CMS ENERGY

CMS LISTED NYSE

Third Quarter 2015 Results & Outlook

October 29, 2015

Fourth largest in the world

#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.

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 routinely posts important information on its website and considers the Investor Relations section, www.cmsenergy.com/investor-relations, a channel of distribution.

Agenda

Overview

- Earnings Update
- Operational and Legislative Update
- Capacity Diversity & Portfolio Mix

Results & Outlook

- Third Quarter Performance
- Sustainable Growth Model
- Self-fund Rates

EPS[a] . . . .

- **First Nine Months:**

  at $1.51, up 9¢ from 2014

- **2015 Full-Year guidance raised:**

  to $1.87 - $1.89, up 6% to 7%

- **2016 Full-Year guidance introduced:**

  at $1.97 to $2.01, up 5% to 7%

- **Future long-term annual growth:**

  at 5% to 7%

[a] Adjusted EPS (non-GAAP)

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

EPS[a] Guidance . . . .

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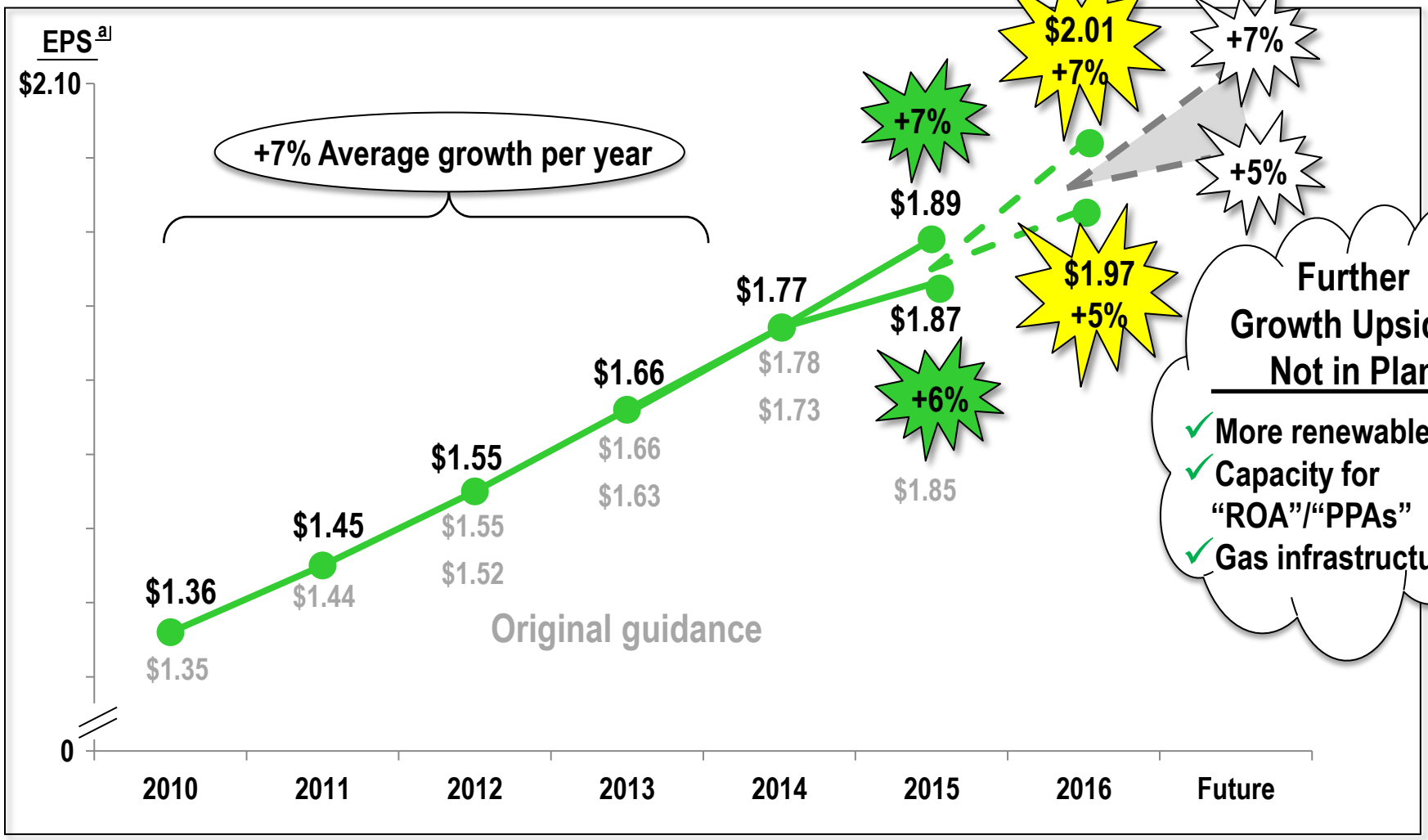


[a] Adjusted EPS (non-GAAP)

. . . . raised with strong confidence in Plan.

Operational Results . . . .

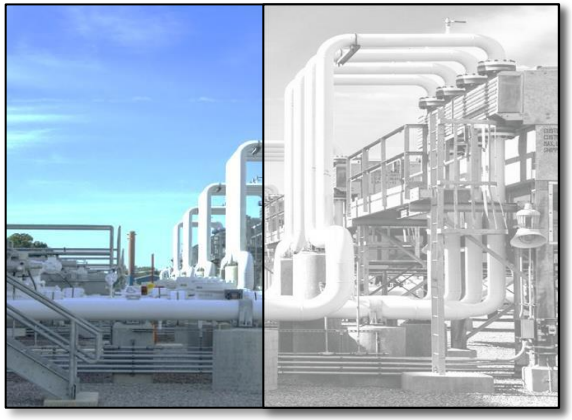
- First quartile customer-satisfaction, residential electric and gas
- Leveraging large gas system with decade-low prices
- Record-setting performance . . . .
  - Safest ever
  - Best reliability ever
  - Whiting Plant achieved Company record 679-day run

AND

- Major projects on schedule . . . .

Ludington Pumped Storage
55% complete

Smart Energy
50% complete



New Gas Compressors
40% complete

. . . . strong performance for customers AND investors.

Recent Economic Development Announcements . . . .

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General Motors (Flint & Grand Rapids)

- Assembly and Components Plants
- 300 jobs created
- $996 million investment
- 40 MW

Arauco

- Largest particleboard press in North America
- 250 jobs created
- $325 million investment
- 15 MW

Magna-Cosma Casting

- Global automotive supplier
- 572 jobs created
- $162 million investment
- 4 MW

Dicastal North America, Inc.

- World's largest maker of alloy wheels
- 300 new jobs
- $140 million investment
- Production begins in 2015
- 10 MW

Plasan Carbon Composites

- High performance auto body parts
- 620 new jobs
- $29 million investment
- Phased in next 3 years
- 1 MW

Brembo

- Produce brake rotor castings
- 254 new jobs
- $115 million investment
- Construction begins in 2015
- 24 MW

. . . . demonstrate attractive business environment in Michigan.

Michigan Energy Law . . . .

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October **November/ December**

Sen. Nofs

Rep. Nesbitt

Committee Hearings → Committee & Full Vote → Governor's Signature

Gov. Snyder

Senate and House bills closely align

Opportunities

- ✓ Renewables -- Integrated Resource Plan (IRP)
- ✓ Efficiency -- Eliminate waste
- ✓ ROA -- Fair choice; no subsidy

. . . . moving toward the goal line.

Cleaner Energy Portfolio . . . .

Apple Blossom Wind Farm

- Competitive price
- 100 MW
- Commercial operation 2016
- Capacity, energy, and renewable credits
- PPA with option to purchase

