



**CMS**  
**LISTED**  
**NYSE**

# Investor Meetings

August 31 – September 6, 2017



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, 2016 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.

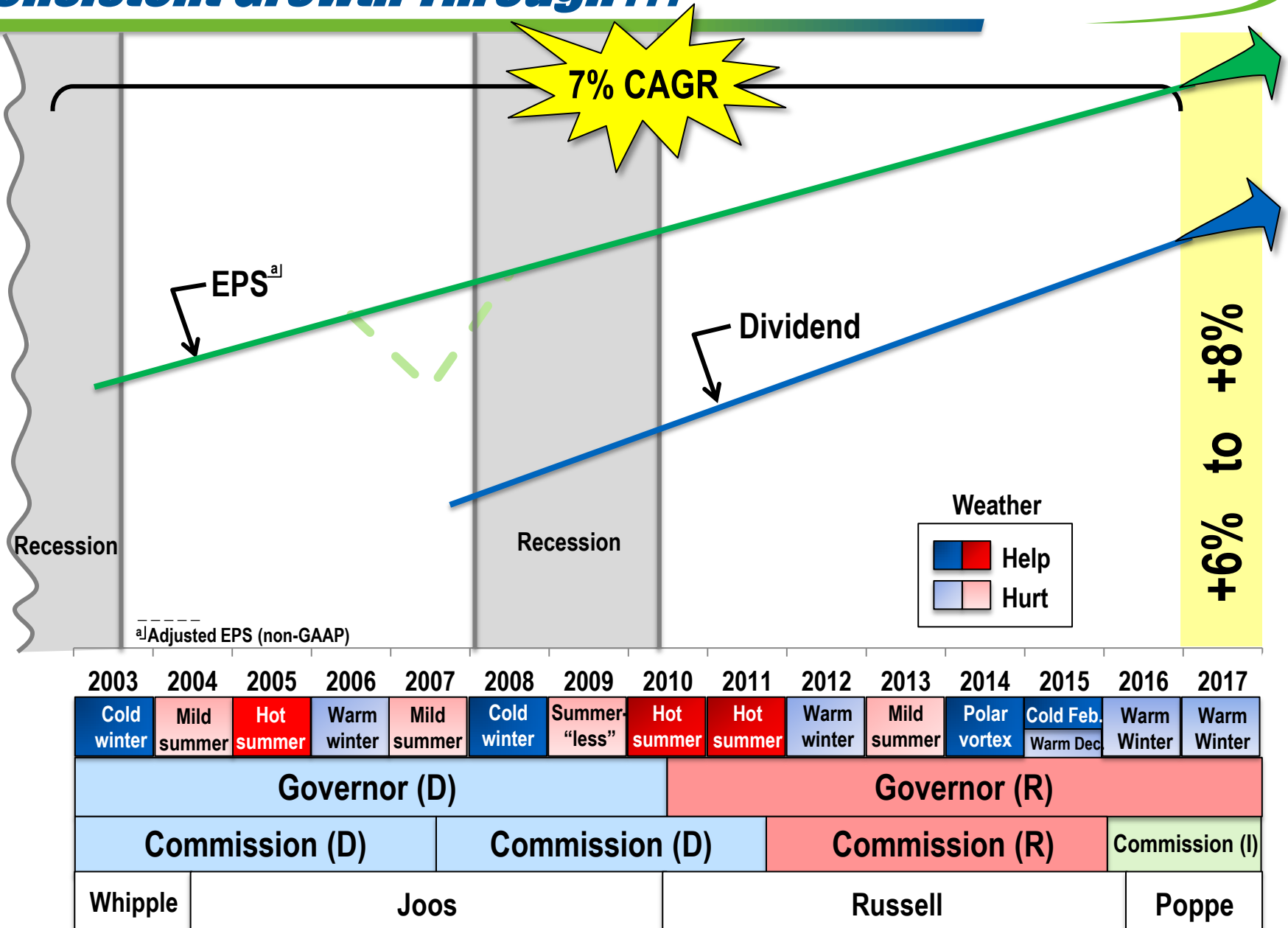
The presentation also includes non-GAAP measures when describing CMS Energy’s results of operations and financial performance. A reconciliation of each of these measures to the most directly comparable GAAP measure is included in the appendix and posted on our website at [www.cmsenergy.com](http://www.cmsenergy.com).

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. During an oral presentation, references to “earnings” are on an adjusted basis. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, regulatory items from prior years, or other items. Management views adjusted earnings as a key measure of the company’s present operating financial performance and uses adjusted earnings for external communications with analysts and investors. Internally, the company uses adjusted earnings to measure and assess performance. Because the company is not able to estimate the impact of specific line items, which have the potential to significantly impact, favorably or unfavorably, the company’s reported earnings in future periods, the company is not providing reported earnings guidance nor is it providing a reconciliation for the comparable future period earnings. The adjusted earnings should be considered supplemental information to assist in understanding our business results, rather than as a substitute for the reported earnings. References to earnings guidance refer to such guidance as provided by the company on July 28, 2017. Similarly, management views the ratio of Funds From Operations (FFO)/Average Debt as a key measure of the company’s operating financial performance and its financial position, and uses the ratio for external communications with analysts and investors. Because the company does not establish its target FFO/Average Debt ratio based on a specific target numerator and target denominator, the company is unable to provide a reconciliation to a comparable GAAP financial measure. Adjusted weather-normalized earnings are provided to show the impact of deviations from normal weather.

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.

# Consistent Growth Through...

CMS ENERGY

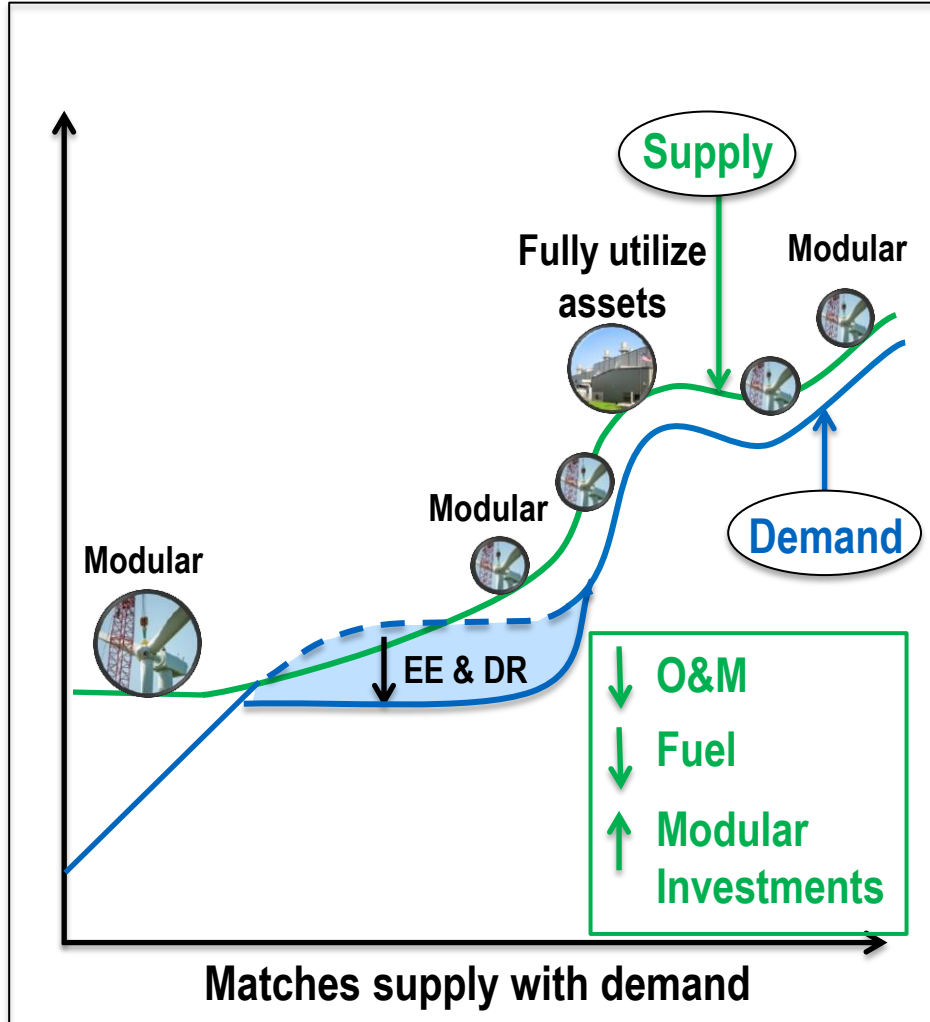
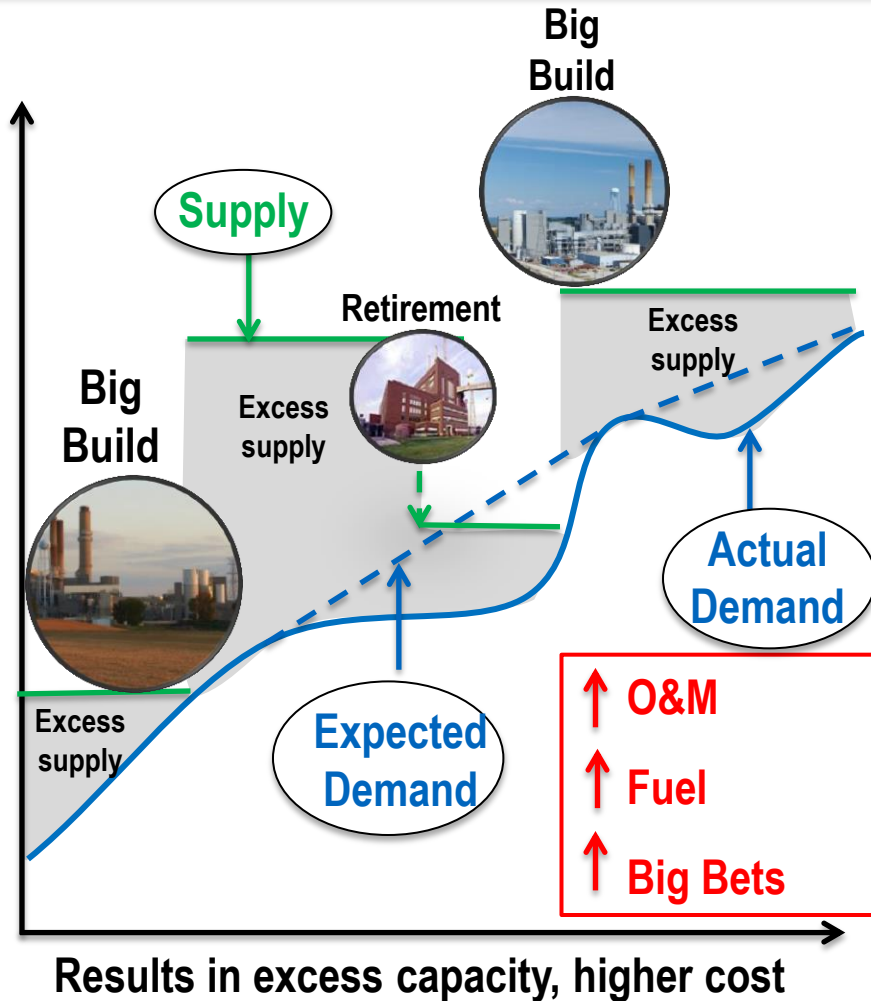


... recessions, adverse weather, and leadership changes.



