

- How it Works
- Investment (New)
- Upsides (Updates)
- Partners

Wolfe Research Power & Gas Leaders

September 17, 2014



Ludington Pumped Storage

Fourth largest in the world



Jackson Gas Plant

Lowest acquisition cost ever



Cross Winds ® Energy Park

#1 in renewables 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, 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.

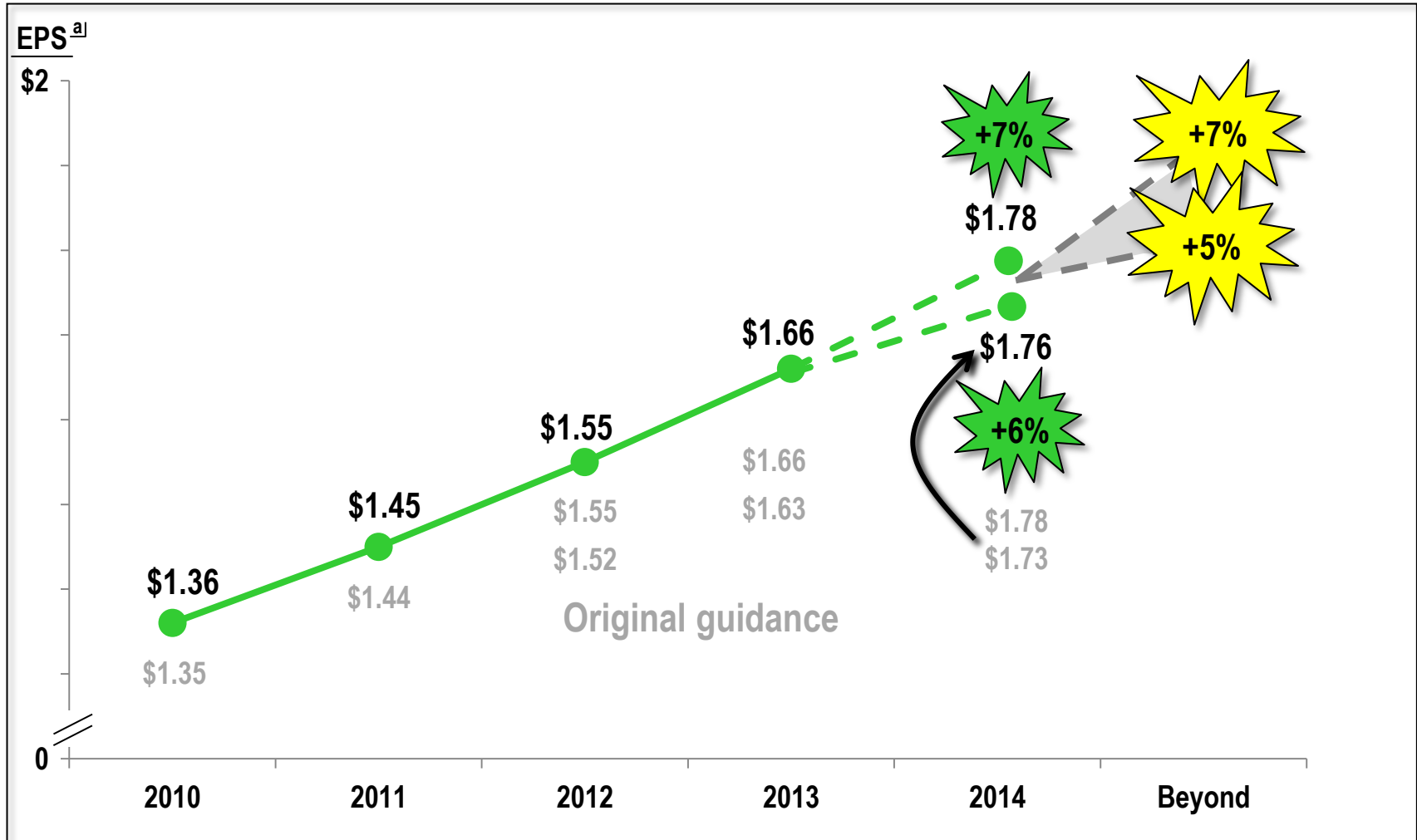
Investors and others should note that CMS Energy and Consumers Energy post important financial information using the investor relations section of the CMS Energy website, www.cmsenergy.com and Securities and Exchange Commission filings.



.... drives consistent, predictable year-over-year growth.

HOW IT WORKS -- Sustainable EPS^a Growth....

CMS ENERGY

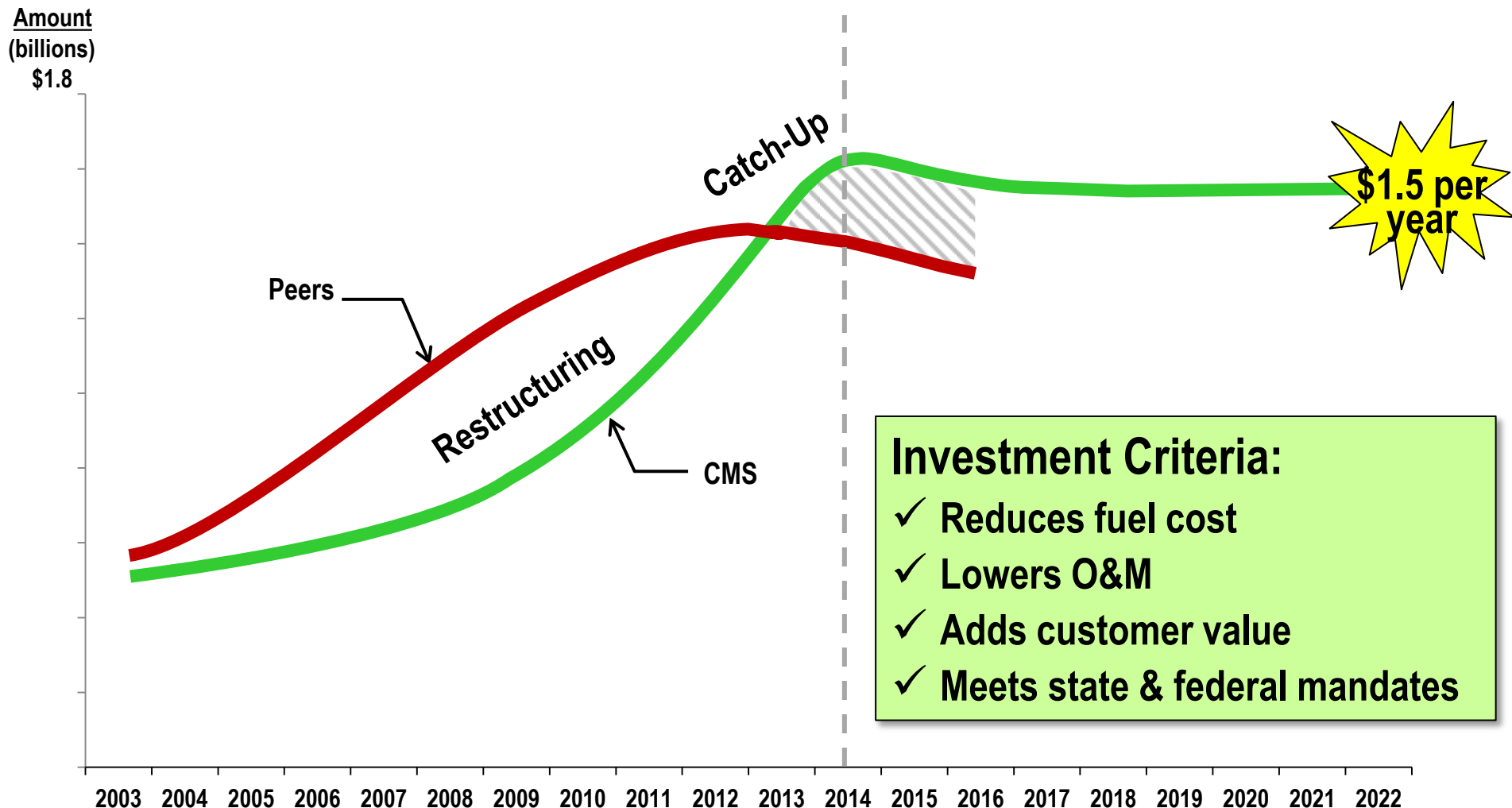


^a Adjusted EPS (non-GAAP)

.... 5% to 7% each year without “resets”.

INVESTMENT -- "Catch-Up"....