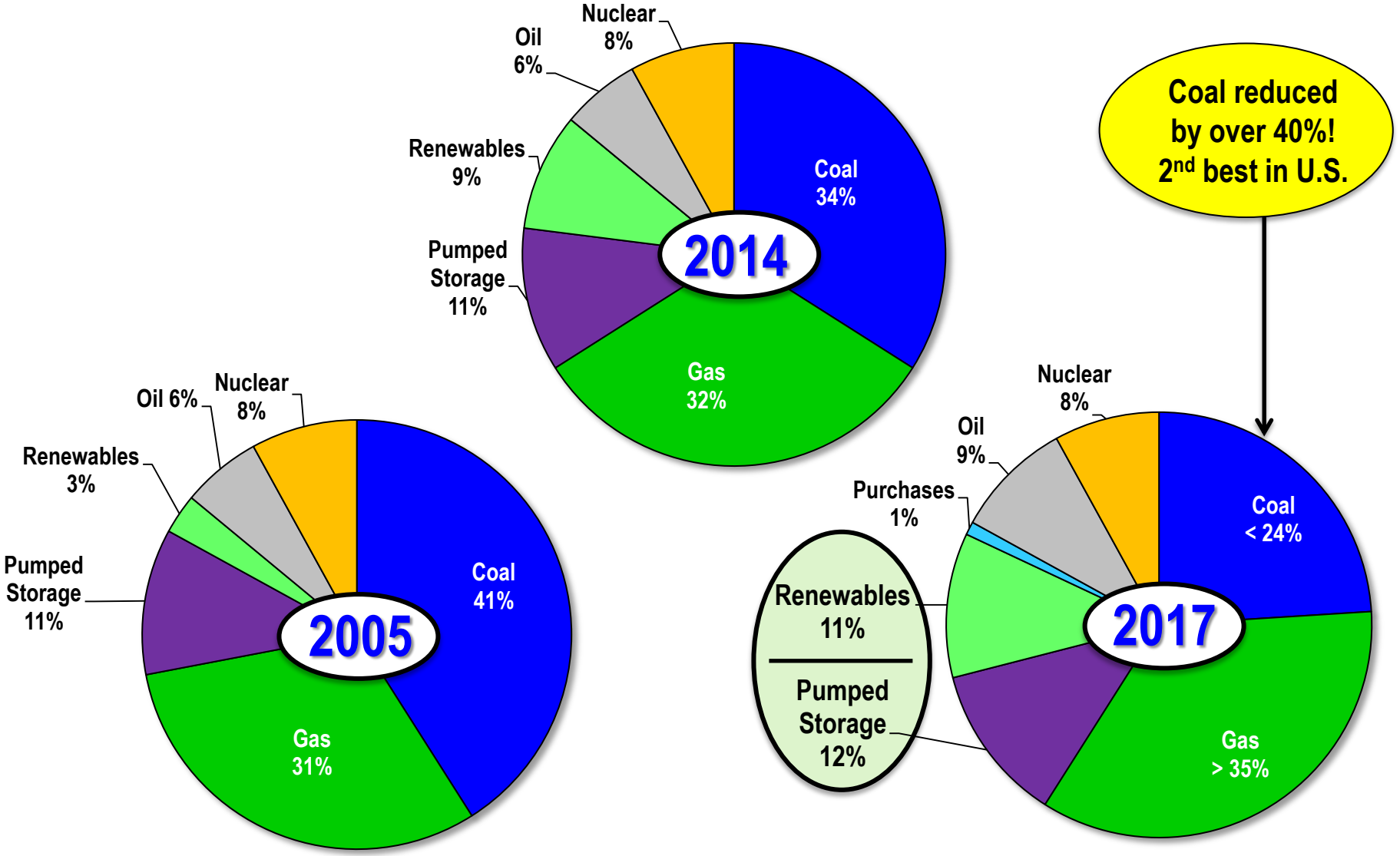
Community Solar Gardens

- Utility Scale Solar
  - Grand Valley State University, 3 MW
  - Western Michigan University, 1 MW

Digital rendering of Grand Valley's campus

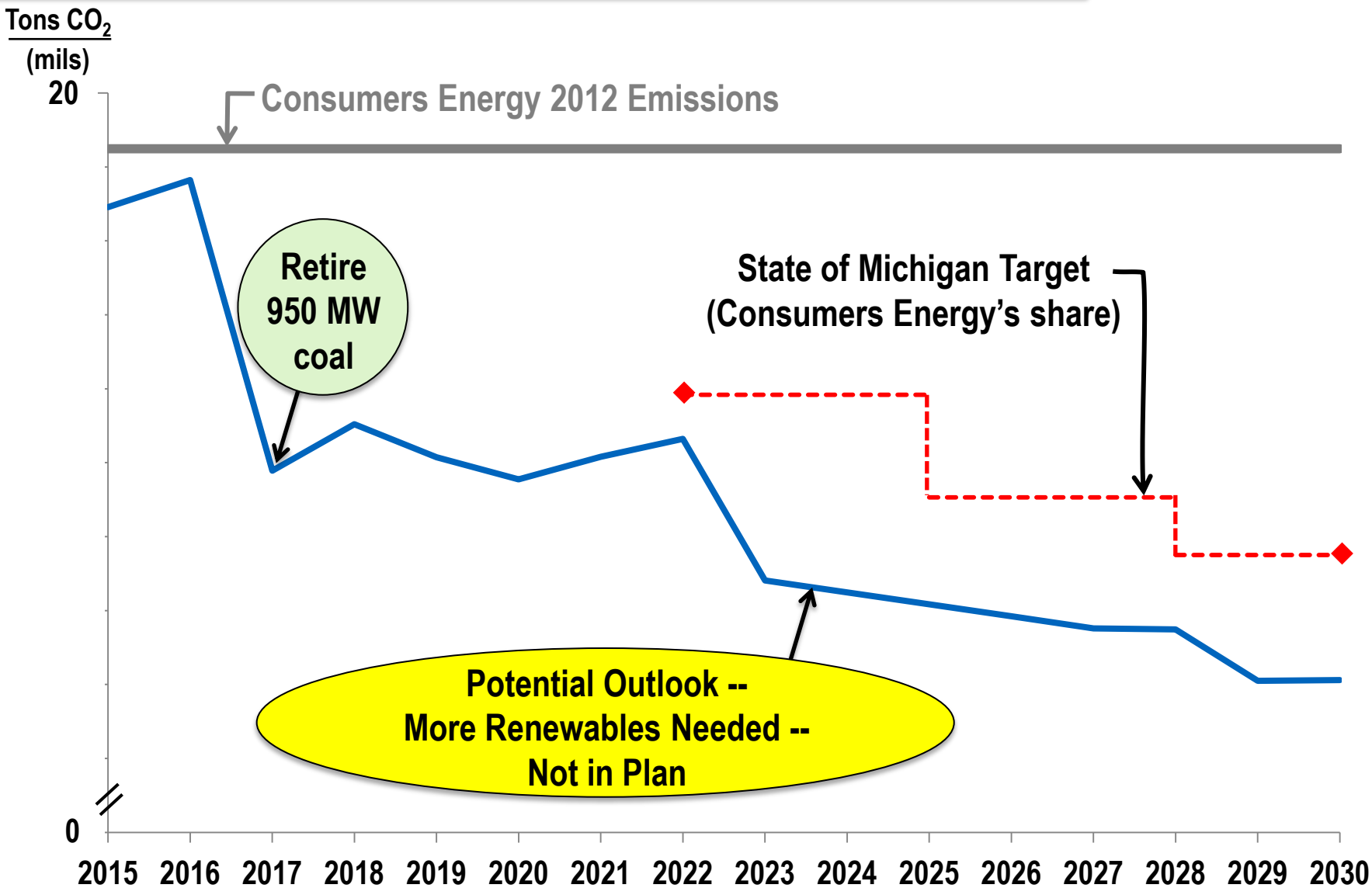
. . . . demonstrates ability to grow green generation.

Capacity Diversity . . . .



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

Clean Power Plan . . . .



. . . . positioned well for compliance.

2015 Nine Months EPS . . . .

Results

	2015	2014
EPS	$1.51	$1.42
		+9¢
Weather-normalized	$1.39	$1.26
		+10%

Third Quarter

EPS	53¢	37¢
		+16¢
First Call	49¢	

By Business Segment

	EPS Actual	EPS Better than Plan
Utility	$1.65	$0.08
Enterprises	0.04	0.01
Interest & other	(0.18)	0.02
Company	$1.51	$0.11
Above Plan		+8%

. . . . substantially stronger than plan.