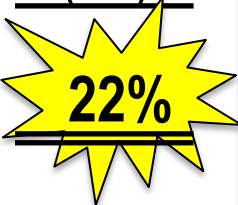

## Old Utility Model

## Clean And Lean

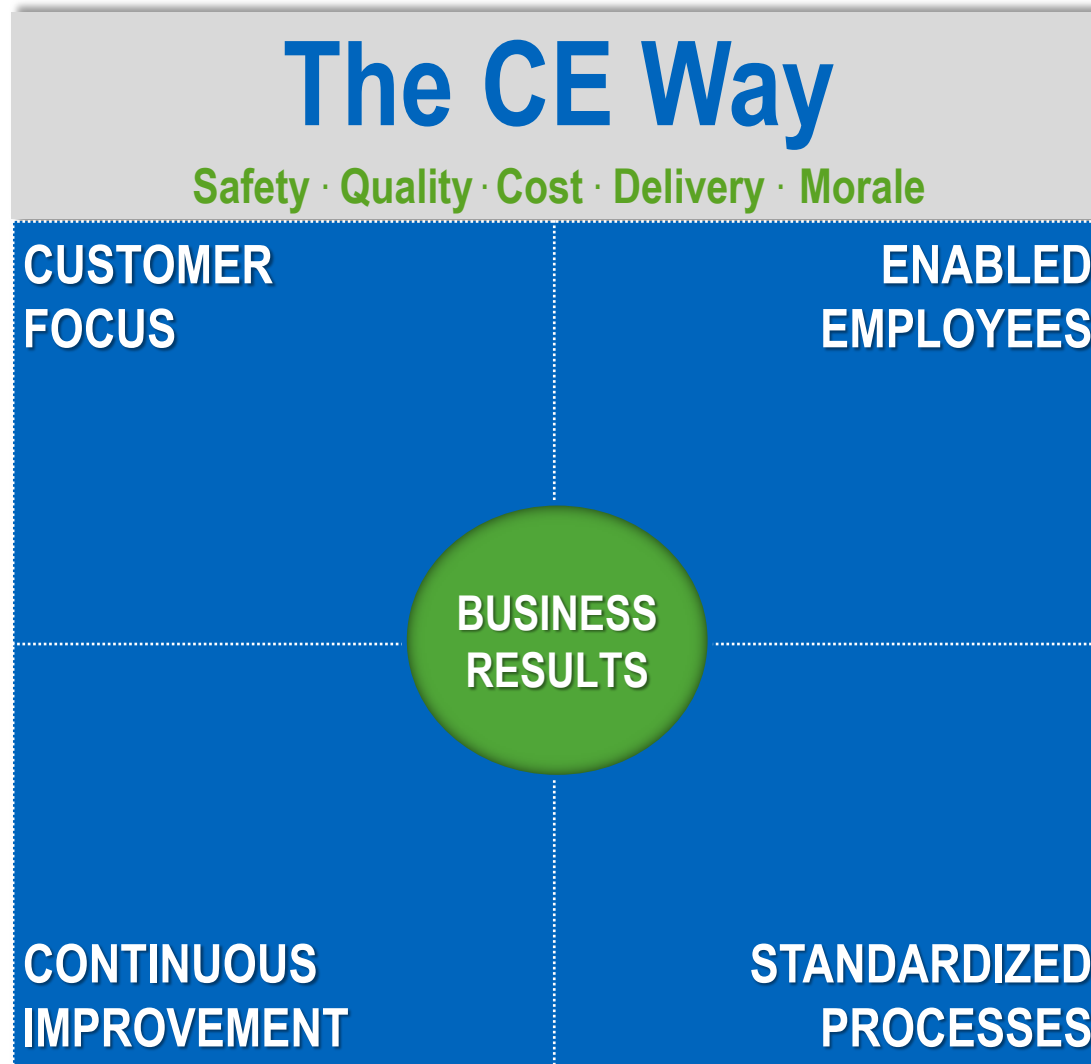


... matching supply with demand reduces costs.

## Future Opportunities

	Pre - Classic 7		Post - Classic 7		Wind, Filer City, & Potential Coal Shutdown	
	<u>Gwh</u>	<u>% Coal</u>	<u>Gwh</u>	<u>% Coal</u>	<u>Gwh</u>	<u>% Coal</u>
Coal	10,245		8,851		6,181	
Other	<u>12,417</u>		<u>12,417</u>		<u>15,207</u>	
Total	22,662	45%	21,268	42%	21,388	29%
PPAs*	<u>19,495</u>	<u>(21)</u>	<u>19,495</u>	<u>(20)</u>	<u>19,495</u>	<u>(14)</u>
Total	<u><u>42,157</u></u>	<u><u>24%</u></u>	<u><u>40,763</u></u>	 <b>22%</b>	<u><u>40,883</u></u>	 <b>15%</b>

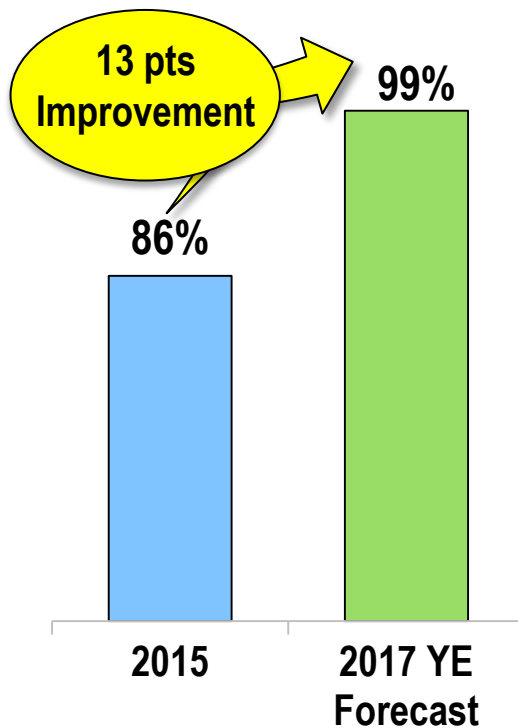
\* PPAs uniquely large - - built by CMS AND controlled (most of the energy) by CMS.



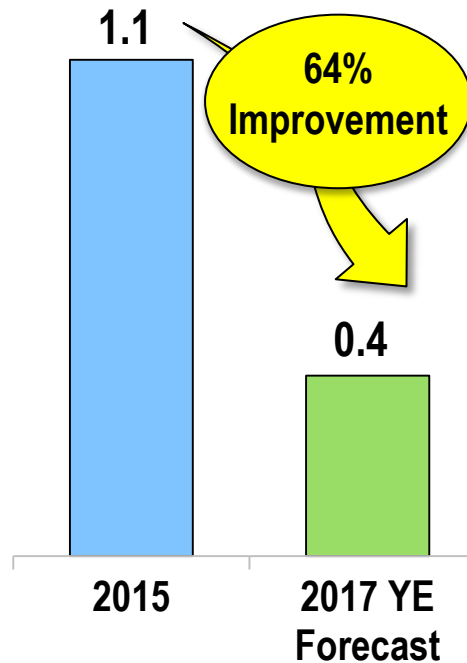
**... a culture of continuous improvement.**



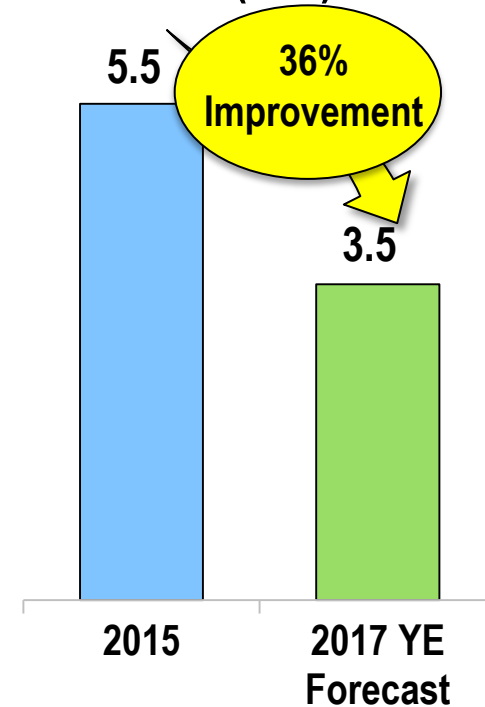
## Meter Reading



## Invoice Reversals (MM)



## Live Calls (MM)



**Savings \$(MM)**  
(since 2015)

**\$5**

**\$1½**

**\$2½**

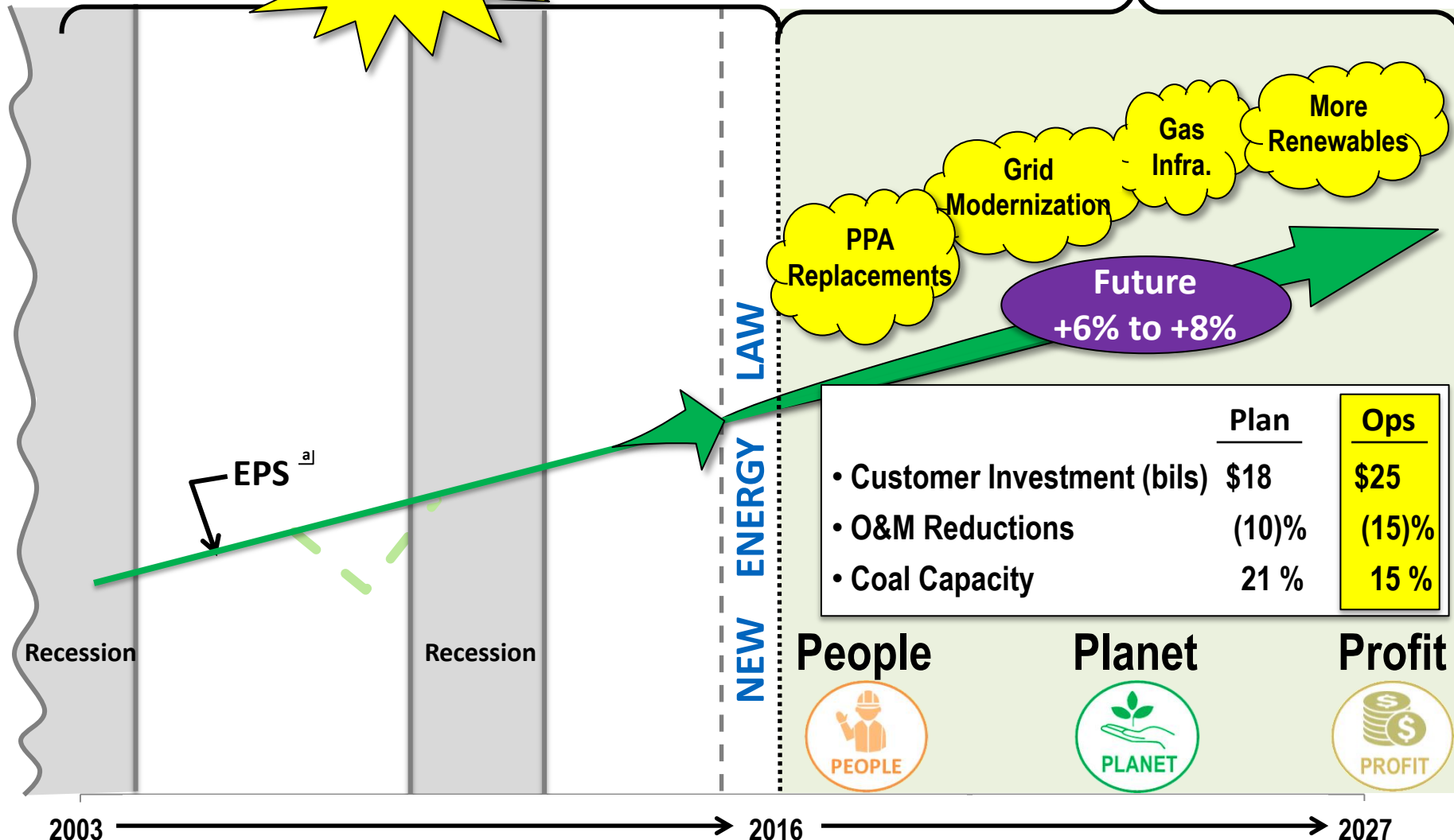
... improving quality of service.

# Fifteen Years of Growth...

CMS ENERGY

7% CAGR

## Opportunities



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

... with a sustainable future.



