

# Year-End 2015 Results & Outlook

## February 4, 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](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.

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.

## **2015 Results and 2016 Priorities**

### **Future Outlook**

- **Capital Investment**
- **Customer AND Investor Model**

### **Financial Results and Outlook**

## 2015 Results

- EPS<sup>a</sup> (at high end)
- Operating cash flow

## Amount

**\$1.89**

**\$1,640**

## Up From Prior Year

**+7%**

**+\$193 M**

## 2016 Guidance

- EPS<sup>a</sup> guidance (raised)
- Annual dividend
  - Payout ratio

**\$1.99 to \$2.02**

**\$1.24**

**62%**

**+5% to +7%**

**+7%**

<sup>a</sup> Adjusted EPS (non-GAAP)

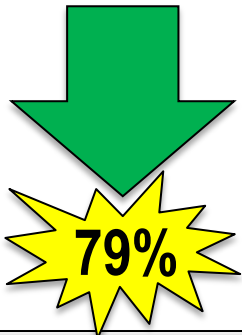
.... 13th consecutive year of consistent financial performance.

# ***“Best-in-Class” Operational Results....***

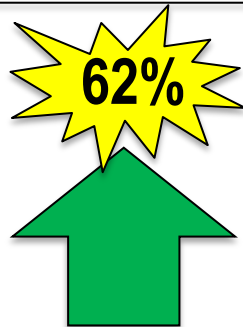
**CMS ENERGY**

- ✓ **Safest** year in company history, 29% better than prior year
- ✓ **Record** reliability performance; distribution minutes and plant performance  
(Whiting Plant achieved company record -- 679-day run!)
- ✓ First quartile residential gas and electric **customer satisfaction**
- ✓ Named among Michigan's 2015 Best and Brightest **Sustainable** Companies
- ✓ Breakthrough performance since 2006 . . . .

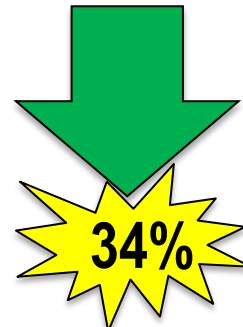
**Safety Incidents**



**Productivity**



**Outage Minutes**



**Employee Engagement**



**. . . . strong performance for customers AND investors.**

## 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)

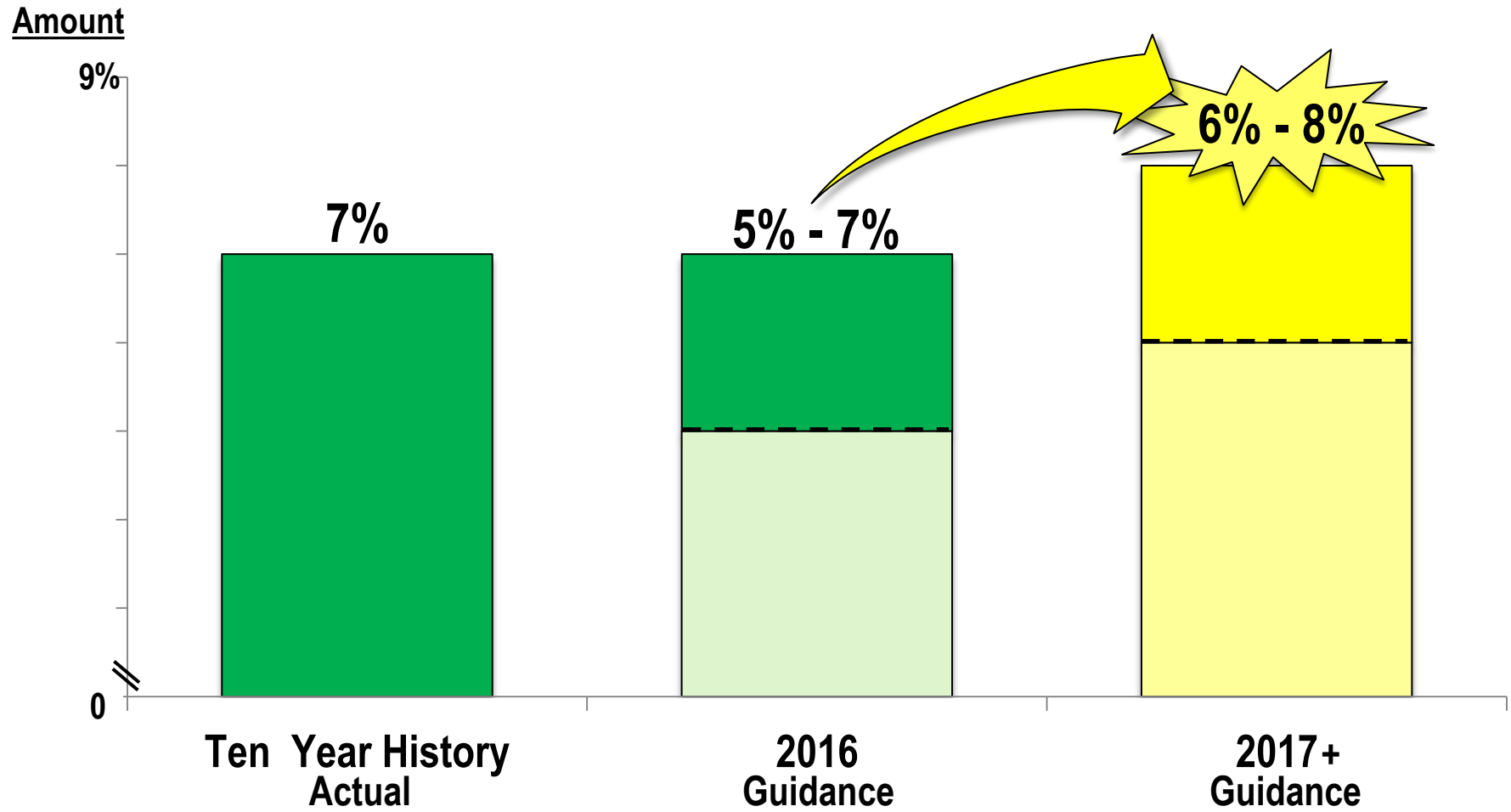
**NOT IN  
PLAN!**

.... progress continues.

- ✓ Improve safety 20%!
- ✓ Continue “best-in-class” operational and cost performance,
- ✓ Continue customer satisfaction improvements,
- ✓ Execute capex plan with future opportunities,
- ✓ Achieve “no regrets” financial objectives,

**AND**

. . . . deliver consistent, predictable earnings growth.



<sup>a)</sup>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

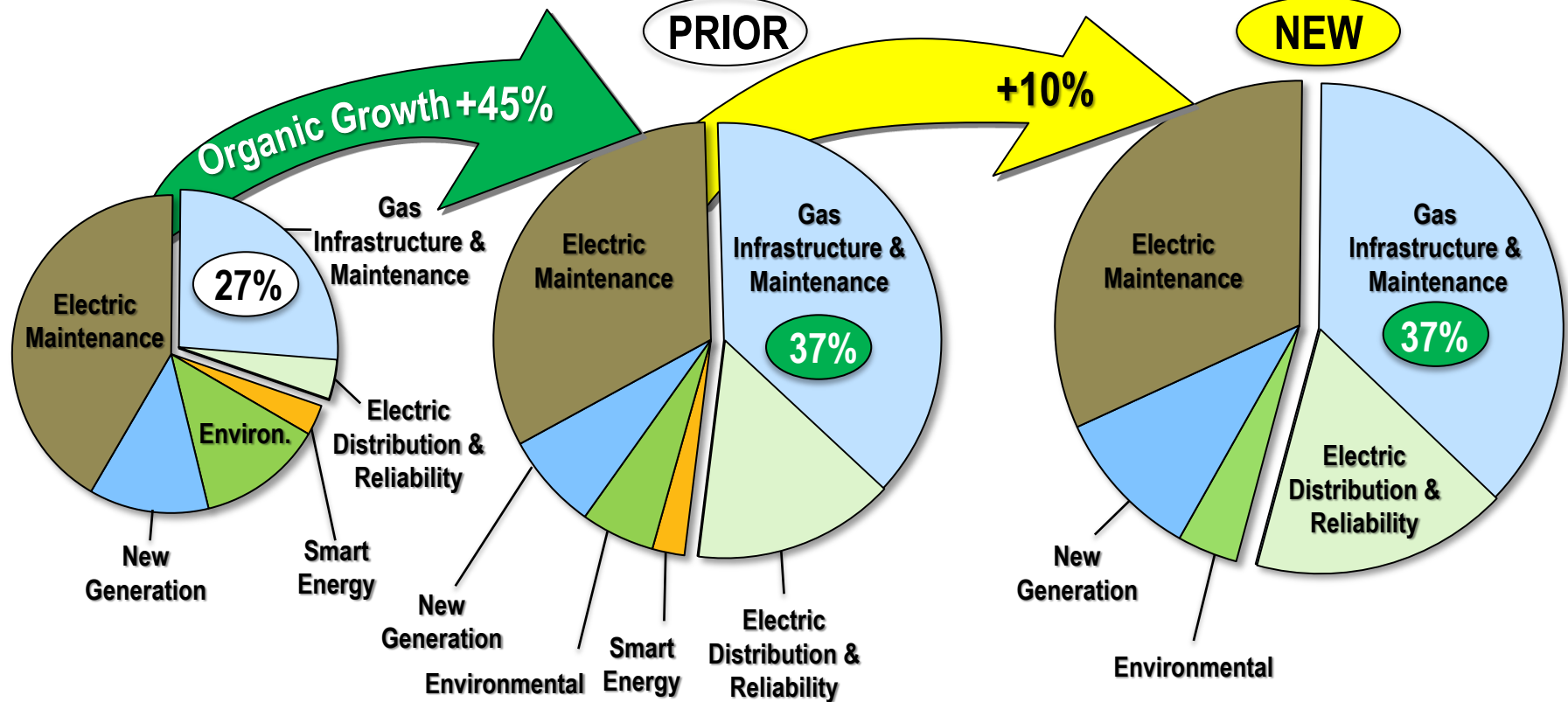
\$10.7 bil

2015-2024

\$15.5 bil

2016-2025

\$17 bil



**Additional Capex**

✓ **Clean Energy**

✓ **Gas Infrastructure**

✓ **Electric Distribution**

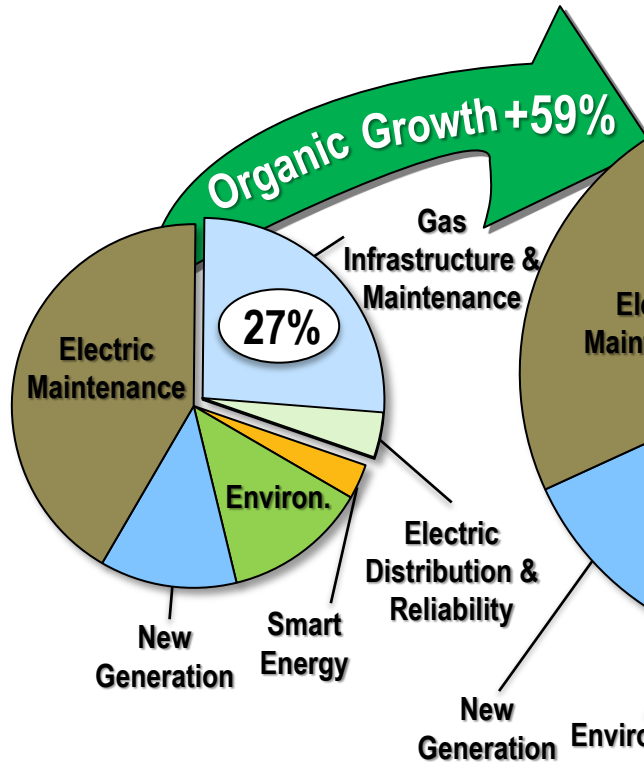
... naturally, without raising rates above inflation.