2015 EPS[a] . . . .

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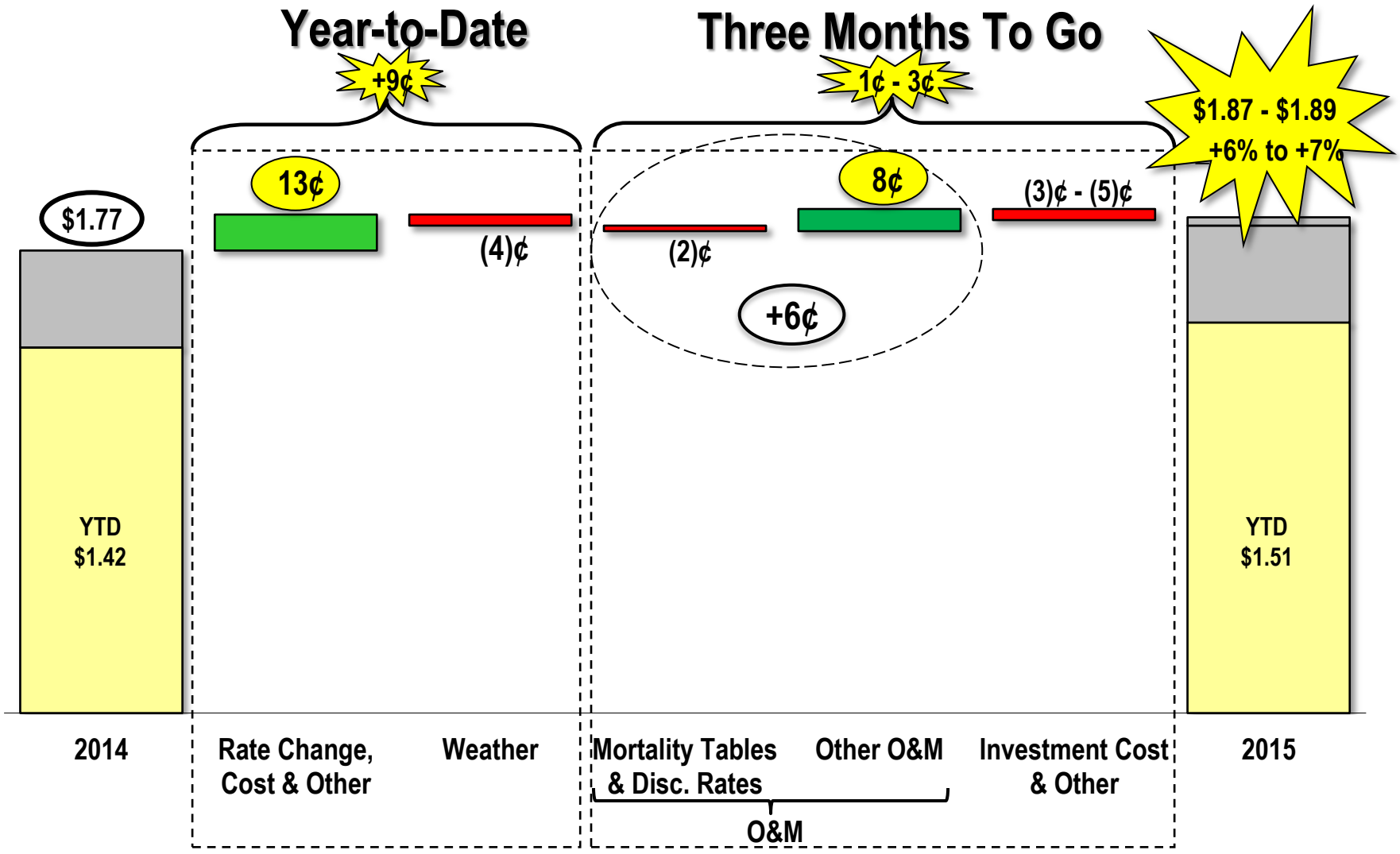

[a] Adjusted EPS (non-GAAP)

. . . . customer capital investment self-funded.

O&M "Reinvestment" Helps CUSTOMERS . . . .

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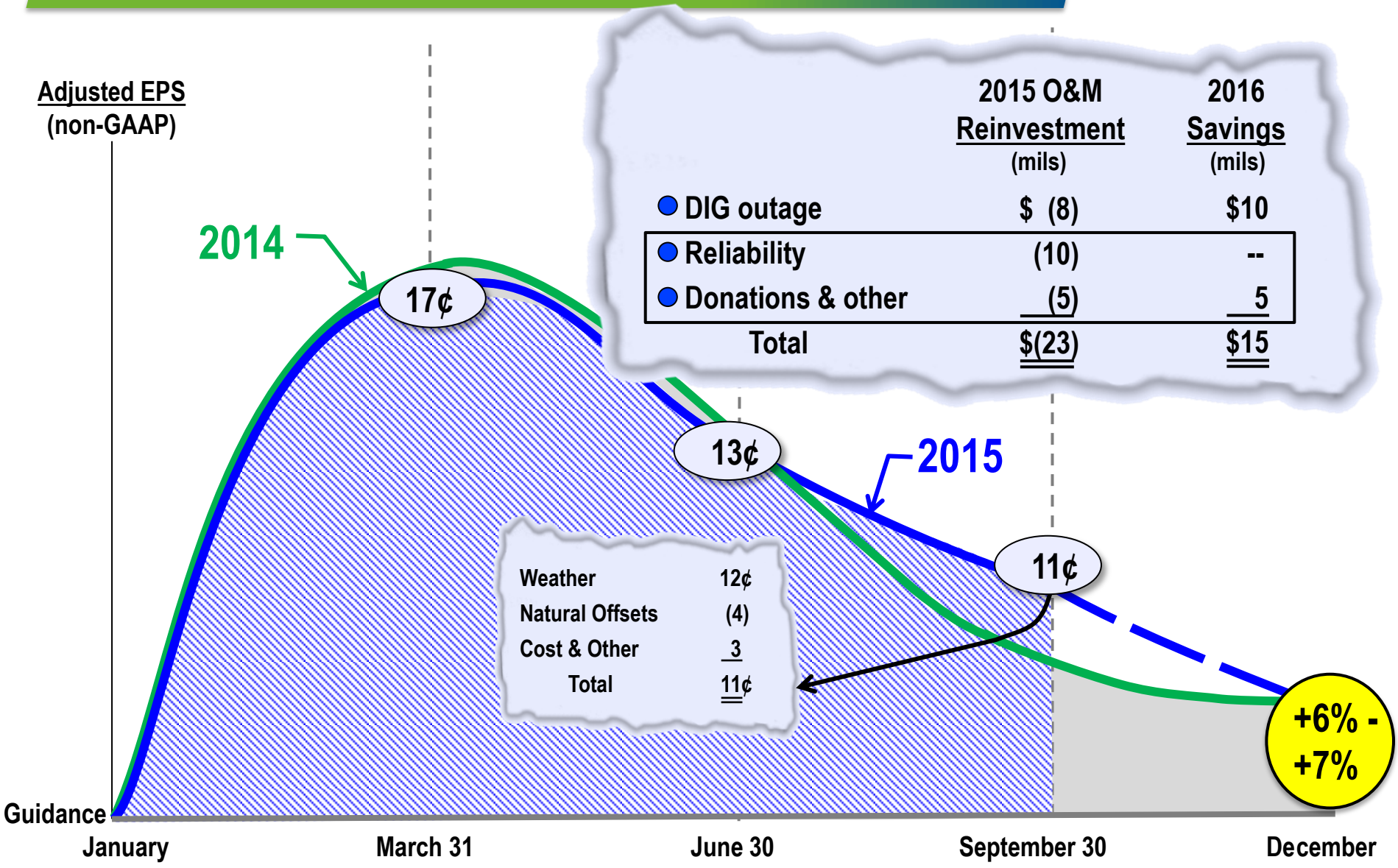


	2015 O&M Reinvestment (mils)	2016 Savings (mils)
DIG outage	$ (8)	$10
Reliability	(10)	--
Donations & other	(5)	5
Total	$(23)	$15

Weather	12¢
Natural Offsets	(4)
Cost & Other	3
Total	11¢

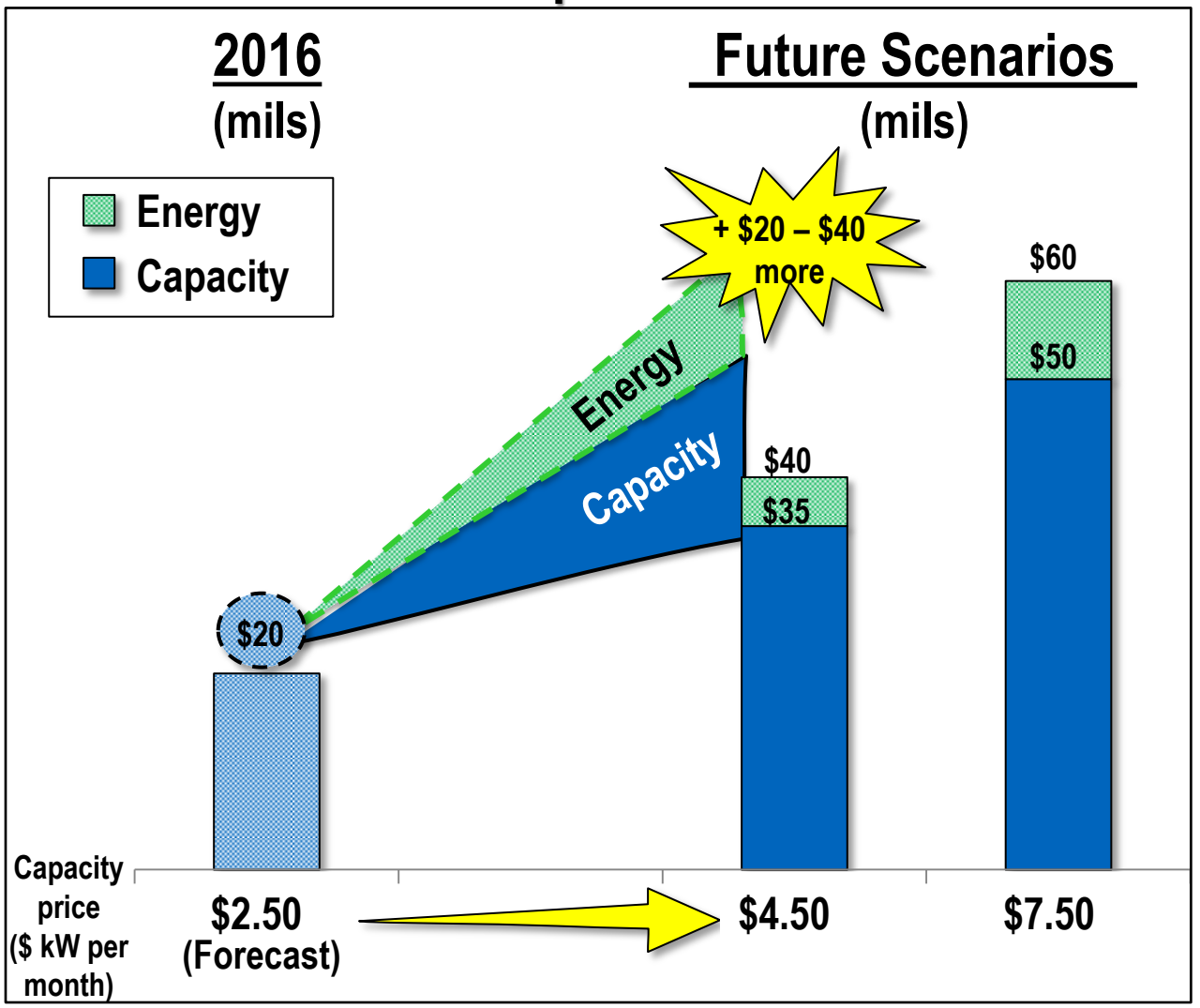
. . . . AND provides sustainable, premium growth for INVESTORS.

