



CMS
LISTED
NYSE

Investor Meetings

August 13-15, 2014

Content

- How it Works
- Investment
- Upsides
- Partners
- Passion to Improve



Cross Winds® Energy Park



Jackson Gas Plant



Consumers Smart Energy Program

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, 2013 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.

Investors and others should note that CMS Energy and Consumers Energy post important financial information using the investor relations section of the CMS Energy website, www.cmsenergy.com and Securities and Exchange Commission filings.

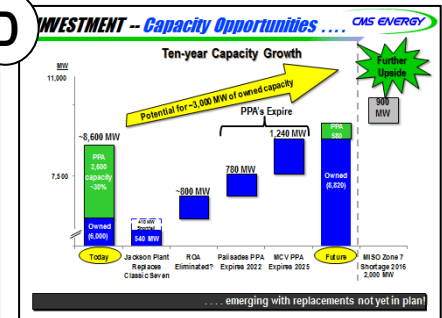
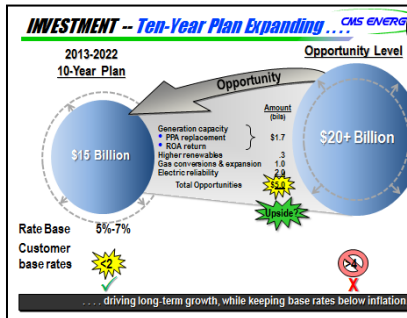
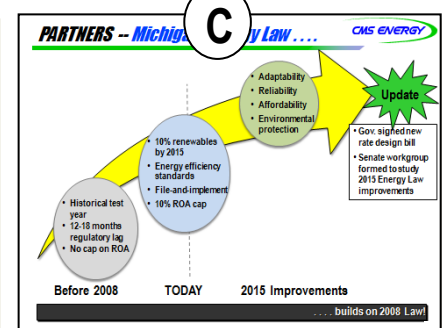
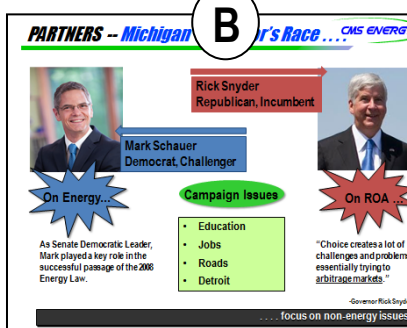
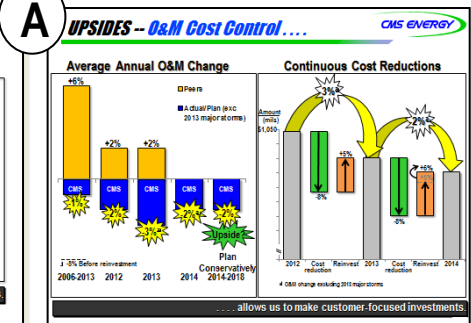
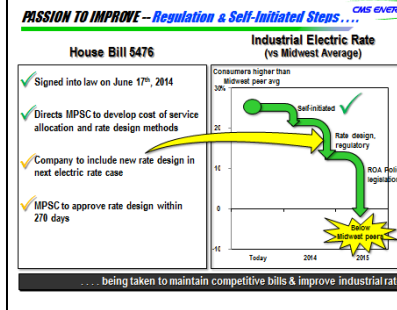
A Competitive Rates

B Elections

C Energy Law Update

D Investment & EPS Growth

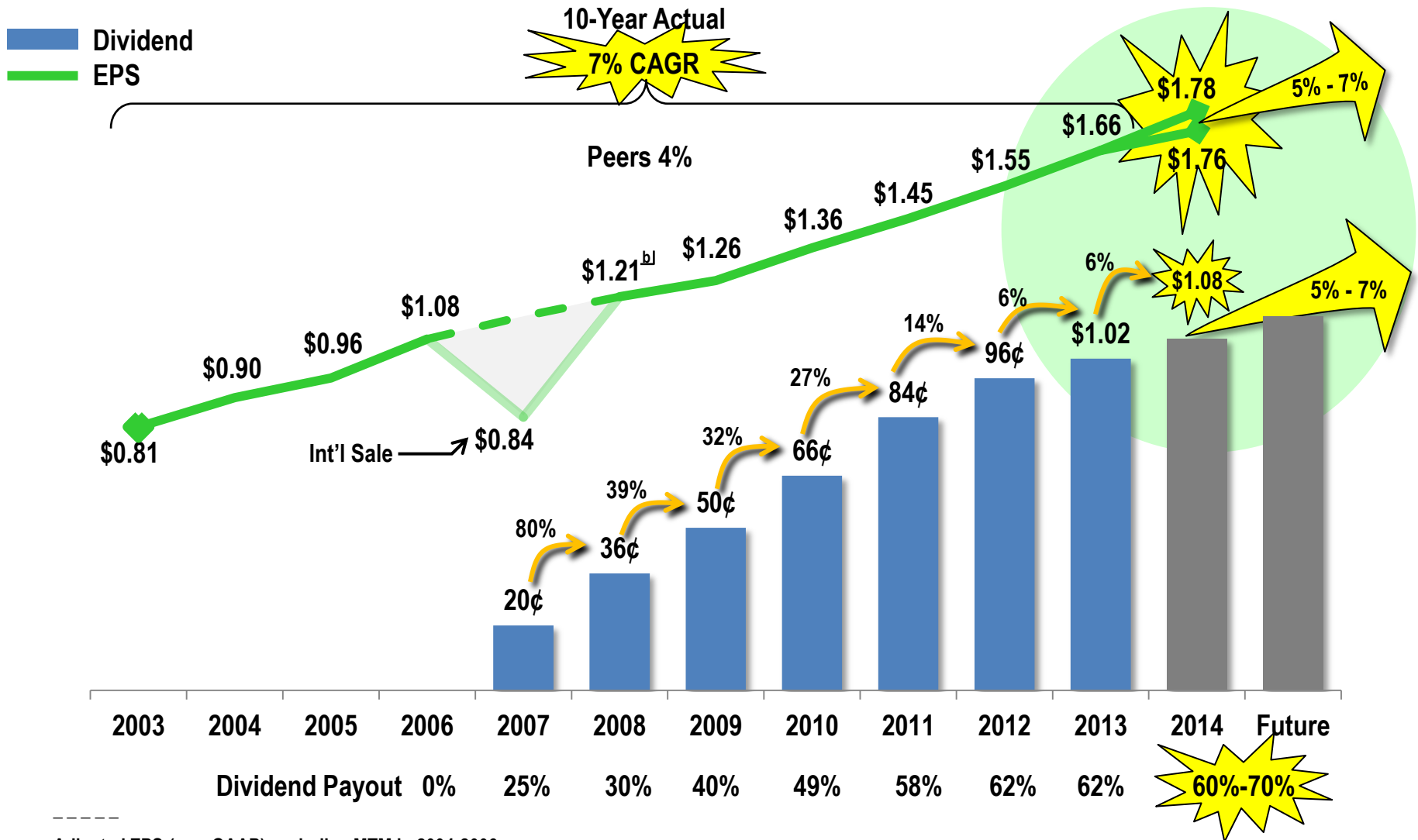
- Ten-year Conservative Plan
- Big Upsides, not in plan



... steps ahead.

HOW IT WORKS -- 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 "no excuse" growth, without resets.

RESULTS

Consistent
Predictable

Investment

- Ten year - \$15 billion
- Small, bite size projects
- None "Bet The Company"
- Self-funded

Self-Imposed Limits

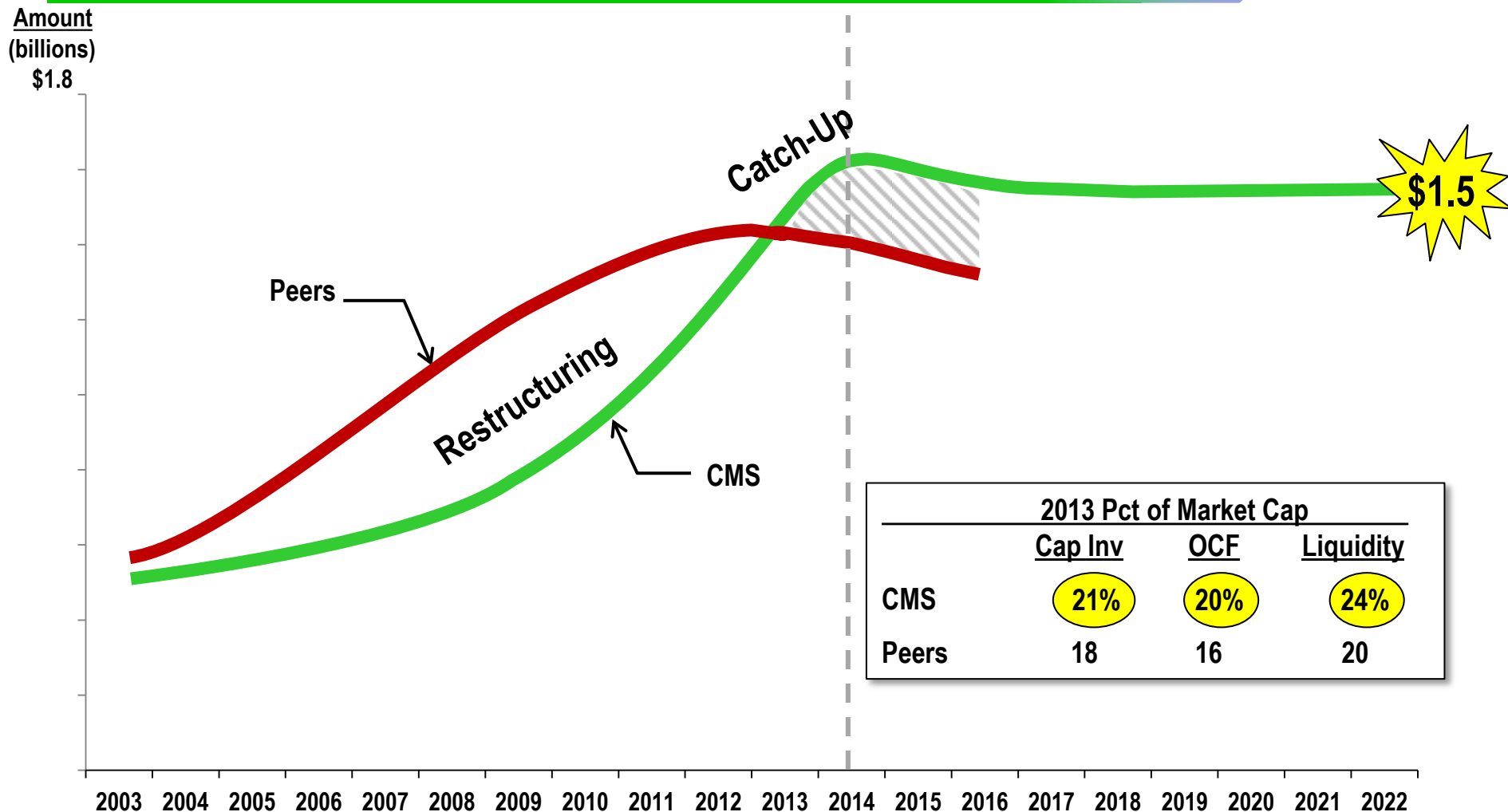
- Sustainable base rates < 2% inflation
- Investment "Needed Not Wanted"

Catalysts

- ✓ Capex > \$15 billion
- ✓ PPA's expire = 2,000 MW
- ✓ Zone 7 capacity shortfall
- ✓ Capacity price increases
- ✓ Conservative sales planning
- ✓ Continuous cost reductions

.... benefits customers AND owners.