# Capex Opportunities Remain....

CMS ENERGY

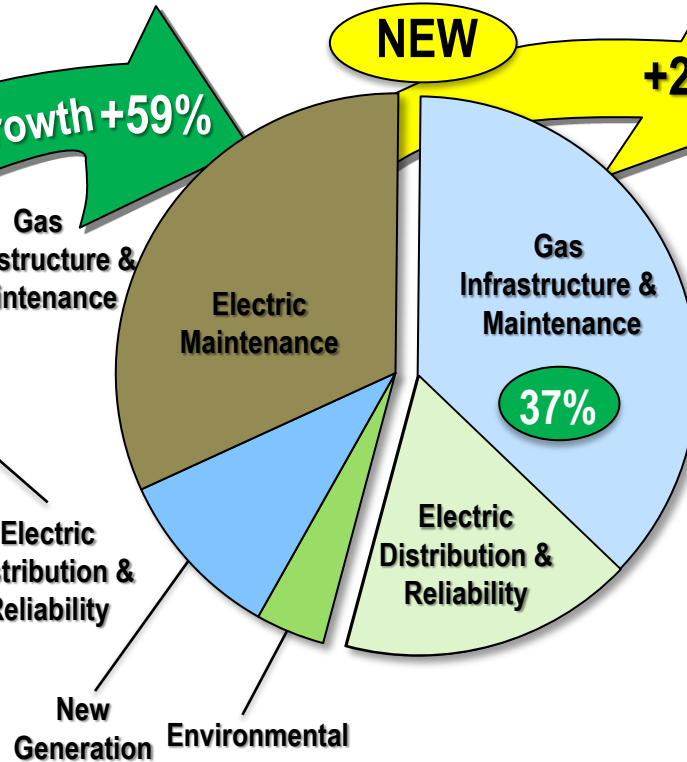
2005-2014

\$10.7 bil



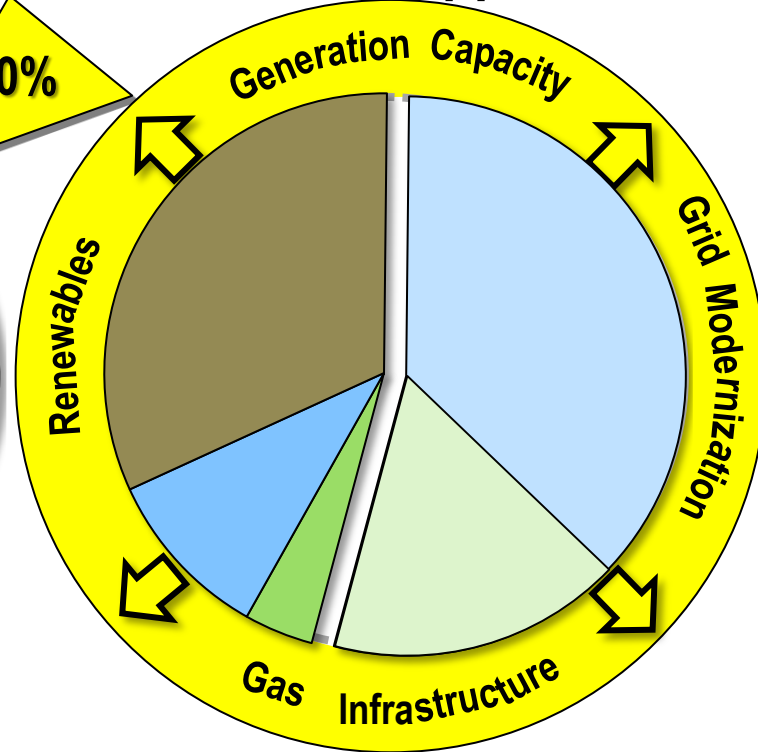
2016-2025

\$17 bil



2016-2025

\$20+ bil with Opportunities



## Capex Opportunities

✓ Renewables

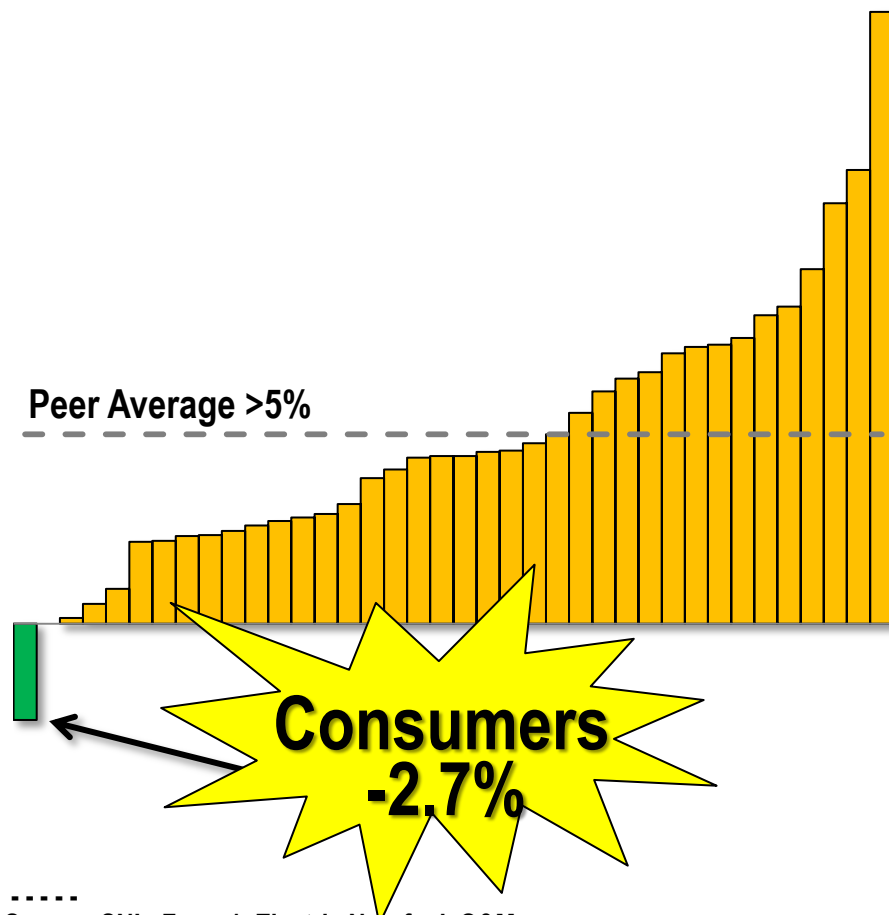
✓ PPAs Expire

✓ Gas Infrastructure

.... some possible without rate pressure.

## 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.

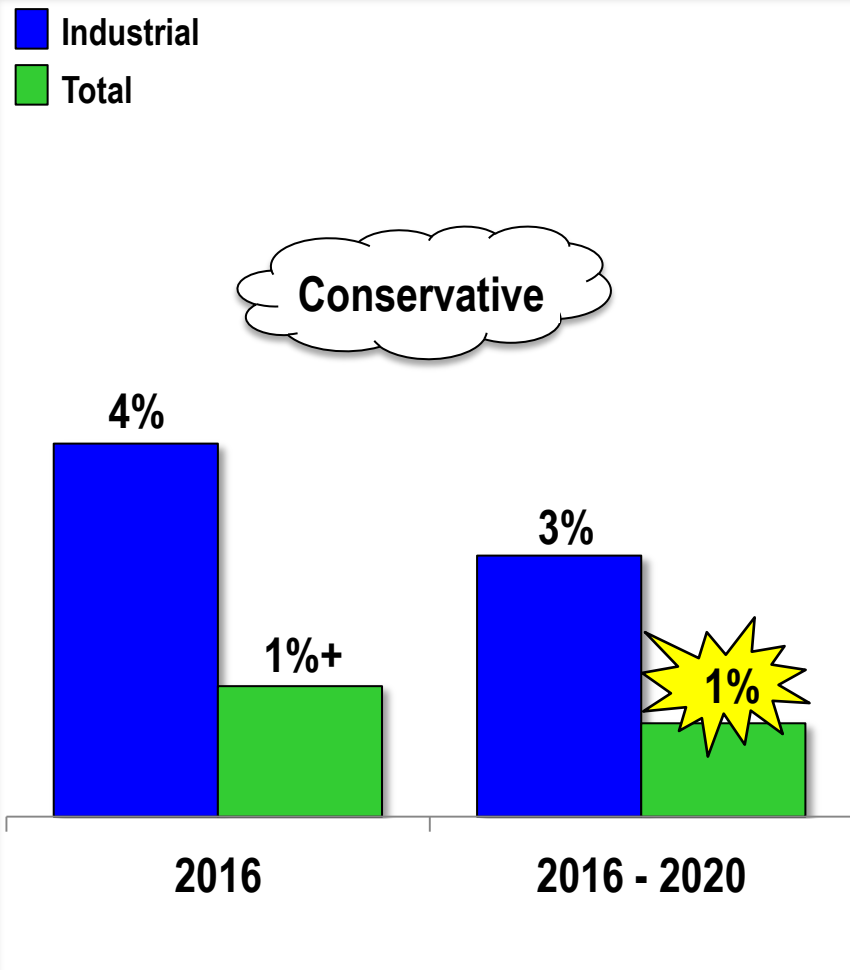
## Our Service Territory<sup>a)</sup> Outperforms