"DIG" Capacity & Energy Price Increases . . . .

Outage . . . .

- . . . . Pull-ahead takes advantage of customer reinvestment.
- . . . . Eliminates 2016 planned outage when MISO Zone 7 is expected to be short capacity.
- . . . . Adds 38 MW to take advantage of improving market conditions.

Upside



. . . . adding value to the plant.

Capex Up 45% . . . .

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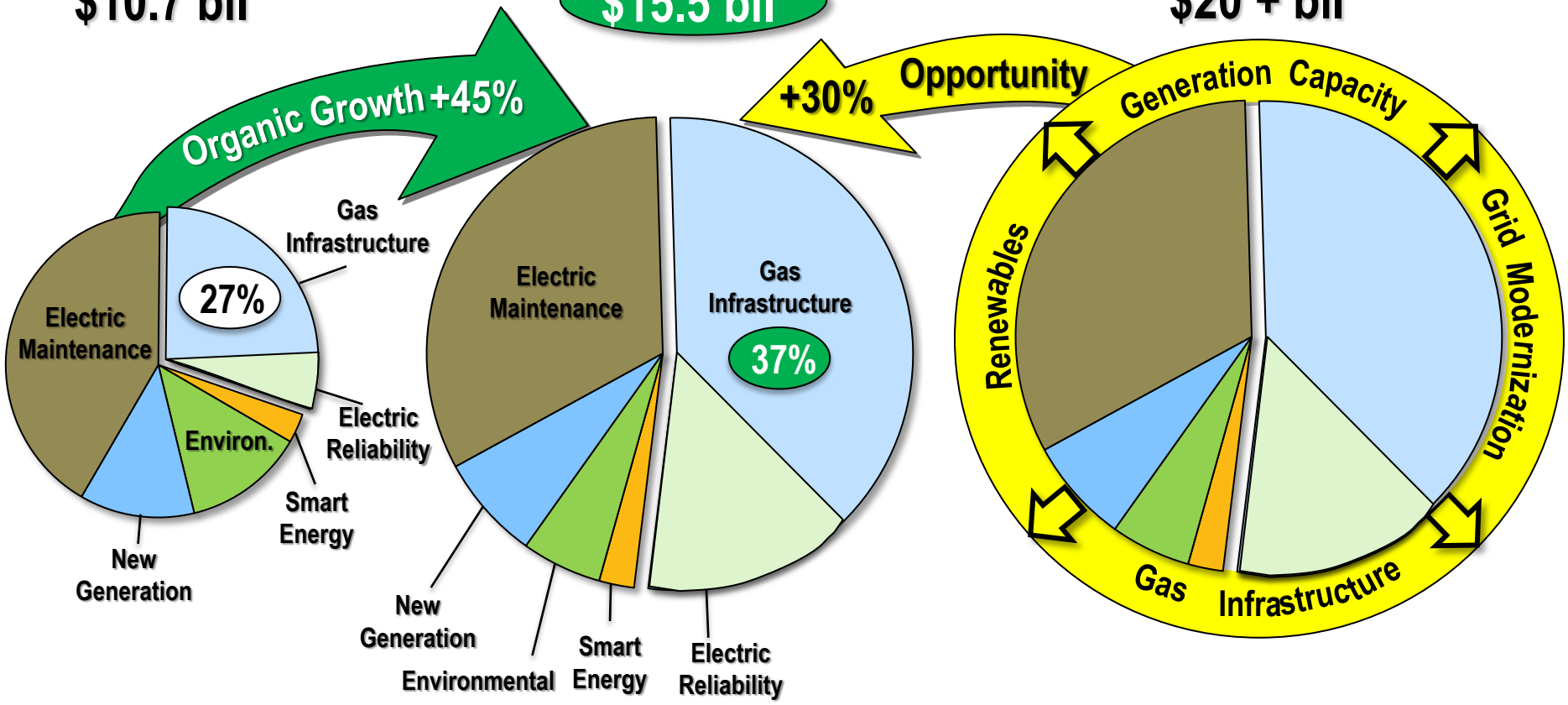
2005-2014	2015-2024	Opportunity
$10.7 bil	$15.5 bil	$20 + bil



Upside Opportunities

✓ "ROA" Capacity ✓ More renewables ✓ Gas Infra. ✓ Replace "PPAs"

. . . . with more opportunity and no "big bets" over ten years!

Simple, Perhaps Unique CMS Growth Model . . . .

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	5-Year Plan	Upside Opportunity
Capital investment (drives long-term growth)	5% - 7%	6% - 8%
- O&M cost reductions	2 pts	Short-term
- Sales growth	½	• ROA return
- No "block" equity dilution	1	and/or
- Surcharges and other	1½	Long-term
INVESTMENT SELF-FUNDED	5 pts	• Replace PPAs
Rate increase at or below inflation	<2 %	<2%

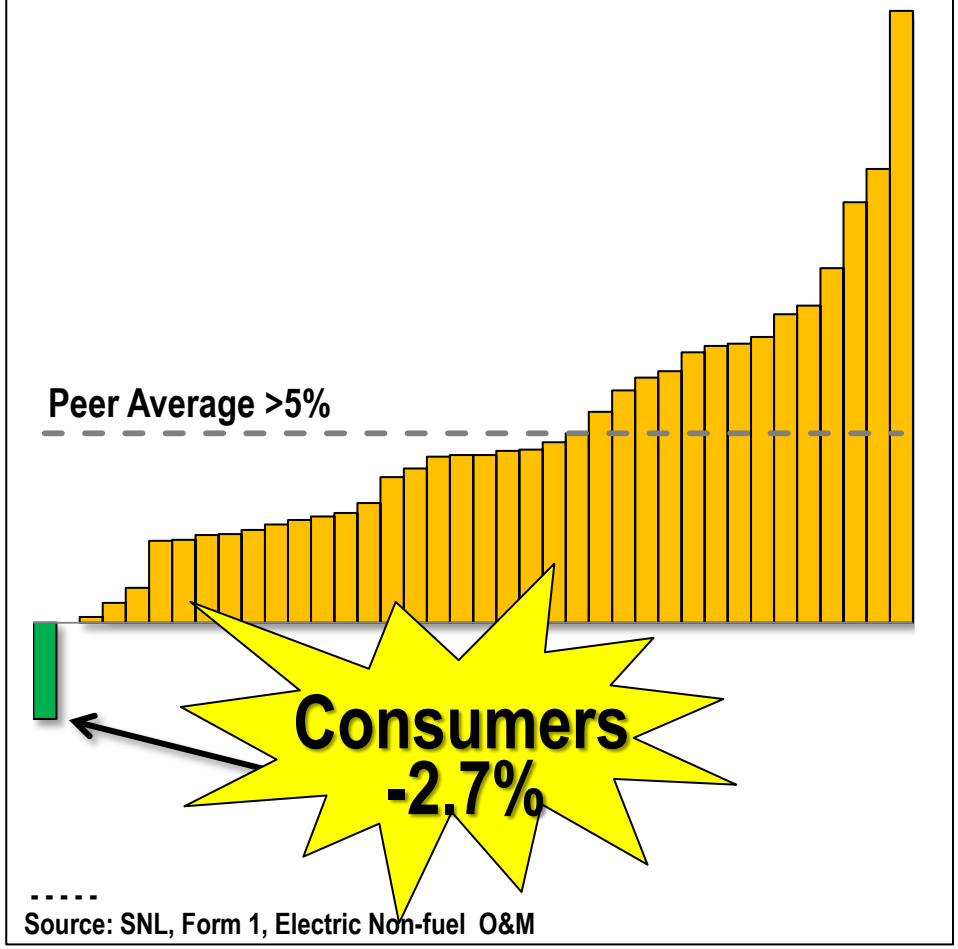
Note: "Real" rate increase 0 %

. . . . drives sustainable growth with upside opportunities.