HOW IT WORKS -- Investment "Catch-Up" CMS ENERGY



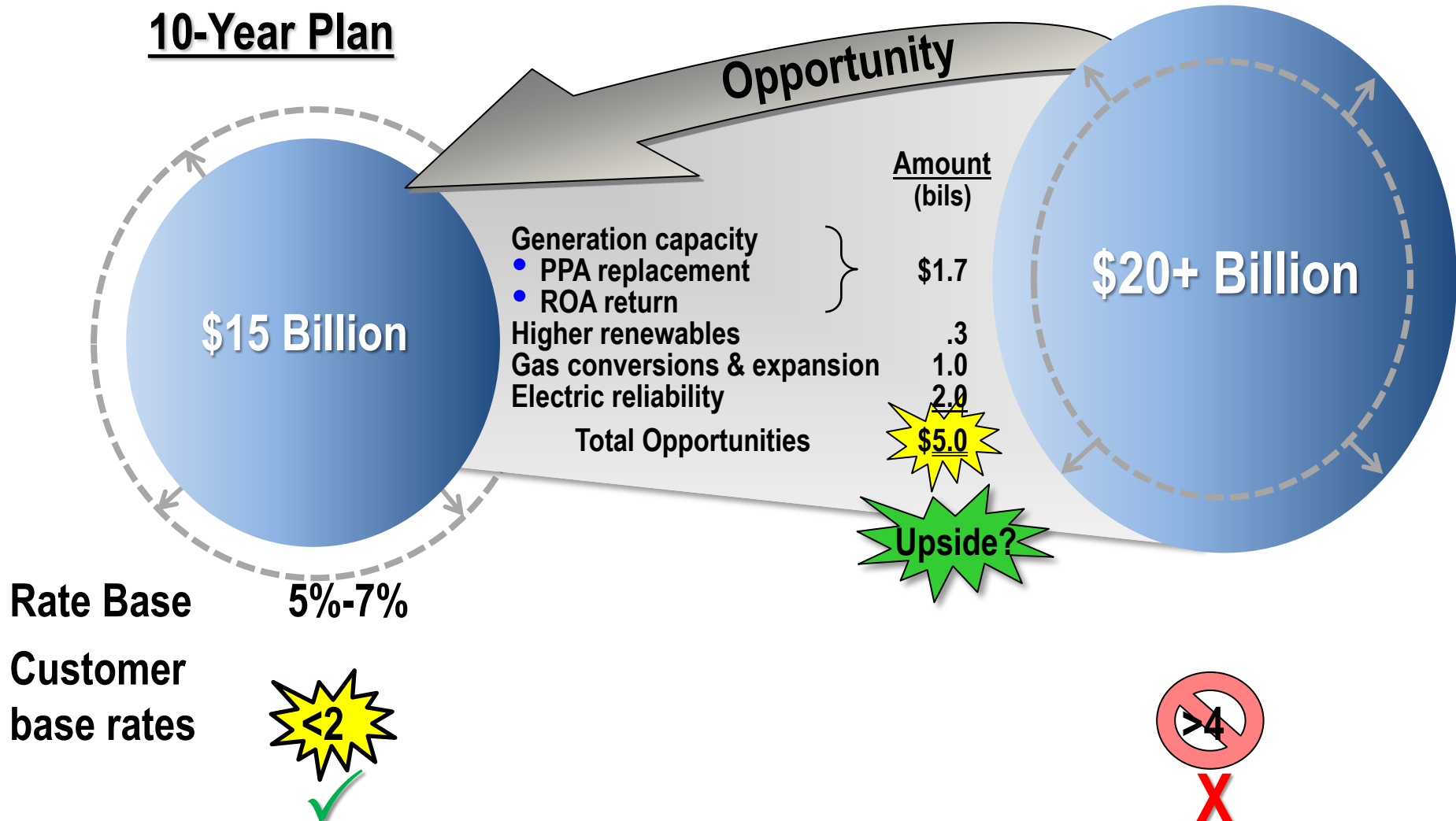
Source: 10K; actual amounts through 2013 smoothed for illustration

. . . . creating an opportunity for the next ten years.

INVESTMENT -- Ten-Year Plan Expanding.... *CMS ENERGY*

2013-2022
10-Year Plan

Opportunity Level



.... driving long-term growth, while keeping base rates below inflation.

INVESTMENT -- Customer-Driven....

CMS ENERGY

Clean Power

\$2.3 Billion



Capacity

\$1.6 Billion



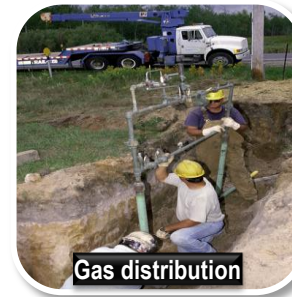
Reliability

\$4.2 Billion



Infrastructure

\$5.4 Billion



Opportunity

\$5 Billion

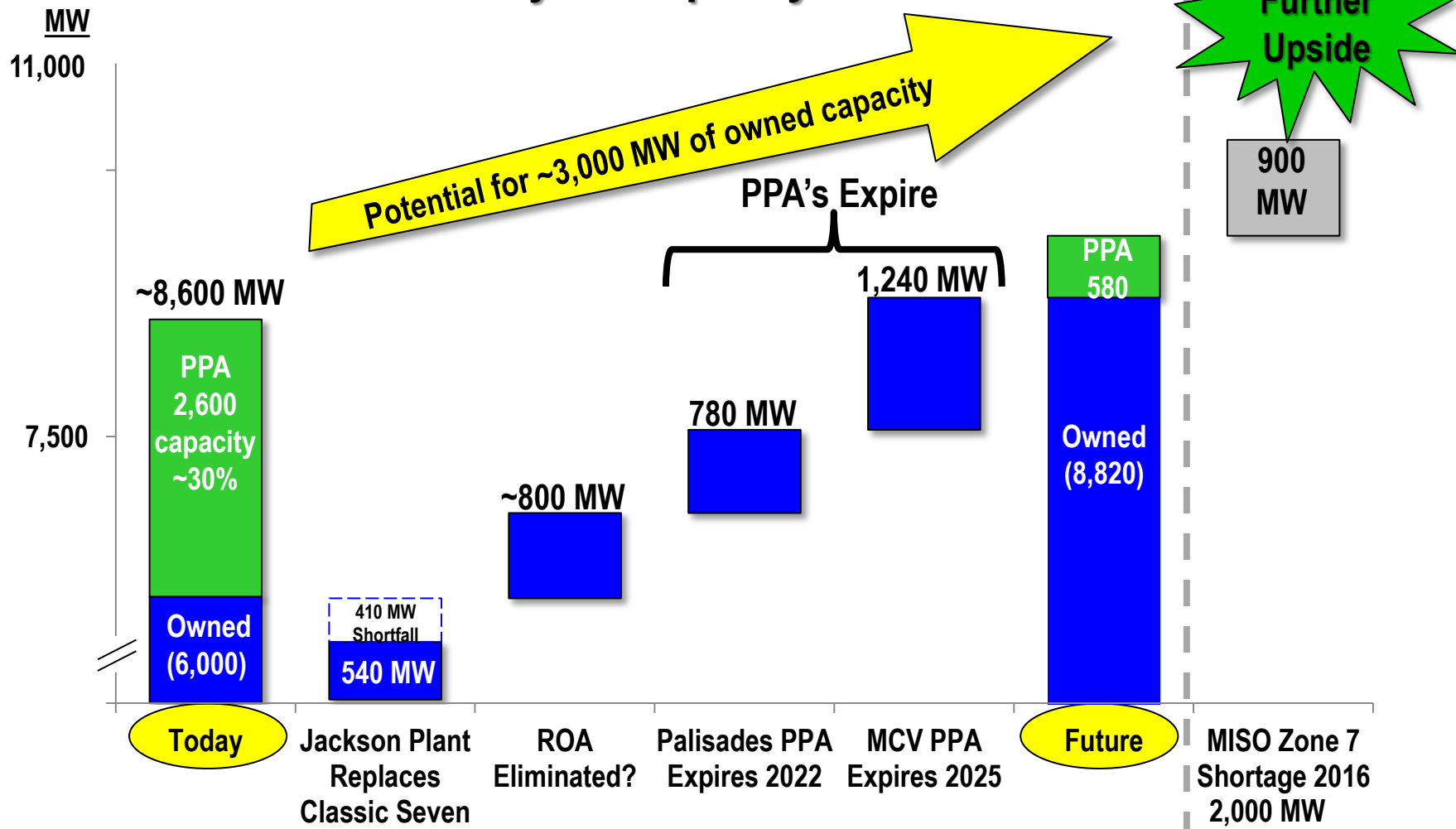


.... remains small and incremental, with no big bets.

INVESTMENT -- Capacity Opportunities

CMS ENERGY

Ten-year Capacity Growth



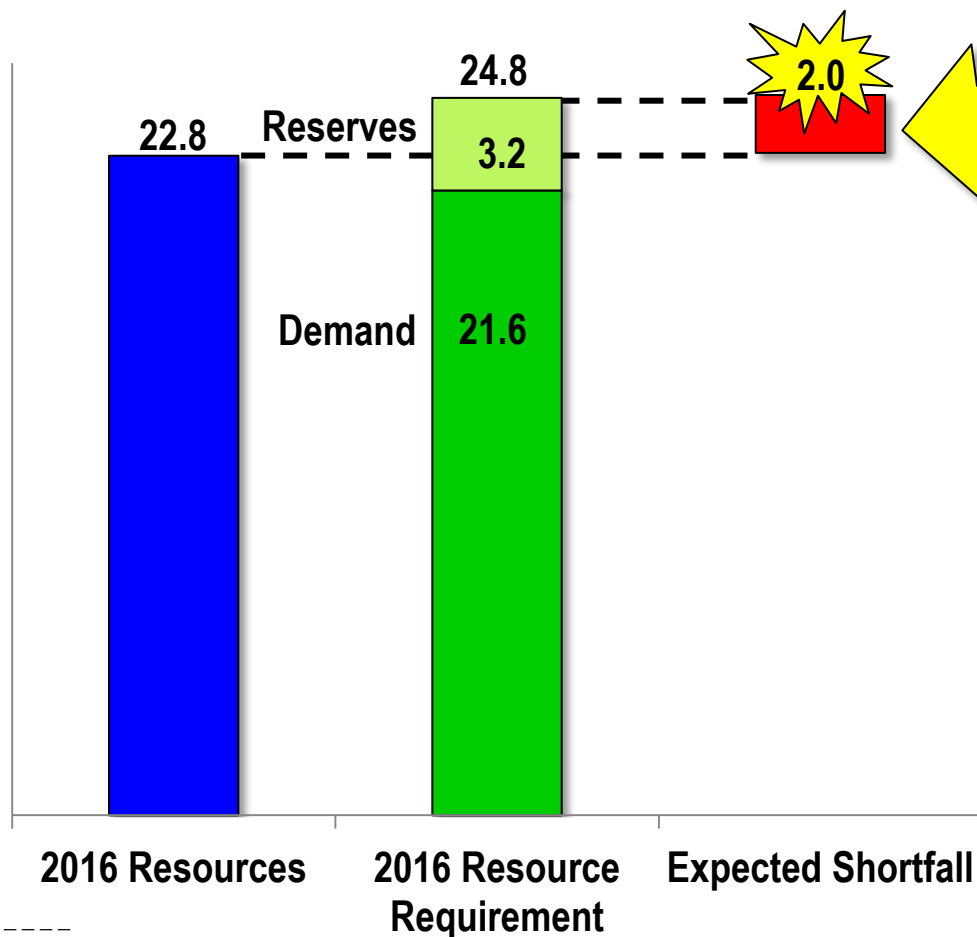
.... emerging with replacements not yet in plan!