**2017+  
Plan**

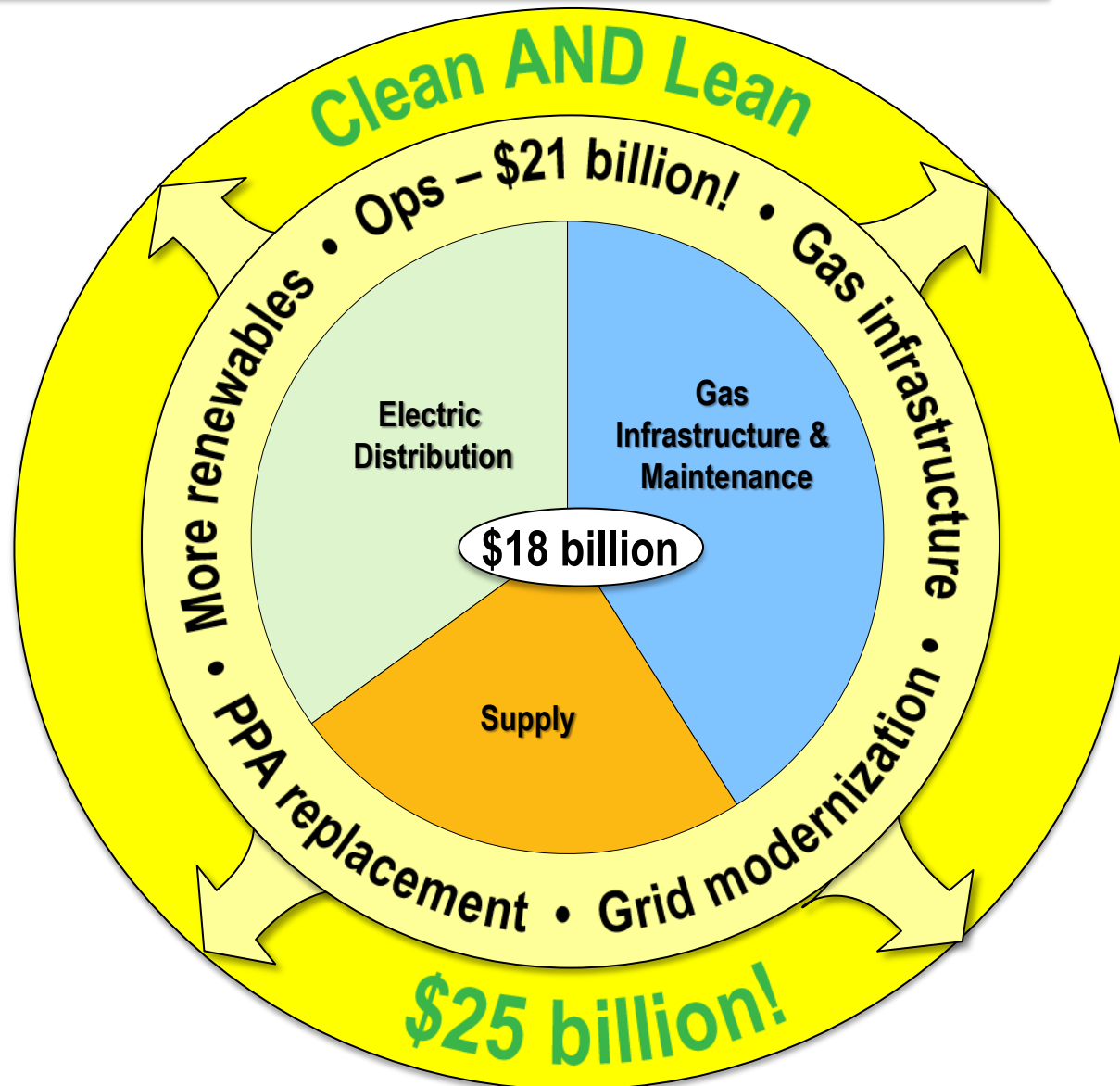
**Customer investment (reliability, costs, enviro mandates) 6% - 8%**

**Self Funding:**

- |                                      |                  |
|--------------------------------------|------------------|
| - O&M cost reductions                | 2 - 3 pts        |
| - Sales growth                       | 1                |
| - No “block” equity dilution & other | 2                |
| <b>INVESTMENT SELF-FUNDED</b>        | <b>5 - 6 pts</b> |

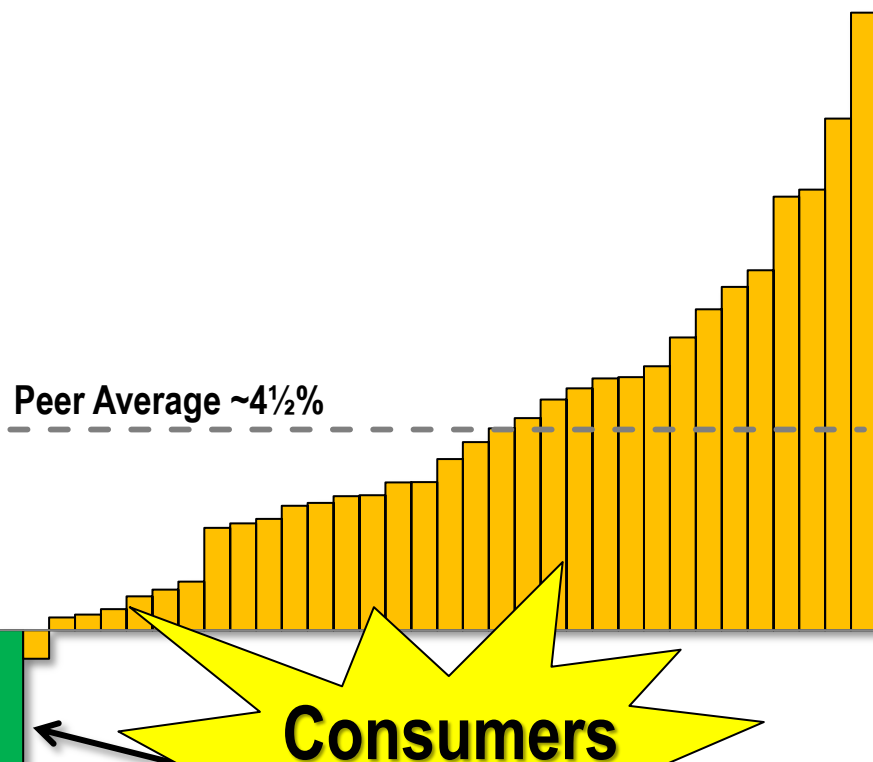
**Rate increase “at or below inflation” < 2%**

**... continues to drive sustainable growth, with upside opportunities.**



## Actual Cost Reduction

(Peers 2016 over 2006)



**Consumers  
-3% a year**

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

## New Annual Cost Savings

	Three-Year Avg	
	2014	2017
	- 2016	- 2019
	(MM)	(MM)
<b>Good Business Decisions</b>		
• Attrition	\$ - 16	\$ - 16
• Productivity (Coal → Gas)	- 20	- 5
• Enhanced capitalization	- 10	- 4
• Smart Meters	- 4	- 5
<b>"Consumers Energy Way"</b>		
• Work Management & Eliminate Waste	- 15	- 20
<b>Increases</b>		
• Mortality, Disc. Rates, & Other	+20	0
• Service Upgr./Inflation	+10	+ 30
<b>Net savings</b>	<b>\$ - 35</b>	<b>\$ - 20</b>

Percent savings

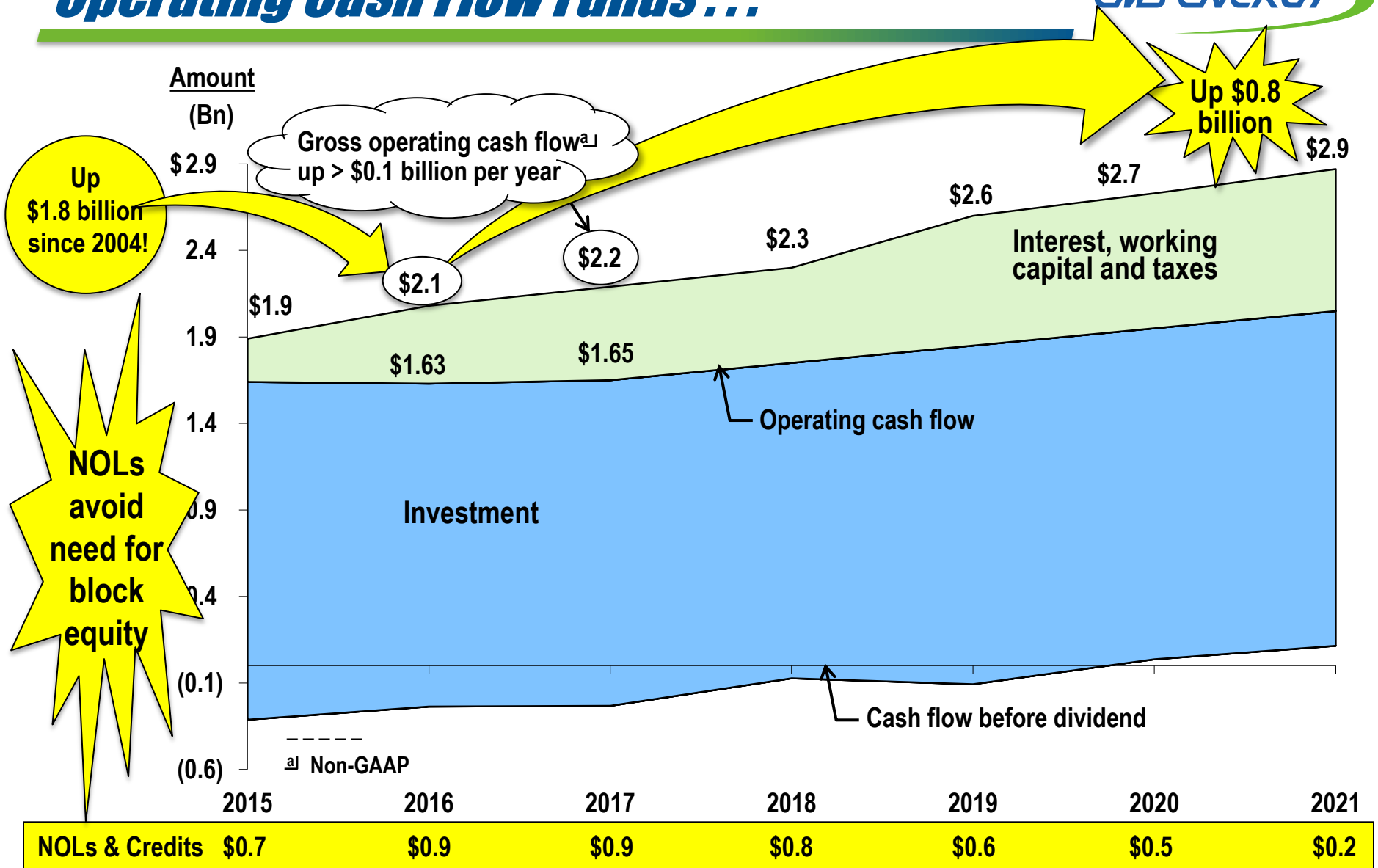
**> 3%  
a year!**

**2%  
a year!**

... needed customer investments.