CMS ENERGY



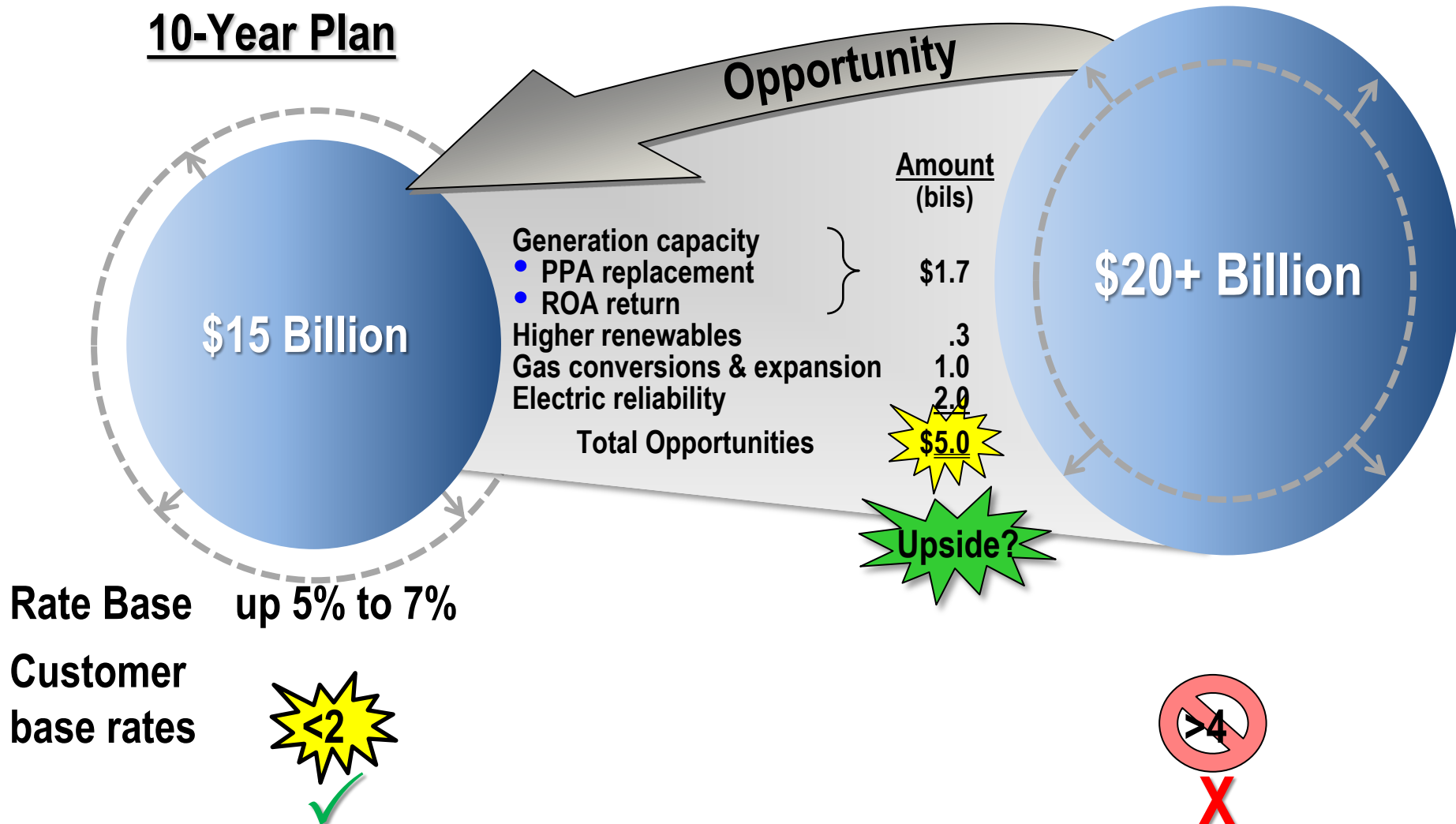
Source: 10K; actual amounts through 2013 smoothed for illustration

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

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

**2013-2022
10-Year Plan**

Opportunity Level



.... driving long-term organic 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

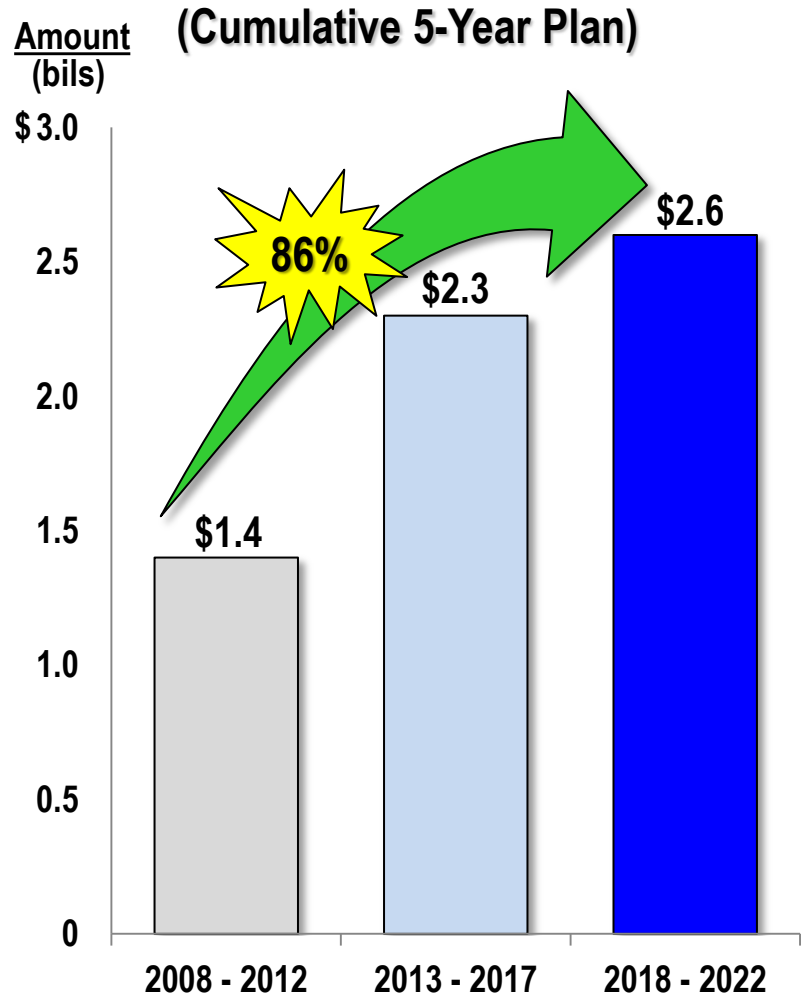


... remains small and incremental, with no big bets.

Gas System

- **#4 largest gas utility in U.S.**
- **50,000 miles of distribution pipes**
- **1,700 miles of transmission lines**
- **300 bcf gas storage**
- **3.5% of all gas storage in U.S.**
- **85,000 potential propane conversions**

Gas Investment



... accelerating investment opportunities.