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

<sup>a)</sup> Grand Rapids

<sup>b)</sup> Annualized numbers December 2010→December 2015

## Annual Electric Sales<sup>c)</sup>

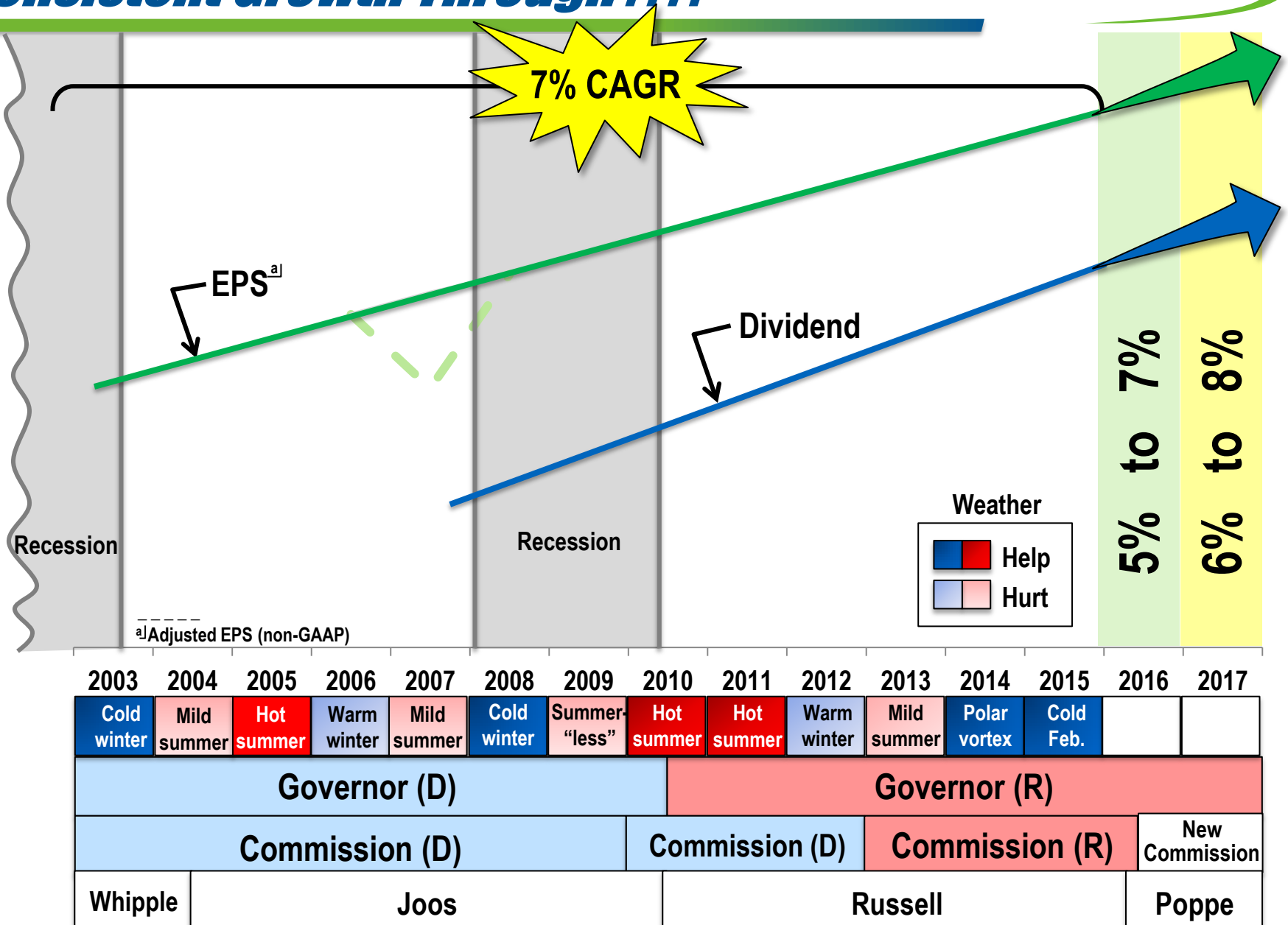


<sup>c)</sup> Weather normalized vs. prior year

.... planned conservatively.

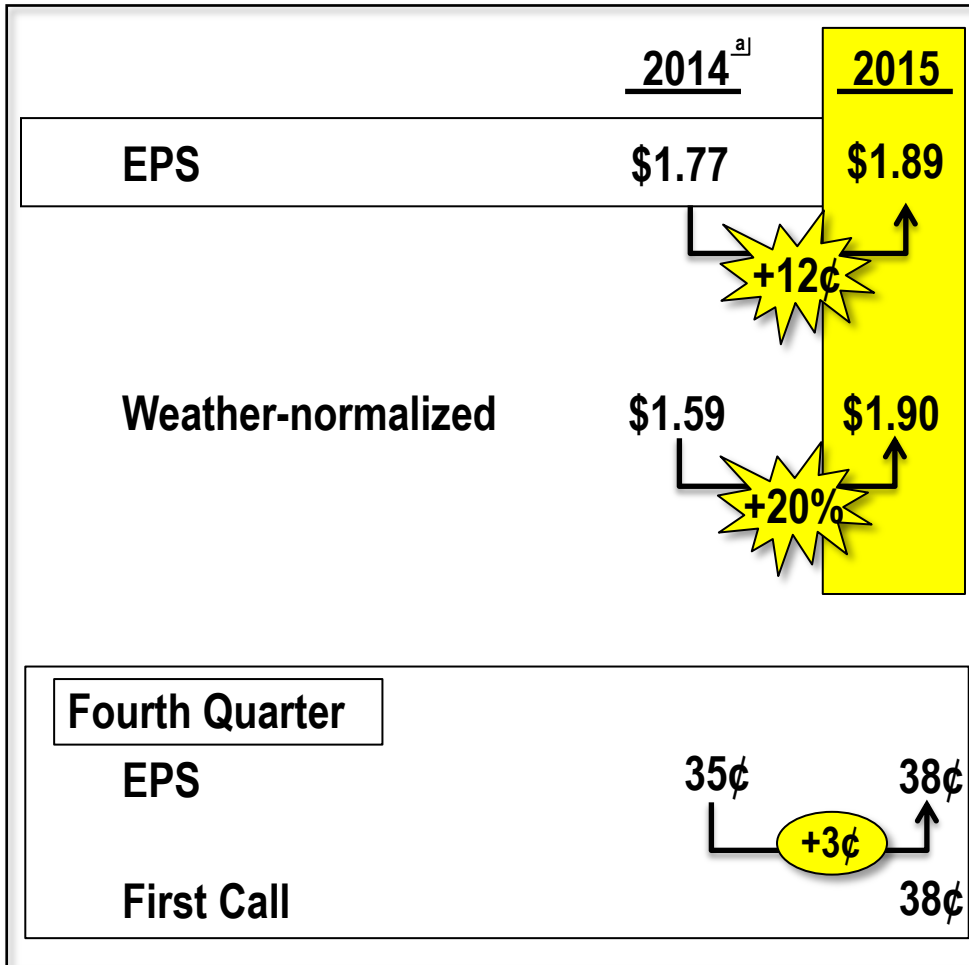
# Consistent Growth Through....

CMS ENERGY



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

## Results

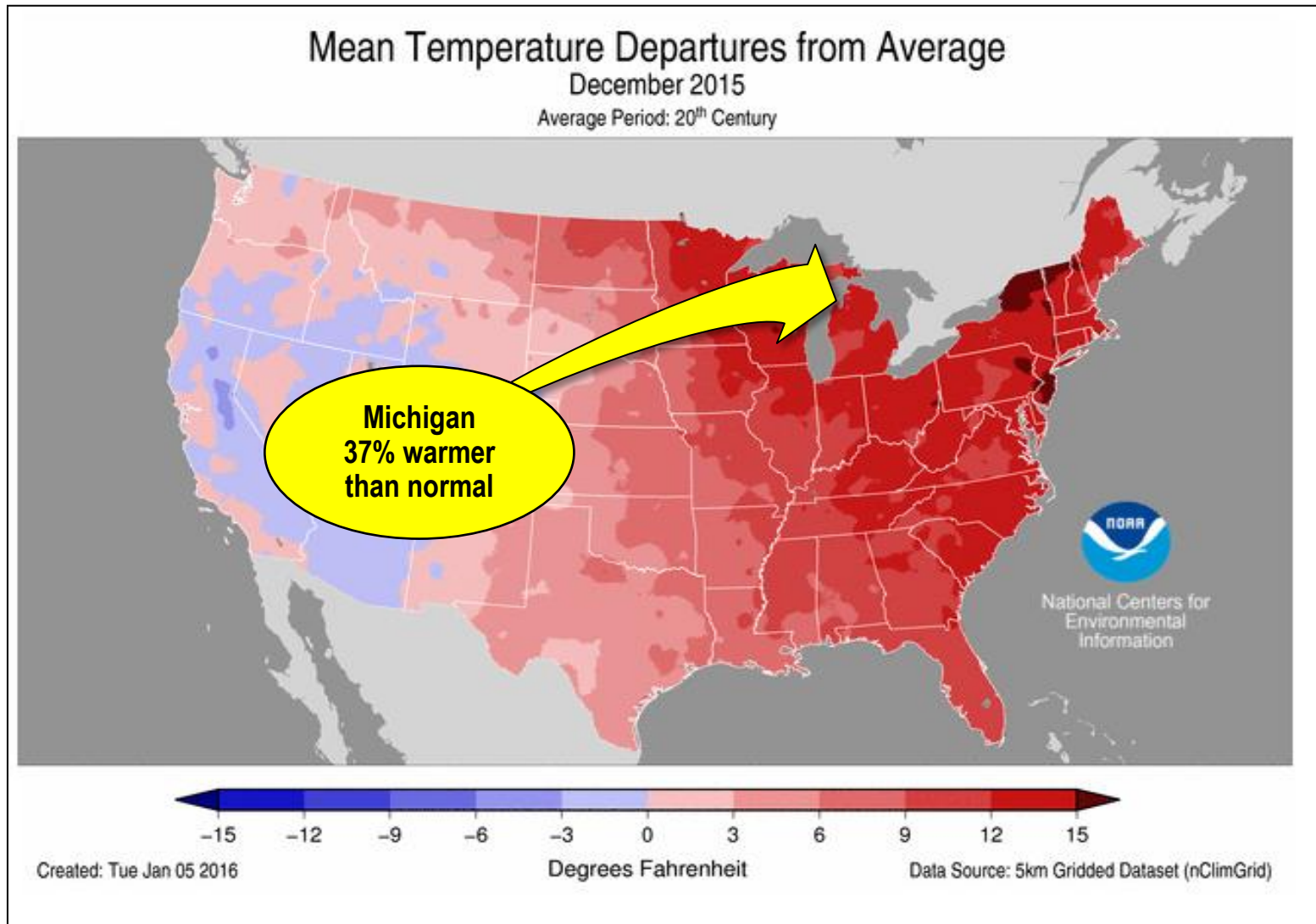


<sup>a)</sup>Adjusted EPS (non-GAAP)

## By Business Segment

	EPS Actual
Utility	\$2.14
Enterprises	0.02
Interest & other	<u>(0.27)</u>
Company	<u><b>\$1.89</b></u>

.... substantially stronger than plan.