# Operating Cash Flow Funds...

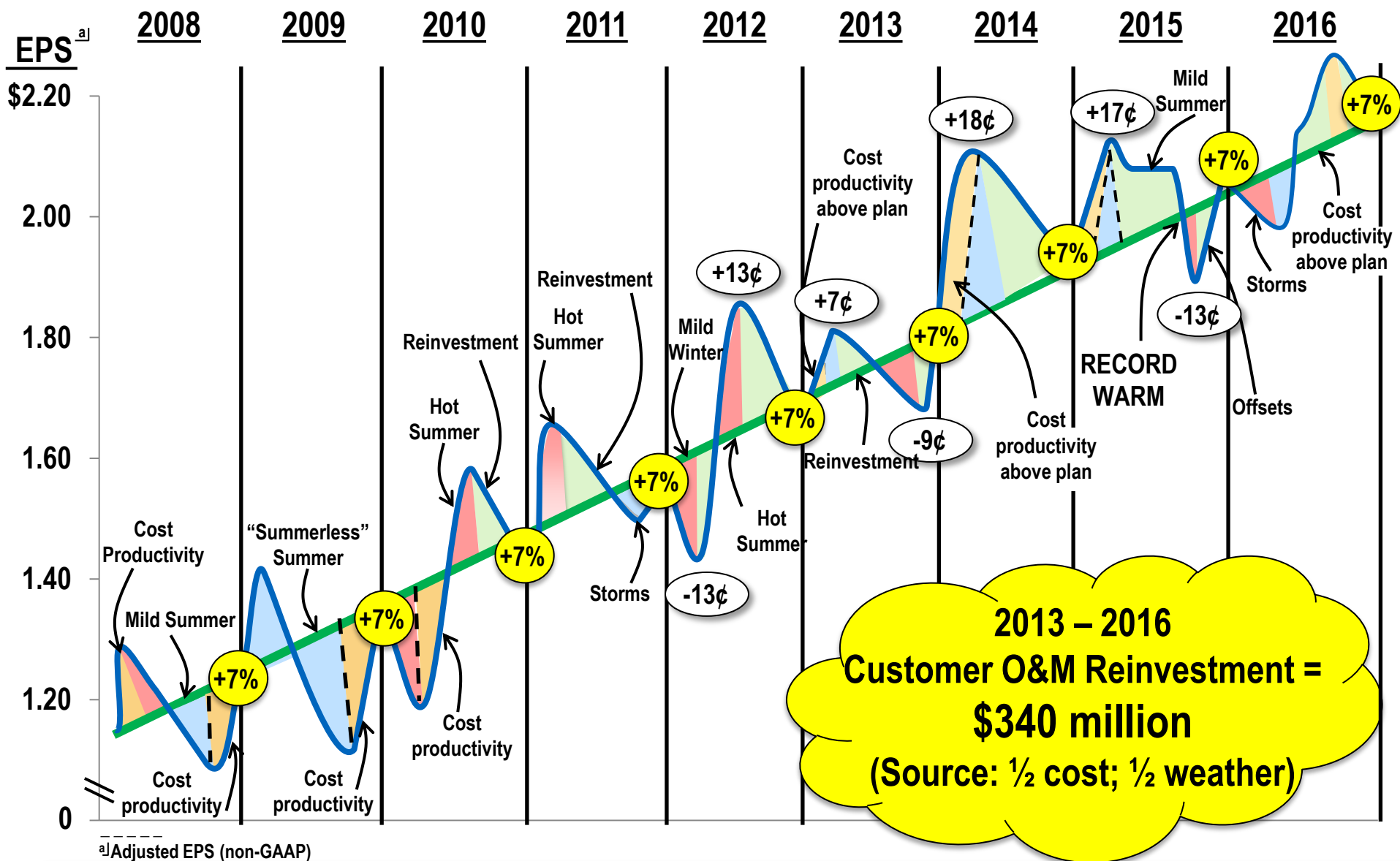
CMS ENERGY



... investments with no block equity.

# Managing Work Every Year...

CMS ENERGY



... maximizes benefits for customers AND investors.



## Wind

- Cross Winds II
  - Expected COD: Jan 2018
  - 44 MW
- Cross Winds III
  - Expected COD: Jan 2020
  - 76 MW



## Proposed New Tariff

- Large industrial program
- Purchase 20% to 100% of energy use
- Fully bundled service
- 3 to 20 year contracts with competitive fixed prices

## Solar

- Solar Gardens
- Residential rooftop solar program
- MPSC evaluating net metering

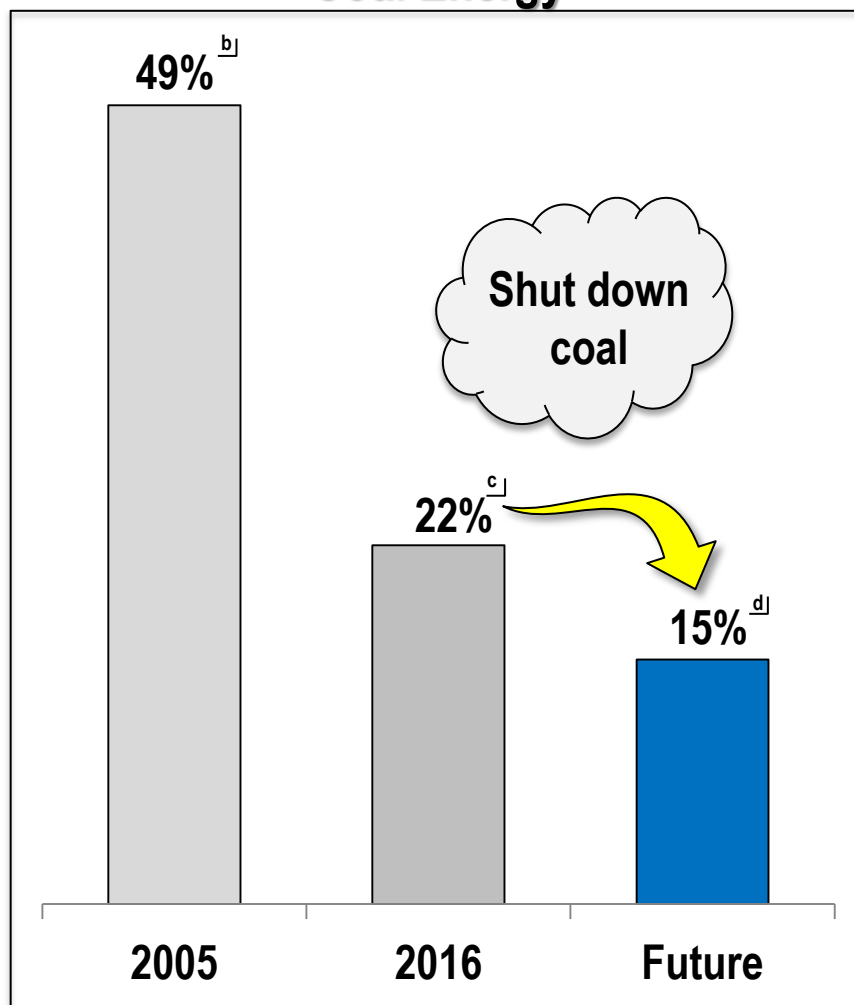


# Reducing Coal Intensity..

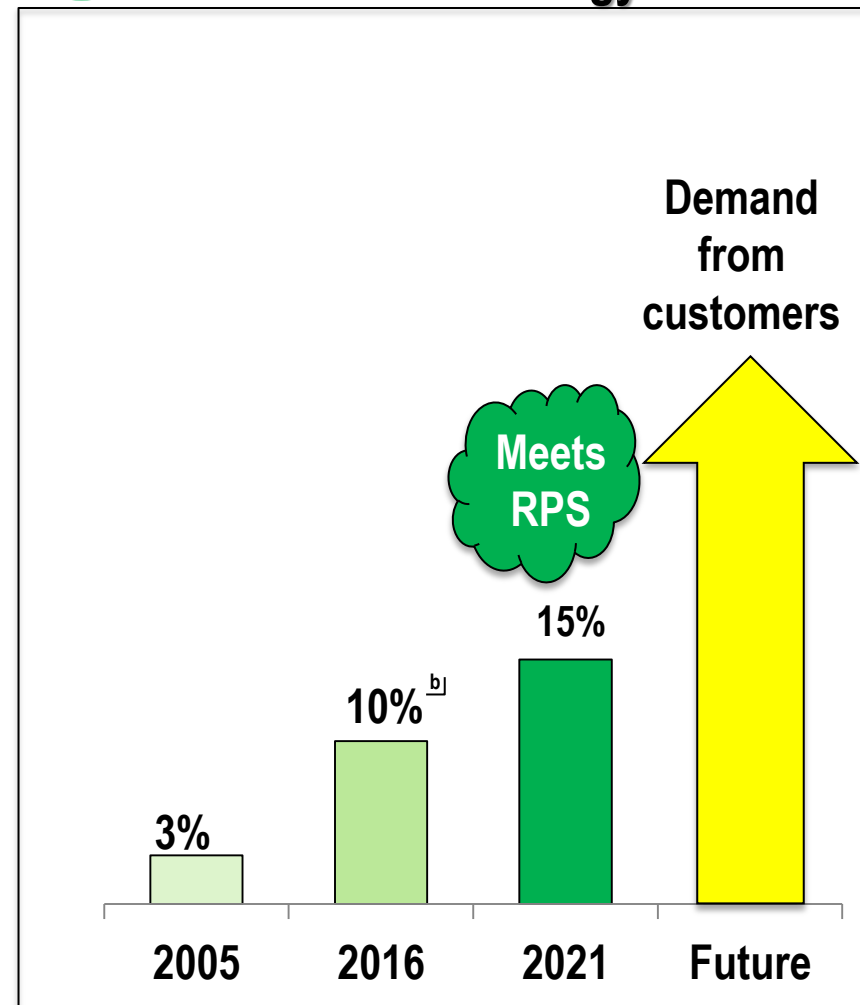


CMS ENERGY

## Coal Energy <sup>a]</sup>



## Renewable Energy <sup>a]</sup>



<sup>a]</sup> CMS Energy

<sup>b]</sup> Includes Classic 7, includes PPA contracts

<sup>c]</sup> Excludes Classic 7, includes PPA contracts

<sup>d]</sup> Based on ten-year plan with opportunities

<sup>a]</sup> Consumers Energy

<sup>b]</sup> Includes Classic 7, includes PPA contracts






... AND adding more clean renewables.

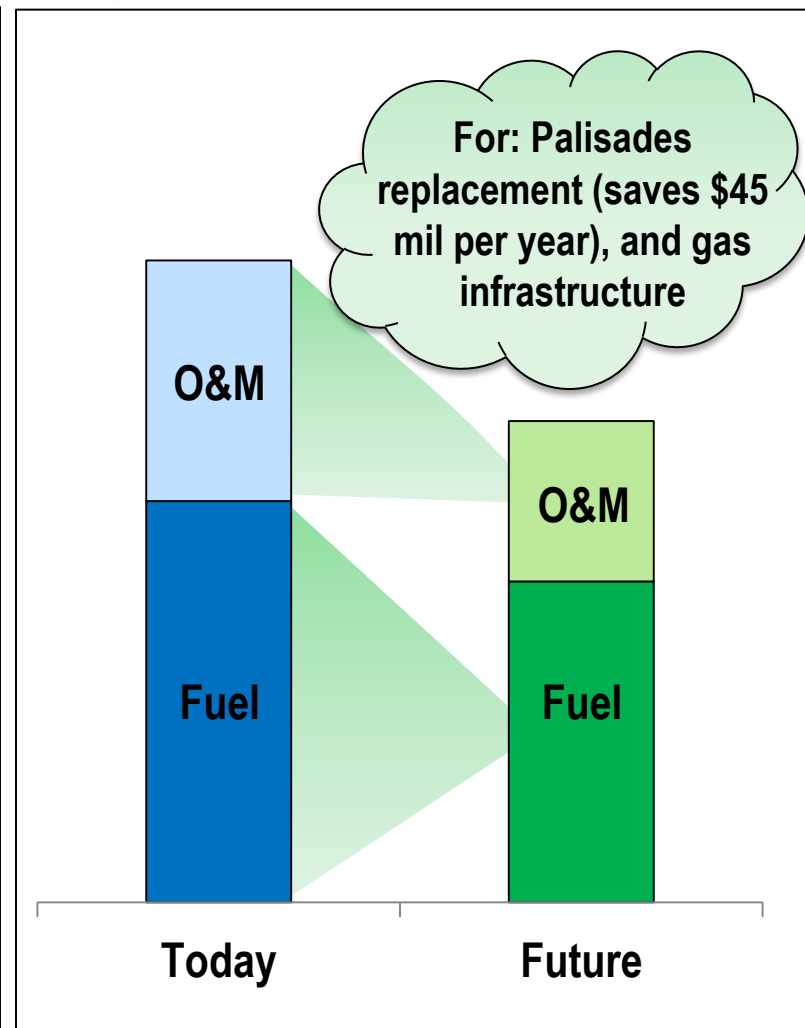


Sustainable Strategy



Creates Headroom

- A) Energy waste elimination/reduction  Incentives
  - Energy efficiency
  - Demand response
- B) Fully utilize assets -- upgrades:  Rate base
  - Ludington Pumped Storage: 1,900 MW to 2,300 MW!
  - Gas Plants: Jackson, DIG, & Zeeland
- C) Replace expensive PPAs  Rate base
  - Renewables (no fuel cost)
  - Peakers
- D)  "Lean" = lowest cost:  
O&M, fuel, & capex  
= highest quality:  
customer-defined  Powerful model



.... the Consumers Energy Way.