O&M Cost Performance . . . .

Actual Cost Reduction

(2014 over 2006)



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

Future Cost Savings

	2014 & 2015 (mils)	2014 → 2018 (mils)
• Attrition	$ - 35	$ - 75
• Productivity (Coal → Gas)	- 35	- 50
• "Pole Top" Hardening	- 30	- 30
• Smart Meters	- 5	- 25
• Eliminate Waste (UA's)	- 15	- 20
• Mortality Tables & Discount Rates	+50	+ 50
• Service Upgrades	+10	+ 50
Net Savings	**$ - 60**	**$ - 100**
Percent Savings	**- 6%**	**- 10%**

FAST START!

2% a year!

. . . . better than peers with substantial upside.

Other Ideas . . . .

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Mobility → Productivity

Two-way communication/ connectivity → 25%-50% reduction in calls → $5-10 mil savings

Technology → Productivity

Grid modernization → 1-2 pt line loss reduction → $25-50 mil savings

Quality → Productivity

Improved work management → Productive truck rolls → $15-25 mil savings

. . . . driving cost reductions.

Michigan's Recovery . . . .

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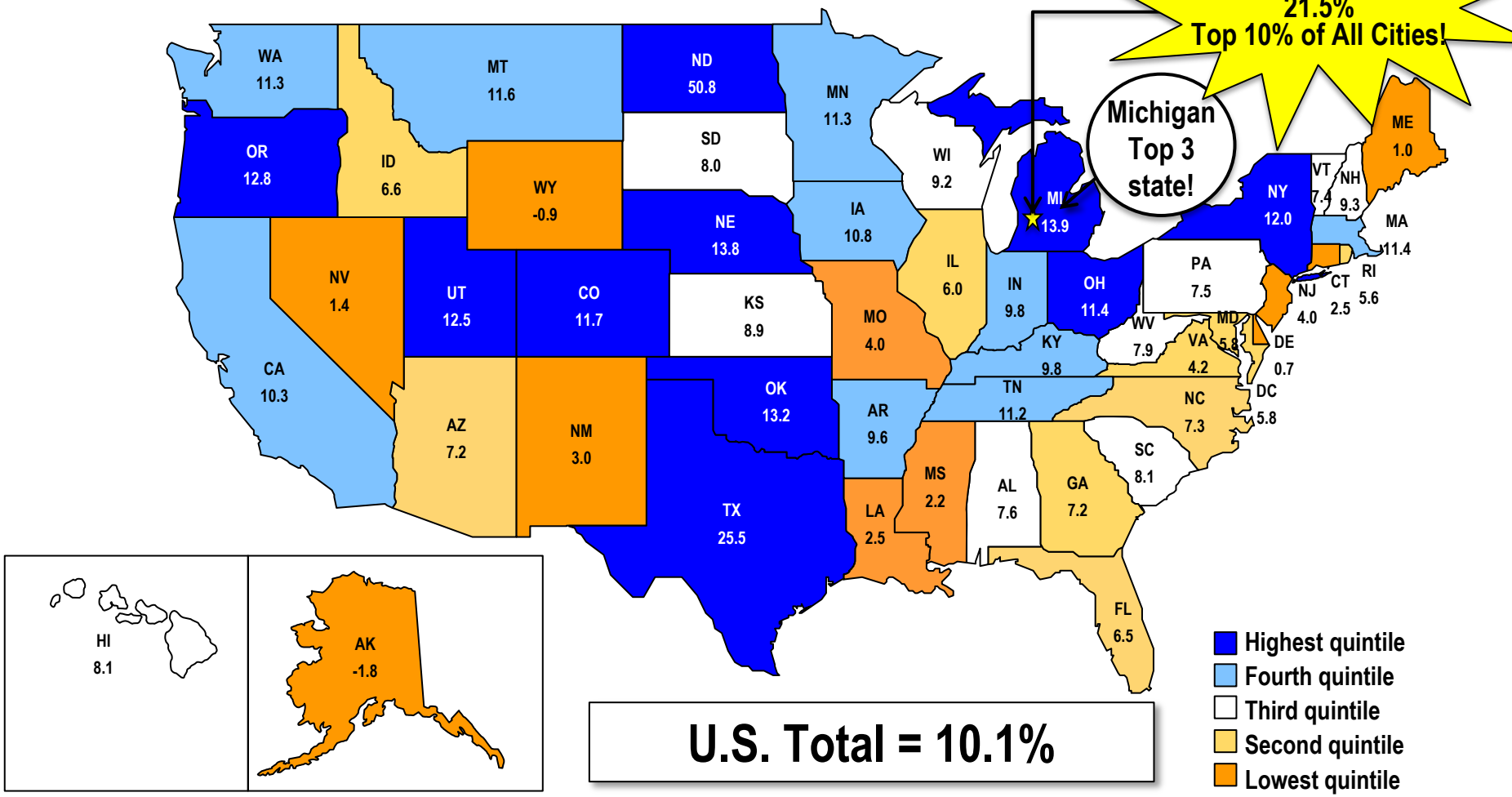
Gross Domestic Product – 2010 through 2014



Source: U.S. Department of Commerce – bea.gov, real GDP 2009 chained dollars, 2014 advance and 2009 – 2013 revised, 9/25/15

. . . . among the best in the nation.

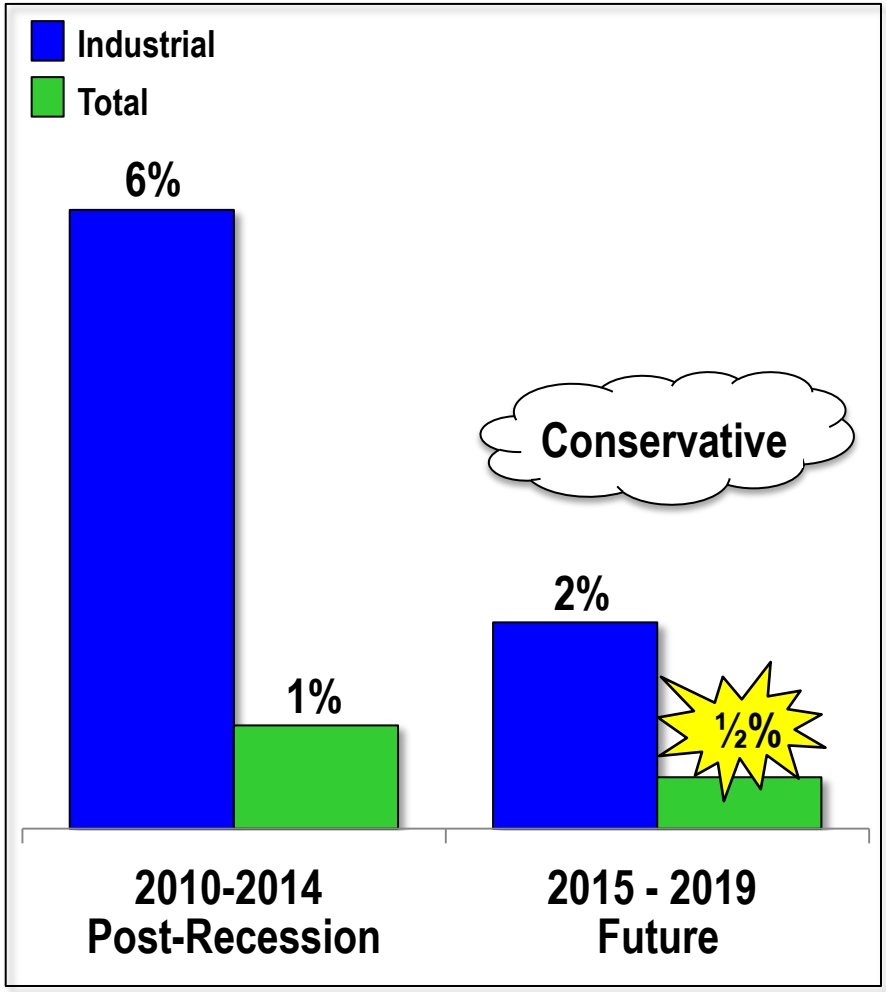
Sales Growth . . . .

Our Service Territory[a] Outperforms

	Grand Rapids	Michigan	U.S
Building Permits[b]	+18%	+13%	+13%
GDP 2010 ⟶ 2014	22	14	10
Population 2011 ⟶ 2014	3	0	2
Unemployment (9/15)	3.5	5.0	5.1

[a] Grand Rapids
[b] Annualized numbers thru August

Annual Electric Sales [c]



[c] Weather normalized vs. prior year

. . . . planned conservatively.

CMS Energy . . . .