INVESTMENT -- MISO Zone 7 Capacity....

CMS ENERGY

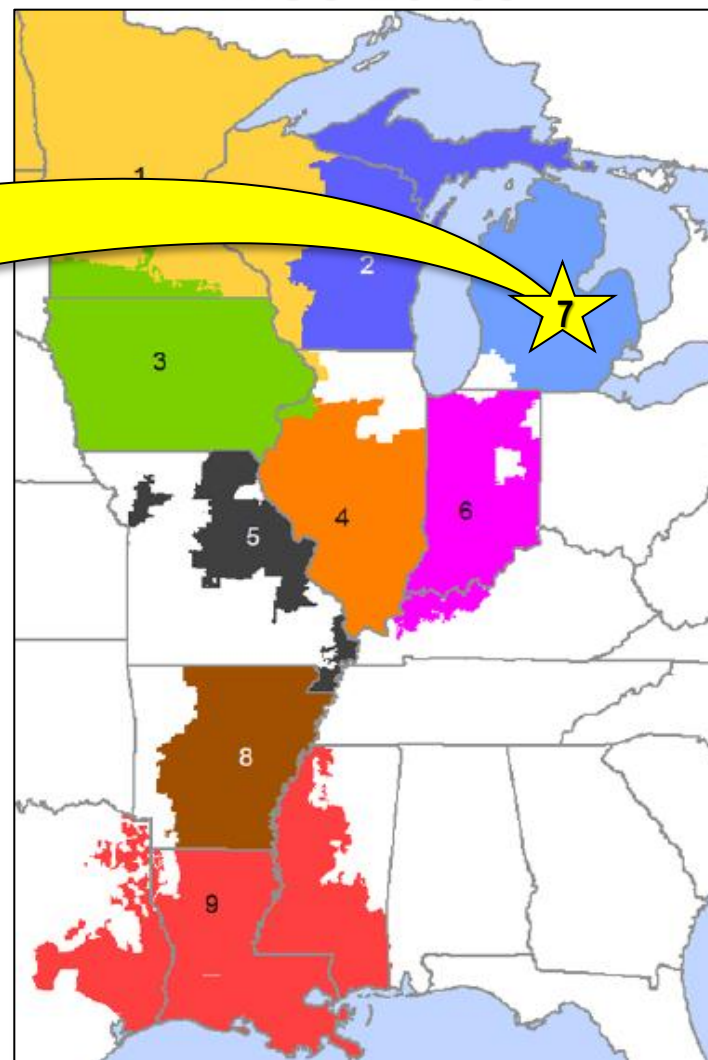
As of June 2, 2014

(in GW)



Source: MISO

MISO Zones



... shortfall expected to be 2.0 GW in 2016.

INVESTMENT -- *New Capacity Ops....*

CMS ENERGY

Full Year Impact

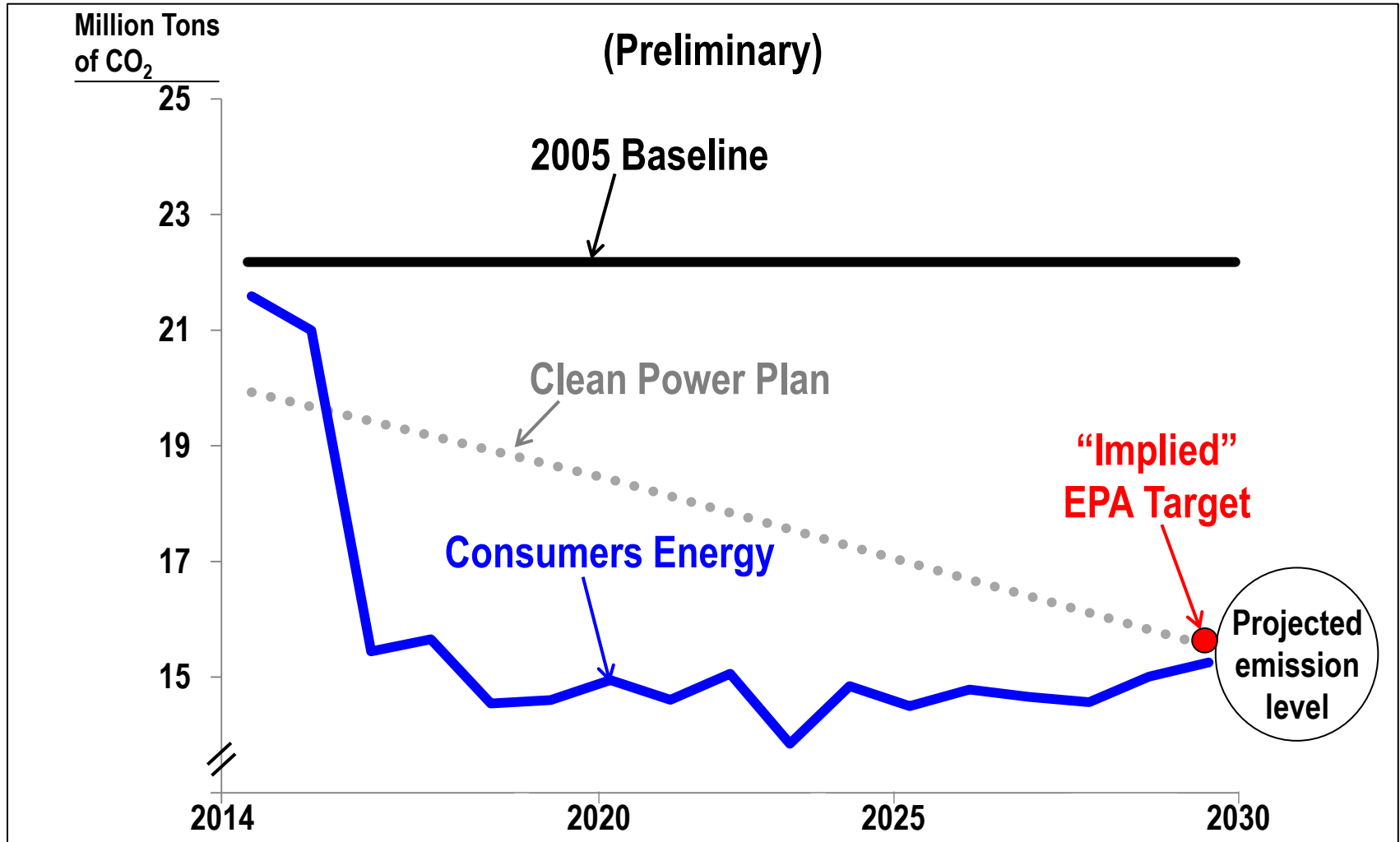
Replace PPA With New Build	Customer Bill (mils)	Investor (EPS)
1,000 MW of PPA's expire	- \$325	0 ¢
Add 1,000 MW owned capacity	+ <u>325</u>	+ <u>5</u>
Impact	<u>≈ Flat</u> ✓	+ 5¢ ✶
Incremental Step-up Not in Plan		2 points ✓

**Upside:
Capacity Options**

- Build - Thetford
- Expand - Zeeland
- Buy - ?
- ~~LT PPA~~

.... add earnings growth, without increasing bills!

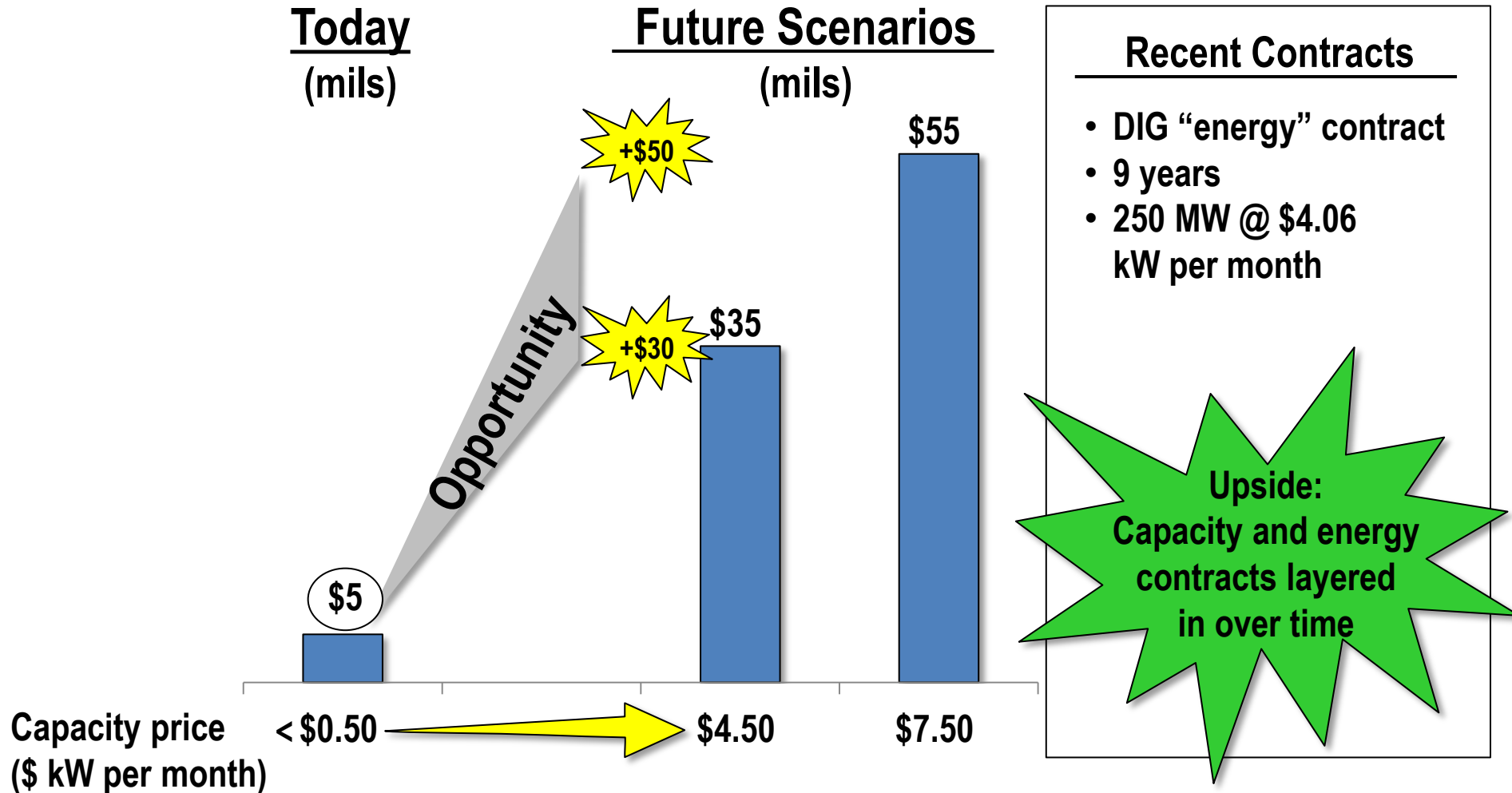
Carbon Tonnage Reduction



.... to be in a good carbon position.