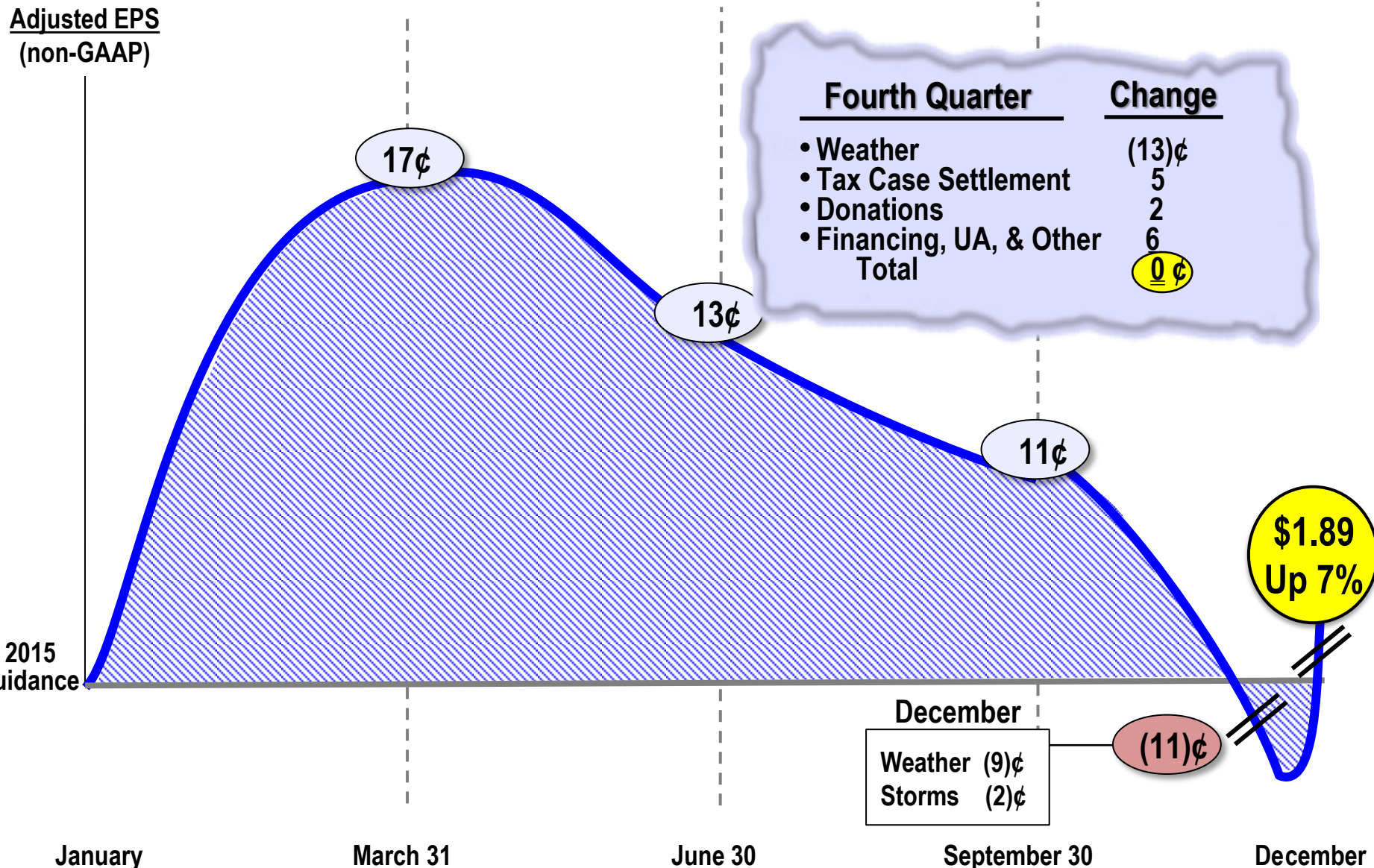
.... while delivering the high end of growth.



# Our Business Model Permitted....

CMS ENERGY

Adjusted EPS  
(non-GAAP)



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

# 2015 Financial Targets....

	Target	Actual
Adjusted EPS (non-GAAP)	\$1.87 - \$1.89 +6% to +7%	\$1.89 ✓ +7%
Operating cash flow (mils)	\$1,550	\$1,640 ✓
Dividend payout ratio	≥ 62%	≥ 62% ✓
Customer price decreases		
Electric	≈(3)%	≈(3)% ✓
Gas	≈(3)%	≈(6)% ✓
FFO/Average debt	18%	18% ✓
Capital investment (bils)	\$1.6	\$1.8 ✓

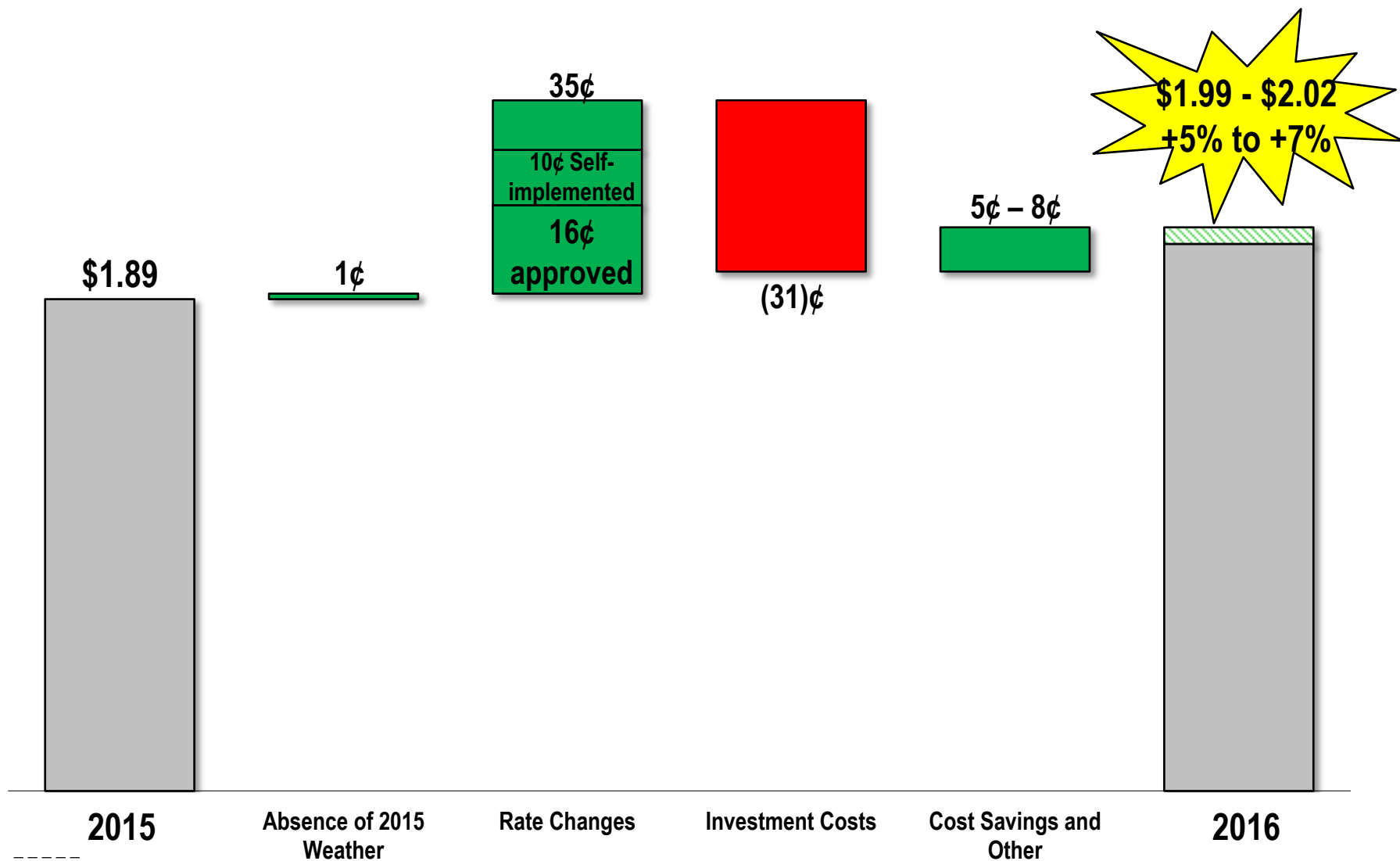
.... 13<sup>th</sup> year of transparent, consistent, strong performance.

# 2016 EPS Guidance Raised....

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	<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	<b>\$1.99 - \$2.02</b> <b>+5% to +7%</b>	\$1.97 - \$2.01
• Operating cash flow (GAAP) (mils)	<b>\$1,550</b>	

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



<sup>a)</sup> Adjusted EPS (non-GAAP)

.... growth up 5% to 7% over 2015.

# "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.

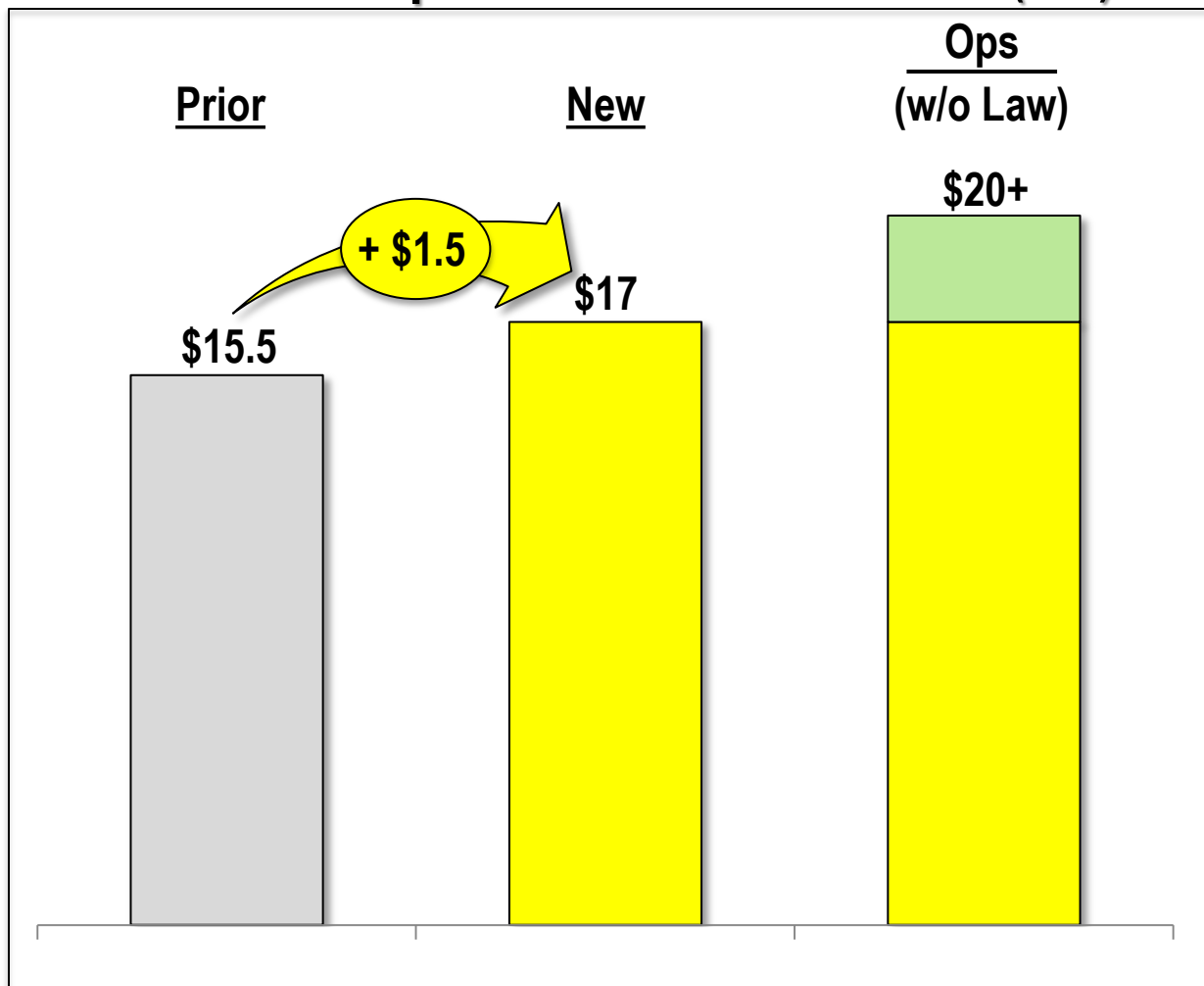
# 2016 Sensitivities....