INVESTMENT -- Gas Infrastructure

CMS ENERGY

New Customers

Includes conversions



50,000 New customers
\$200 Million

Inspection



1,700 Miles
\$100 Million

Storage



23 Wells
\$100 Million

Transmission



32 Miles
\$200 Million

Compression



19,000 + Horsepower
\$400 Million

Commission approved

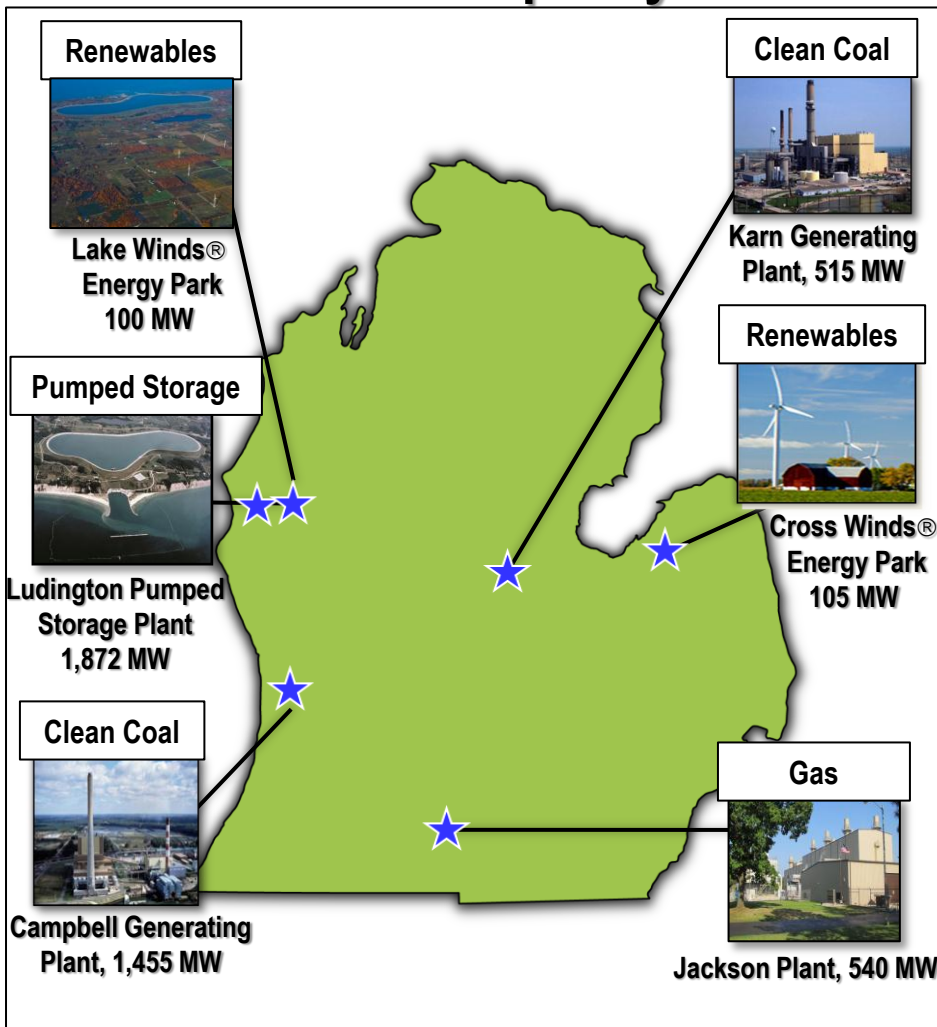
Main Replacement



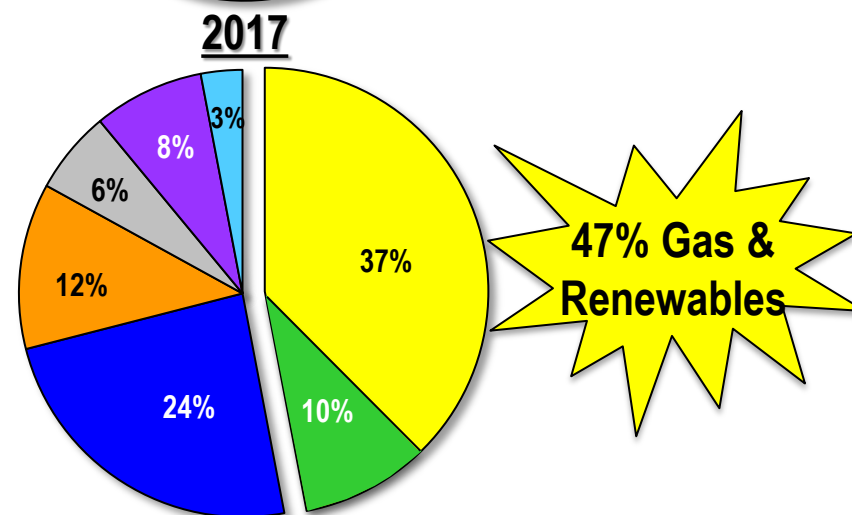
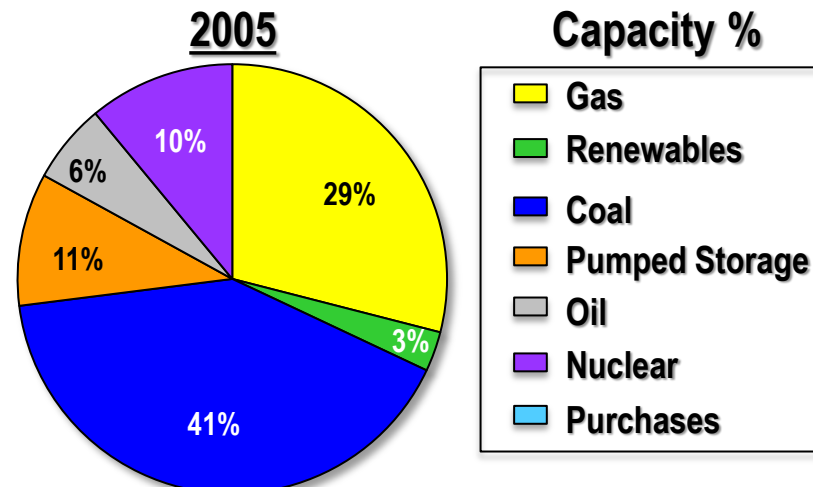
800 Miles
\$450 Million

.... investing more than \$2 billion over the next 5 years.

Diverse Capacity



Balanced Portfolio

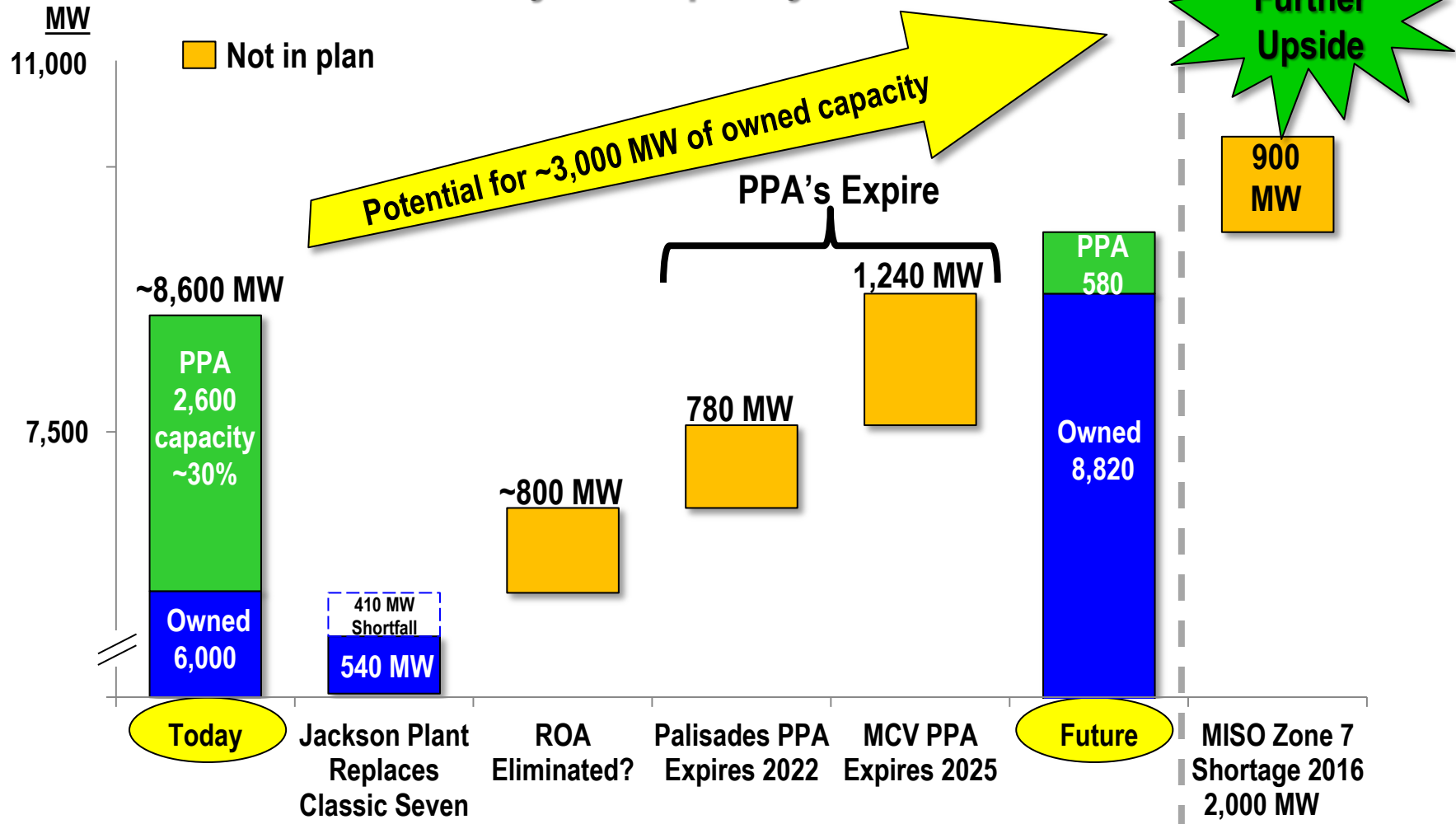


.... puts us in a good position to meet carbon regulations.

INVESTMENT -- Capacity Opportunities....