UPSIDES -- Capacity Price Increases....

CMS ENERGY

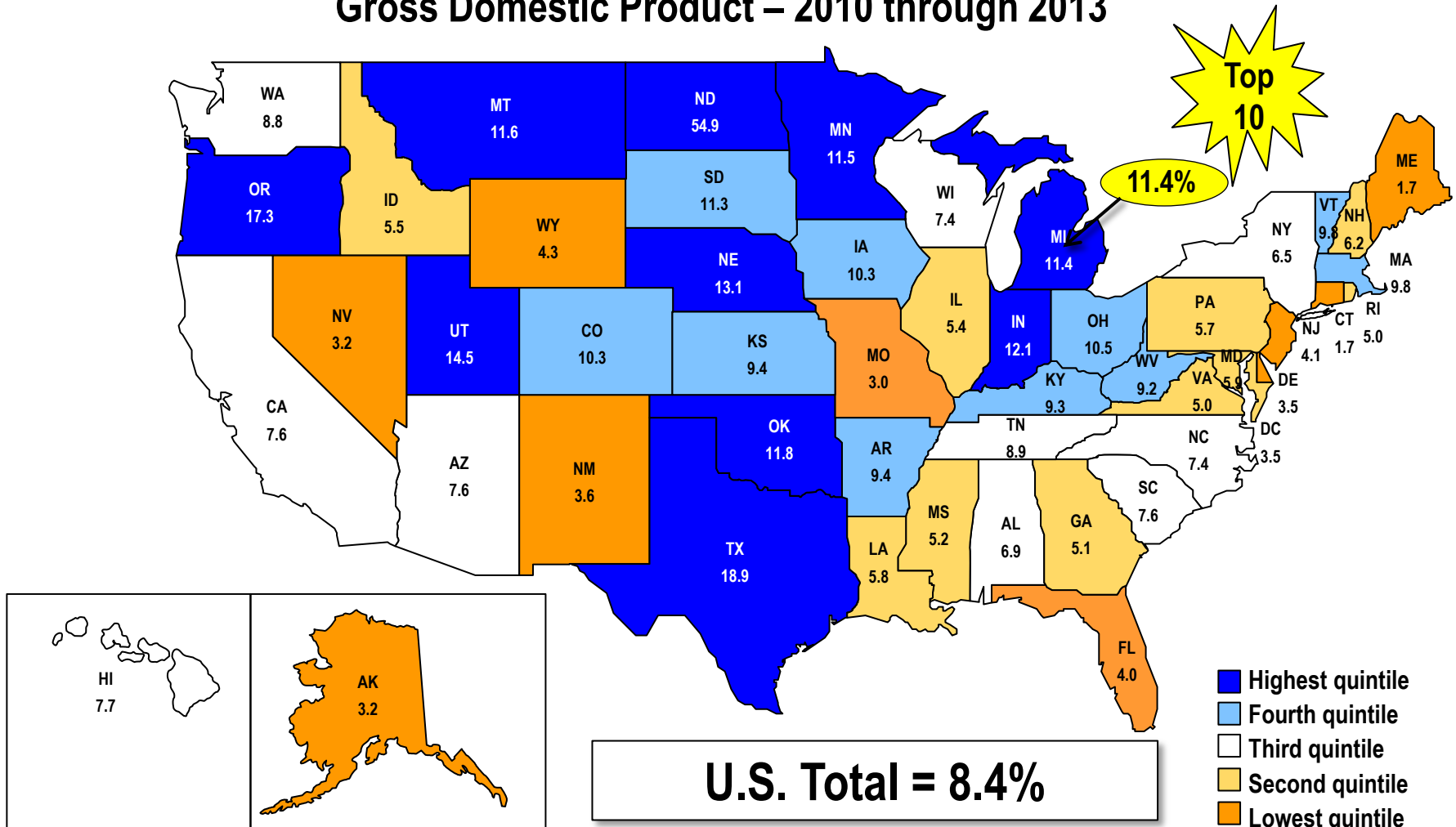


.... could add value to the 700 MW “DIG” plant.

UPSIDES -- Michigan's Recovery....

CMS ENERGY

Gross Domestic Product – 2010 through 2013



Source: U.S. Department of Commerce – bea.gov, real GDP 2009 chained dollars, 2013 advance and 2009 – 2012 revised, 6/12/14

.... among the best in the nation.

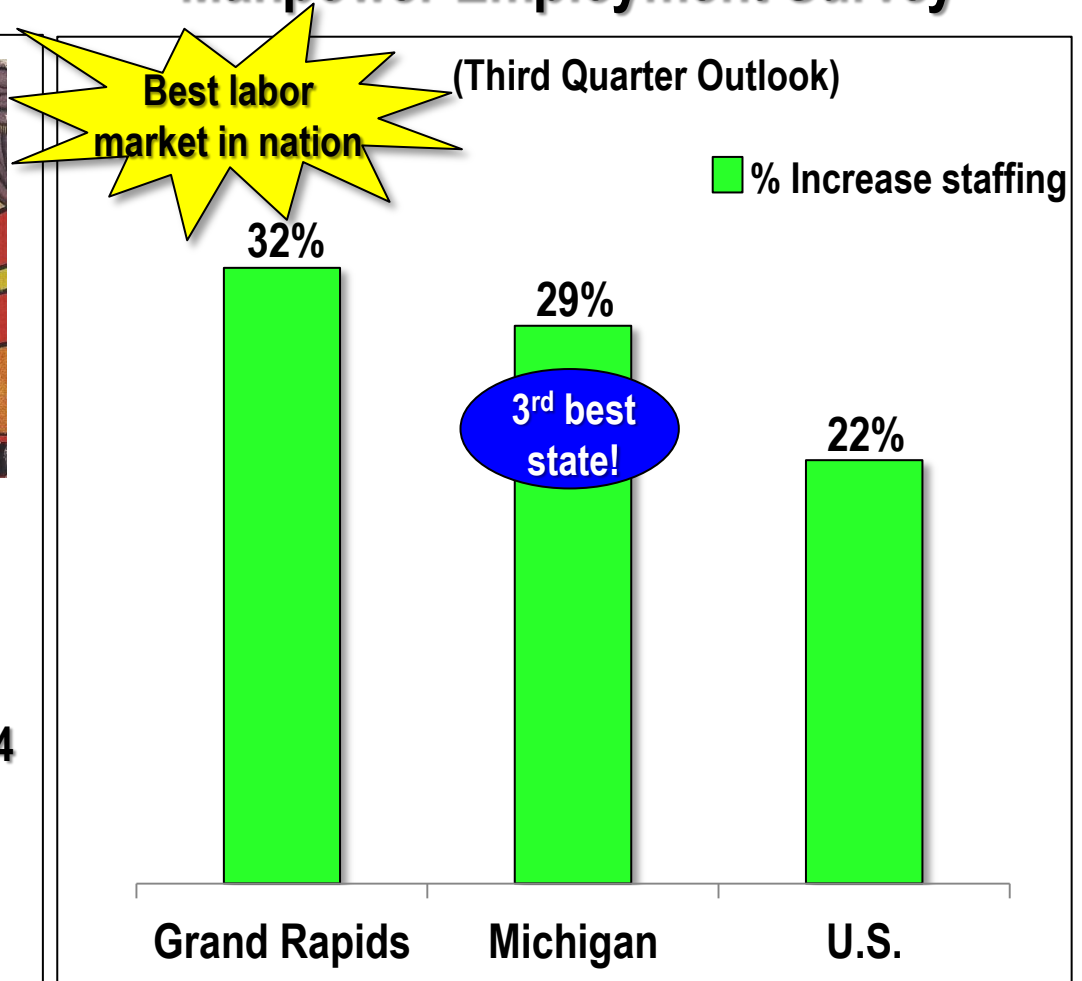
UPSIDES -- Grand Rapids Economic Results... CMS ENERGY

Economy Performance



- #1 City to raise a family**
- #2 Metro job growth since 2010**
- #3 Best midsize city for jobs in 2014**
- #4 Best city in U.S. to find a job**

Manpower Employment Survey



Sources: Forbes, Manpower, and CareerBuilder

... nationally recognized and ranked as a top city.

Economic Indicators

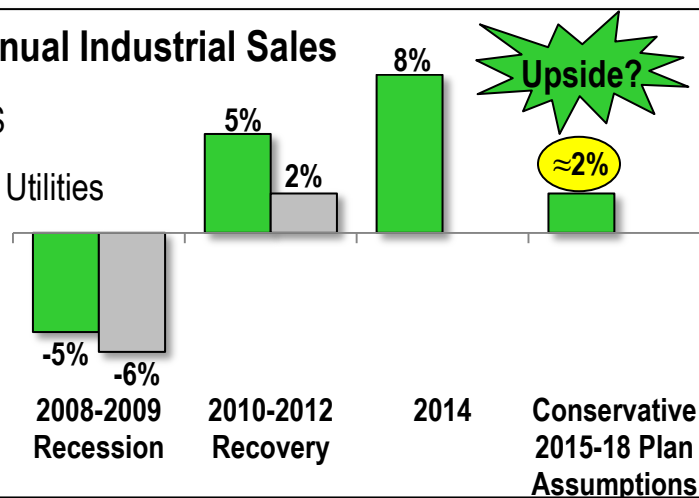
	Grand Rapids	Michigan	U.S.
Building Permits*	+38%	+17%	+10%
GDP (real) 2010 thru 2012	14	11	7
Population 2010 Census thru July 2013	3	0	2
Unemployment June 2014	5.7%	7.5%	6.1%