## Results

	<u>2016</u>	<u>2017</u>
Second Quarter		
EPS	\$0.45	\$0.33
Weather-normalized	0.41	0.35

## First Half

EPS	\$1.04	<b>\$1.04</b>
Weather-normalized	1.12	1.20

+8¢  
+7%

## By Business Segment

	<u>First Half EPS</u>	
	<u>Actual</u>	<u>vs Plan</u>
Utility	\$1.12	\$0.01
Enterprises	0.07	0.03
Interest & other	<u>(0.15)</u>	<u>--</u>

CMS Energy

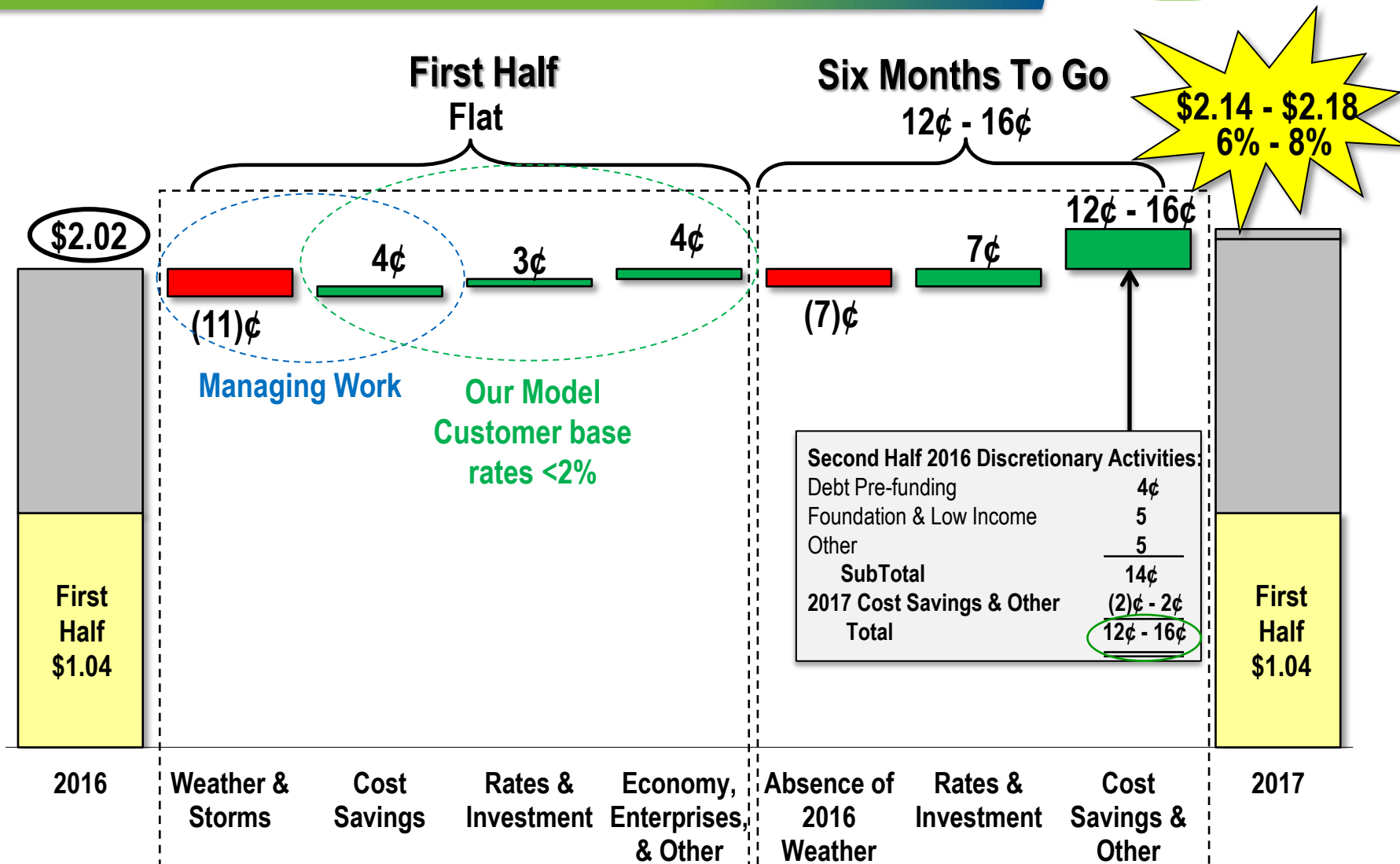
**\$1.04**

**\$0.04**

- Reaffirm Full Year EPS<sup>a)</sup> guidance:
  - \$2.14 to \$2.18
  - +6% to +8%

- Long-term Growth: <sup>a)</sup>6% to 8%

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



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

... guidance reaffirmed.

Adjusted EPS  
(non-GAAP)

Benefits	4¢
Property taxes	4
Total	<u>8¢</u>

Weather  
& Storms

2016

Second Half 2016 Reinvestment:

Debt Pre-funding	4¢
Foundation & Low Income	5
Other	5
Total	<u>14¢</u>

Reinvestment  
last year

+6% to +8%

Recovery

Recovery

Accelerated Financing	3¢
Enterprises	1
EE incentives	2
O&M Choices	4
Sales Mix & Other	3
Total	<u>13¢</u>

January

March 31

June 30

September 30

December 31

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

... includes 6% to 8%<sup>a)</sup> growth despite early challenges.

		Full Year Impact	
	<u>Sensitivity</u>	<u>EPS</u>	<u>OCF</u> (MM)
Sales <sup>a </sup>			
• Electric (37,031 GWh)	<u>±</u> 1%	<u>±</u> 5¢	<u>±</u> \$ 20
• Gas (307 Bcf)	<u>±</u> 5	<u>±</u> 7	<u>±</u> 30
Gas prices (NYMEX)	<u>±</u> 50¢	<u>±</u> 0	<u>±</u> 55
ROE (planned)			
• Electric (10.1%)	<u>±</u> 10 bps	<u>±</u> 1½	<u>±</u> 7
• Gas (10.1%)	<u>±</u> 10	<u>±</u> ½	<u>±</u> 3
Interest Rates	<u>±</u> 100 bps	<u>±</u> < 1	<u>±</u> 7
Energy Waste Reduction <sup>b </sup>	+ ½%	+ 2	+ 8

<sup>a)</sup> Reflect 2017 sales forecast; weather adjusted

<sup>b)</sup> Full-year impact at \$16 mil

... reflect strong risk mitigation.

**Adjusted EPS (non-GAAP)**

**2017**  
**\$2.14 - \$2.18**  
**+6% to +8%**



**Operating cash flow (MM)**

**\$1,650**



**Dividend payout ratio**

**~ 62%**



**Customer price (excl. fuel)**

**Electric**

**~2%**



**Gas**

**~2%**

**FFO/Average debt (non-GAAP)**

**18½%**

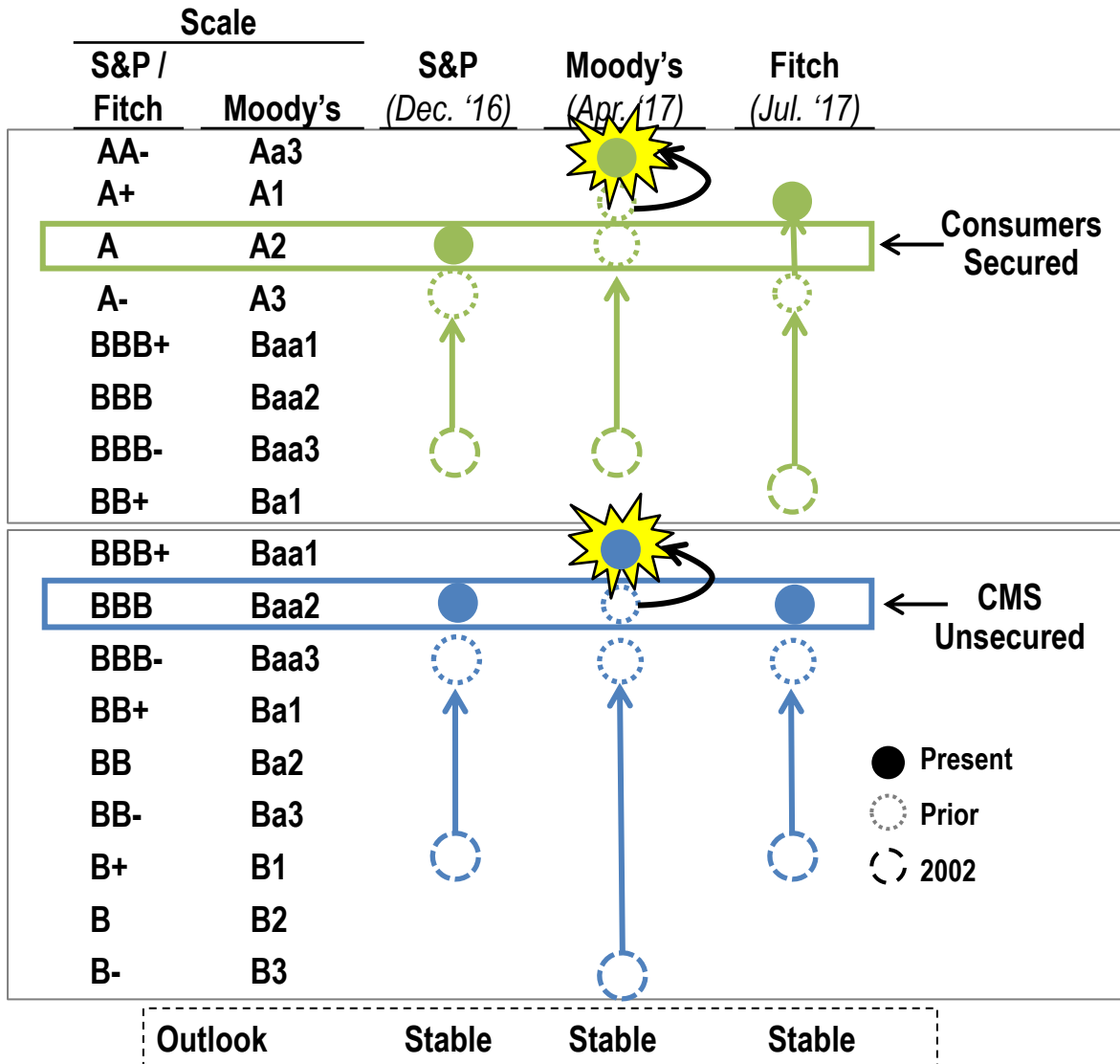


**Customer investment (Bn)**

**\$1.8**



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



## Ratings Drivers

- Strong financial position
- Growing operating cash flow
- Return on regulated investment
- Supportive regulatory environment

... upgraded by Moody's.

## Customer

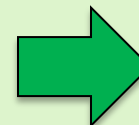
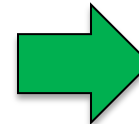
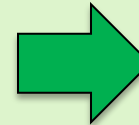
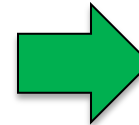
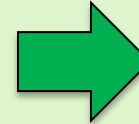
### What's New?

- Subsidies addressed
  - ROA reform
  - Net metering
- Increased energy efficiency & demand response incentive
- RPS -- 15% by end of 2021
- Improved Regulatory Process
  - 10 month rate case

## Investor

### What is the Impact?

- Price competitiveness
- Secure capacity
- Improved incentives
- Additional rate base opportunity
- Streamlined process
- Reliability planning
- Pre-approval of projects



... strengthens our Plan AND benefits our customers.



