

SUSTAINABILITY REPORT 2019

Cross Winds® Energy Park in Tuscola County, Mich.



A CMS ENERGY COMPANY

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— CMS ENERGY —
**WORLD CLASS
 PERFORMANCE**
DELIVERING
**HOMETOWN
 SERVICE**

Consumers Energy embraces a cleaner and leaner utility vision focused on eliminating energy waste and adding renewable energy from sources such as wind and solar.

Learn more about how we're cultivating a clean energy future for Michigan.



View the 2018 CMS Energy Climate Assessment Report at [CMSenergy.com/2018ClimateReport](https://www.cmsenergy.com/2018ClimateReport)



View the 2018 Environmental, Social, Governance and Sustainability Report at [CMSenergy.com/2018ESGReport](https://www.cmsenergy.com/2018ESGReport)

At **CONSUMERS ENERGY**, we're passionate about making life in Michigan better today while keeping an eye on the future – ensuring this is a great place to live for the generations ahead. That's why I'm so proud of our company's new, ambitious goals to increase Michigan's clean energy sources and protect our planet for decades to come.

By 2040, we plan to:

- Stop using coal to generate electricity.
- Reduce carbon emissions by more than 90 percent.
- And tap renewable sources for more than 40 percent of the electricity we supply to customers.

We're doing our part to protect the environment we all cherish. Yet, caring for our planet is only one part of our broader commitment to creating a sustainable energy future for our customers and our state.

To us, sustainability means doing what's right, not merely what's required. Rather than measuring our success through a single bottom line, we work every day toward a triple bottom line – People, Planet and Prosperity.



At a time of unprecedented change in the energy industry, we're uniquely positioned to define what it means to run a clean and lean company. What does that look like as our employees work each day to achieve World Class Performance Delivering Hometown Service? The stories inside this report will give you a peak into the work we're doing. You'll find stories about the people who are making a real and positive impact for Michigan by protecting the environment we all cherish and powering economic growth and opportunity for the communities we love.

“I'm so proud of our company's new, ambitious goals to increase Michigan's clean energy sources and protect our planet for decades to come.”

I hope you learn more about our company, our plans and the many hardworking people that make Michigan such a special place. And I encourage you to continue following our story by visiting [ConsumersEnergy.com/hometownstory](https://www.consumersenergy.com/hometownstory).