CMS ENERGY

Ten-year Capacity Growth



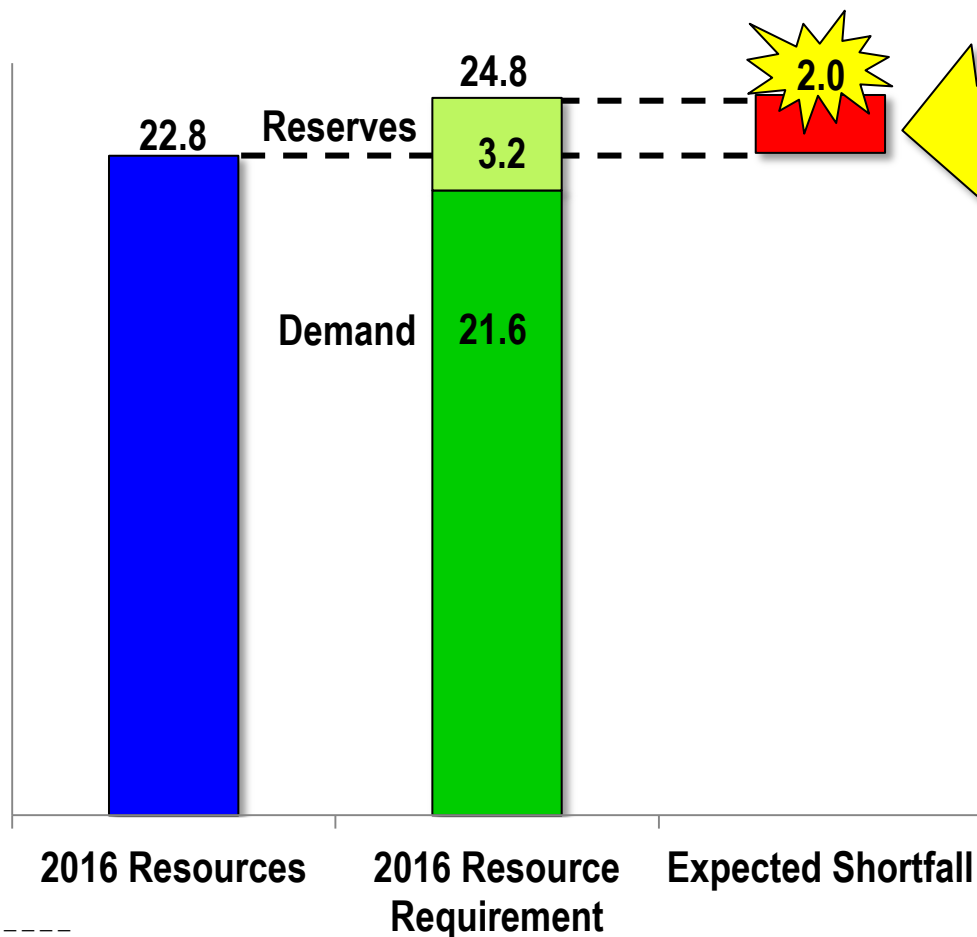
.... emerging with replacements not yet in plan!

INVESTMENT -- MISO Zone 7 Capacity....

CMS ENERGY

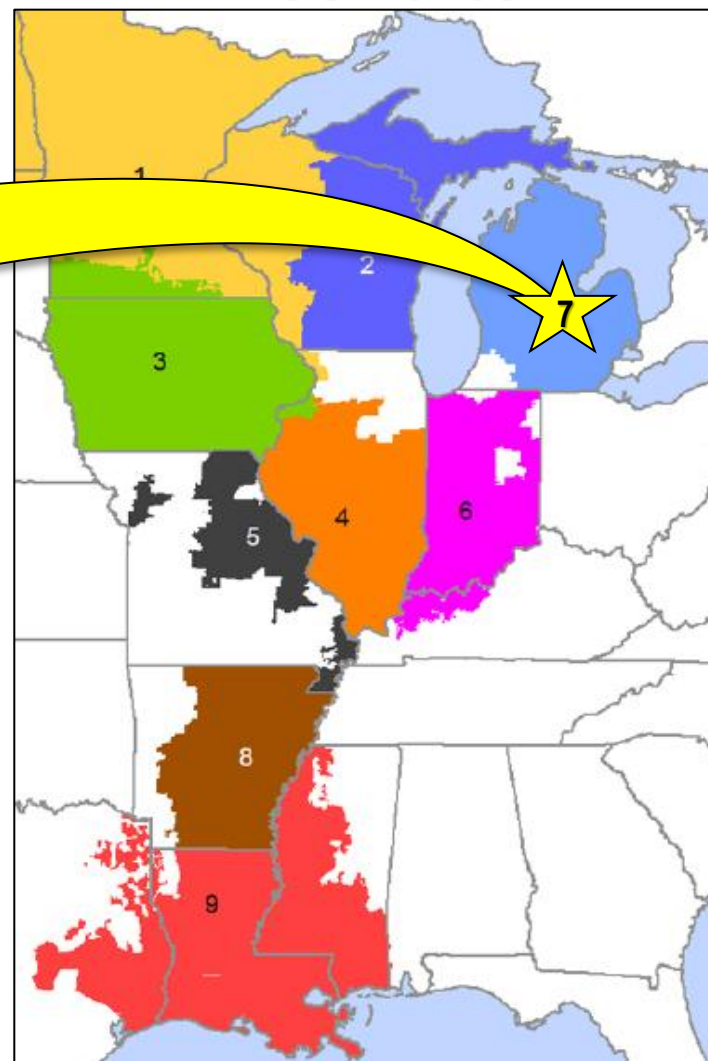
As of June 2, 2014

(in GW)



Source: MISO

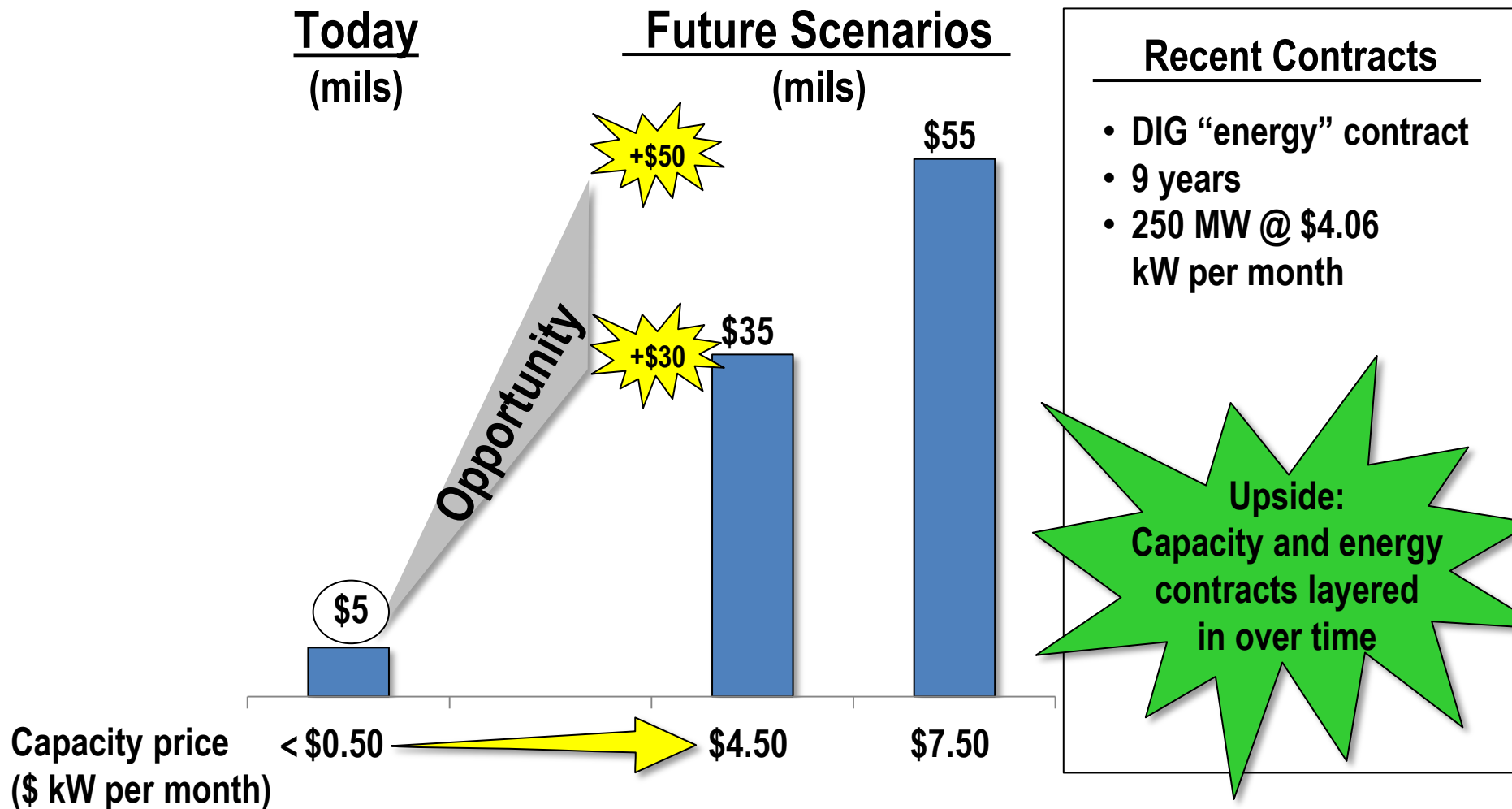
MISO Zones



... shortfall expected to be 2,000 MW in 2016.