# Regulatory Update...



CMS ENERGY

**2017**

**2018**

## Customer Benefits

### Energy Law

4/20: Energy Law  
effective

12/1: SRM  
capacity charge determined

June: Capacity  
charge  
implemented

### Gas Rate Case

1/29: Self-impl.;  
\$20 MM

Monday 7/31:  
Final order; \$29 MM

### Electric Rate Case

2/28: Final order;  
\$113 MM; 10.1% ROE

3/31: File; \$173 MM;  
10.5% ROE

10/1: Self-  
implement

By 3/30:  
Final order

### Palisades

2/10: Filed securitization;  
\$172 MM

By 9/28:  
Final order

May: Terminate  
PPA contract

No subsidies

Safety

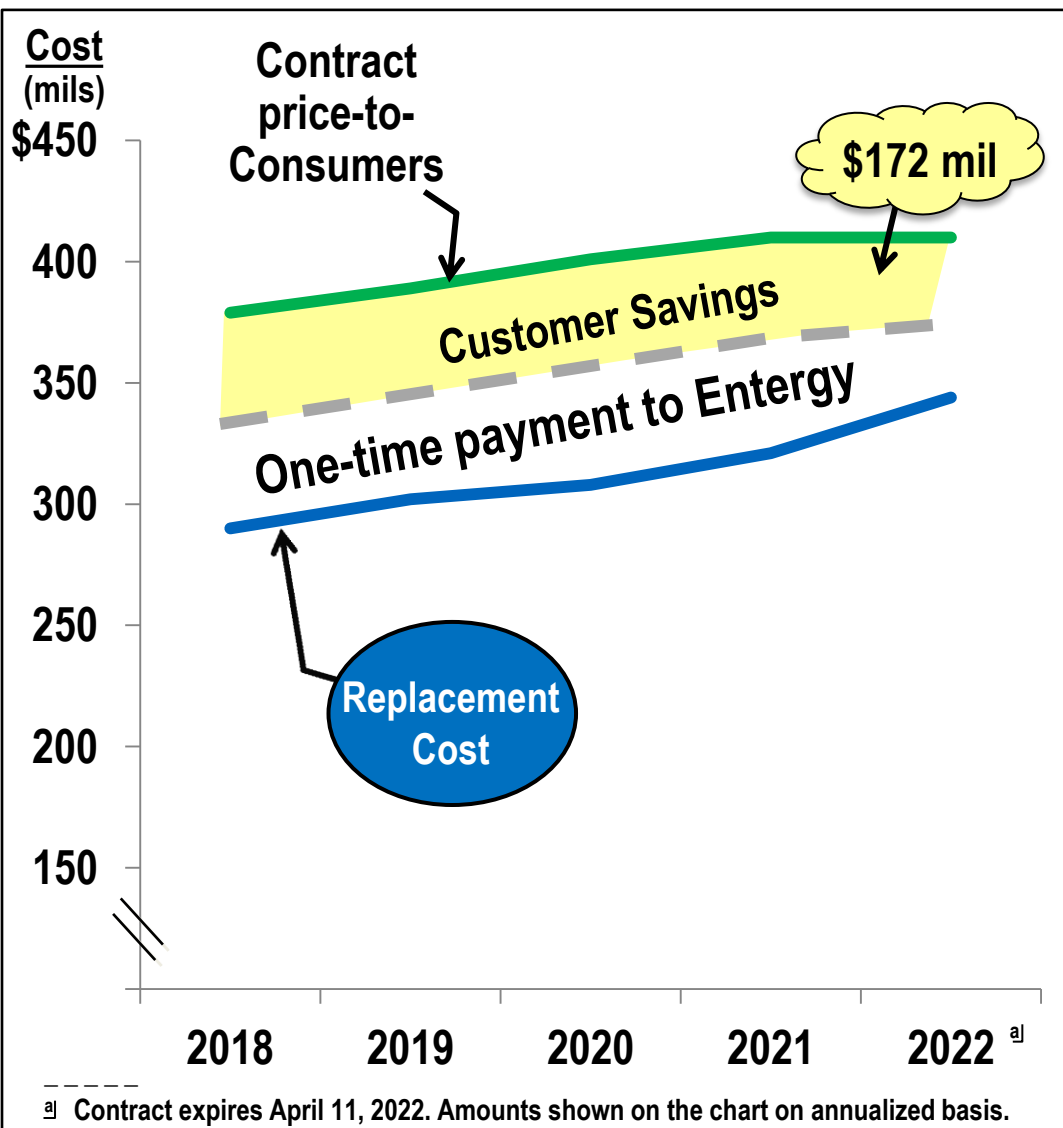
Reliability

\$45 MM/yr  
rate reduction

... robust agenda providing customer value.

## Palisades PPA Contract

## Approach



- 1 Replace above market PPA contract (customer savings)
- 2 Fully utilize existing assets
- 3 Match capacity with demand
  - Energy Efficiency,
  - Demand Response, and
  - Renewable wind
- 4 Avoid large capacity needs (no “big bets”)
- 5 Future coal-to-gas opportunities
- 6 **RESULT: world class performance**

## Assumptions

- Lower federal tax rate at 15% (vs 35%)
- Loss of interest deductibility on all debt (may be less/better)
- Loss of state income tax deductibility
- Retention of property tax deductibility
- 100% asset expensing

## Impact

**CMS  
Better Than Today**

### Utility

- More than ample investment “Backfill”



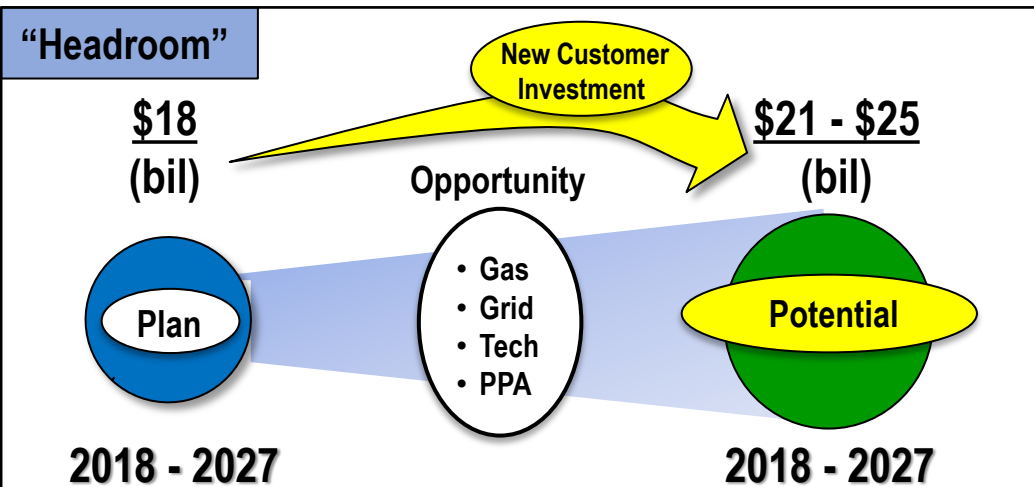
### Enterprises

- Improved earnings & cash flow



### Parent

- Interest deduction loss
- Offset by EnerBank interest income



... can be accretive and reduce rates.

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

CMS ENERGY

## Pre-Tax Income

(MM)

\$80

40

0

Contracts  
(layering in over time)

\$12

Outage  
pull-ahead

\$30

Better  
Performance

\$35

\$55

+\$20

\$75

+\$40

2015

2016

2017

Future

Capacity (\$/kw-mth)

≈ \$1.00

≈ \$2.00

≈ \$3.00

\$4.50

\$7.50

Available:

- Energy
- Capacity

0%

0%

0%

25%

50% - 90%

0

0

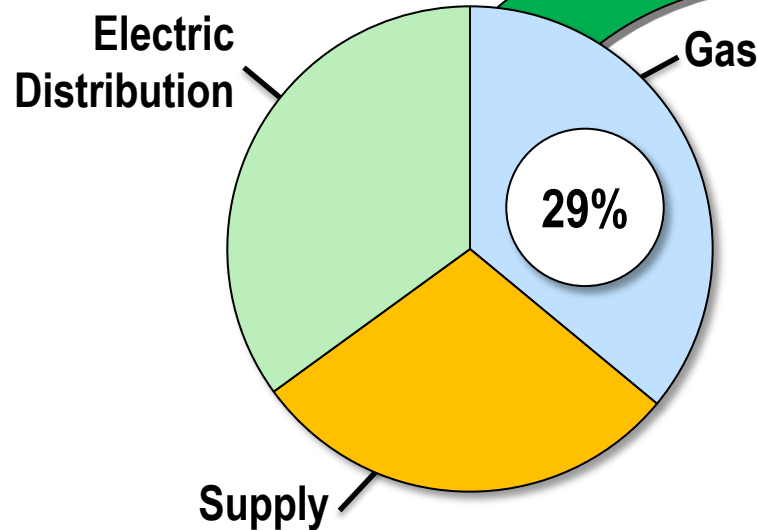
0

... capacity contracted for 2017.

## Appendix

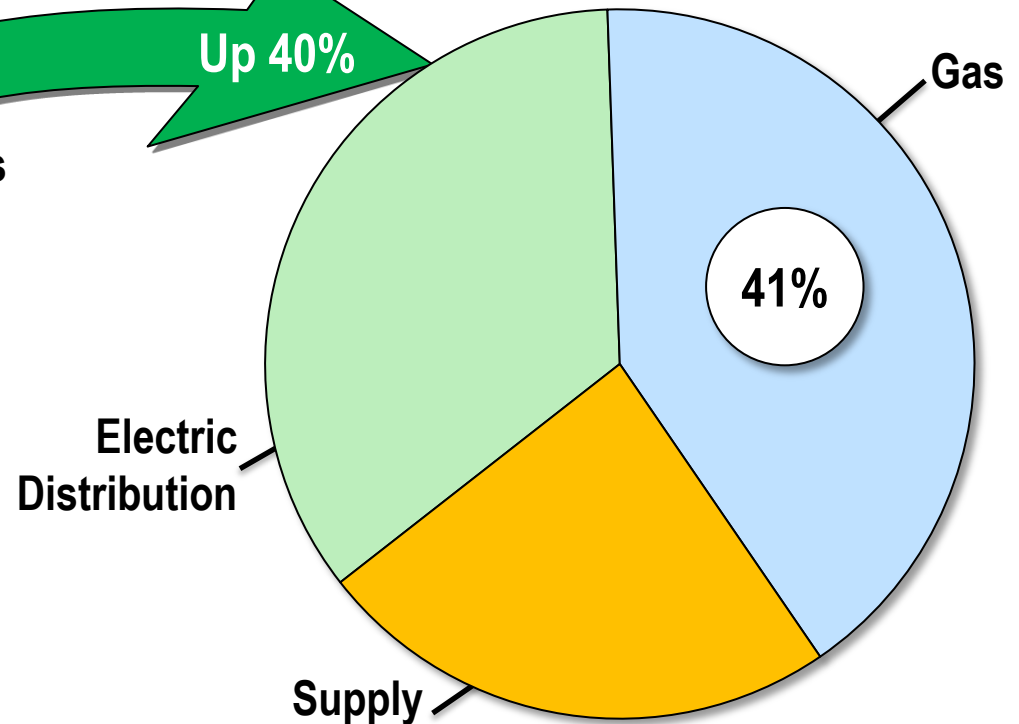
## Last 10 Years

\$13 Bn



## Next 10 Years

\$18 Bn



% of projects <\$200 MM

~75%

>90%<sup>a]</sup>

<sup>a]</sup> Plan assumes a modular renewable build-out with individual projects less than \$200 million.

... is robust and highly achievable.