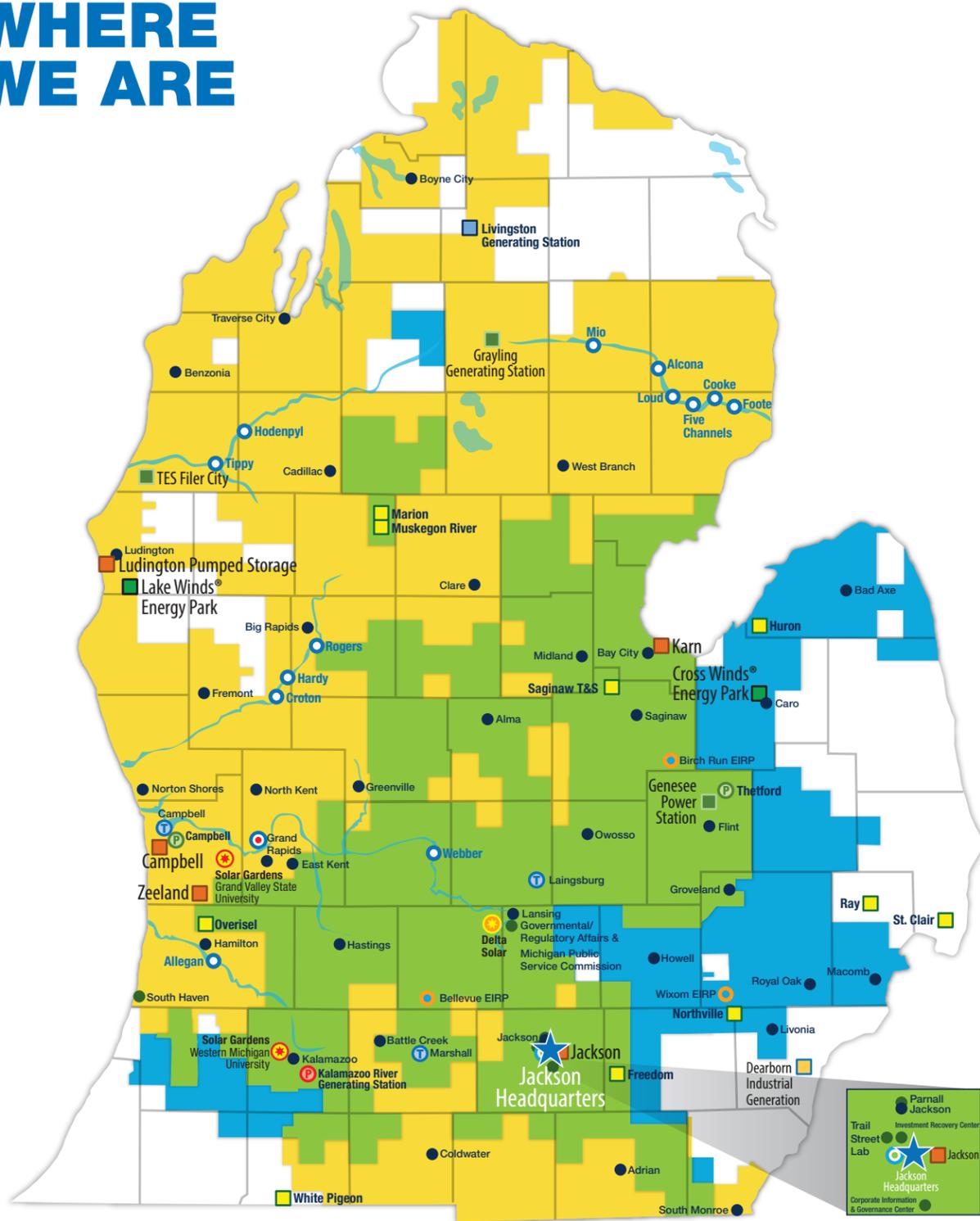
Thank you for helping us create a sustainable energy future.



Patricia K. Poppe

Patricia K. Poppe
 President and Chief Executive Officer
 CMS Energy and Consumers Energy

WHERE WE ARE



(From top to bottom, left to right) Ludington Pumped Storage in Ludington, Mich., Solar Gardens power plant – Grand Valley State University in Allendale, Mich., Substation in Mason, Mich., Ray Compressor Station in Armada, Mich., Lineworkers in Jackson, Mich., Lineworker at Marshall Training Center in Marshall, Mich., Filer City Station in TES Filer City, Mich., Natural gas workers in Bloomfield, Mich., Zeeland Generating Station in Zeeland, Mich., Alcona Hydro in Glennie, Mich., Preparing for restoration support in Jackson, Mich., Cross Winds® Energy Park in Unionville, Mich.

In 2018, more than 8,600 employees of Consumers Energy and CMS Energy collaborated to realize our purpose, "WORLD CLASS PERFORMANCE DELIVERING HOMETOWN SERVICE," while always keeping PEOPLE, PLANET and PROSPERITY top of mind. **Here is how 2018 stacked up:**



PEOPLE



Consumers Energy is the **LARGEST COMBINATION UTILITY** in Michigan, providing natural gas and/or electricity to 6.7 million Michigan residents.



Recognized as **TOP UTILITY FOR PROFESSIONAL WOMEN** by *Professional Woman's Magazine*



Named **BEST COMPANY IN MICHIGAN TO WORK FOR** by *Forbes*



Awarded the **RISING STAR AWARD** by the *Michigan Veterans Affairs Agency (MVAA)*

Maintained a **100% RATING** in the Corporate Equality Index with *Human Rights Campaign Foundation*