*Annualized numbers June thru May

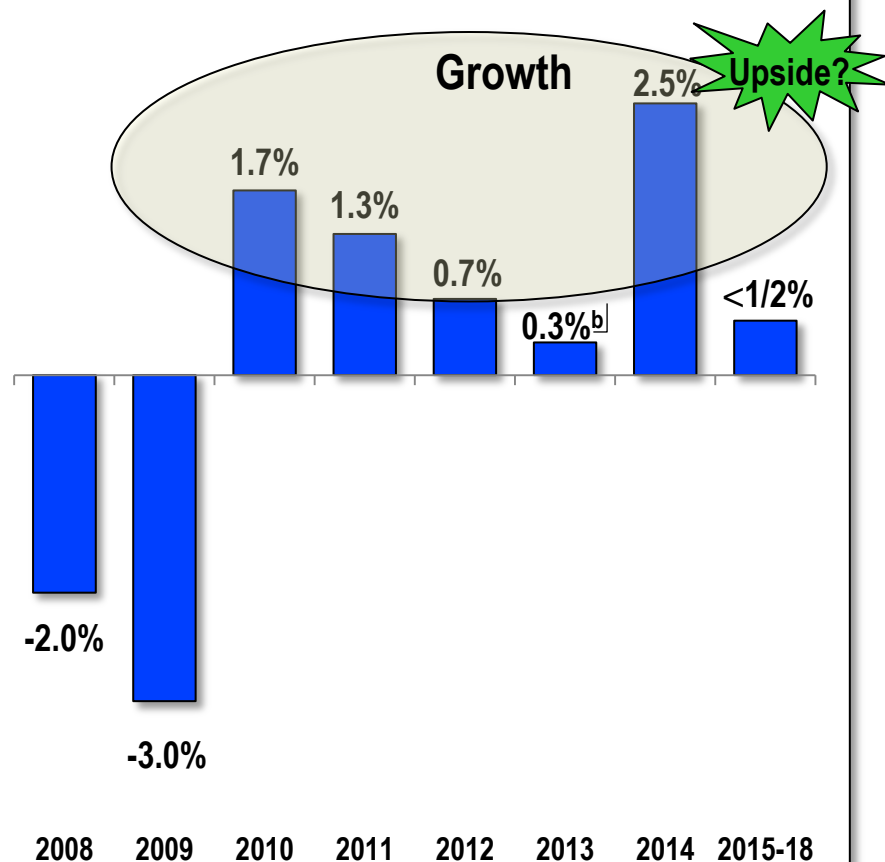
Annual Industrial Sales

■ CMS

■ U.S. Utilities



Annual Electric Sales^a

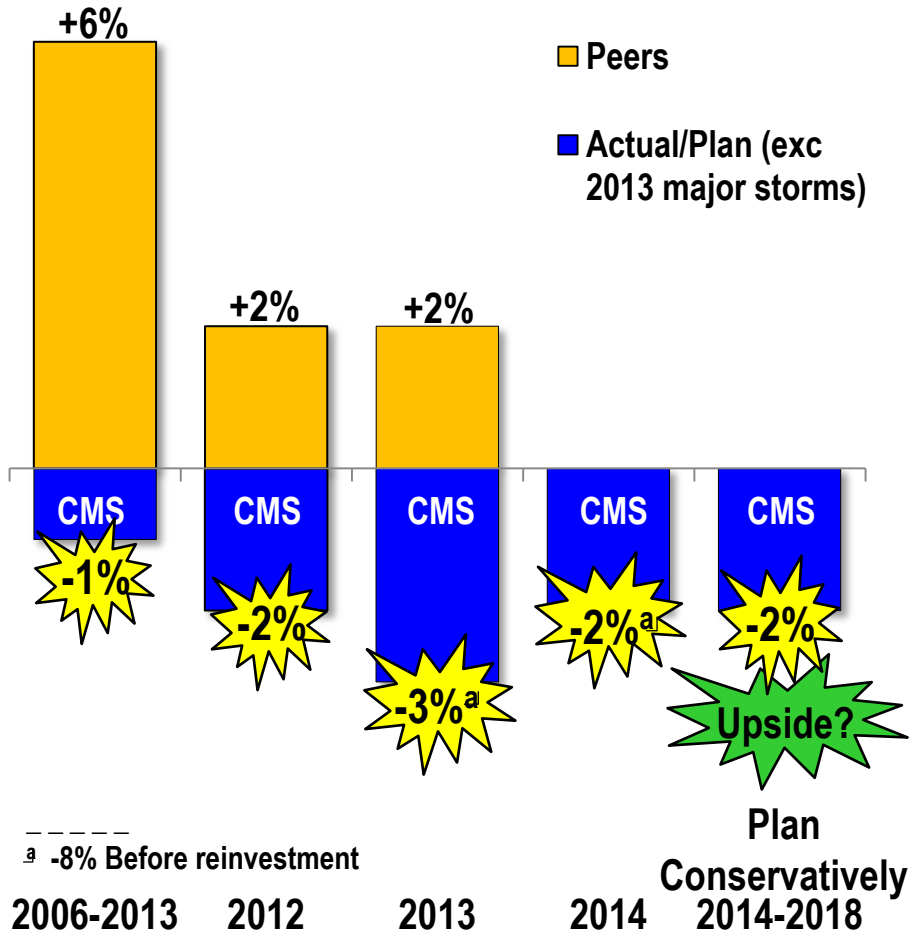


^a Weather normalized vs prior year

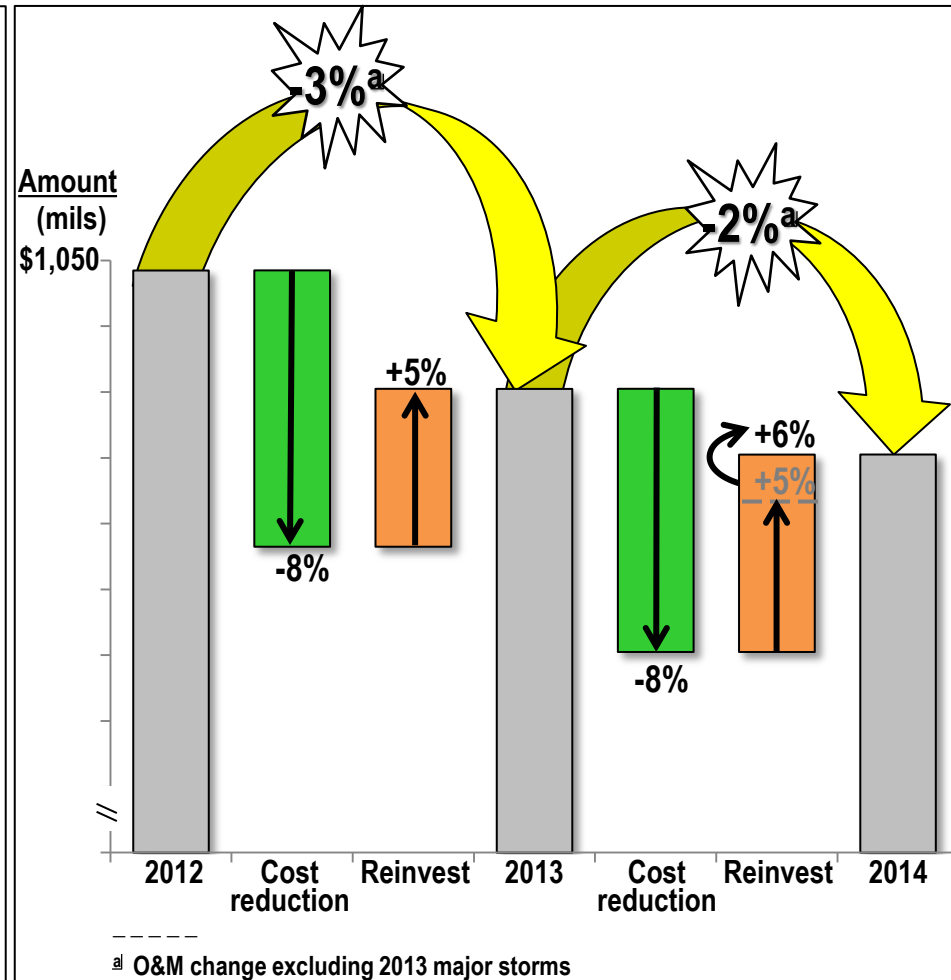
^b Negative with "E1"

.... planned conservatively.

Average Annual O&M Change



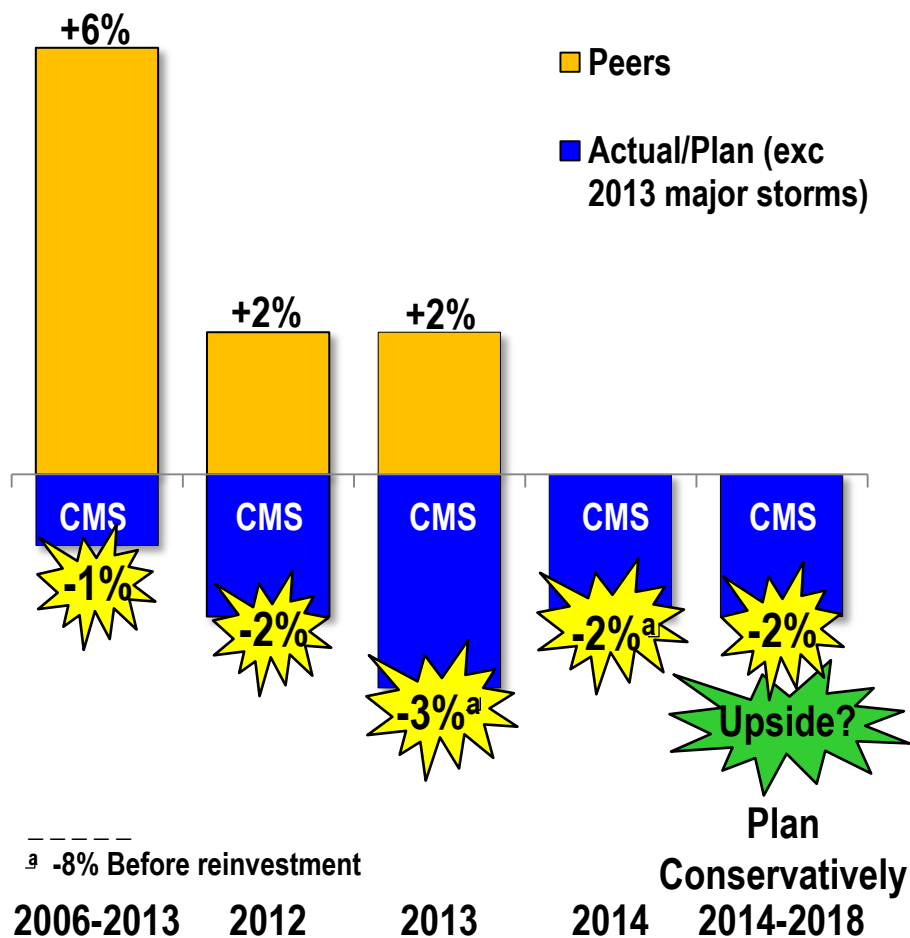
Continuous Cost Reductions



.... allows us to make customer-focused investments.

UPSIDES -- Cost Control....