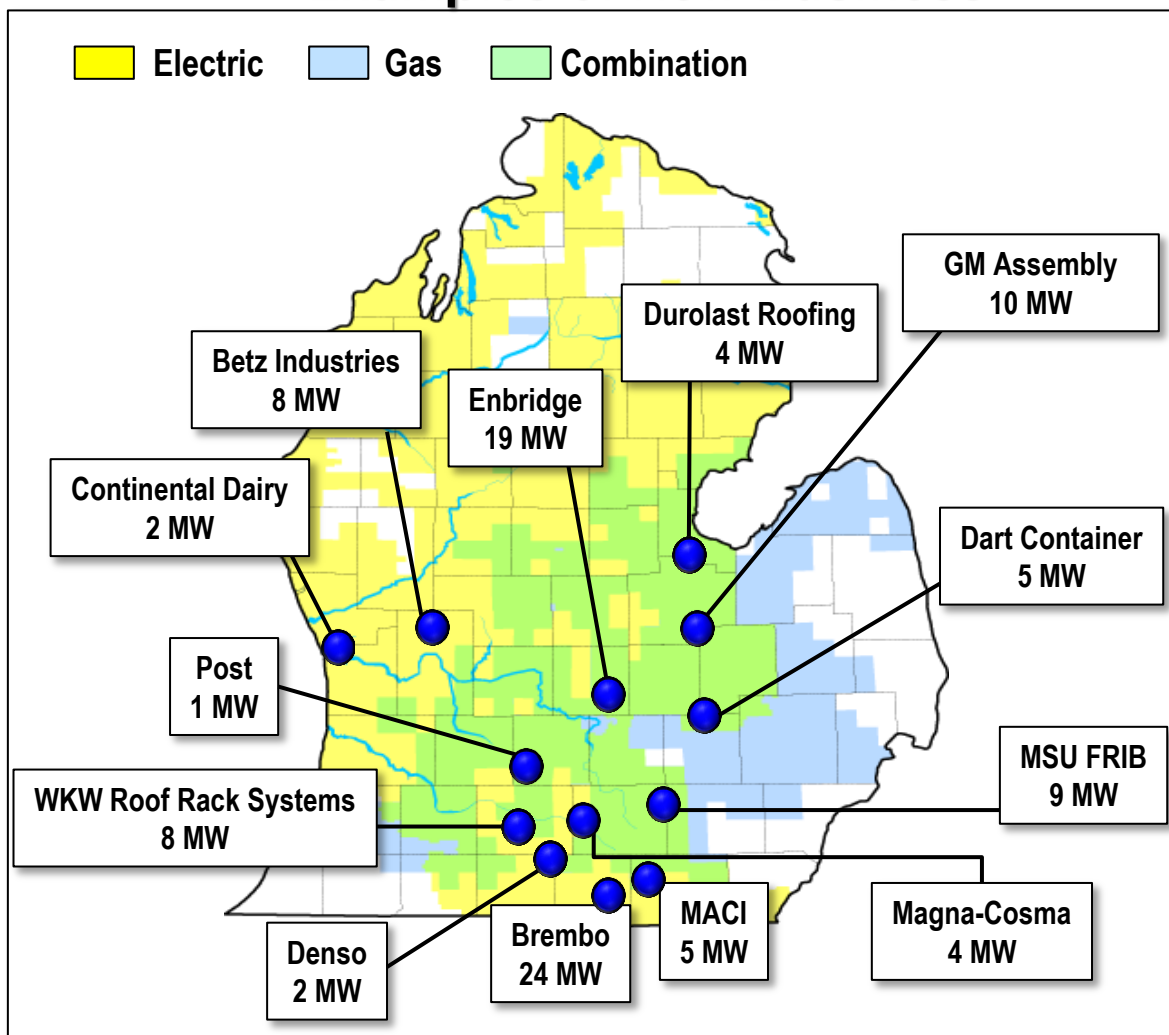
UPSIDES -- Capacity Price Increases....

CMS ENERGY



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

Examples of New Business



Top Ten (MW)

Brembo	24 MW
Enbridge Energy	19
GM Assembly	10
MSU FRIB	9
WKK Roof Rack Systems	8
Betz Industries	8
Dart Container	5
MACI	5
Magna-Cosma Casting	4
Durolast Roofing	4
Total	~ 96 MW

.... almost 2% of sales growth, layered in over time.

Economy Performance

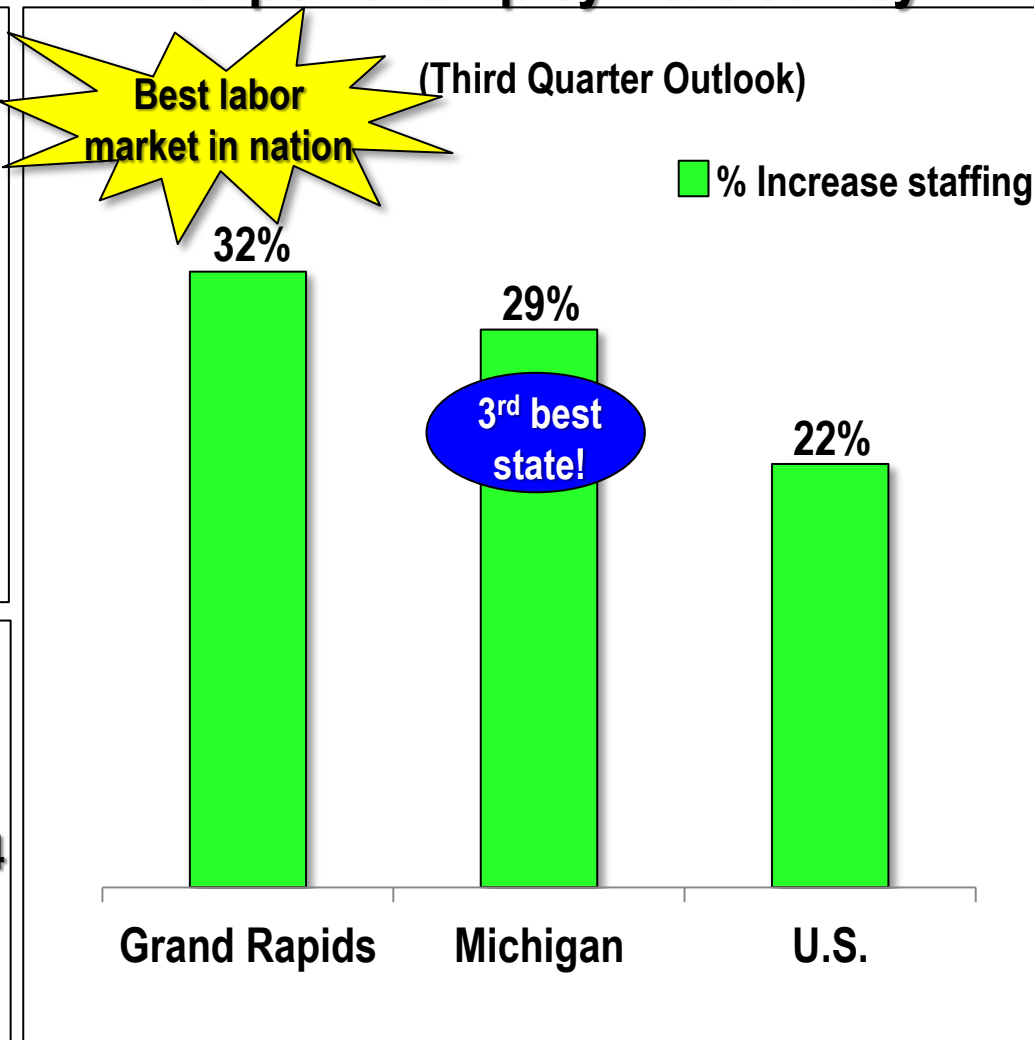
	Grand Rapids	Michigan	U.S.
Building Permits*	+42%	+18%	+9%
GDP (real) 2010 thru 2012	14	11	7
Population 2010 Census thru July 2013	3	0	2
Unemployment July 2014	5.3%	7.7%	6.2%