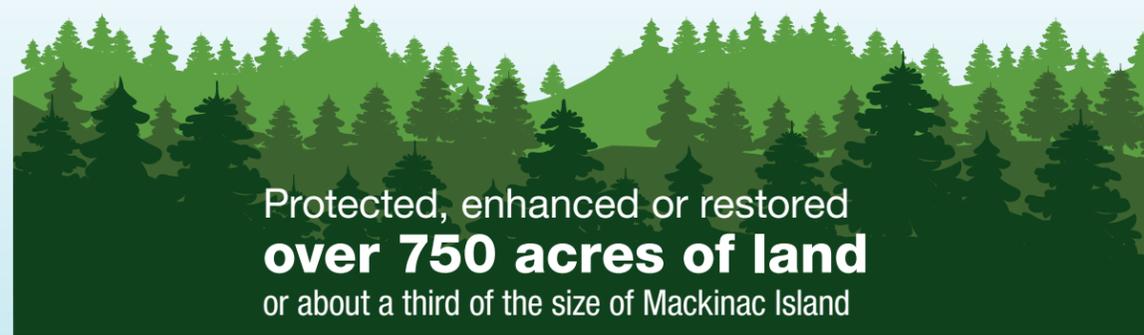
PLANET

Received **2018 ENERGY STAR® PARTNER OF THE YEAR SUSTAINED EXCELLENCE AWARD** by the *U.S. Environmental Protection Agency*



We reduced our water use by **180 million gallons**

or 36 days of drinking water for every person in Michigan



Protected, enhanced or restored **over 750 acres of land** or about a third of the size of Mackinac Island

PROSPERITY



We secured about **101 megawatts** of new load in our service territory,

adding over **5,700 jobs** and over **\$2 billion** of investment in Michigan

Since 2009, energy efficiency programs have **saved customers more than \$2 billion** on their energy bills



>\$18.5 million DONATED to MICHIGAN NONPROFITS



People

From border to bridge and coast to coast, we're helping our neighbors across Michigan by providing safe, reliable energy and caring for our communities. And in some instances, we're even helping to save lives while we deliver hometown service.



From cleaning up parks and planting trees to beautifying roadways, Consumers Energy employees volunteer thousands of hours each year to leave Michigan better than we found it.

Delivering Hometown Service

CONSUMERS ENERGY IS COMMITTED to serving our customers, communities and co-workers.

Last year, we used customer feedback about what mattered most to improve several services. An example is our online Outage Center. Customers told us they needed more information when they're without power, so we redesigned our mobile-friendly site to highlight the five stages of power restoration. This enables customers to track power restoration status in real time.

We also enhanced our Budget Plan to enable our customers to enroll at any time and review their accounts more frequently (quarterly rather than annually). This change also helps avoid end-of-plan-year surprises if energy use is higher than expected.

By day, our team delivers hometown service by turning on new

Our employees are dedicated to the communities we serve on and off the job.

electric and natural gas connections, fixing downed wires, gas leaks and other behind-the-scenes tasks that deliver energy to our customers. By night, that hometown service takes a different form:

- A hard hat is replaced with a cap and whistle for the employee who coaches a child's basketball team.
- Work boots are traded for cowboy boots for the employee who volunteers at a therapeutic riding stable.
- Safety glasses are exchanged for reading glasses for the employee who tutors students needing extra help with studies.

Our employees are dedicated to the communities we serve on and off the job. When on the job, we make sure they have a great place to work and the tools they need to achieve work-life balance:

- Our seven Employee Resource Groups (ERGs) – supporting employees who are women, minorities, LGBT, disabled, veterans and of different generations - help promote our diverse culture and develop initiatives that bring valuable perspective to our workforce. They help create an environment that naturally fosters and values the full contributions of all regardless of differences or similarities. Learn more about our ERGs by visiting bit.ly/CEergs
- Training – from career development to safety – sharpens employees' skills and enhances their contributions in communities we serve. Last year, more than 7,300 employees completed health, safety and environmental training that included cardiopulmonary resuscitation (CPR) and first aid, equipping them to help co-workers, customers and the public.

Whether our customers, neighbors, families or co-workers, we're committed to serving and caring for the people of Michigan.



Our new online Outage Center enables customers to track their power restoration status in real time.