Average Annual O&M Change



Future Examples

Fuel Mix

		MW	Employees
2016	Retire Coal	- 950	- 300
2016	Add GCC	+ 540	+ 20
	Total	<u>-410</u>	<u>- 280</u>
	Future Savings (mils)		\$25

Benefits

2002-2012	Actions completed	\$25
2013	EGWP, OPEB & other	50
	Future Savings	\$75

Fuel and Benefits

\$100

... provides headroom for conservative planning ahead.

UPSIDES -- Customer-Focused Reinvestment.... CMS ENERGY

Adjusted EPS
(non-GAAP)

Icy Late December

O&M B/(W)
Than Forecast
(mils)

Storm (total \$50 M)
Insurance
Lower contributions
Sales-weather
Total

\$(37)

16

9

12

\$ 0

+13¢

2012 Hot
Summer

Reinvested earlier

\$1.66

+7%

2013

2013 Cold
Winter &
Cost Savings

2012
Warm
Winter

2012
Cost
Saving

2012

-13¢

2013 Reinvestment

Electric reliability	\$14	3¢
Gas reliability	16	4
Generation & Corp "pull-aheads"	7	2
Service restoration cost & other	21	5
Subtotal - pre-Nov/Dec Storms	\$58	14¢
November Service Restoration	15	3

Reinvestment Amount (mils)	EPS
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\$14 3¢

16 4

7 2

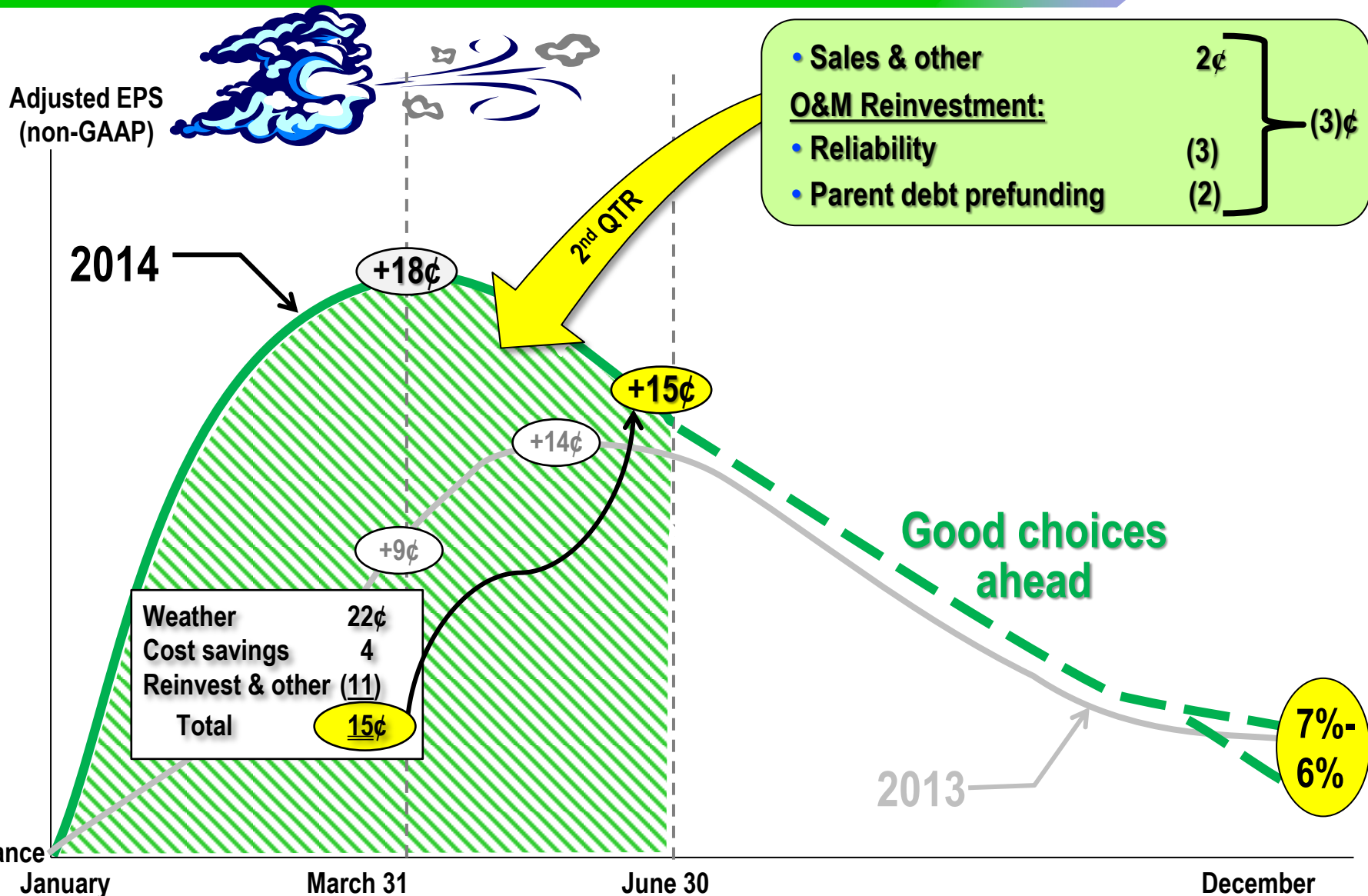
21 5

\$58 14¢

15 3

.... has enabled us to manage our work.

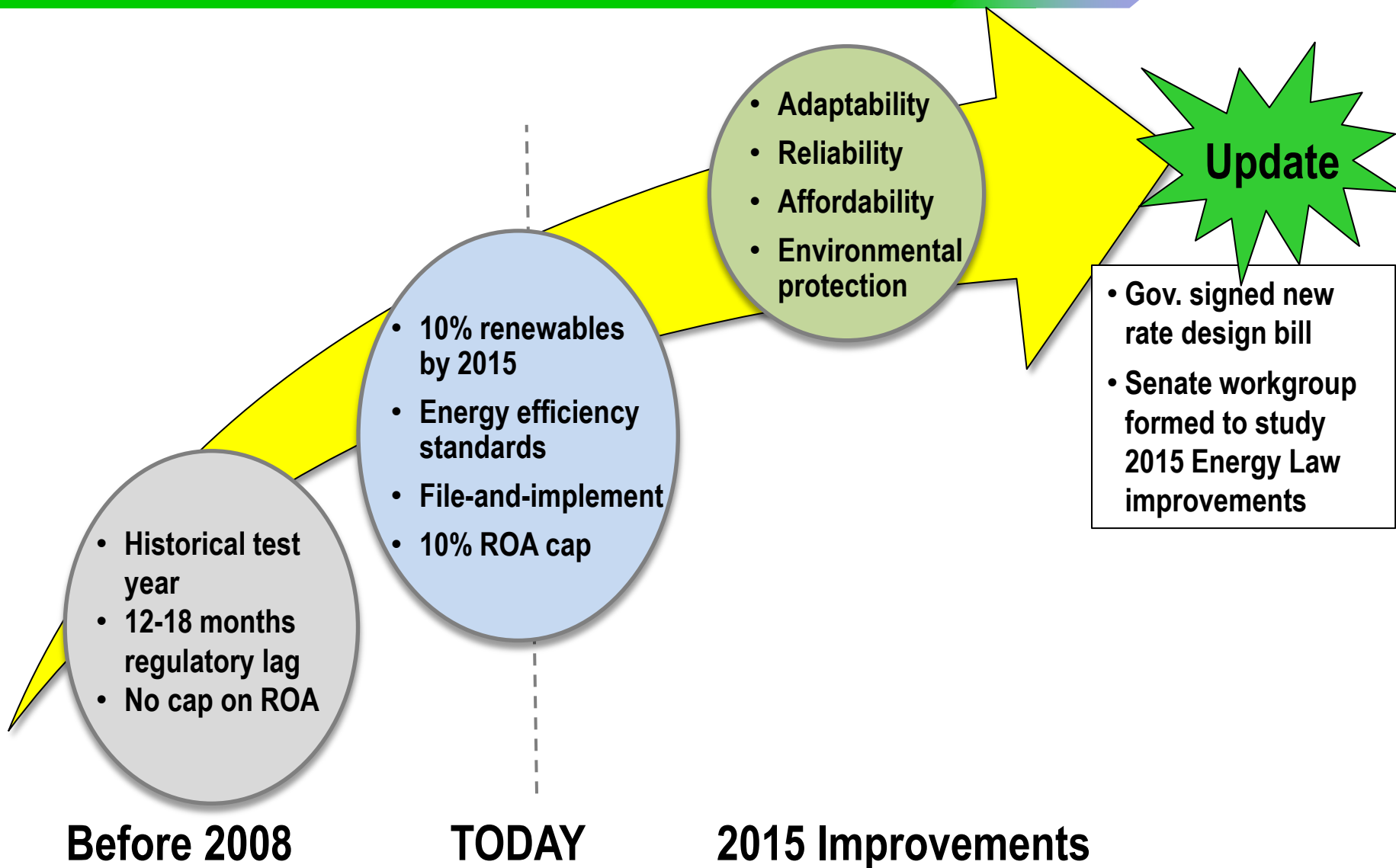
UPSIDES -- Customer-Focused O&M Reinvestment.... CMS ENERGY



.... delivers for both customers AND owners.

PARTNERS -- Michigan Energy Law....

CMS ENERGY



.... builds on 2008 Law!

PARTNERS -- Michigan Governor's Race.... ***CMS ENERGY***



Mark Schauer
Democrat, Challenger

On Energy...

As Senate Democratic Leader, Mark played a key role in the successful passage of the 2008 Energy Law.

Rick Snyder
Republican, Incumbent



On ROA ...

“Choice creates a lot of challenges and problems, essentially trying to arbitrage markets.”

Campaign Issues

- Education
- Jobs
- Roads
- Detroit

-Governor Rick Snyder

.... focus on non-energy issues.