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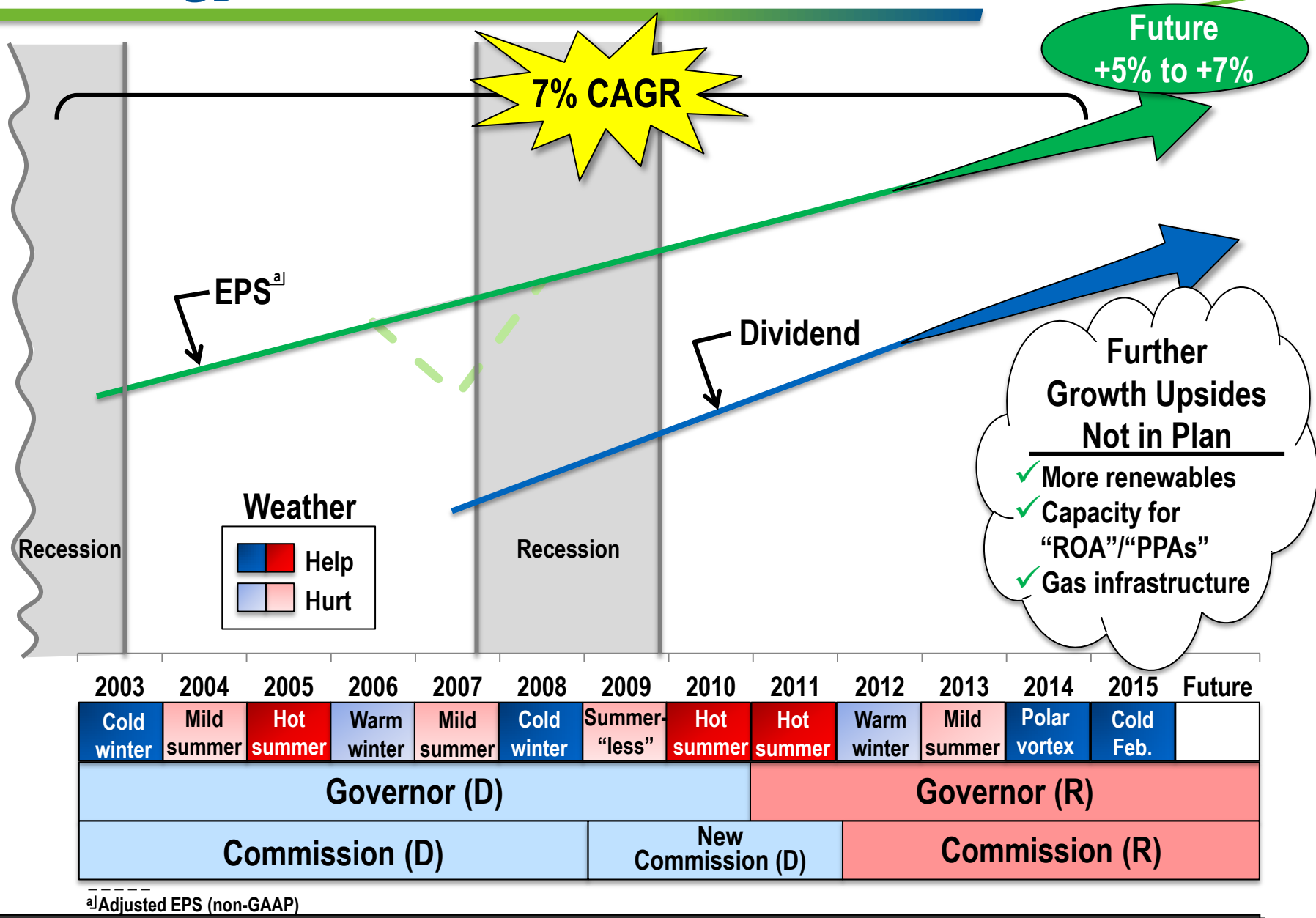


[a] Adjusted EPS (non-GAAP)

. . . . consistent growth through recession, adverse weather, changing policy leaders . . . .

Sensitivities . . . .

	Status	Sensitivity	2015 Impact EPS	2015 Impact OCF (mils)
Sales [a]				
• Electric (37,485 GWh)	☺	± 1%	± $0.05	± $ 20
• Gas (301.8 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
O&M Cost	☺	- ½%	+ 0.01	+ 5

[a] Reflect 2015 sales forecast; weather adjusted

. . . . reflect strong risk mitigation.

Interest Rates Increases . . . .

	Amount (bils)	Sensitivities (bps)	Pre-Tax Earnings Impact
• Interest Expense	$1.0	+100	(3)¢
• Benefit Liability (discounted)	3.0	+100	4
Total			1 ¢

Note: ROE ?

. . . . have up and downsides!

2015 Financial Targets . . . .

	Target	Focus
Adjusted EPS (non-GAAP)	$1.87 - $1.89 ✓ +6% to +7%	Consistent, high-end performance
Operating cash flow (mils)	$1,550 ✓	No "big bets"
Dividend payout ratio	≥ 62% ✓	Competitive
Customer price decreases		
Electric	≈(3)% ✓	Good value
Gas	≈(3)% ✓	
FFO/Average debt	18% ✓	Self-funded growth
Capital investment (bils)	$1.6 ✓	Organic

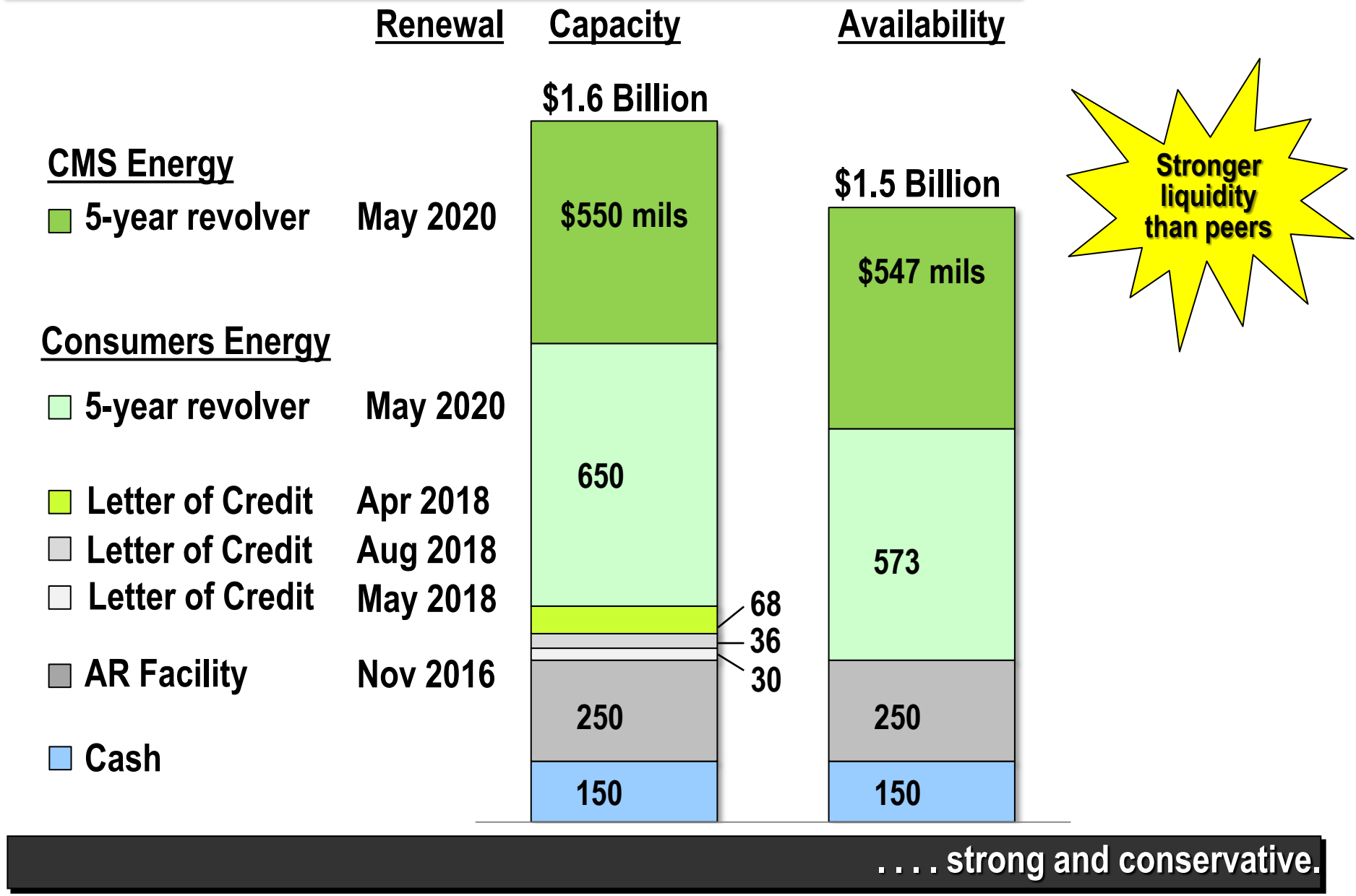
. . . . 13th year of transparent, consistent, strong performance.