		2016 Impact		
	<u>Sensitivity</u>	<u>EPS</u>	<u>OCF</u> (mils)	<u>Status</u>
Sales <sup>a</sup>				
• 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		😊

<sup>a)</sup> Reflect 2016 sales forecast; weather adjusted

.... reflect strong risk mitigation.

## Ten-Year Capital Investment Growth (bils)



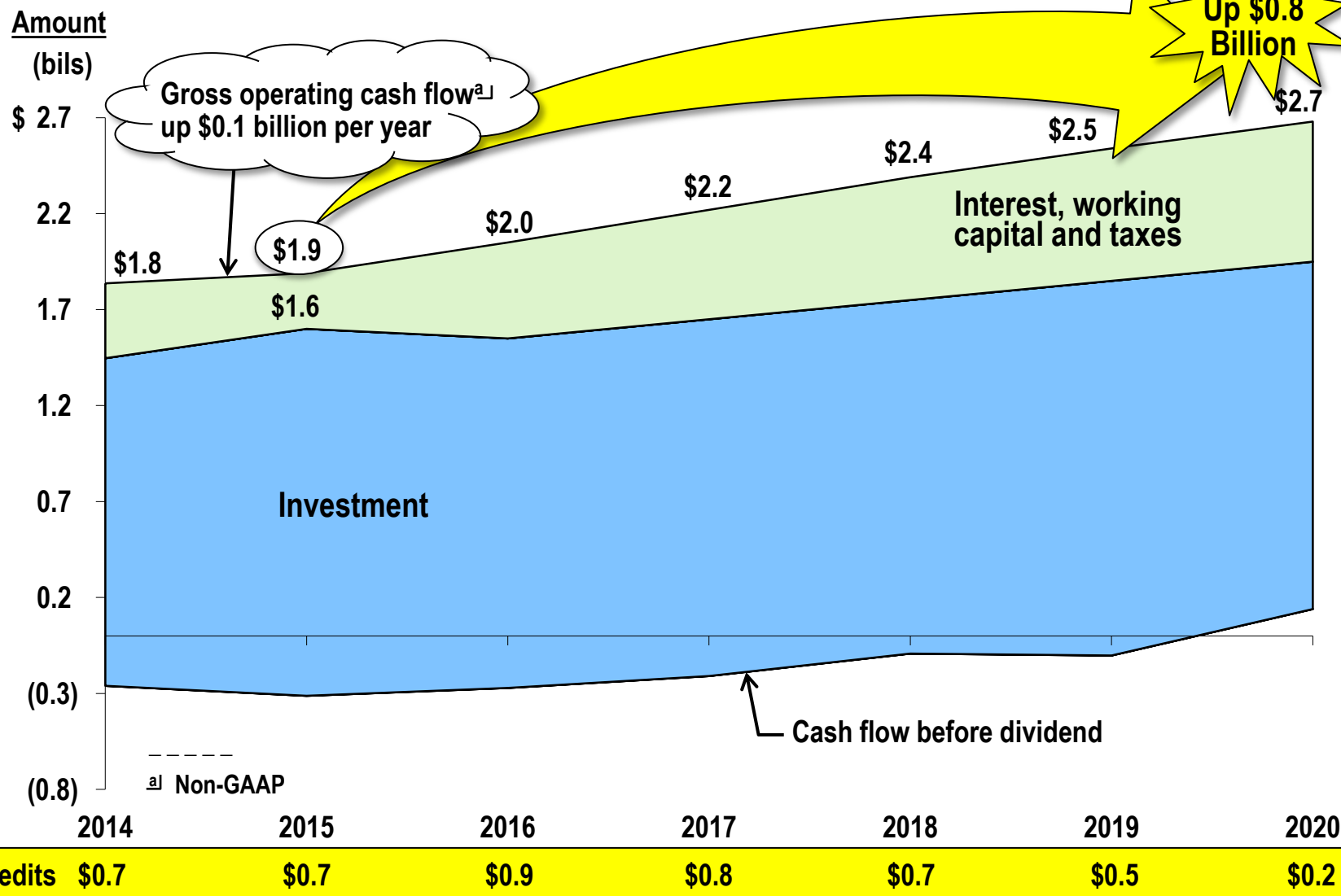
## Details

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

.... regardless of the law update.

# Operating Cash Flow Growth....

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



## 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

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

.... helpful at CMS.

# New Bonus Depreciation....

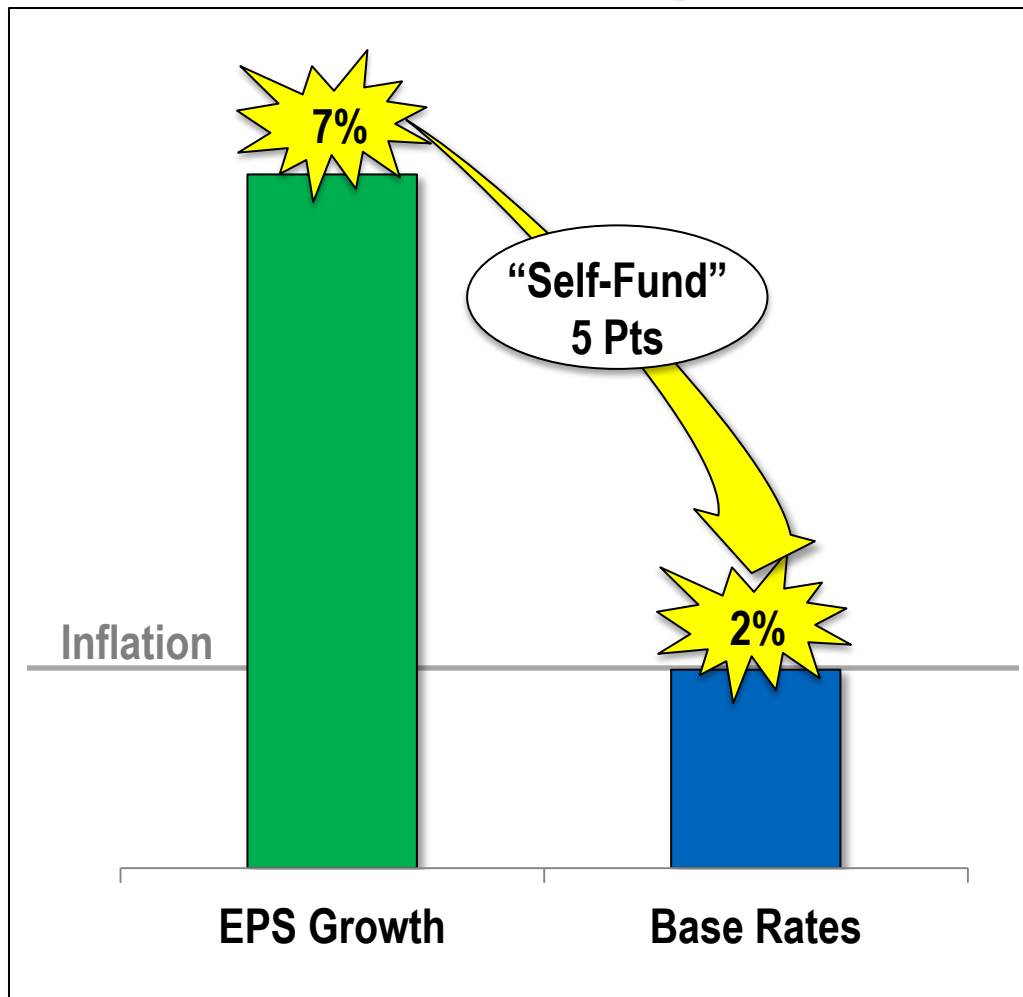
	<u>2016 – 2020</u> (bils)	<u>2021 – 2025</u> (bils)
<u>Rate Base Growth</u>		
• Add \$1.5 billion	\$0.8	\$0.7
	0.2	
• Jackson Plant Backfill (gas and electric infrastructure)		
• Pension	<u>0.2</u>	
<b>Increase (gross)</b>	<b>\$1.2</b>	<b>\$0.7</b>
• New Bonus Depreciation	<u>0.6</u>	
<b>Increase (net)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

.... funds some new capex.

	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

.... 14<sup>th</sup> year of transparent, consistent, strong performance.

## Five-Year Average Growth



## How

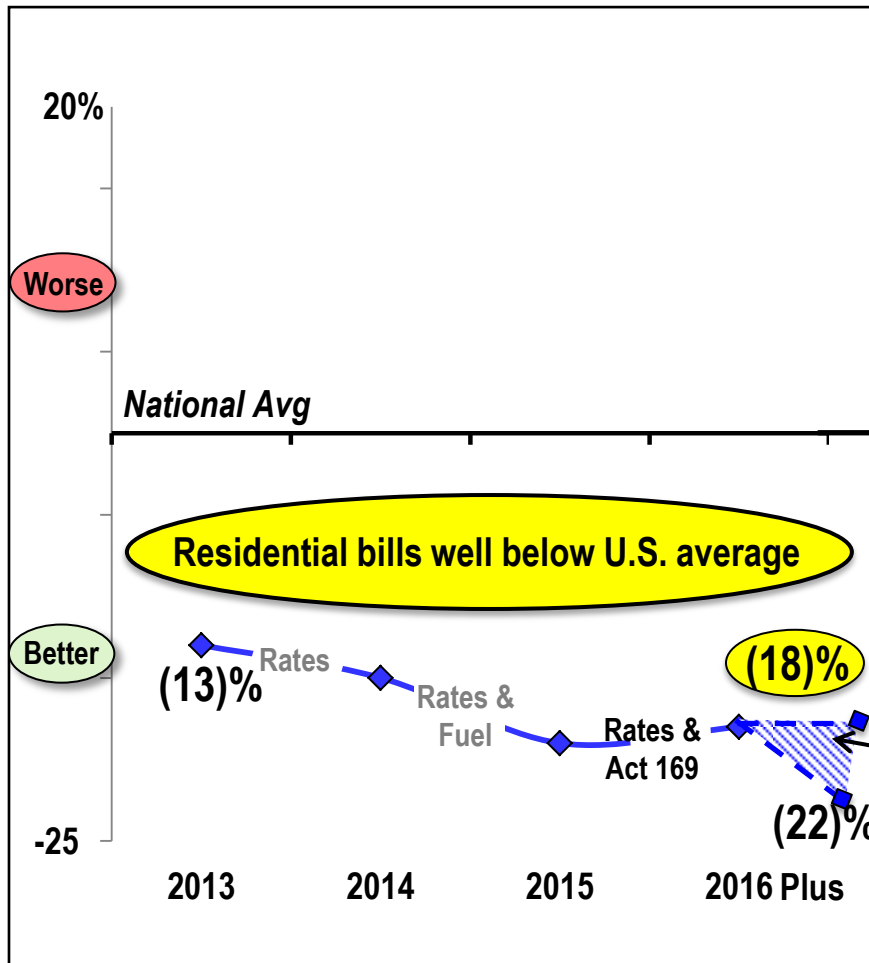
	Future (points)
• O&M Cost Reductions	2 - 3
• Conservative sales growth	1
• Other incl. taxes, avoid dilution	2
<b>Self Funding</b>	<b>5 - 6</b>

.... makes our growth sustainable.

