cap
— CMS
— Peers
Base Rates

● 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): 5 - 6 pts
- Rate increase: < 2 %

Cost Reduction (2015 over 2006)

Peer Avg ~5%

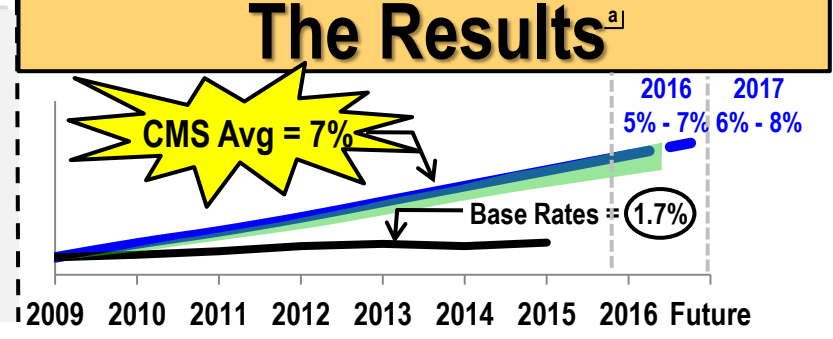
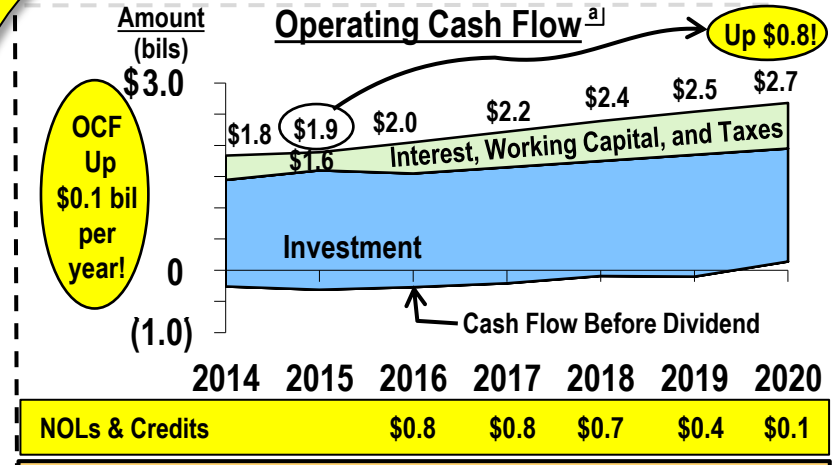
Consumers -2.7%

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

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
Net Savings	\$ - 40	\$ - 60
Percent Savings	- 4%	- 6%

-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 in the accompanying handout or on our website at www.cmsenergy.com

^a Adjusted Non-GAAP as of April 28, 2016 ^b As of January 2016