Q & A

See you at EEI

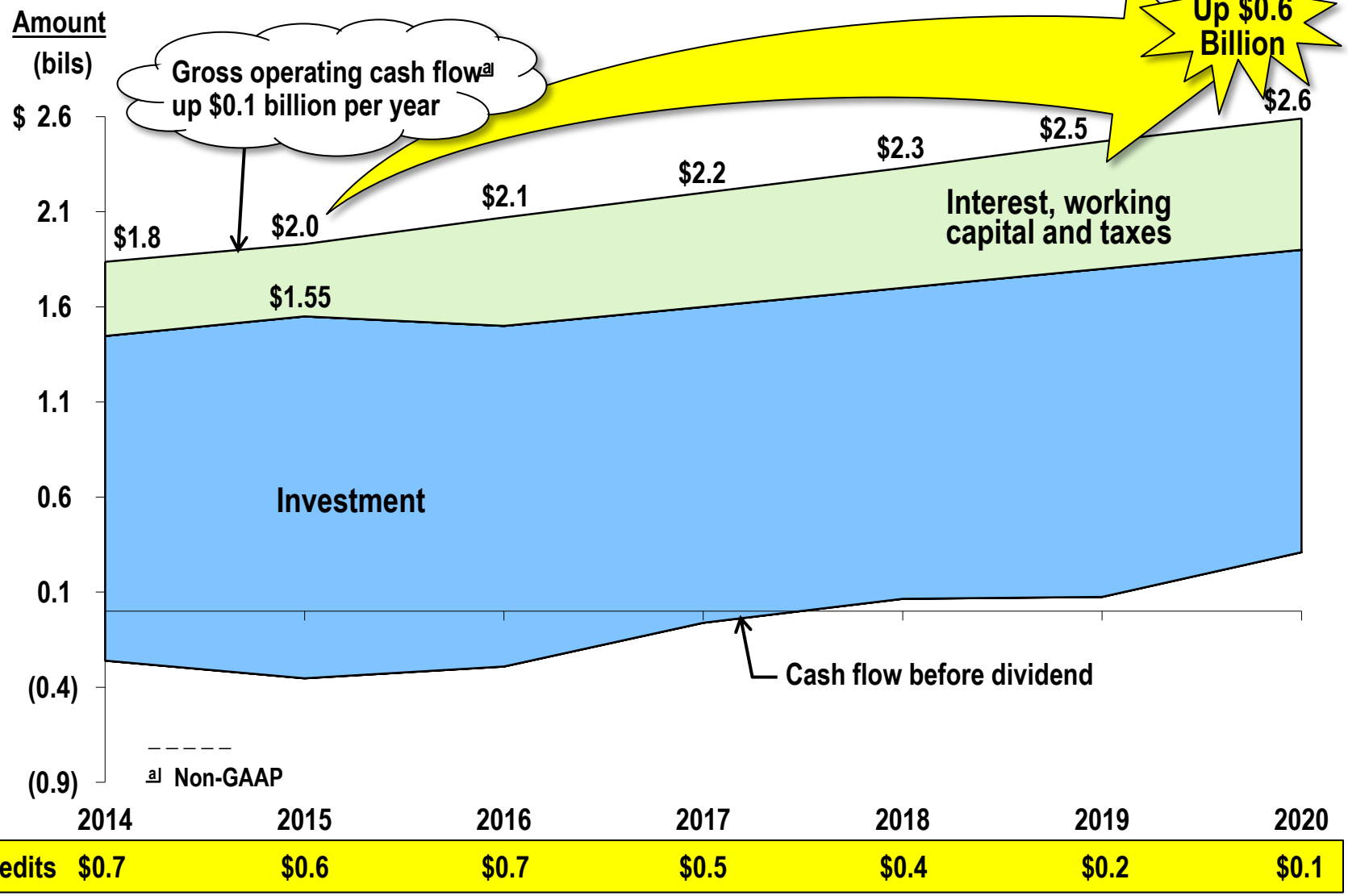
Appendix

Liquidity (as of September 2015) . . . .



. . . . strong and conservative.

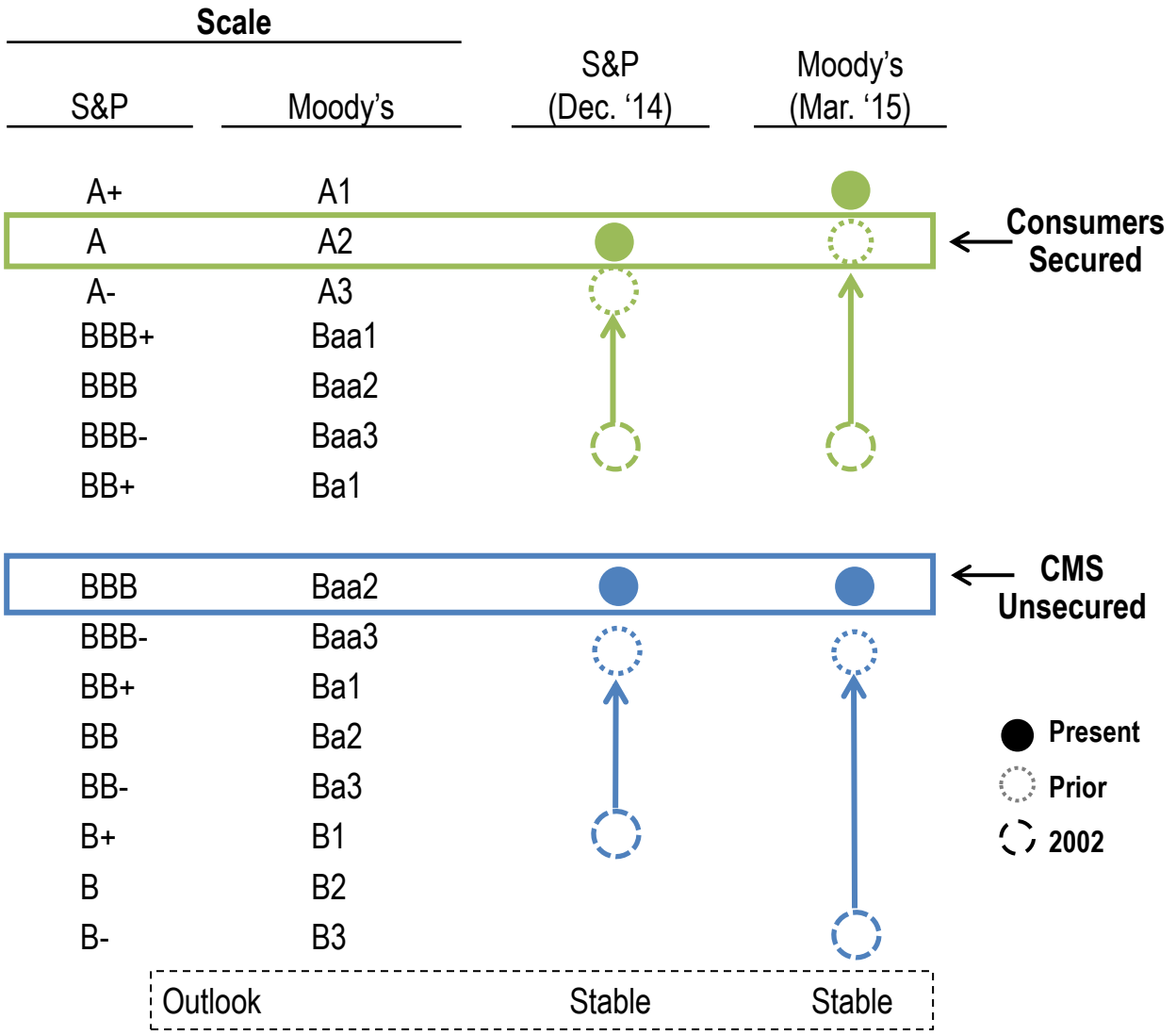
Operating Cash Flow Growth . . . .



	2014	2015	2016	2017	2018	2019	2020
NOLs & Credits	$0.7	$0.6	$0.7	$0.5	$0.4	$0.2	$0.1

. . . . up $0.6 billion or 30% over five years!

Credit Ratings . . . .



Reflects

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

. . . . show continuous improvement.