Annualized numbers thru July 2014

- #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**

Sources: Forbes, Manpower, and CareerBuilder

Manpower Employment Survey



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

Electric Non-fuel O&M Cost

2013 over 2006

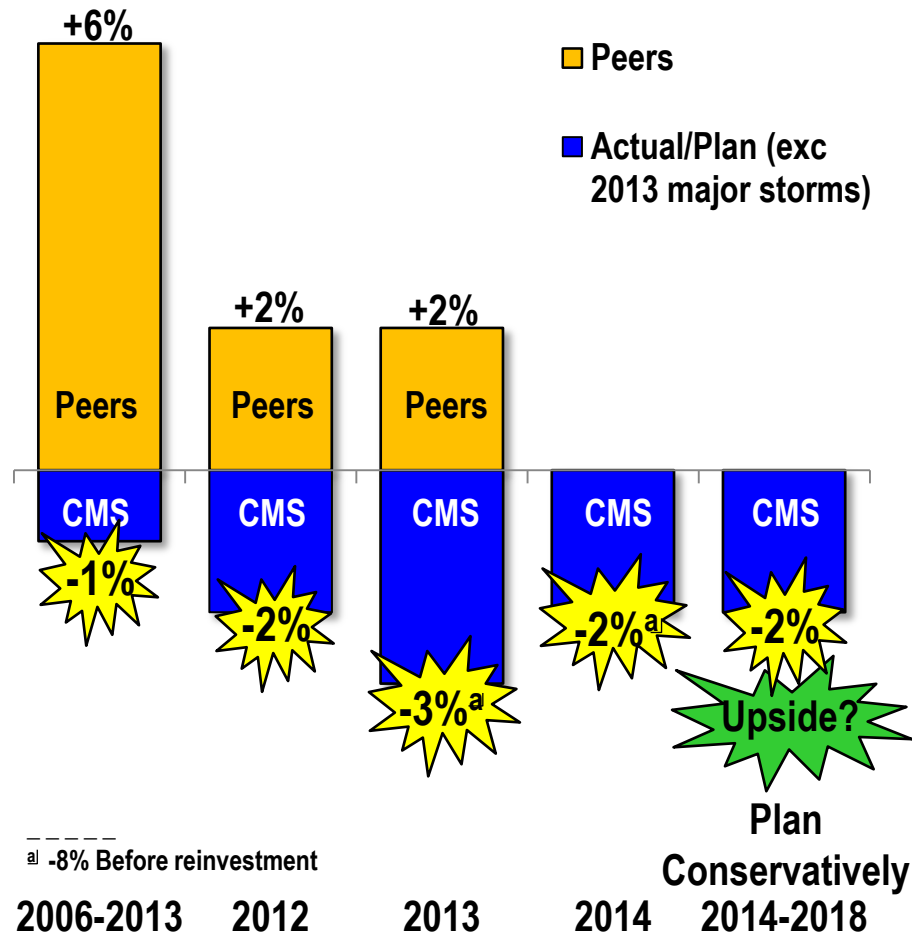
Peer Average up +6%

-1%
CMS

Average Annual O&M Change

Peers

Actual/Plan (exc
2013 major storms)



... provides headroom for conservative planning ahead.

Commission



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

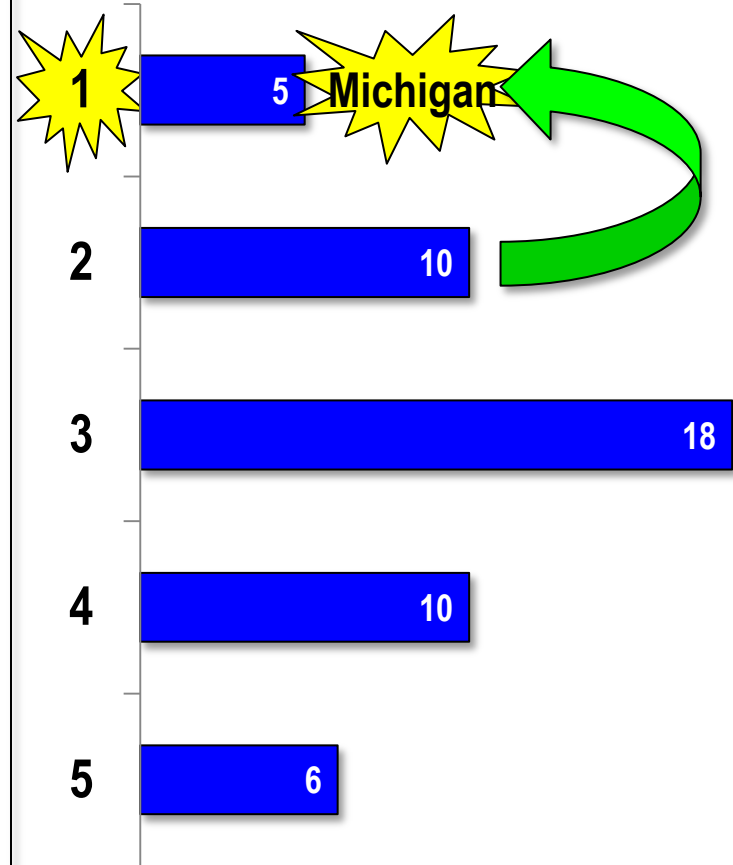


Sally Talberg (I)
Term Ends: July 2, 2019



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

Tier 1 State Ranking



Barclays Research

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



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 ...

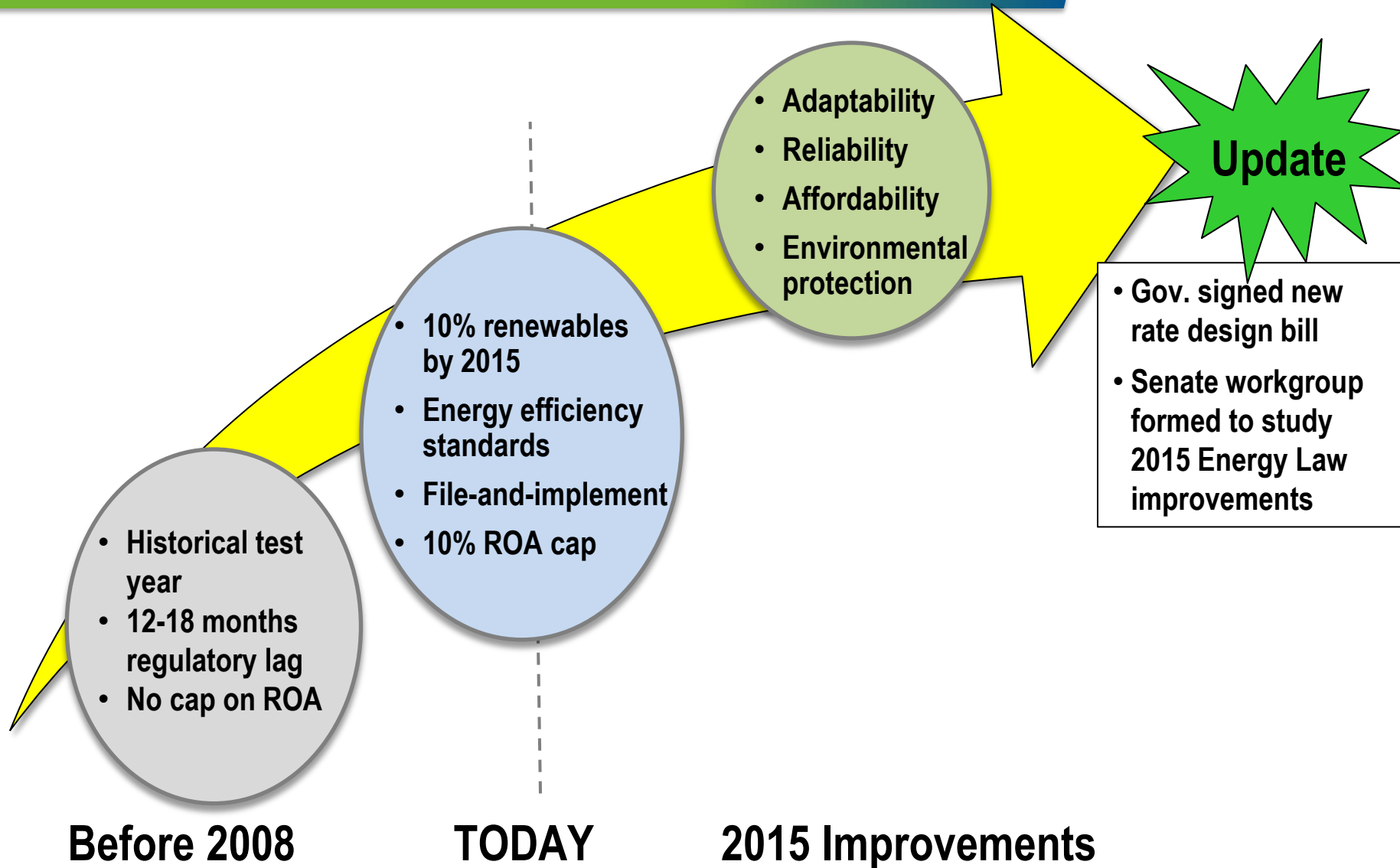
“Choice creates a lot of challenges and problems, essentially trying to arbitrage markets.”