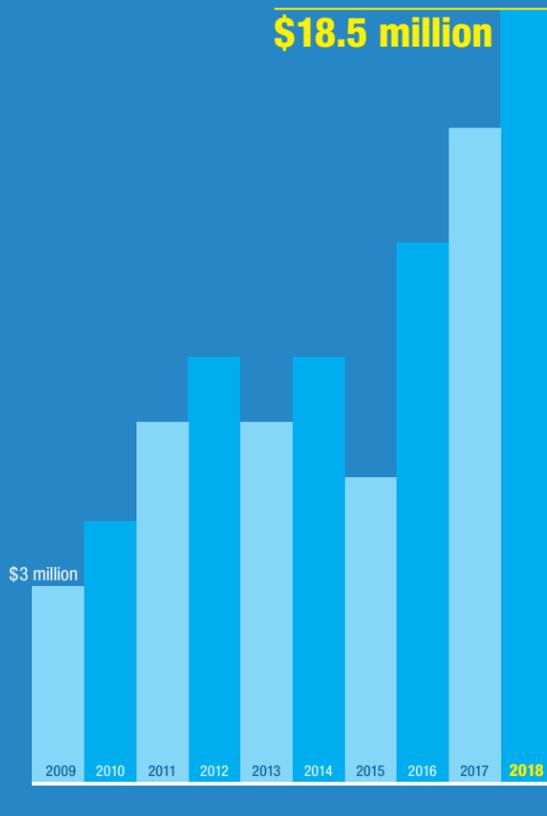


Whether making electricity upgrades or installing new natural gas pipelines, employees are dedicated to hometown service.



GIVING

Here's a 10-year look at contributions to nonprofit organizations from Consumers Energy, its employees, retirees and foundation.



From helping build homes to serving food at shelters, volunteers help Michiganders across the state. #CEvolunteers



Employees participate in the 2018 Walk for Warmth in Jackson, Mich., to raise money for heating assistance.



Team Blue Means More Green for Nonprofits

When five or more Consumers Energy employees and retirees volunteer as a group, the Consumers Energy Foundation donates \$250 in Caring for Community grants to qualifying nonprofits. You'll find groups of individuals in blue t-shirts across Michigan serving meals at homeless shelters, building homes for Habitat for Humanity, beautifying community spaces, delivering water and removing invasive species. More than 200 groups received Caring for Community grants last year. Learn more about our grant opportunities at ConsumersEnergy.com/foundation.



“This was an amazing, life-saving experience. I am so grateful.”

–Karen Simon, Customer

Home Makeover Saves More than Energy

A HOME MAKEOVER might be considered a “life-changing” event, not necessarily “life-saving.” But it was for David and Karen Simon.

After winning a \$5,000 makeover courtesy of our energy efficiency program, they were surprised to learn the severe headaches David had suffered for months were likely caused by a carbon monoxide leak from an old stove, which was immediately replaced.

“We were very lucky,” said Karen Simon, who recently celebrated her 36th anniversary. “Who knows what would’ve happened if we didn’t win this makeover. We would be using that same stove. This was an amazing, life-saving experience. I am so grateful.”

Since 2009, we’ve helped our residential and business customers save more than \$2 billion with more than 250 energy efficiency programs, rebates and incentives.

And they may have even helped save lives along the way. Just ask the Simons family.