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

	<b>Grand Rapids</b>	<b>Michigan</b>	<b>U.S.</b>
Building Permits <sup>b)</sup>	<b>+290%</b>	+214%	+106%
GDP 2010 → 2015	<b>23</b>	14	12
Population 2010 → 2016	<b>6</b>	1½	4
Unemployment (6/17)	<b>2.7</b>	<b>3.8</b> 17-year Low	4.4

**Grand Rapids ranked #1 in the U.S.  
for job growth by Headlight Data**

<sup>a)</sup> Grand Rapids

<sup>b)</sup> Annualized numbers June 2010 → June 2017

## Examples of New Business

Electric Gas Combination

### Announcement

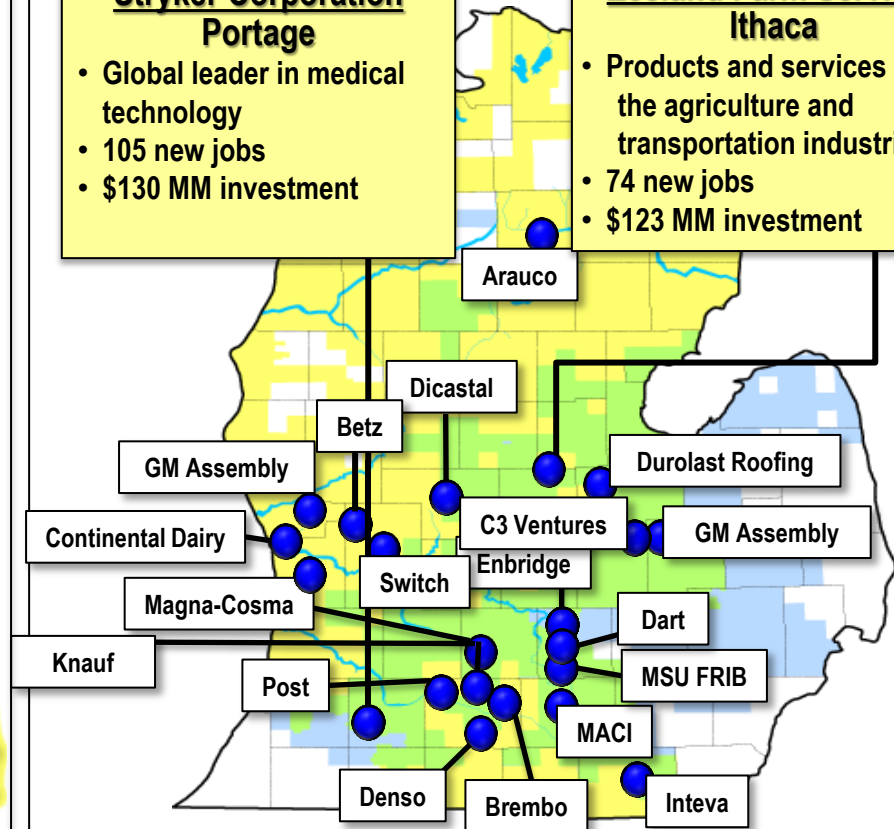
#### Stryker Corporation Portage

- Global leader in medical technology
- 105 new jobs
- \$130 MM investment

### Announcement

#### Zeeland Farm Services Ithaca

- Products and services to the agriculture and transportation industries
- 74 new jobs
- \$123 MM investment



... is strong and diversified.



<b>CMS Energy EVP and CFO</b>	<b>2017</b>
<b>ITC Holdings Corp.</b>	<b>2012 – 2016</b>
- CFO (2014 – 2016)	
- VP, Finance & Treasurer (2012 – 2014)	
<b>Exelon Corporation</b>	<b>2009 – 2012</b>
Asst. Treasurer & Dir. Corp. Finance & Financial Strategy	
<b>Lazard Frères &amp; Co. LLC</b>	<b>2007 – 2009</b>
VP, M&A	
<b>Banc of America Securities</b>	<b>2003 – 2007</b>
VP, Global Investment Banking	
<b>Harvard Business School, MBA</b>	
<b>Amherst College, BA</b>	



## 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	2016
<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	\$1.98
<b>Pretax items:</b>														
Electric and gas utility	0.32	(0.60)	-	-	(0.06)	0.08	0.55	0.05	-	0.27	-	-	-	0.04
Tax impact	(0.11)	0.21	-	-	(0.01)	(0.03)	(0.22)	(0.02)	-	(0.10)	-	-	-	(0.01)
Enterprises	0.93	0.97	0.06	(0.12)	1.67	(0.02)	0.14	(0.05)	*	(0.01)	*	0.05	*	*
Tax impact	(0.19)	(0.35)	(0.02)	0.10	(0.42)	*	(0.05)	0.02	(0.11)	*	(*)	(0.02)	(*)	(*)
Corporate interest and other	0.25	(0.06)	0.06	0.45	0.17	0.01	0.01	*	-	*	*	*	*	0.02
Tax impact	(0.09)	0.03	(0.02)	(0.18)	(0.49)	(0.03)	(*)	(*)	(0.01)	(*)	(*)	(*)	(*)	(0.01)
Discontinued operations (income) loss, net	(0.16)	0.02	(0.07)	(0.03)	0.40	(*)	(0.08)	0.08	(0.01)	(0.03)	*	(*)	(*)	*
Asset impairment charges	-	-	2.80	1.07	0.93	-	-	-	-	-	-	-	-	-
Tax impact	-	-	(0.98)	(0.31)	(0.33)	-	-	-	-	-	-	-	-	-
Cumulative accounting changes	0.25	0.02	-	-	-	-	-	-	-	-	-	-	-	-
Tax impact	(0.09)	(0.01)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted earnings per share, including MTM - non-GAAP</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	\$2.02
Mark-to-market		0.04	(0.65)	0.80										
Tax impact		(0.01)	0.22	(0.29)										
<b>Adjusted earnings per share, excluding MTM - non-GAAP</b>	NA	\$0.90	\$0.96	\$1.08	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

\* Less than \$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>					
	2016				
	1Q	2Q	3Q	4Q	YTD Dec
<b>Reported net income - GAAP</b>	\$164	\$124	\$186	\$77	\$551
<b>Pretax items:</b>					
Electric and gas utility	-	-	11	*	11
Tax impact	-	-	(4)	(*)	(4)
Enterprises	*	*	*	1	1
Tax impact	(*)	(*)	(*)	(*)	(*)
Corporate interest and other	*	*	2	5	7
Tax impact	(*)	(*)	(1)	(2)	(3)
Discontinued operations (income) loss	*	*	(*)	(*)	*
<b>Adjusted income - non-GAAP</b>	\$164	\$124	\$194	\$81	\$563
<b>Average shares outstanding, basic</b>	276.7	278.2	278.2	278.3	277.9
<b>Average shares outstanding, diluted</b>	277.9	279.3	279.2	279.3	278.9
<b>Reported earnings per share - GAAP</b>	\$0.59	\$0.45	\$0.67	\$0.28	\$1.98
<b>Pretax items:</b>					
Electric and gas utility	-	-	0.04	*	0.04
Tax impact	-	-	(0.01)	(*)	(0.01)
Enterprises	*	*	*	*	*
Corporate interest and other	*	*	*	0.02	0.02
Tax impact	(*)	(*)	(*)	(0.01)	(0.01)
Discontinued operations (income) loss	*	*	(*)	(*)	*
<b>Adjusted earnings per share - non-GAAP</b>	\$0.59	\$0.45	\$0.70	\$0.29	\$2.02

<i>(In Millions, Except Per Share Amounts)</i>		
	2017	
	1Q	2Q
<b>Reported net income - GAAP</b>	\$199	\$92
<b>Pretax items:</b>		
Electric and gas utility	-	-
Enterprises	*	*
Tax impact	(*)	(*)
Corporate interest and other	1	1
Tax impact	(*)	(1)
Discontinued operations loss	*	*
<b>Adjusted income - non-GAAP</b>	\$200	\$92
<b>Average shares outstanding, basic</b>	278.9	279.5
<b>Average shares outstanding, diluted</b>	279.9	280.3
<b>Reported earnings per share - GAAP</b>	\$0.71	\$0.33
<b>Pretax items:</b>		
Electric and gas utility	-	-
Enterprises	*	*
Corporate interest and other	*	*
Tax impact	(*)	(*)
Discontinued operations loss	*	*
<b>Adjusted earnings per share - non-GAAP</b>	\$0.71	\$0.33

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

\* Represents net (after-tax) impact of less than \$500 thousand or \$0.01 per share (unless segment is specifically referenced by tax impacts).

**CMS Energy**  
**Reconciliation of Gross Operating Cash Flow to GAAP Operating Activities**  
(unaudited)  
(mils)

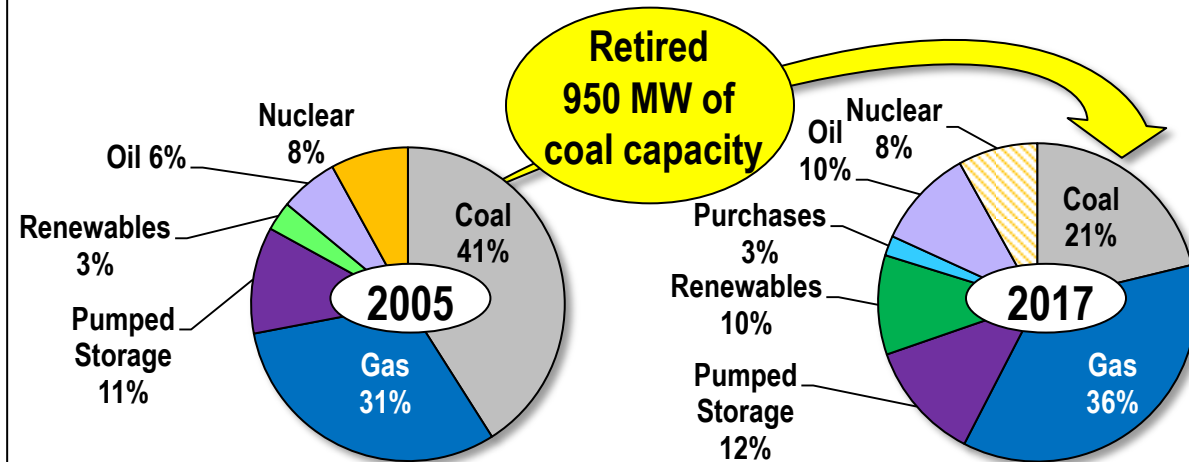
	2015	2016	2017	2018	2019	2020	2021
Consumers Operating Income + Depreciation & Amortization	\$ 1,866	\$ 2,037	\$ 2,134	\$ 2,246	\$ 2,547	\$ 2,678	\$ 2,816
Enterprises Project Cash Flows	20	46	58	58	53	53	54
<b>Gross Operating Cash Flow</b>	<b>\$ 1,886</b>	<b>\$ 2,083</b>	<b>\$ 2,192</b>	<b>\$ 2,304</b>	<b>\$ 2,600</b>	<b>\$ 2,731</b>	<b>\$ 2,870</b>
Other operating activities including taxes, interest payments and working capital	(246)	(454)	(542)	(554)	(750)	(781)	(820)
<b>Net cash provided by operating activities</b>	<b>\$ 1,640</b>	<b>\$ 1,629</b>	<b>\$ 1,650</b>	<b>\$ 1,750</b>	<b>\$ 1,850</b>	<b>\$ 1,950</b>	<b>\$ 2,050</b>