Commission



**John Quackenbush (R),
Chairman**
Term Ends: July 2, 2017

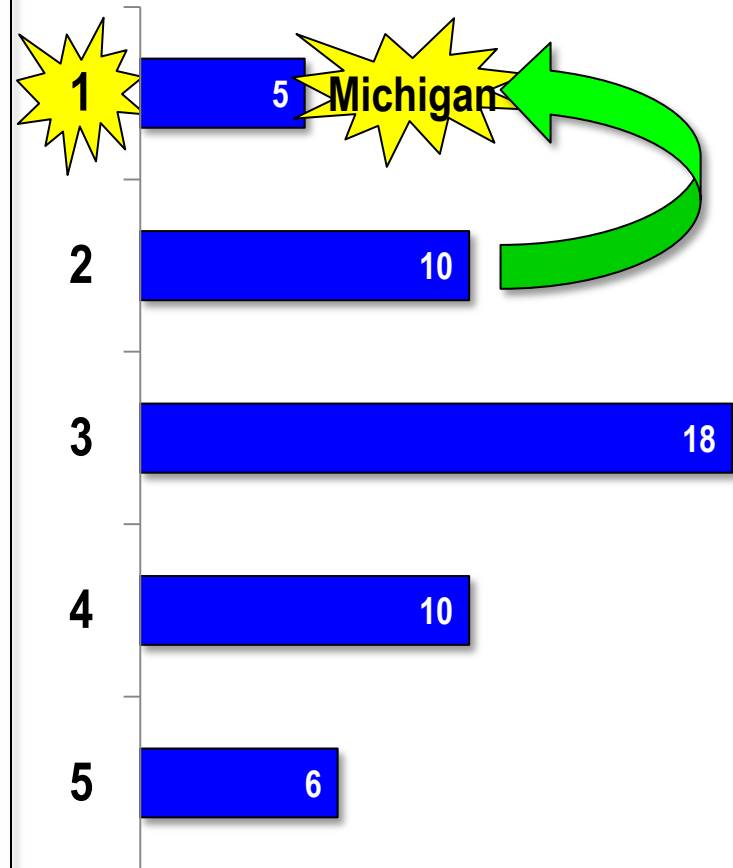


Sally Talberg (I)
Term Ends: July 2, 2019



Greg White (I)
Term Ends: July 2, 2015

Tier 1 State Ranking



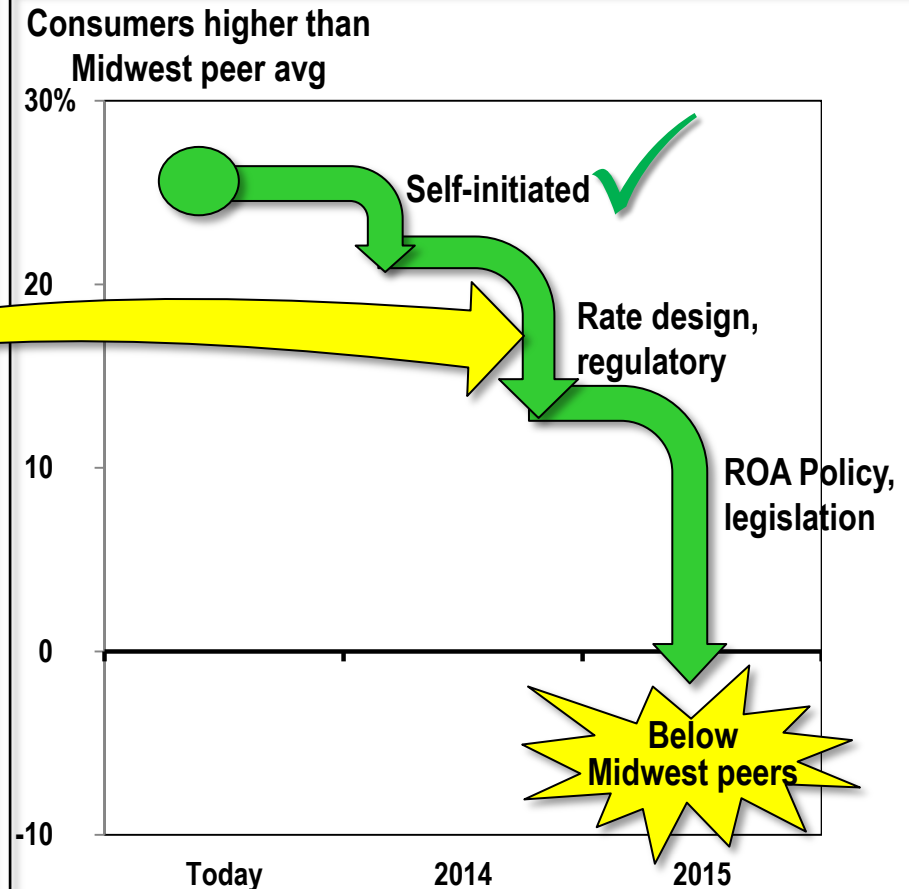
Barclays Research

.... is supported by a quality Commission and a strong Law.

House Bill 5476

- ✓ Signed into law on June 17th, 2014
- ✓ Directs MPSC to develop cost of service allocation and rate design methods
- ✓ Company to include new rate design in next electric rate case
- ✓ MPSC to approve rate design within 270 days

Industrial Electric Rate (vs Midwest Average)



.... being taken to maintain competitive bills & improve industrial rates.

PASSION TO IMPROVE -- 2015 Gas Rate Case CMS ENERGY

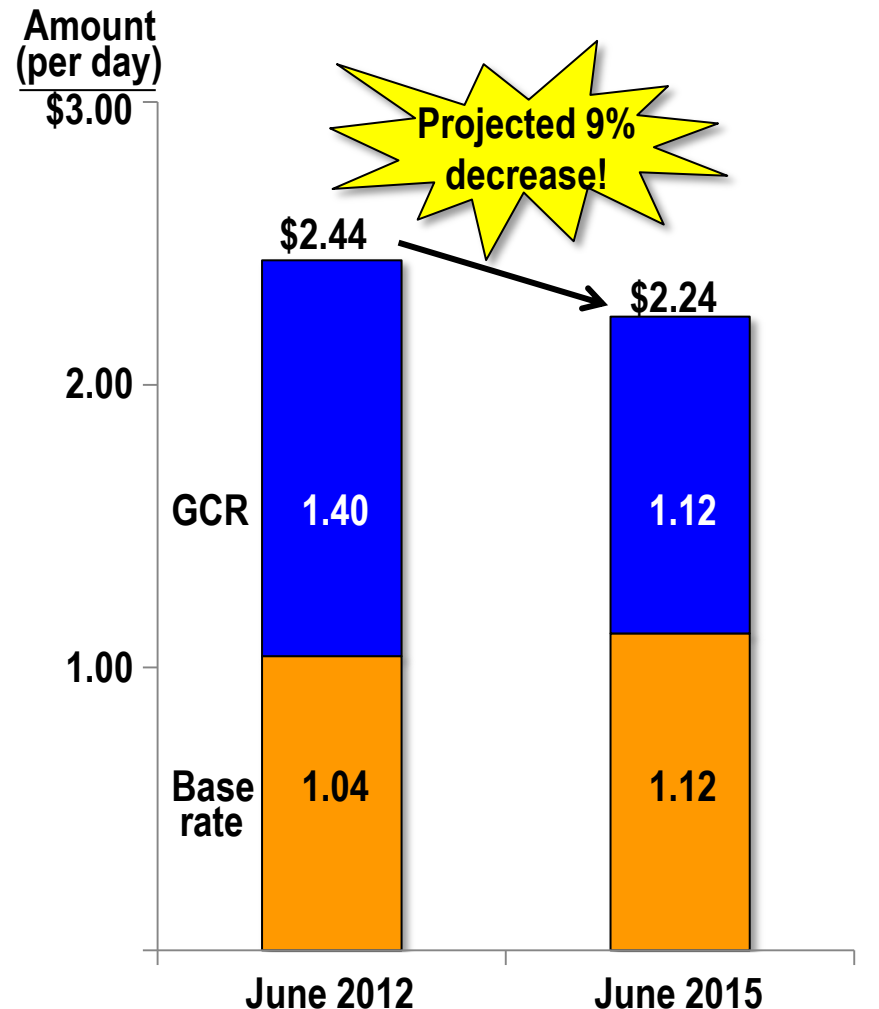
Overview

	<u>Amount</u> (Mils)
Capital Investment	\$ 144 ✓
Cost & Other	(56)
Request	<u>\$ 88</u>

2016-2017 Investment Recovery Mechanism	\$ 92
--	-------

	<u>Existing</u> (2012)	<u>Request</u> (2015)
Rate Base (bils)	\$3.14	\$3.65
ROE	10.3%	10.7%
Equity - Regulatory	41.3	41.7
Equity - Financial	50.9	52.5

Residential Gas Customer Cost



.... supports capital investment offset partially by lower costs.

PASSION TO IMPROVE -- Includes....

Cost Control

Utility O&M

**Down
8%
since
2011**

2011

2014

2019

Customer Satisfaction

Electric

1st Quartile

2nd Quartile

3rd Quartile

4th Quartile

Residential

Industrial

2011

2014

2016

Employee Engagement

**1st
Quartile**

**1st
Quartile**

**1st
Quartile**

2nd Quartile

3rd Quartile

4th Quartile

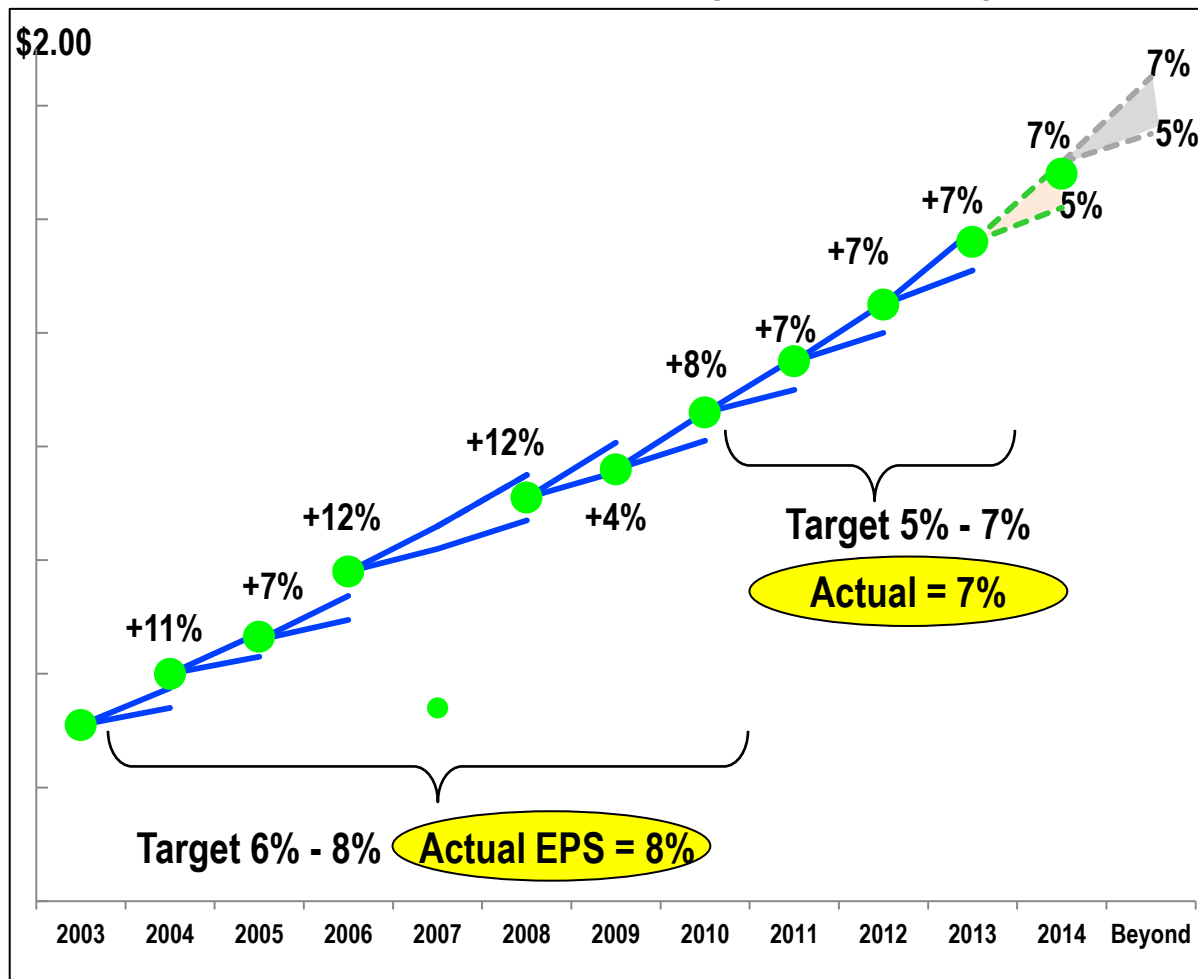
2011

2012

2013

.... disciplined cost control with improved customer metrics and employee engagement.