2015 Cash Flow Forecast (non-GAAP)

CMS Energy Parent

Cash at year end 2014	$ 95
Sources	
Consumers Energy dividend and tax sharing	$ 375
Enterprises	20
Sources	$ 395
Uses	
Interest and preferred dividend	$ (130)
Overhead and Federal tax payments	(10)
Equity infusion	(150)
Pension contribution	0
Uses [a]	$ (315)
Cash flow	$ 80
Financing and Dividend	
New issues	$ 250
Retirements	-
DRP, continuous equity	45
Net short-term financing & other	(5)
Common dividend	(320)
Financing	$ (30)
Cash at year end 2015	$ 145
Bank Facility ($550) available	$ 547

[a] Includes other

Consumers Energy

	Amount (mils)
Cash at year end 2014	$ 71
Sources	
Operating (depreciation & amortization $745)	$ 1,930
Other working capital	(260)
Sources	$ 1,670
Uses	
Interest and preferred dividend	$ (235)
Capital expenditures [b]	(1,640)
Dividend and tax sharing $100 from CMS	(375)
Pension contribution	0
Uses	$ (2,250)
Cash flow	$ (580)
Financing	
Equity	$ 150
New issues	250
Retirements	(50)
Net short-term financing & other	185
Financing	$ 535
Cash at year end 2015	$ 26
Bank Facility ($650) available	$ 390
AR Facility ($250) available	$ 250

[b] Includes cost of removal and capital leases

GAAP Reconciliation

CMS ENERGY CORPORATION
Earnings Per Share By Year GAAP Reconciliation
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014
Reported earnings per share - GAAP	$1.20	$0.91	$1.28	$1.58	$1.42	$1.66	$1.74
After-tax items:							
Electric and gas utility	0.05	0.33	0.03	-	0.17	-	-
Enterprises	(0.02)	0.09	(0.03)	(0.11)	(0.01)	*	0.03
Corporate interest and other	(0.02)	0.01	*	(0.01)	*	*	*
Discontinued operations (income) loss	(*)	(0.08)	0.08	(0.01)	(0.03)	*	(*)
Adjusted earnings per share, non-GAAP	$1.21 (a)	$1.26	$1.36	$1.45	$1.55	$1.66	$1.77

* 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)

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

(In Millions, Except Per Share Amounts)	2015		
	1Q	**2Q**	**3Q**
Reported net income - GAAP	$202	$67	$148
After-tax items:			
Electric and gas utility	-	-	-
Enterprises	*	*	*
Corporate interest and other	*	*	*
Discontinued operations (income) loss	(*)	*	(*)
Adjusted income - non-GAAP	$202	$67	$148
Average shares outstanding, basic	274.8	275.4	276.0
Average shares outstanding, diluted	275.7	276.2	276.9
Reported earnings per share - GAAP	$0.73	$0.25	$0.53
After-tax items:			
Electric and gas utility	-	-	-
Enterprises	*	*	*
Corporate interest and other	*	*	*
Discontinued operations (income) loss	(*)	*	(*)
Adjusted earnings per share - non-GAAP	$0.73	$0.25	$0.53

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)

	Three Months Ended		Nine Months Ended	
September 30	**2015**	**2014**	**2015**	**2014**
Electric Utility				
Reported	$ 0.60	$ 0.47	$ 1.24	$ 1.19
Restructuring Costs and Other	-	-	-	-
Adjusted	$ 0.60	$ 0.47	$ 1.24	$ 1.19
Gas Utility				
Reported	$ (0.02)	$ (0.03)	$ 0.41	$ 0.44
Restructuring Costs and Other	-	-	-	-
Adjusted	$ (0.02)	$ (0.03)	$ 0.41	$ 0.44
Enterprises				
Reported	$ 0.01	$ (0.03)	$ 0.04	$ (0.01)
Restructuring Costs and Other	*	0.03	*	0.03
Adjusted	$ 0.01	$ -	$ 0.04	$ 0.02
Corporate Interest and Other				
Reported	$ (0.06)	$ (0.07)	$ (0.18)	$ (0.23)
Restructuring Costs and Other	*	*	*	*
Adjusted	$ (0.06)	$ (0.07)	$ (0.18)	$ (0.23)
Discontinued Operations				
Reported	$ *	$ (*)	$ *	$ *
Discontinued Operations (Income) Loss	(*)	*	(*)	(*)
Adjusted	$ -	$ -	$ -	$ -
Totals				
Reported	$ 0.53	$ 0.34	$ 1.51	$ 1.39
Discontinued Operations (Income) Loss	(*)	*	(*)	(*)
Restructuring Costs and Other	*	0.03	*	0.03
Adjusted	$ 0.53	$ 0.37	$ 1.51	$ 1.42
Average Common Shares Outstanding - Diluted (in millions)	276.9	274.7	276.3	274.2

* Less than $0.01 per share.

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

Presentation Sources and Uses		Reclassifications From Sources and Uses to Statement of Cash Flows						Consolidated Statements of Cash Flows	
Description	non-GAAP Amount	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	GAAP Amount	Description
Cash at year end 2014	**$ 71**	$ -	$ -	$ -	$ -	$ -	$ -	**$ 71**	**Cash at year end 2014**
Sources									
Operating (dep & amort $745)	$ 1,930								
Other working capital	(260)								**Net cash provided by**
Sources	**$ 1,670**	$ 100	$ (235)	$ 83	$ 23	$ 74	$ -	**$ 1,715**	**operating activities**
Uses									
Interest and preferred dividends	$ (235)								
Capital expenditures [a]	(1,640)								
Dividends/tax sharing to CMS	(375)								
Pension Contribution	-				-				**Net cash used in**
Uses	**$ (2,250)**	$ (100)	$ 235	$ (83)	$ -	$ -	$ 475	**$ (1,723)**	**investing activities**
Cash flow	**$ (580)**	$ -	$ -	$ -	$ 23	$ 74	$ 475	**$ (8)**	**Cash flow from operating and investing activities**
Financing									
Equity	$ 150								
New Issues	250								
Retirements	(50)								
Net short-term financing & other	185	-	-						**Net cash used in**
Financing	**$ 535**	$ -	$ -	$ -	$ (23)	$ (74)	$ (475)	**$ (37)**	**financing activities**
Net change in cash	**$ (45)**	$ -	$ -	$ -	$ -	$ -	$ -	**$ (45)**	**Net change in cash**
Cash at year end 2015	**$ 26**	$ -	$ -	$ -	$ -	$ -	$ -	**$ 26**	**Cash at year end 2015**

[a] Includes cost of removal and capital leases

CMS Energy Parent

2015 Forecasted Cash Flow GAAP Reconciliation (in millions) (unaudited)

Reclassifications From Sources and Uses to Statement of Cash Flows

Presentation Sources and Uses		Non Equity Uses		Consolidated Statements of Cash Flows	
Description	**non-GAAP Amount**	as Operating	Other	**GAAP Amount**	**Description**
Cash at year end 2014	**$ 95**	$ -	$ (95)	**$ -**	**Cash at year end 2014**
Sources					
Consumers Energy dividends/tax sharing	$ 375				
Enterprises	20				**Net cash provided by**
Sources	**$ 395**	$ (165)	$ (50)	**$ 180**	**operating activities**
Uses					
Interest and preferred dividends	$ (130)				
Overhead and Federal tax payments	(10)				
Equity infusions	(150)				
Pension Contribution	-				**Net cash used in**
Uses (a)	**$ (315)**	$ 165	$ -	**$ (150)**	**investing activities**
Cash flow	**$ 80**	$ -	$ (50)	**$ 30**	**Cash flow from operating and investing activities**
Financing and dividends					
New Issues	$ 250				
Retirements	-				
Equity programs (DRP, continuous equity)	45				
Net short-term financing & other	(5)	-	-		
Common dividend	(320)				**Net cash used in**
Financing	**$ (30)**	$ -	$ -	**$ (30)**	**financing activities**
Net change in cash	**$ 50**	$ -	$ (50)	**$ -**	**Net change in cash**
Cash at year end 2015	**$ 145**	$ -	$ (145)	**$ -**	**Cash at year end 2015**

(a) Includes other

Consolidated CMS Energy

2015 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 2014	**$ 71**	**$ -**	$ 136	$ -	$ -	**$ 207**	**Cash at year end 2014**
Net cash provided by operating activities	**$ 1,715**	**$ 180**	$ 130	$ (475)	$ -	**$ 1,550**	**Net cash provided by operating activities**
Net cash used in investing activities	**(1,723)**	**(150)**	(334)	-	150	**(2,057)**	**Net cash used in investing activities**
Cash flow from operating and investing activities	**$ (8)**	**$ 30**	$ (204)	$ (475)	$ 150	**$ (507)**	**Cash flow from operating and investing activities**
Net cash used in financing activities	**$ (37)**	**$ (30)**	$ 277	$ 475	$ (150)	**$ 535**	**Net cash provided by financing activities**
Net change in cash	**$ (45)**	**$ -**	$ 73	$ -	$ -	**$ 28**	**Net change in cash**
Cash at year end 2015	**$ 26**	**$ -**	$ 209	$ -	$ -	**$ 235**	**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	$ 1,930	$ 2,027	$ 2,145	$ 2,266	$ 2,401	$ 2,515
Enterprises Project Cash Flows	20	20	40	58	62	67	71
Gross Operating Cash Flow	$ 1,833	$ 1,950	$ 2,067	$ 2,203	$ 2,328	$ 2,468	$ 2,586
Other operating activities including taxes, interest payments and working capital	(386)	(400)	(567)	(603)	(628)	(668)	(686)
Net cash provided by operating activities	$ 1,447	$ 1,550	$ 1,500	$ 1,600	$ 1,700	$ 1,800	$ 1,900