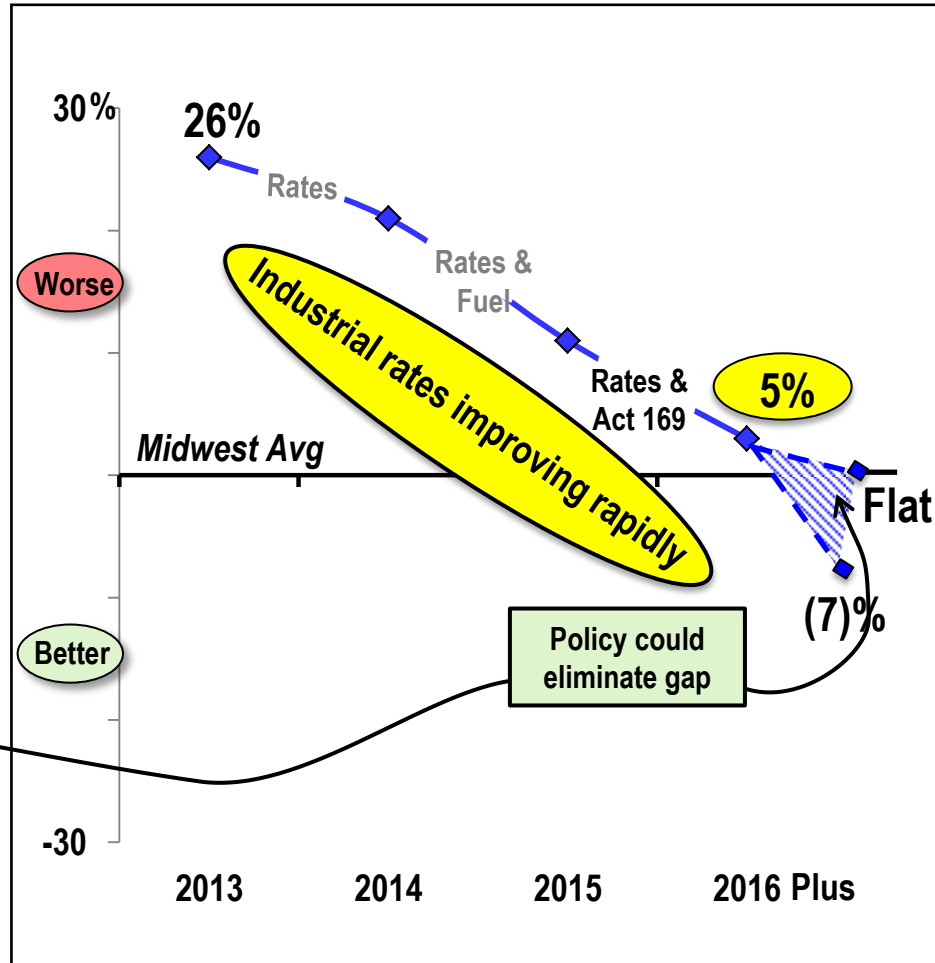
**Q & A**

## Appendix

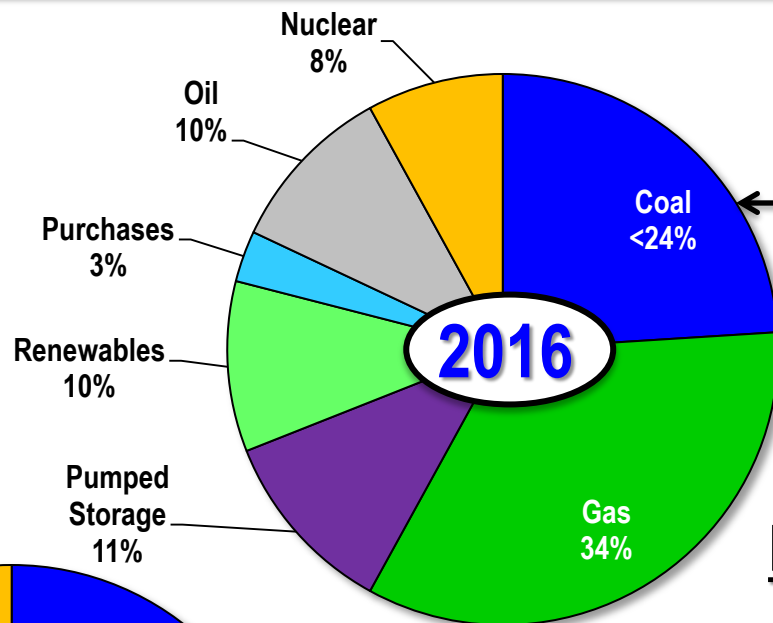
## Residential Bills



## Industrial Rates



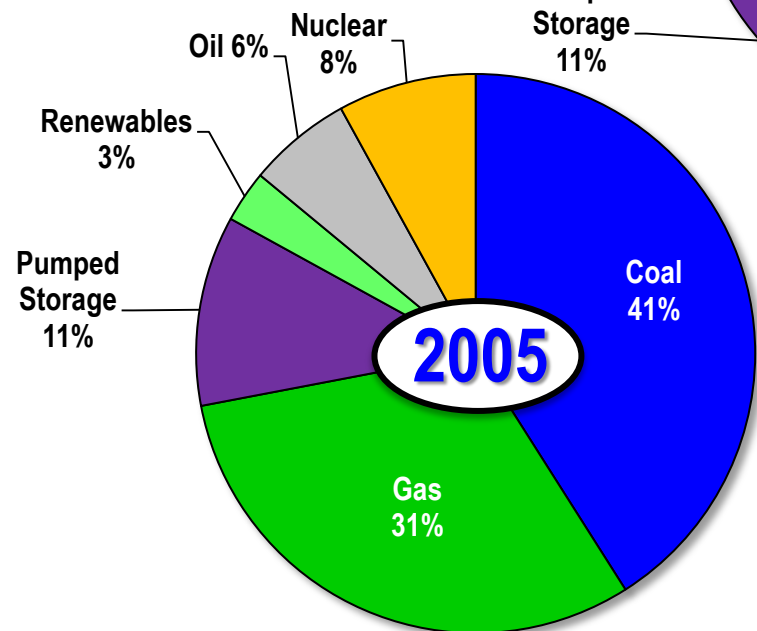
.... affordable for residential and improving for industrial customers.



Coal reduced  
by over 40%!  
2<sup>nd</sup> best in U.S.

## Future Capacity Mix

- More Renewables
- Expanded Pumped Storage
- Clean Energy Resources

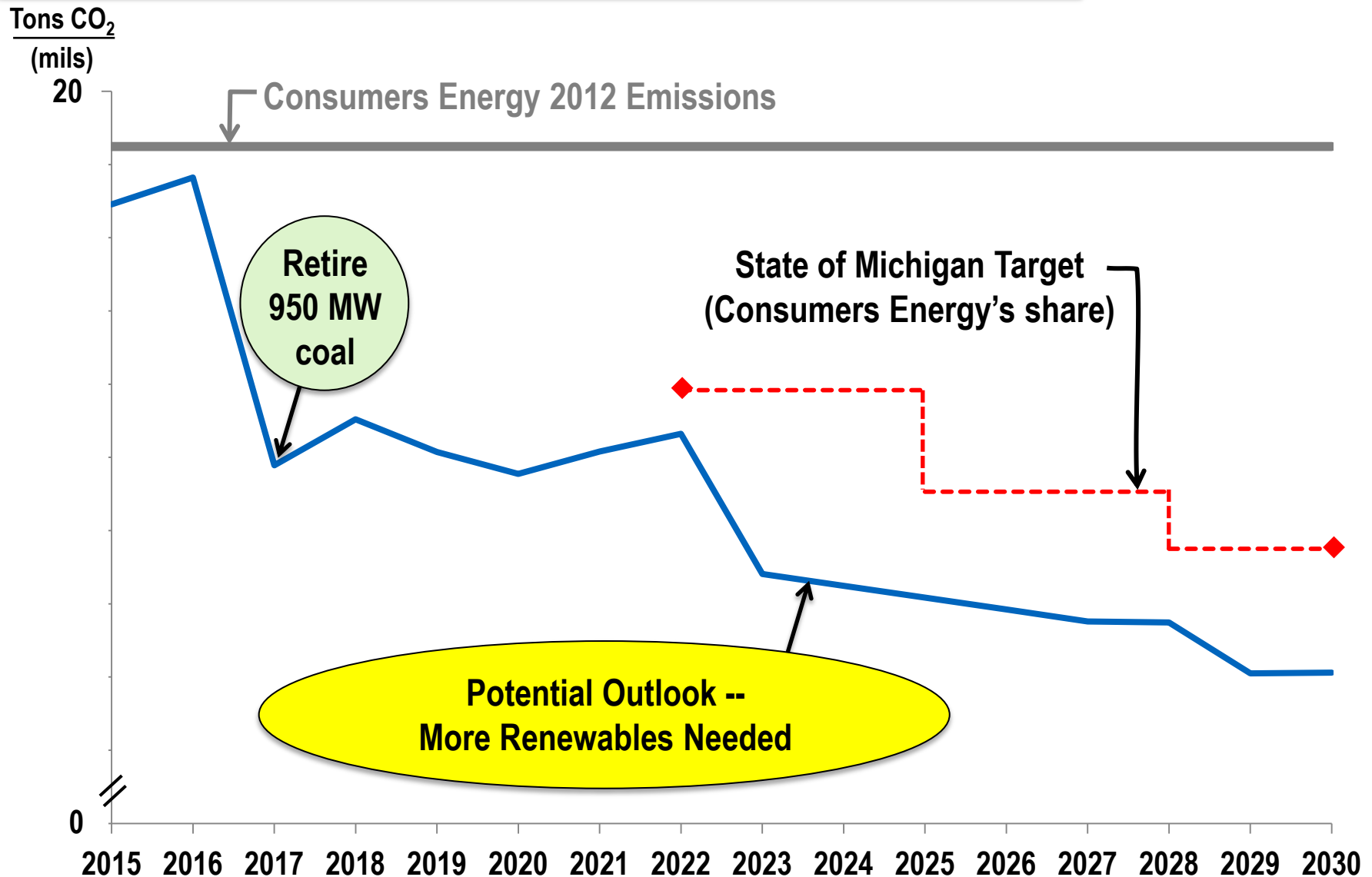


.... evolving to cleaner generation and becoming more cost competitive.