Campaign Issues

- Education
- Jobs
- Roads
- Detroit

-Governor Rick Snyder

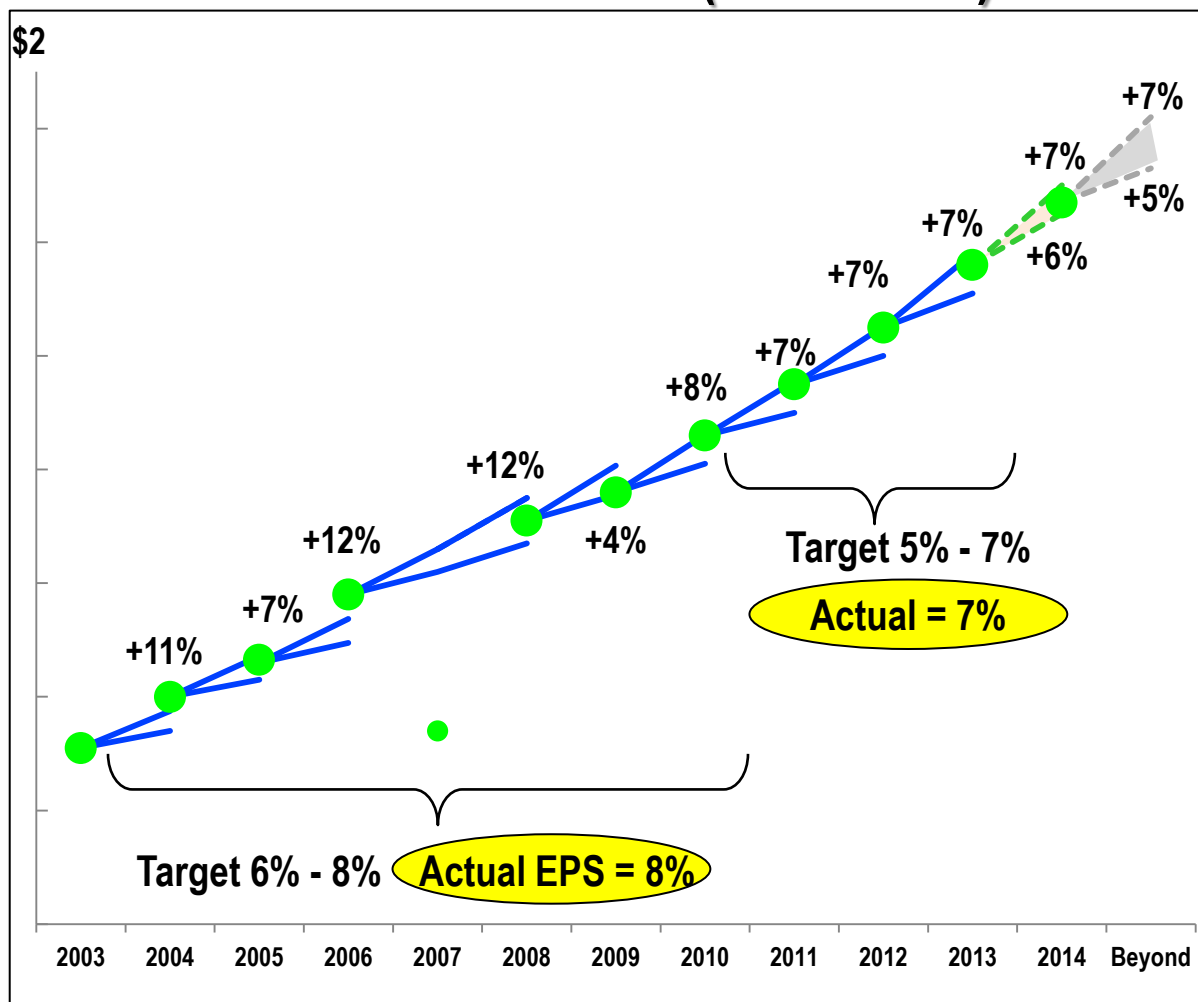
.... focus on non-energy issues.



.... builds on visionary 2008 Law!

Key Takeaways....

EPS^a “Real” Growth (No “Resets”)



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

Core Fundamentals

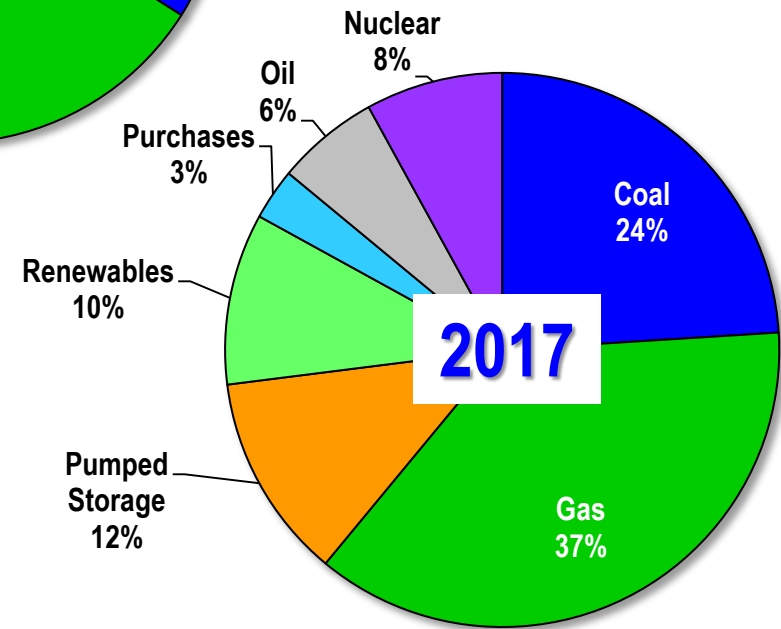
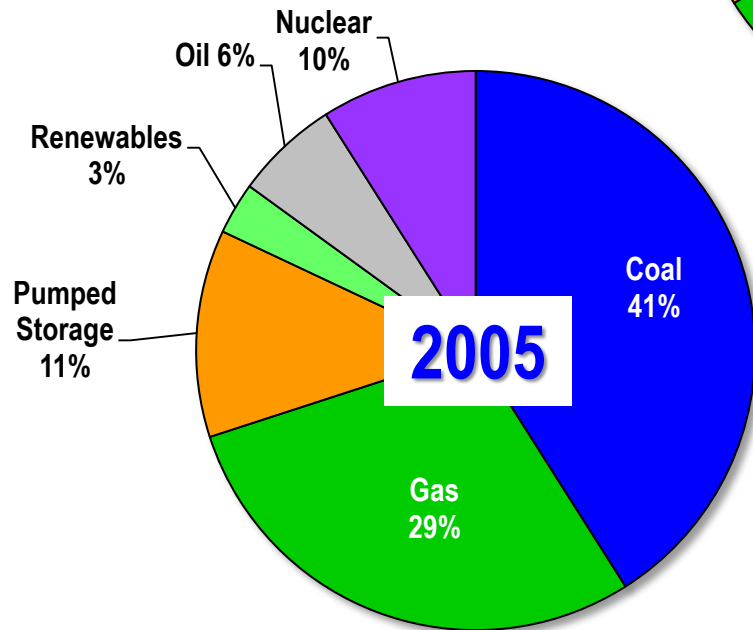
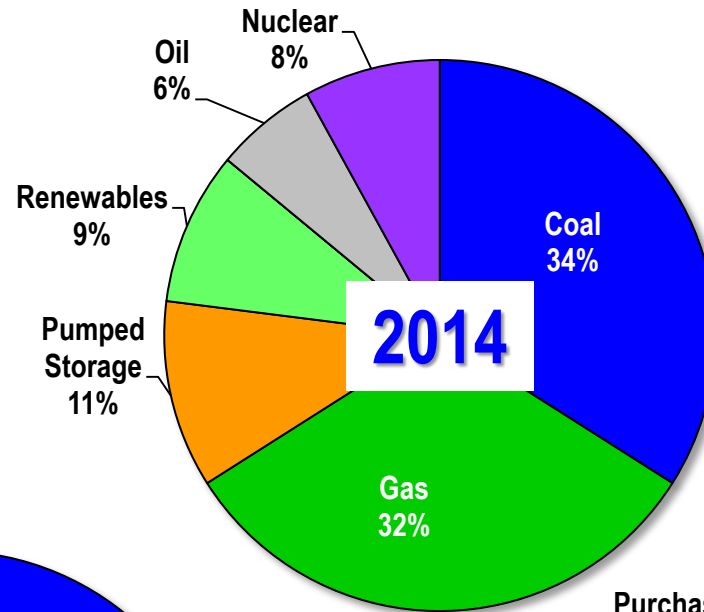
- ✓ Sustainable 5%-7% EPS growth
- ✓ Ten-year visible, organic investment
- ✓ Near-term capacity opportunities
- ✓ Refocus on gas business
- ✓ Continuous cost controls
- ✓ Strong, supportive partnerships