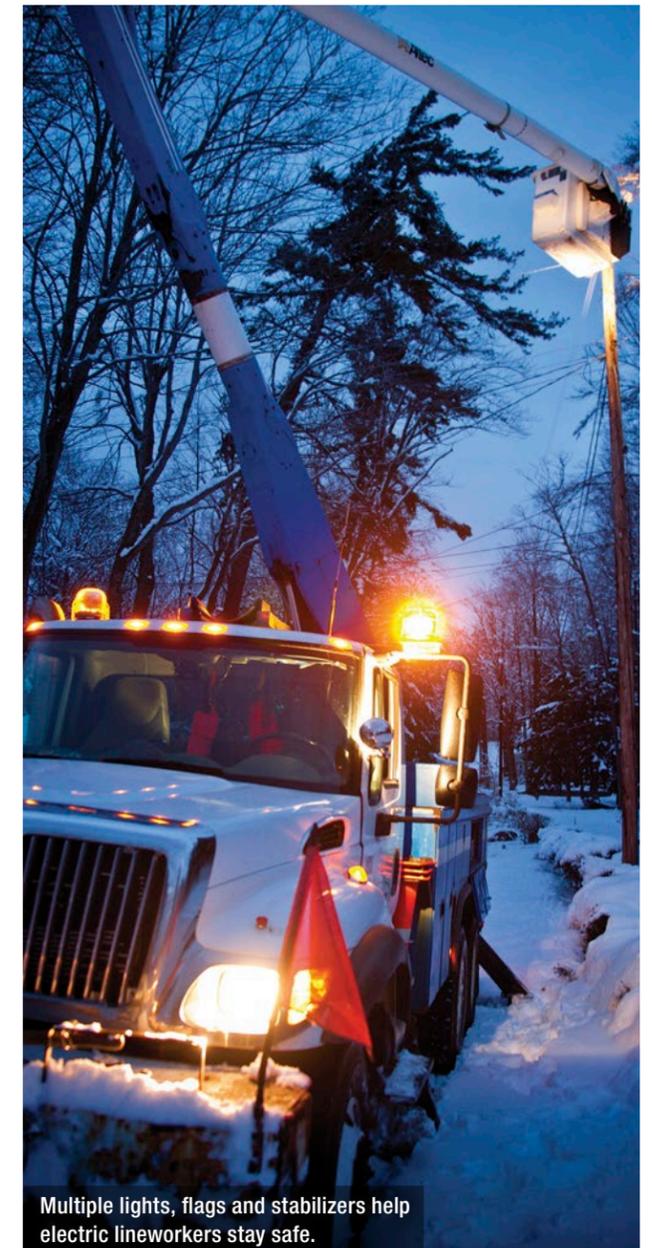
An efficient appliance helps lower natural gas use and prevent carbon monoxide poisoning.



REACHING OUT ACROSS STATE LINES

IN 2018, NATURAL GAS AND ELECTRIC CREWS took our hometown service across state lines. More than 140 Consumers Energy employees and contract personnel including lineworkers, damage assessors, safety personnel and other field employees traveled to Philadelphia in March to help restore power after a winter storm left nearly 2 million people in the Northeast without power.

For the first time since 2012, our natural gas crews were called to help after an overpressure incident in Massachusetts. Twenty-one gas service workers, along with field leaders, a union safety representative and fleet, athletic training and administrative personnel, left in October to assist Columbia Gas of Massachusetts. Our team helped repair inside fuel lines, connect and disconnect appliances, install meters and test systems.



Multiple lights, flags and stabilizers help electric lineworkers stay safe.



Personal protective equipment helps keep natural gas workers safe.

Serving More Than Natural Gas



Employees delivered more than 600 turkey dinners around the state in November, including Jackson, Bay City, Saginaw, Sanford and Warren.

EMPLOYEES REPLACING NATURAL GAS LINES outside homes around the state raised \$17,642 in donations to help make Thanksgiving more enjoyable for some Michigan families in 2018.

Linda Prater was watching television when she heard a knock at the door.

“Oh, what a surprise,” Prater said as she wiped tears from her eyes. She was one of about 600 customers to receive a

turkey dinner with all the trimmings. “This means the world to me. I was going to go to the shelter for Thanksgiving dinner. Now I can stay home. Maybe I will invite a friend over now.”

The employees have raised more than \$70,000 and handed out about 2,600 turkeys since the program began in 2013.

“This is our way of saying thanks to the customers we serve,” said Curtis Hays, a Consumers Energy field leader.

Turkeys left over if residents weren’t home were donated to the Jackson Interfaith Shelter.

See our crews delivering Thanksgiving joy here: bit.ly/CEturkey



Employees raised \$17,642 in donations to purchase Thanksgiving meals for customers.



EMPLOYEE DIVERSITY

We’re focused on maintaining diverse leadership. Currently, 45 percent of our board and nearly 30 percent of our officers are women. See an interview with Consumers Energy’s first female vice president here bit.ly/CEfemalevp



EARNING RECOGNITION



- Recognized by **Forbes® Magazine** as *Best Employer for Diversity in Michigan*, *best large employer in Michigan*, and as the *third best energy provider in the U.S.*
- Received a perfect score for the **Corporate Equality Index** on corporate policies and practices related to LGBTQ workplace equality and *Best Places to Work for LGBT Equality 2018*.
- Recognized again by **Michigan Veterans Affairs Agency** for being a *Gold Level Certified Veteran-Friendly Employer* and received the third-ever *Rising Star Award* for being a premier Veteran organization in Michigan.