# Clean Power Plan....

CMS ENERGY



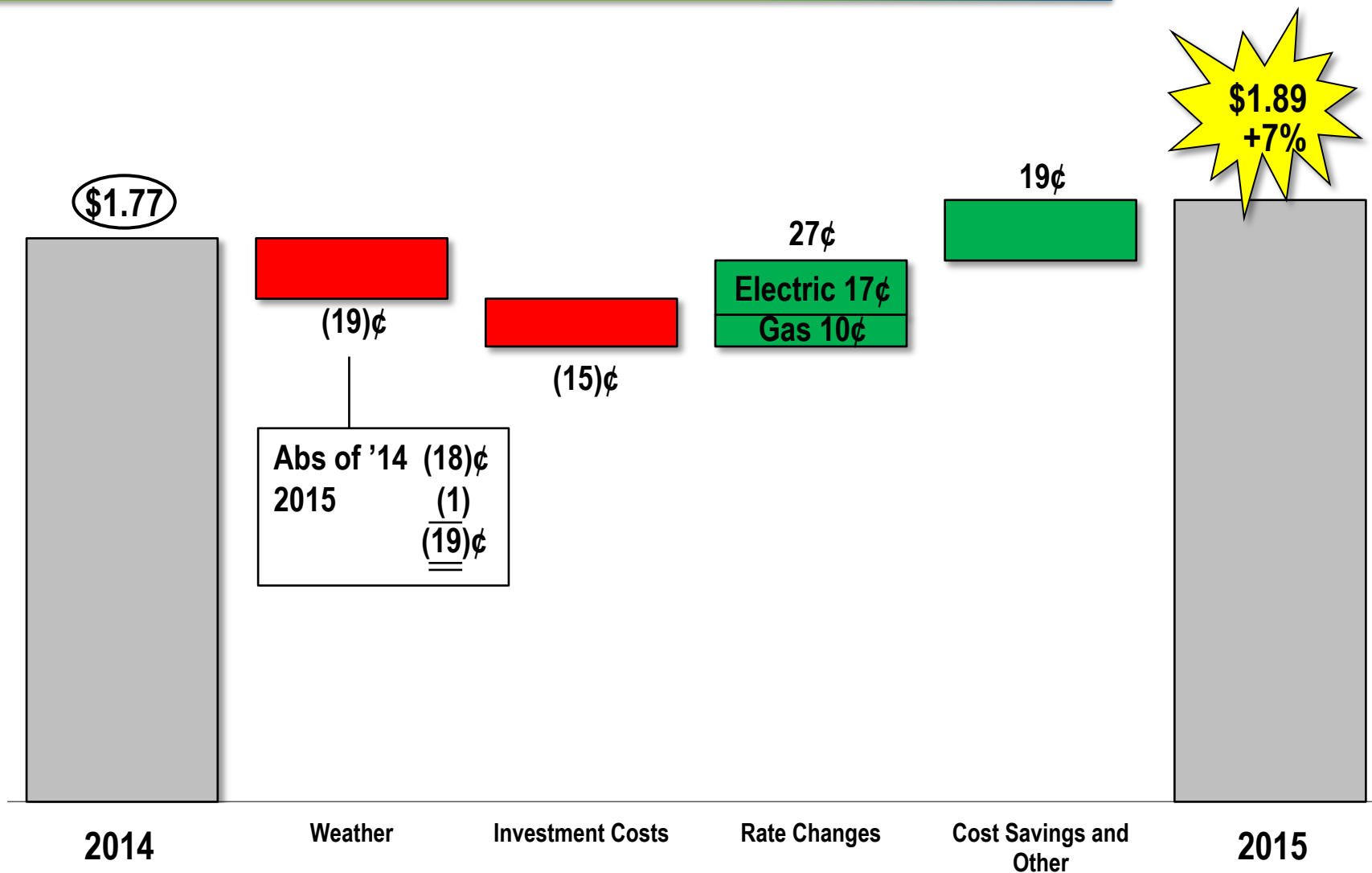
.... positioned well for compliance.

# 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>

# 2015 EPS<sup>a)</sup> ....

CMS ENERGY

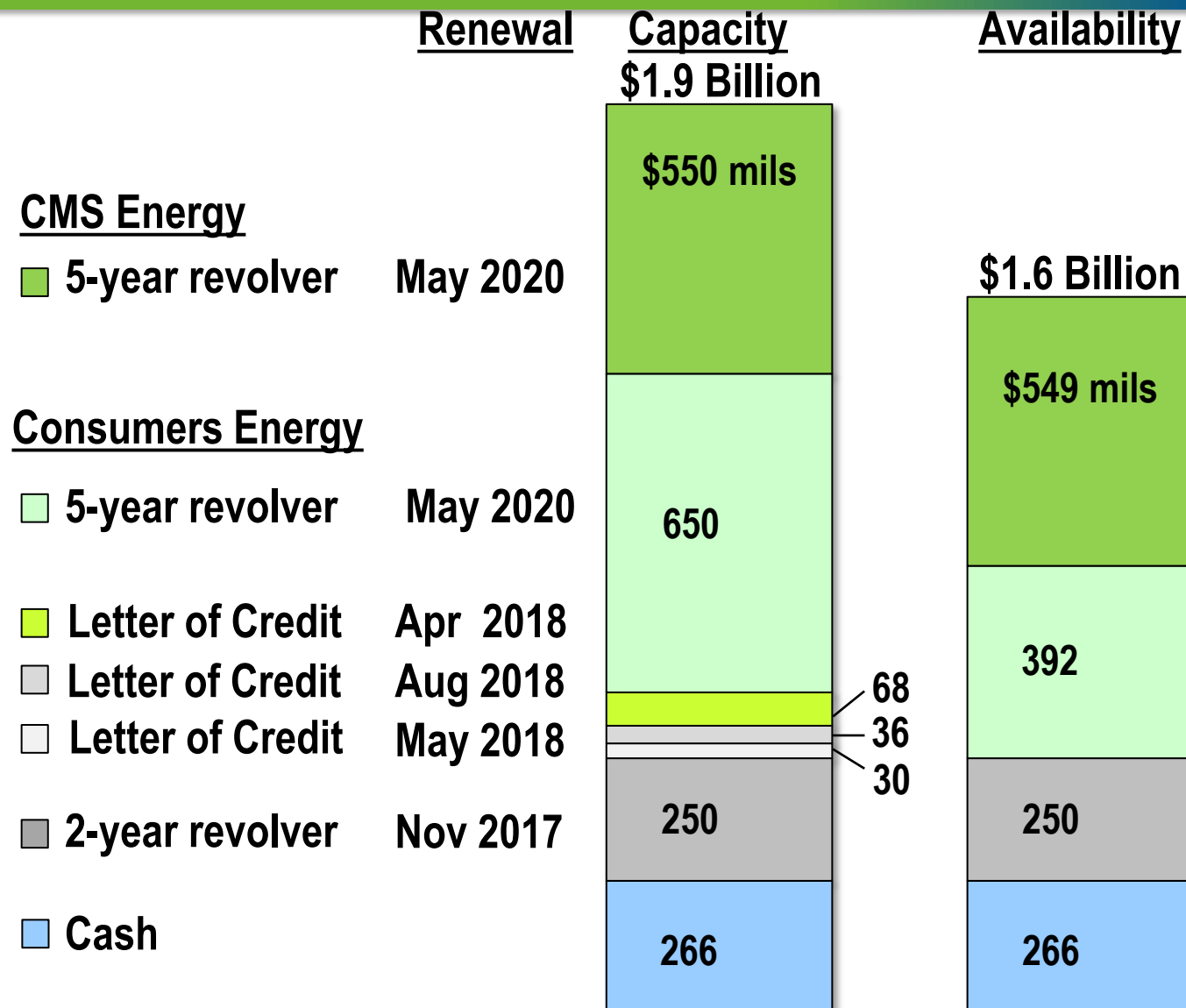


<sup>a)</sup> Adjusted EPS (non-GAAP)

.... growth +7% over 2014, high end of guidance.

# Liquidity (as of December 2015)....

CMS ENERGY



Stronger liquidity than peers

.... strong and conservative.

## CMS Energy Parent

## Consumers Energy

Cash at year end 2014	\$ 95
<b>Sources</b>	
Consumers Energy dividend and tax sharing	\$ 377
Enterprises	20
Sources	\$ 397
<b>Uses</b>	
Interest and preferred dividend	\$ (129)
Overhead and Federal tax payments	(10)
Equity infusion	(150)
Pension contribution	(7)
Uses <sup>a)</sup>	\$ (302)
<b>Cash flow</b>	<b>\$ 95</b>
<b>Financing and Dividend</b>	
New issues	\$ 250
Retirements	-
DRP, continuous equity	43
Net short-term financing & other	(4)
Common dividend	(320)
Financing	\$ (31)
Cash at year end 2015	\$ 159
Bank Facility (\$550) available	\$ 549

	<b>Amount</b> (mils)
Cash at year end 2014	\$ 71
<b>Sources</b>	
Operating (depreciation & amortization \$744)	\$ 1,866
Other working capital	171
Sources	\$ 2,037
<b>Uses</b>	
Interest and preferred dividend	\$ (235)
Capital expenditures <sup>b)</sup>	(1,763)
Dividend and tax sharing \$97 from CMS	(377)
Pension contribution	(218)
Uses	\$ (2,593)
<b>Cash flow</b>	<b>\$ (556)</b>
<b>Financing</b>	
Equity	\$ 150
New issues	250
Retirements	(50)
Net short-term financing & other	185
Financing	\$ 535
Cash at year end 2015	\$ 50
Bank Facilities (\$900) available	\$ 642

<sup>a)</sup> Includes other

<sup>b)</sup> Includes cost of removal and capital leases

# 2016 Cash Flow Forecast (non-GAAP)

CMS ENERGY

## CMS Energy Parent

## Consumers Energy

Cash at year end 2015	\$ 159
<b>Sources</b>	
Consumers Energy dividend and tax sharing	\$ 485
Enterprises	35
Sources	\$ 520
<b>Uses</b>	
Interest and preferred dividend	\$ (145)
Overhead and Federal tax payments	(10)
Equity infusion	(275)
Pension contribution	0
Uses <sup>a)</sup>	\$ (435)
<b>Cash flow</b>	<b>\$ 85</b>
<b>Financing and Dividend</b>	
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

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

<sup>a)</sup> Includes other

<sup>b)</sup> 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
<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 CORPORATION**  
**Earnings By Quarter and Year GAAP Reconciliation**  
**(Unaudited)**

<i>(In Millions, Except Per Share Amounts)</i>	2014				
	1Q	2Q	3Q	4Q	YTD Dec
<b>Reported net income - GAAP</b>	\$204	\$83	\$94	\$96	\$477
<b>After-tax items:</b>					
Electric and gas utility	-	-	-	-	-
Enterprises	-	*	9	*	9
Corporate interest and other	*	*	*	*	*
Discontinued operations (income) loss	(*)	*	*	*	(*)
<b>Adjusted income - non-GAAP</b>	\$204	\$83	\$103	\$96	\$486
<b>Average shares outstanding, basic</b>	266.1	268.0	274.0	274.1	270.6
<b>Average shares outstanding, diluted</b>	273.0	274.6	274.7	275.0	274.6
<b>Reported earnings per share - GAAP</b>	\$0.75	\$0.30	\$0.34	\$0.35	\$1.74
<b>After-tax items:</b>					
Electric and gas utility	-	-	-	-	-
Enterprises	-	*	0.03	*	0.03
Corporate interest and other	*	*	*	*	*
Discontinued operations (income) loss	(*)	*	*	*	(*)
<b>Adjusted earnings per share - non-GAAP</b>	\$0.75	\$0.30	\$0.37	\$0.35	\$1.77