EPS^a “Real” Growth (No “Resets”)



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

Core Fundamentals

- ✓ Ten-Year Visible Investment (Self-funded)
- ✓ Strong Cost Control (Among best)
- ✓ Conservative Planning (Upside)
- ✓ Supportive Regulatory

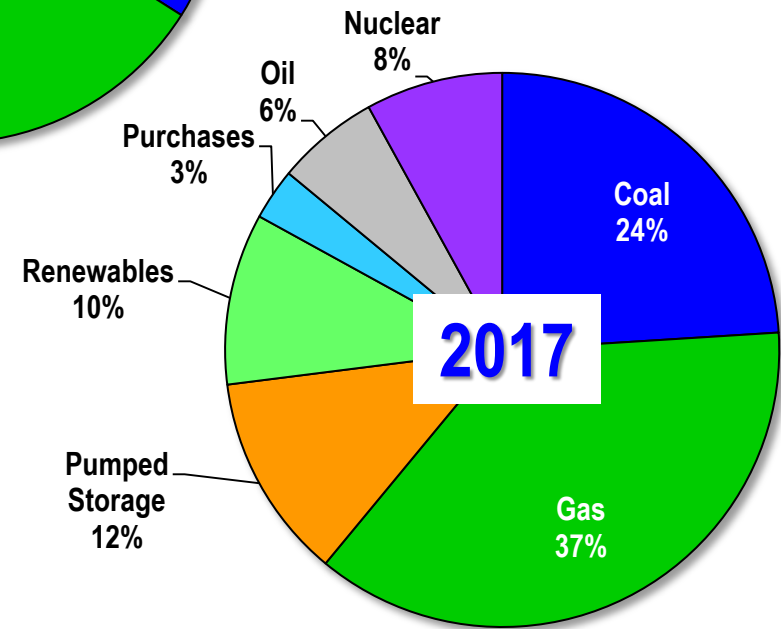
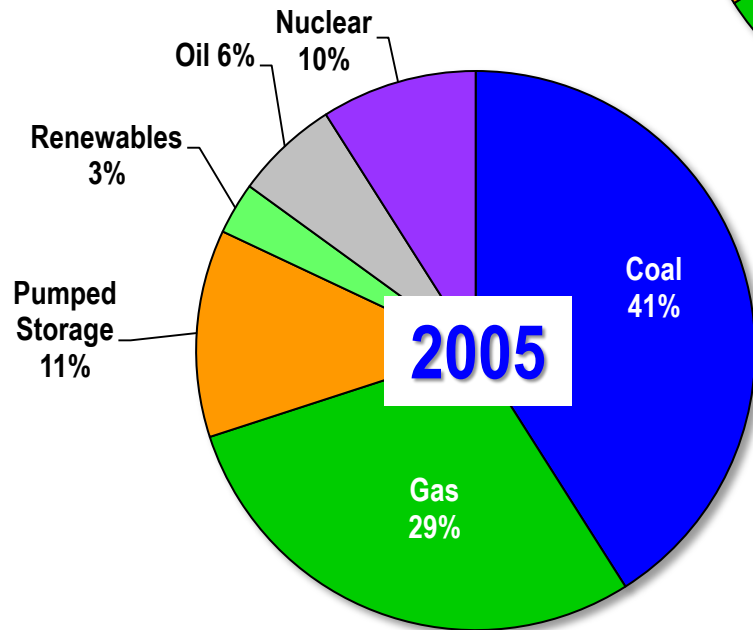
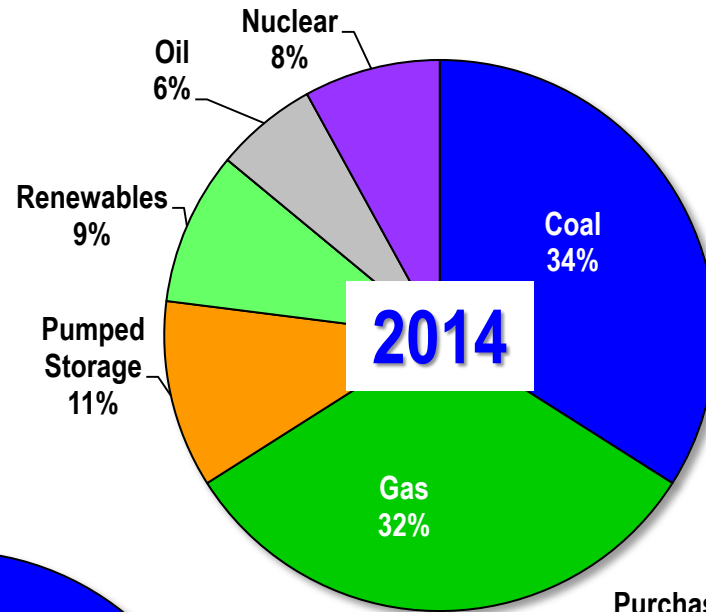
**Catalyst Upside
Not in Plan!**

.... distinguish CMS “passion to improve” for customers AND owners.

Appendix

Capital Expenditures

	2013	2014	2015	2016	2017	2013-2017	2018-2022	Total
	(mils)	(mils)	(mils)	(mils)	(mils)	Subtotal	Subtotal	2013-2022
	(mils)	(mils)	(mils)	(mils)	(mils)	(mils)	(mils)	(mils)
New Generation (includes Renewables)	\$ 136	\$ 222	\$ 61	\$ 213	\$ 44	\$ 676	\$ 1,105	\$ 1,781
Environmental	314	280	201	122	114	1,031	420	1,451
Gas	172	227	237	215	188	1,039	1,435	2,474
Smart Energy	69	84	134	174	120	581	-	581
Electric Reliability	160	244	259	157	179	999	1,405	2,404
Maintenance	601	600	605	601	598	3,005	3,645	6,650
Total	\$ 1,452	\$ 1,657	\$ 1,497	\$ 1,482	\$ 1,243	\$ 7,331	\$ 8,010	\$ 15,341
 Electric	 \$ 1,049	 \$ 1,212	 \$ 1,004	 \$ 1,003	 \$ 797	 \$ 5,065	 \$ 5,378	 \$ 10,443
Gas	403	445	493	479	446	\$ 2,266	2,632	4,898
Total	\$ 1,452	\$ 1,657	\$ 1,497	\$ 1,482	\$ 1,243	\$ 7,331	\$ 8,010	\$ 15,341



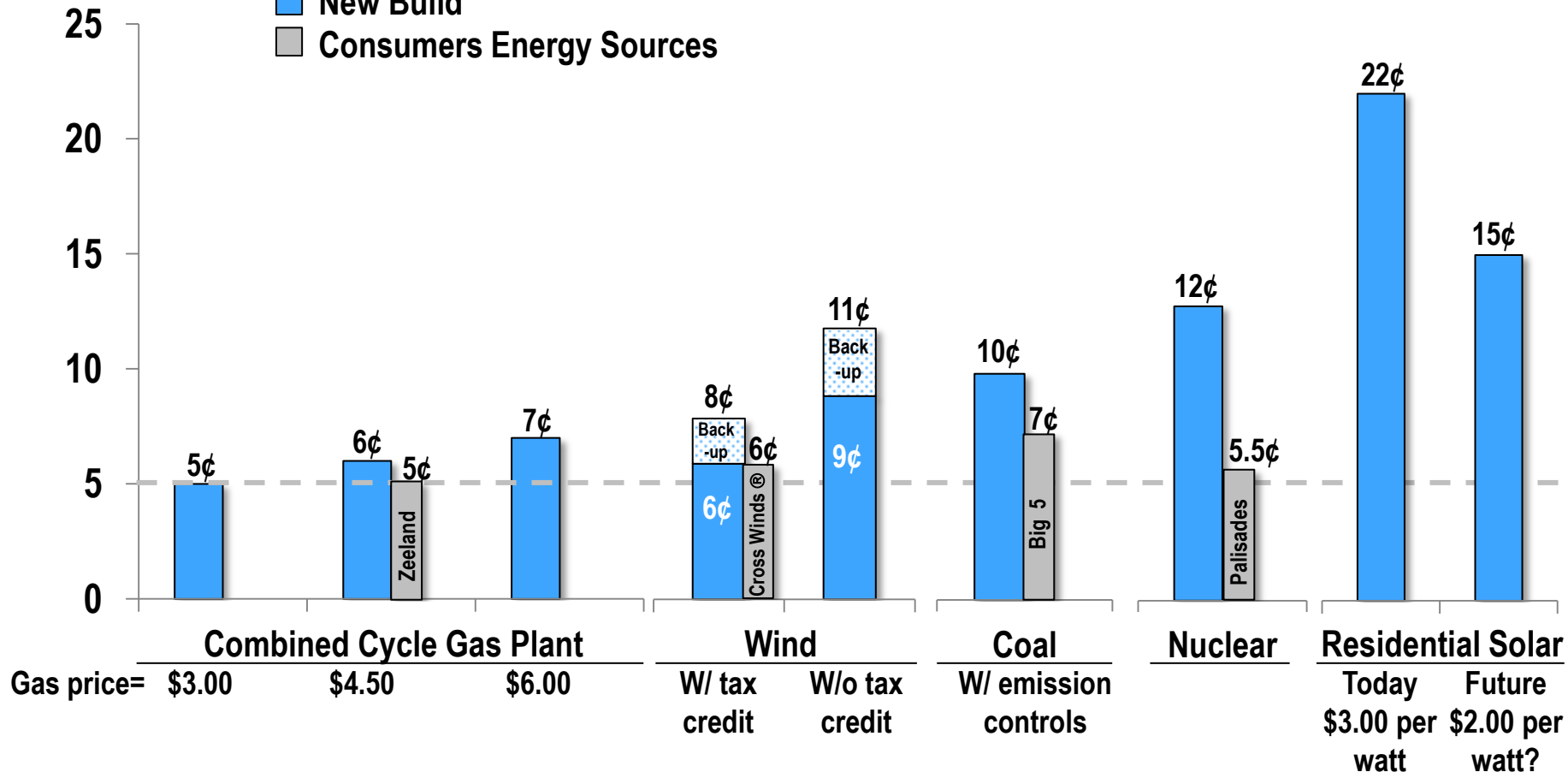
.... evolving to cleaner generation while becoming more cost competitive.

Generation Strategy: New Supply Sources . . . CMS ENERGY

Levelized cost
of new build

(¢/kWh)

■ New Build
■ Consumers Energy Sources



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

GAAP Reconciliation

Earnings Per Share By Year GAAP Reconciliation (Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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
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)	*
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
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

* 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.