**CMS Energy Corporation**  
**Reconciliations of GAAP Net Income to Non-GAAP Adjusted Net Income**  
(Unaudited)

June 30	<i>In Millions, Except Per Share Amounts</i>			
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Net Income Available to Common Stockholders</b>	\$ 92	\$ 124	\$ 291	\$ 288
Reconciling Items:				
Discontinued Operations Loss	*	*	*	*
Restructuring Costs and Other Tax Impact	1 (1)	* (*)	2 (1)	* (*)
Adjusted Net Income - Non-GAAP Basis	\$ 92	\$ 124	\$ 292	\$ 288
Non-Normal Weather Impacts Tax Impact	10 (4)	(15) 6	72 (28)	39 (15)
Adjusted Weather-Normalized Net Income - Non-GAAP Basis	\$ 98	\$ 115	\$ 336	\$ 312
Average Number of Common Shares Outstanding				
Basic	280	278	279	277
Diluted	280	279	280	279
<b>Basic Earnings Per Average Common Share</b>				
Net Income Per Share as Reported	\$ 0.33	\$ 0.45	\$ 1.04	\$ 1.04
Reconciling Items:				
Discontinued Operations Loss	*	*	*	*
Restructuring Costs and Other Tax Impact	* (*)	* (*)	* (*)	* (*)
Adjusted Net Income - Non-GAAP Basis	\$ 0.33	\$ 0.45	\$ 1.04	\$ 1.04
Non-Normal Weather Impacts Tax Impact	0.03 (0.01)	(0.06) 0.02	0.26 (0.10)	0.14 (0.06)
Adjusted Weather-Normalized Net Income - Non-GAAP Basis	\$ 0.35	\$ 0.41	\$ 1.20	\$ 1.12
<b>Diluted Earnings Per Average Common Share</b>				
Net Income Per Share as Reported	\$ 0.33	\$ 0.45	\$ 1.04	\$ 1.04
Reconciling Items:				
Discontinued Operations Loss	*	*	*	*
Restructuring Costs and Other Tax Impact	* (*)	* (*)	* (*)	* (*)
Adjusted Net Income - Non-GAAP Basis	\$ 0.33	\$ 0.45	\$ 1.04	\$ 1.04
Non-Normal Weather Impacts Tax Impact	0.03 (0.01)	(0.06) 0.02	0.26 (0.10)	0.14 (0.06)
Adjusted Weather-Normalized Net Income - Non-GAAP Basis	\$ 0.35	\$ 0.41	\$ 1.20	\$ 1.12

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

## ✓ Reduced Coal Dependency



## ✓ Optimized Assets



### Gas

- Jackson, 540 MW &

### Renewables

- Wind, 704 MW
- Solar, 4 MW



## ✓ Energy Coal Reduction

	Pre - Classic 7		Post - Classic 7		Future Opportunities Wind, Filer City, & Potential Coal Shutdown	
	Gwh	% Coal	Gwh	% Coal	Gwh	% Coal
Coal	10,245		8,851		6,181	
Other	12,417		12,417		15,207	
Total	22,662	45%	21,268	42%	21,388	29%
PPAs*	19,495	(21)	19,495	(20)	19,495	(14)
Total	42,157	24%	40,763	22%	40,883	15%

\* PPAs uniquely large -- built by CMS AND controlled (most of the energy) by CMS.

**CMS ENERGY**

## OUR MODEL; OUR PLAN

### OUTPERFORMED FOR A DECADE: NEXT DECADE EVEN BRIGHTER

- 15 year track record (+7% EPS<sup>aj</sup>, OCF, and dividend growth)
- Capex -- \$18 billion, 100% organic (\$3 - \$7 billion capex opportunities)
- Self-funded -- No block equity dilution!
- Best cost performance in sector (Down 3%/year since 2006)



### The “Consumers Energy Way”

- Safety: Every day is a safe day
  - Quality: We get it right the first time
  - Cost: We see and eliminate waste
  - Delivery: We get it done on time
  - Morale: We are proud to serve
- .... a culture of continuous improvement.



# Adjusted EPS

# Dividend

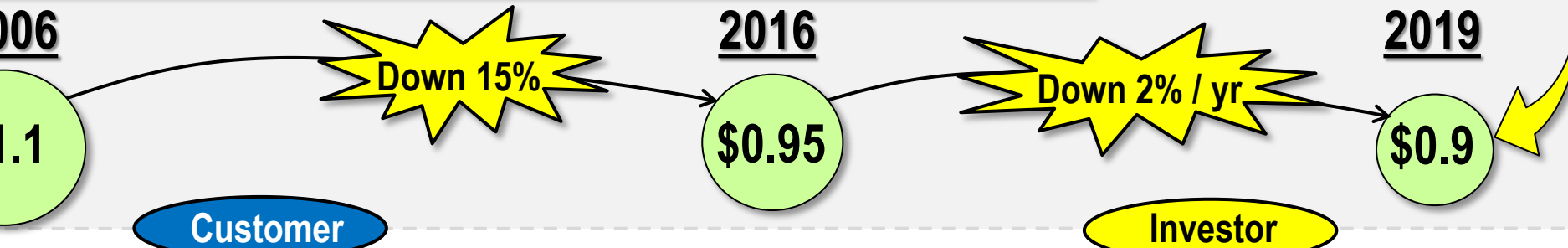
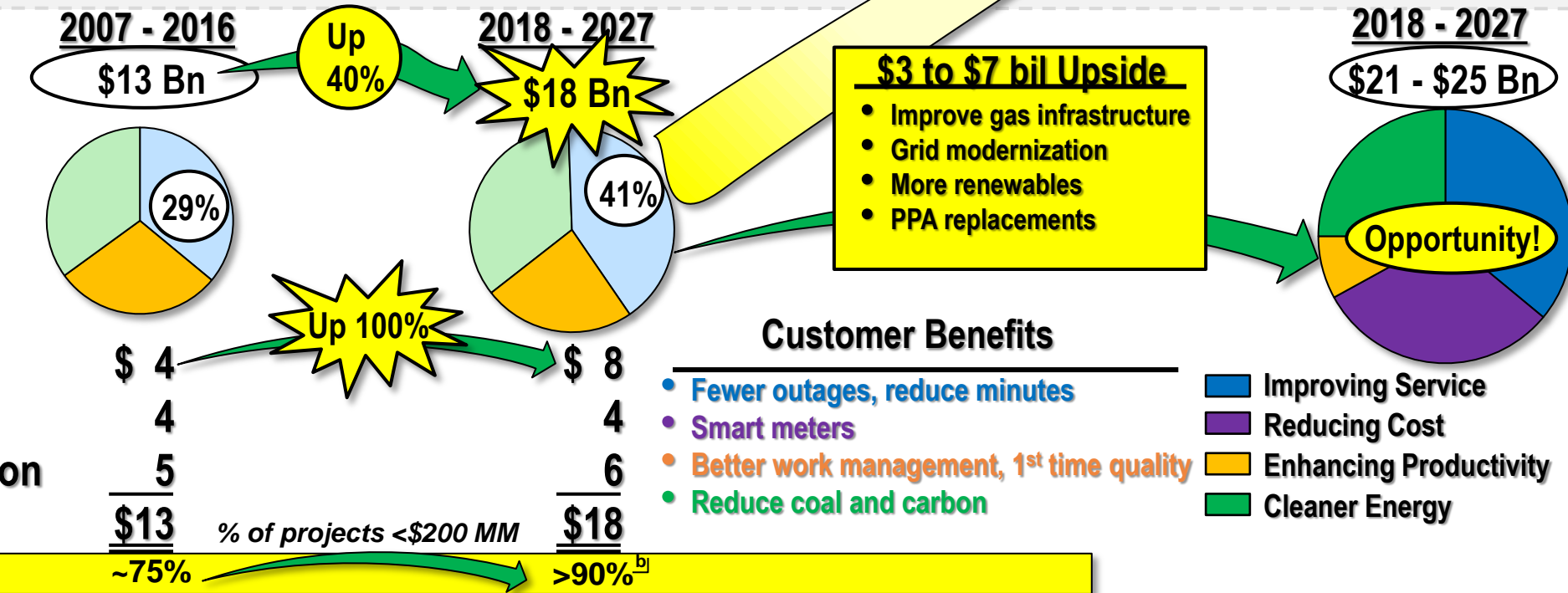
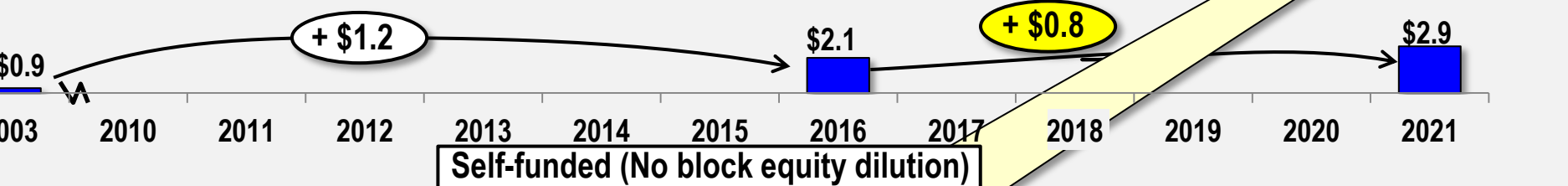
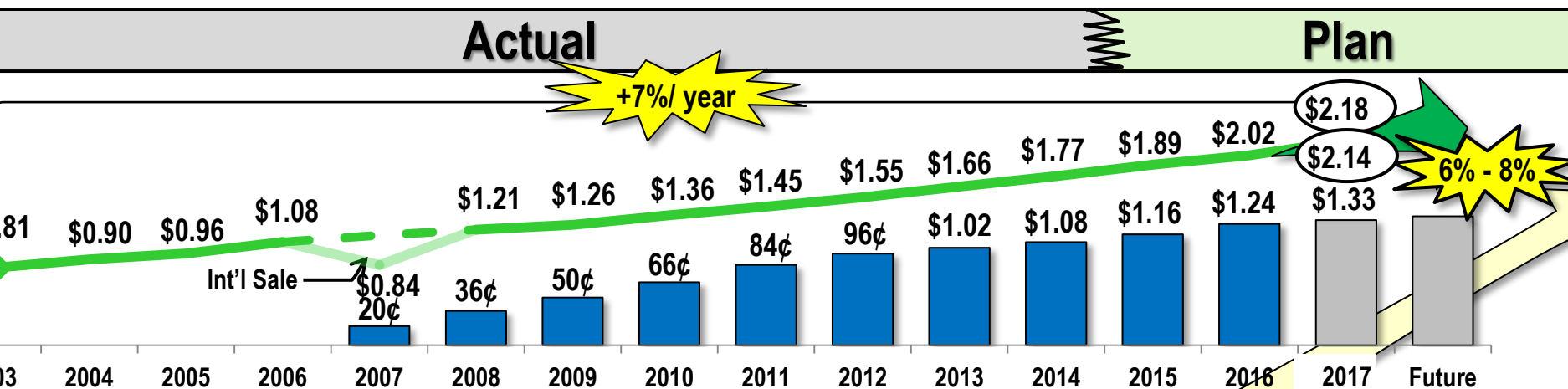
# Gross OCF (Bn)

# Customer Investment

- Gas
- Supply
- Electric Distribution

# O&M Cost (Bn)

# 2017 Energy Law



- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>ROA Reform -- Subsidy addressed</li> <li>Increased EE &amp; DR incentive</li> <li>RPS -- 15% by end of 2021</li> <li>Improve Regulatory Process</li> <li>Integrated Resources Plan (IRP)</li> </ul> | <ul style="list-style-type: none"> <li>Price competitiveness; secure capacity</li> <li>Improved incentives</li> <li>Additional rate base opportunity</li> <li>Streamlined process (10 month rate case)</li> <li>Reliability planning; pre-approval of projects</li> </ul> |
|--|---|

# Simple, Perhaps Unique Model

- 2017+ Plan**
- Customer investment 6% - 8%
  - O&M cost reductions 2 - 3 pts
  - Sales growth 1
  - No "block" equity dilution & other 2
- INVESTMENT (SELF-FUNDED)**
- Rate increase < 2 %**
- 5 - 6 pts**

Cost Reduction (2016 over 2006)	New Cost Savings (MM)	
	Three-Year Average 2014 - 16	2017 - 19
<b>Good Business Decisions</b>		
• Attrition	\$ - 16	\$ - 16
• Productivity (Coal to Gas)	- 20	- 5
• Enhanced Capitalization	- 10	- 4
• Smart Meters	- 4	- 5
<b>"Consumers Energy Way"</b>		
• Work Management	- 15	- 20
<b>Increases</b>		
• Discount Rates Plus	+20	0
• Service Upgr./Inflation	+10	+ 30
<b>Net Savings</b>	<b>\$ - 35</b>	<b>\$ - 20</b>

Percent Savings: >3%/yr, 2%/yr