<i>(In Millions, Except Per Share Amounts)</i>	2015				
	1Q	2Q	3Q	4Q	YTD Dec
<b>Reported net income - GAAP</b>	\$202	\$67	\$148	\$106	\$523
<b>After-tax items:</b>					
Electric and gas utility	-	-	-	-	-
Enterprises	*	*	*	*	*
Corporate interest and other	*	*	*	*	*
Discontinued operations (income) loss	(*)	*	(*)	*	(*)
<b>Adjusted income - non-GAAP</b>	\$202	\$67	\$148	\$106	\$523
<b>Average shares outstanding, basic</b>	274.8	275.4	276.0	276.1	275.6
<b>Average shares outstanding, diluted</b>	275.7	276.2	276.9	277.1	276.5
<b>Reported earnings per share - GAAP</b>	\$0.73	\$0.25	\$0.53	\$0.38	\$1.89
<b>After-tax items:</b>					
Electric and gas utility	-	-	-	-	-
Enterprises	*	*	*	*	*
Corporate interest and other	*	*	*	*	*
Discontinued operations (income) loss	(*)	*	(*)	*	(*)
<b>Adjusted earnings per share - non-GAAP</b>	\$0.73	\$0.25	\$0.53	\$0.38	\$1.89

Note: Year-to-date (YTD) EPS may not equal sum of quarters due to share count differences.

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

**CMS ENERGY CORPORATION**  
**Earnings Segment Results GAAP Reconciliation**  
**(Unaudited)**

<b>December 31</b>	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b><u>Electric Utility</u></b>				
Reported	\$ 0.34	\$ 0.21	\$ 1.58	\$ 1.40
Restructuring Costs and Other	-	-	-	-
Adjusted	<u>\$ 0.34</u>	<u>\$ 0.21</u>	<u>\$ 1.58</u>	<u>\$ 1.40</u>
<b><u>Gas Utility</u></b>				
Reported	\$ 0.14	\$ 0.21	\$ 0.56	\$ 0.65
Restructuring Costs and Other	-	-	-	-
Adjusted	<u>\$ 0.14</u>	<u>\$ 0.21</u>	<u>\$ 0.56</u>	<u>\$ 0.65</u>
<b><u>Enterprises</u></b>				
Reported	\$ (0.02)	\$ 0.01	\$ 0.02	\$ (*)
Restructuring Costs and Other	*	*	*	0.03
Adjusted	<u>\$ (0.02)</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.03</u>
<b><u>Corporate Interest and Other</u></b>				
Reported	\$ (0.08)	\$ (0.08)	\$ (0.27)	\$ (0.31)
Restructuring Costs and Other	*	*	*	*
Adjusted	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>	<u>\$ (0.27)</u>	<u>\$ (0.31)</u>
<b><u>Discontinued Operations</u></b>				
Reported	\$ (*)	\$ (*)	\$ *	\$ *
Discontinued Operations (Income) Loss	*	*	(*)	(*)
Adjusted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Totals</u></b>				
Reported	\$ 0.38	\$ 0.35	\$ 1.89	\$ 1.74
Discontinued Operations (Income) Loss	*	*	(*)	(*)
Restructuring Costs and Other	*	*	*	0.03
Adjusted	<u>\$ 0.38</u>	<u>\$ 0.35</u>	<u>\$ 1.89</u>	<u>\$ 1.77</u>
<b><u>Average Common Shares Outstanding - Diluted (in millions)</u></b>	<u>277.1</u>	<u>275.0</u>	<u>276.5</u>	<u>274.6</u>

\* Less than \$0.01 per share.

**Consumers Energy**  
**2015 Cash Flow GAAP Reconciliation (in millions) (unaudited)**

<b>Presentation Sources and Uses</b>		<b>Reclassifications From Sources and Uses to Statement of Cash Flows</b>						<b>Consolidated Statements of Cash Flows</b>	
		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	<b>GAAP Amount</b>	<b>Description</b>
Cash at year end 2014	<b>\$ 71</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 71</b>	Cash at year end 2014
<b>Sources</b>									
Operating (dep & amort \$744)	\$ 1,866								
Other working capital	171			-					
Sources	<b>\$ 2,037</b>	\$ 97	\$ (235)	\$ (202)	\$ 23	\$ 74	\$ -	<b>\$ 1,794</b>	Net cash provided by operating activities
<b>Uses</b>									
Interest and preferred dividends	\$ (235)								
Capital expenditures <sup>a</sup>	(1,763)								
Dividends/tax sharing to CMS	(377)								
Pension Contribution	(218)			-	-				
Uses	<b>\$ (2,593)</b>	\$ (97)	\$ 235	\$ 202	\$ (2)	\$ -	\$ 474	<b>\$ (1,781)</b>	Net cash used in investing activities
<b>Cash flow</b>	<b>\$ (556)</b>	\$ -	\$ -	\$ -	\$ 21	\$ 74	\$ 474	<b>\$ 13</b>	Cash flow from operating and investing activities
<b>Financing</b>									
Equity	\$ 150								
New Issues	250								
Retirements	(50)								
Net short-term financing & other	185	-	-						
Financing	<b>\$ 535</b>	\$ -	\$ -	\$ -	\$ (21)	\$ (74)	\$ (474)	<b>\$ (34)</b>	Net cash used in financing activities
<b>Net change in cash</b>	<b>\$ (21)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ (21)</b>	Net change in cash
<b>Cash at year end 2015</b>	<b>\$ 50</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 50</b>	Cash at year end 2015

<sup>a</sup>Includes cost of removal and capital leases

**CMS Energy Parent**  
**2015 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 2014	\$ 95	\$ -	\$ (95)	\$ -	Cash at year end 2014
<b>Sources</b>					
Consumers Energy dividends/tax sharing	\$ 377				
Enterprises	20				
Sources	\$ 397	\$ (152)	\$ (36)	\$ 209	Net cash provided by operating activities
<b>Uses</b>					
Interest and preferred dividends	\$ (129)				
Overhead and Federal tax payments	(10)				
Equity infusions	(150)				
Pension Contribution	(7)				
Uses (a)	\$ (302)	\$ 152	\$ -	\$ (150)	Net cash used in investing activities
<b>Cash flow</b>	<b>\$ 95</b>	<b>\$ -</b>	<b>\$ (36)</b>	<b>\$ 59</b>	<b>Cash flow from operating and investing activities</b>
<b>Financing and dividends</b>					
New Issues	\$ 250				
Retirements	-				
Equity programs (DRP, continuous equity)	43				
Net short-term financing & other	(4)	-	-		
Common dividend	(320)				
Financing	\$ (31)	\$ -	\$ (28)	\$ (59)	Net cash used in financing activities
<b>Net change in cash</b>	<b>\$ 64</b>	<b>\$ -</b>	<b>\$ (64)</b>	<b>\$ -</b>	<b>Net change in cash</b>
<b>Cash at year end 2015</b>	<b>\$ 159</b>	<b>\$ -</b>	<b>\$ (159)</b>	<b>\$ -</b>	<b>Cash at year end 2015</b>

(a) Includes other

**Consolidated CMS Energy**  
**2015 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 2014	\$ 71	\$ -	\$ 136	\$ -	\$ -	\$ 207	Cash at year end 2014
Net cash provided by operating activities	\$ 1,794	\$ 209	\$ 111	\$ (474)	\$ -	\$ 1,640	Net cash provided by operating activities
Net cash used in investing activities	(1,781)	(150)	(263)	-	150	(2,044)	Net cash used in investing activities
Cash flow from operating and investing activities	\$ 13	\$ 59	\$ (152)	\$ (474)	\$ 150	\$ (404)	Cash flow from operating and investing activities
Net cash provided by financing activities	\$ (34)	\$ (59)	\$ 232	\$ 474	\$ (150)	\$ 463	Net cash provided by financing activities
Net change in cash	\$ (21)	\$ -	\$ 80	\$ -	\$ -	\$ 59	Net change in cash
Cash at year end 2015	\$ 50	\$ -	\$ 216	\$ -	\$ -	\$ 266	Cash at year end 2015

**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
<b>Gross Operating Cash Flow</b>	<b>\$ 1,833</b>	<b>\$ 1,886</b>	<b>\$ 2,049</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)	(499)	(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>

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

<b>Presentation Sources and Uses</b>		<b>Reclassifications From Sources and Uses to Statement of Cash Flows</b>						<b>Consolidated Statements of Cash Flows</b>	
		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	<b>GAAP Amount</b>	<b>Description</b>
Cash at year end 2015	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	Cash at year end 2015
<b>Sources</b>									
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
<b>Uses</b>									
Interest and preferred dividends	\$ (245)								
Capital expenditures <sup>a</sup>	(1,650)								
Dividends/tax sharing to CMS	(485)								
Pension Contribution	-								
Uses	\$ (2,380)	\$ -	\$ 245	\$ (38)	\$ -	\$ -	\$ 485	\$ (1,688)	Net cash used in investing activities
<b>Cash flow</b>	<b>\$ (630)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23</b>	<b>\$ 74</b>	<b>\$ 485</b>	<b>\$ (48)</b>	<b>Cash flow from operating and investing activities</b>
<b>Financing</b>									
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
<b>Net change in cash</b>	<b>\$ (25)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (25)</b>	<b>Net change in cash</b>
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**

<b>Presentation Sources and Uses</b>		<b>Non Equity Uses as Operating</b>		<b>Consolidated Statements of Cash Flows</b>	
<b>Description</b>	<b>non-GAAP Amount</b>		<b>Other</b>	<b>GAAP Amount</b>	<b>Description</b>
Cash at year end 2015	\$ 159	\$ -	\$ (159)	\$ -	Cash at year end 2015
<b>Sources</b>					
Consumers Energy dividends/tax sharing	\$ 485				
Enterprises	35				
Sources	\$ 520	\$ (160)	\$ (51)	\$ 309	Net cash provided by operating activities
<b>Uses</b>					
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
<b>Cash flow</b>	<b>\$ 85</b>	<b>\$ -</b>	<b>\$ (51)</b>	<b>\$ 34</b>	<b>Cash flow from operating and investing activities</b>
<b>Financing and dividends</b>					
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
<b>Net change in cash</b>	<b>\$ 106</b>	<b>\$ -</b>	<b>\$ (106)</b>	<b>\$ -</b>	<b>Net change in cash</b>
<b>Cash at year end 2016</b>	<b>\$ 265</b>	<b>\$ -</b>	<b>\$ (265)</b>	<b>\$ -</b>	<b>Cash at year end 2016</b>

(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