.... 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

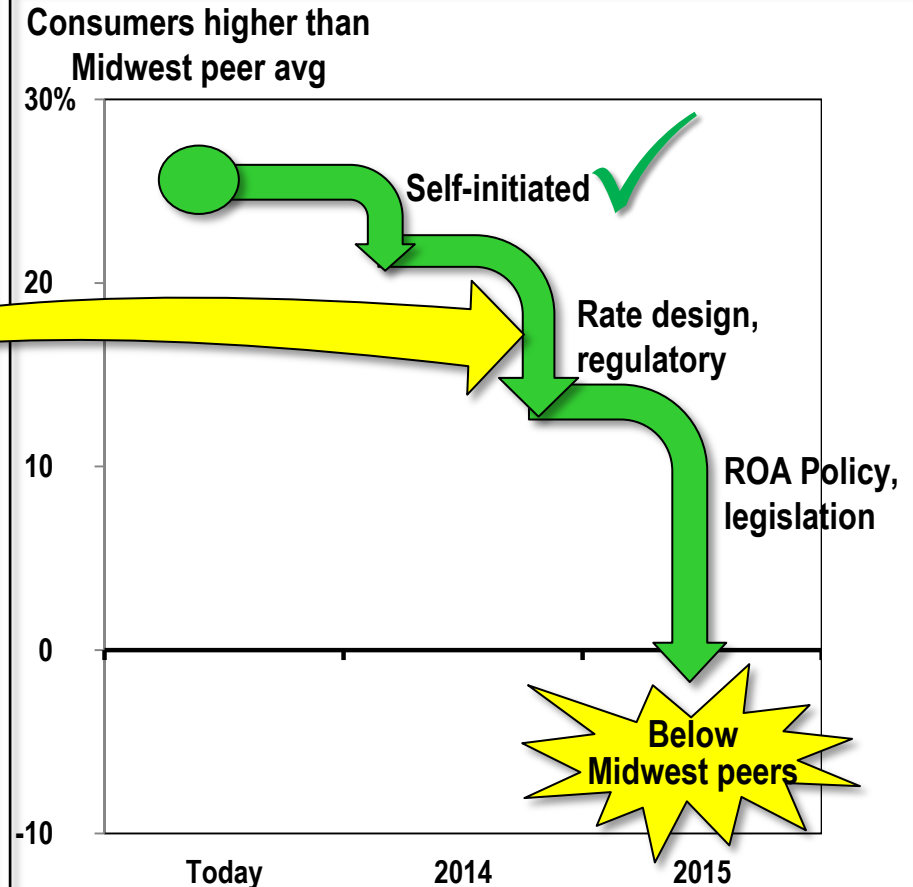


.... evolving to cleaner generation while becoming more cost competitive.

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.

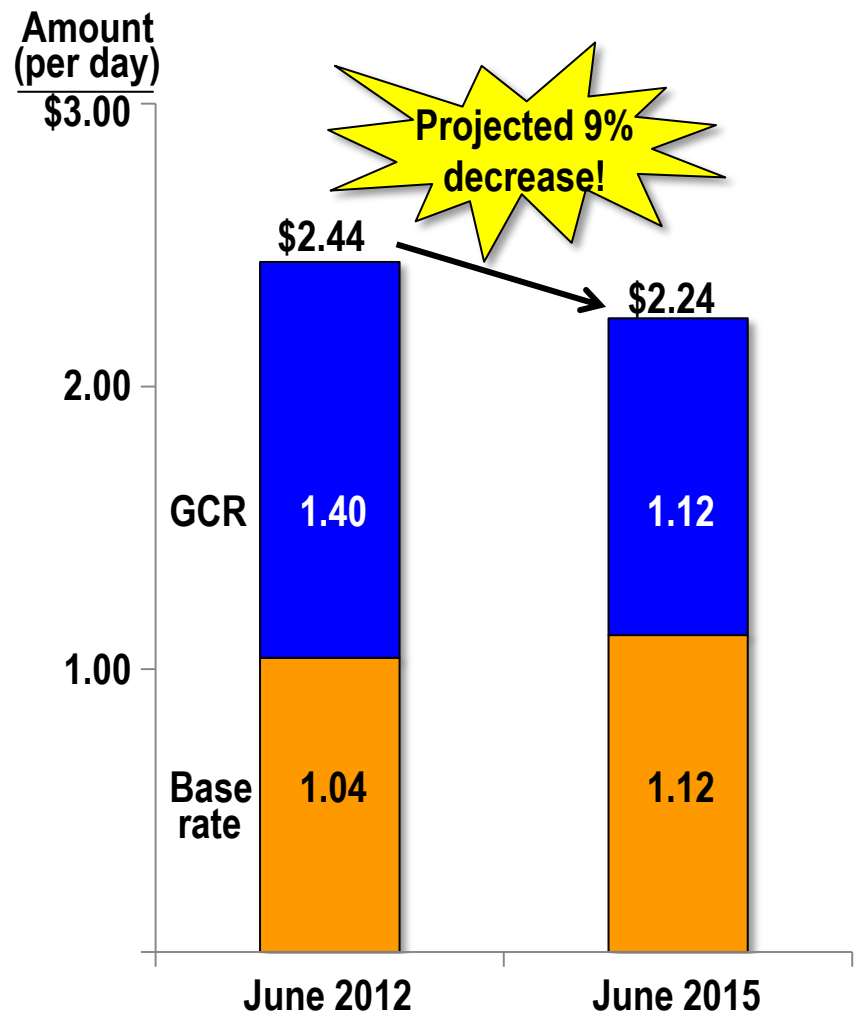
Overview

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

2016-2017 Investment Recovery Mechanism	\$ 92
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	<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



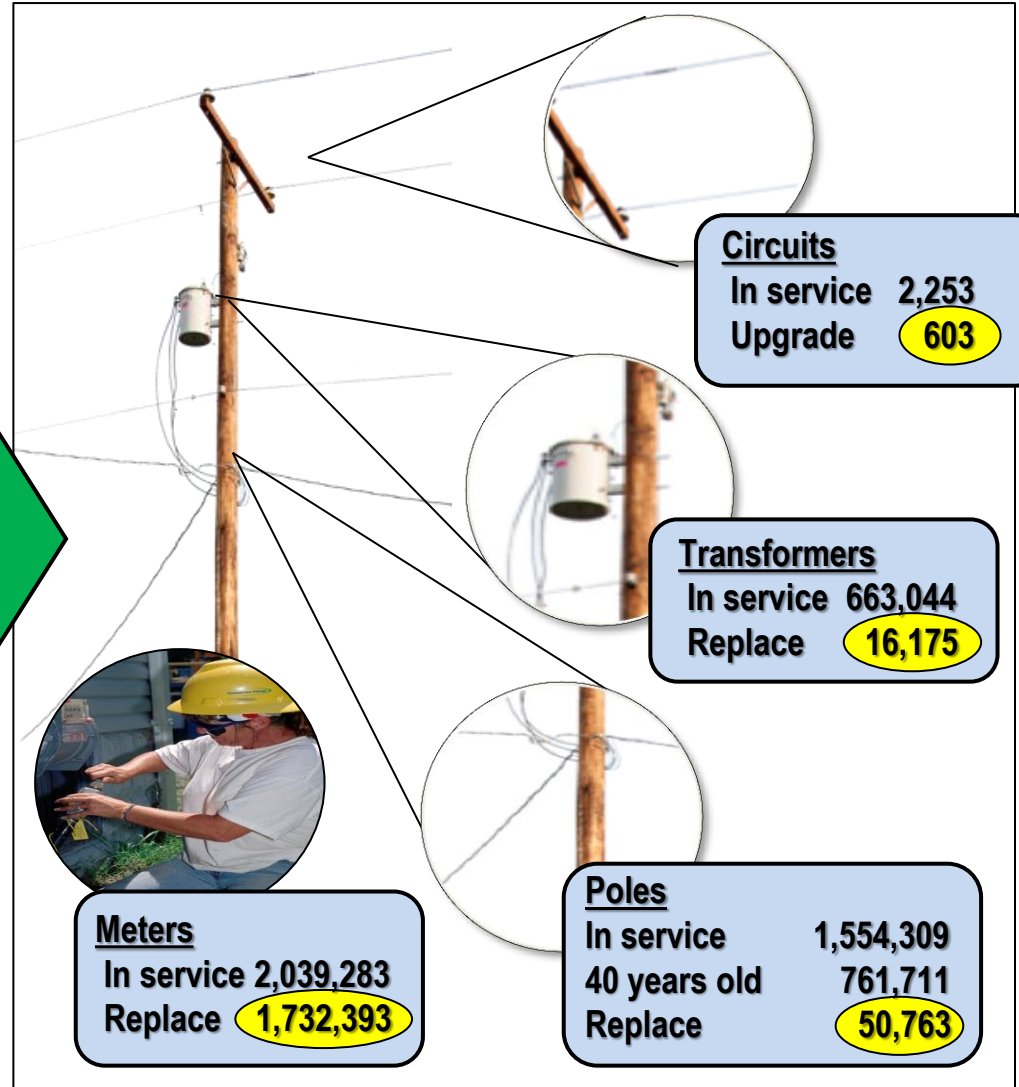
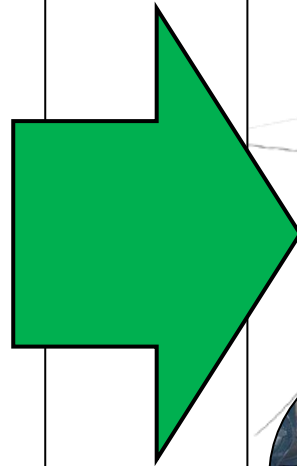
.... supports capital investment offset partially by lower costs.

Demand
\$ 1.0 Billion

Reliability
\$ 0.7 Billion

Capacity
\$ 0.3 Billion

Total
\$ 2.0 Billion



.... investing \$2 billion over the next 5 years.

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.