Project SEARCH

In October 2018, we welcomed nine interns as part of Project SEARCH, a collaborative effort with Jackson County Intermediate School District. The program helps transition students with disabilities from school to work by providing them with real-life work experiences through internships. After completing interviews with company employees, the interns were placed in various departments including mail processing, facilities, energy delivery, operations, financial planning, gas management services, generation engineering, system integrity and customer energy solutions. The program was largely made possible by members of capABLE, an employee resource group dedicated to hiring and supporting employees with disabilities.



Recommitting to Employee and Public Safety

SAFETY CONTINUES TO BE OUR NUMBER ONE PRIORITY at Consumers Energy. From extensive training to encouraging a “Stop the Job” mentality, employee and public safety are at the foundation of what we do every day. Regrettably, our recent trend of reducing on-the-job injuries came to an end when we encountered two tragic deaths among our workforce in 2018.

Last spring, Travis Wilson, a CMS Energy gas worker passed away in a water pressure incident. In the fall, we lost Jim Farrington, a Consumers Energy lineworker in an electric line accident. The devastating losses of these two dedicated, hardworking employees were felt by our company family and have changed us for the better. We are determined to never experience a year like 2018 again.

In 2019, every employee is recommitted to safety and what it means to return home safe to our friends, families and neighbors. We are:

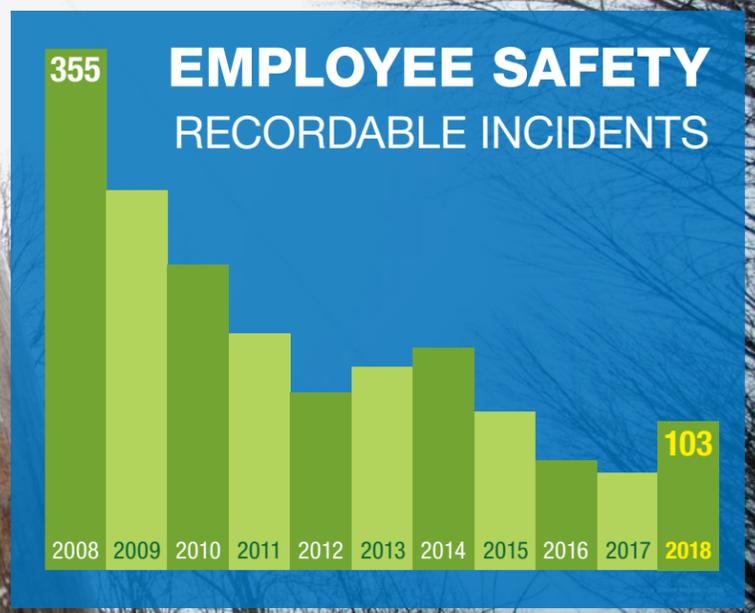
- Uniting our family of companies to focus on one company, one safety culture.
- Focusing on two key priorities:
 - Caring for co-workers.
 - Enhancing processes, procedures and standards and ensuring adherence through new standards and expectations.
- Making sure everyone understands and embraces Stop the Job – empowering our employees to stop the work they are doing if deemed unsafe.
- Promoting our Good Catch program to encourage employees to identify and report opportunities to improve safety at work and in public.



To protect the integrity of our natural gas pipeline system, employees perform more than 450,000 safety inspections each year.



A lineworker safely climbs an electric pole to restore service.



Company Equipment Finds New Home in Communities

Hundreds of nonprofits and several schools across Michigan are benefiting from computers, power tools and other office equipment no longer needed at Consumers Energy. In 2018, our Investment Recovery Center donated about \$115,000 in equipment to these organizations. For students, those PCs may become the gateway to careers in science, technology, engineering and math. For nonprofit employees, the equipment may help them learn new skills or become more efficient. And, to an office manager with files, an organized cabinet and guest chairs can make serving clients more effective.



Older company PCs are a welcome addition to Michigan students interested in STEM.



The Diversity and Inclusion Summit attracted more than 200 people from companies across Michigan.



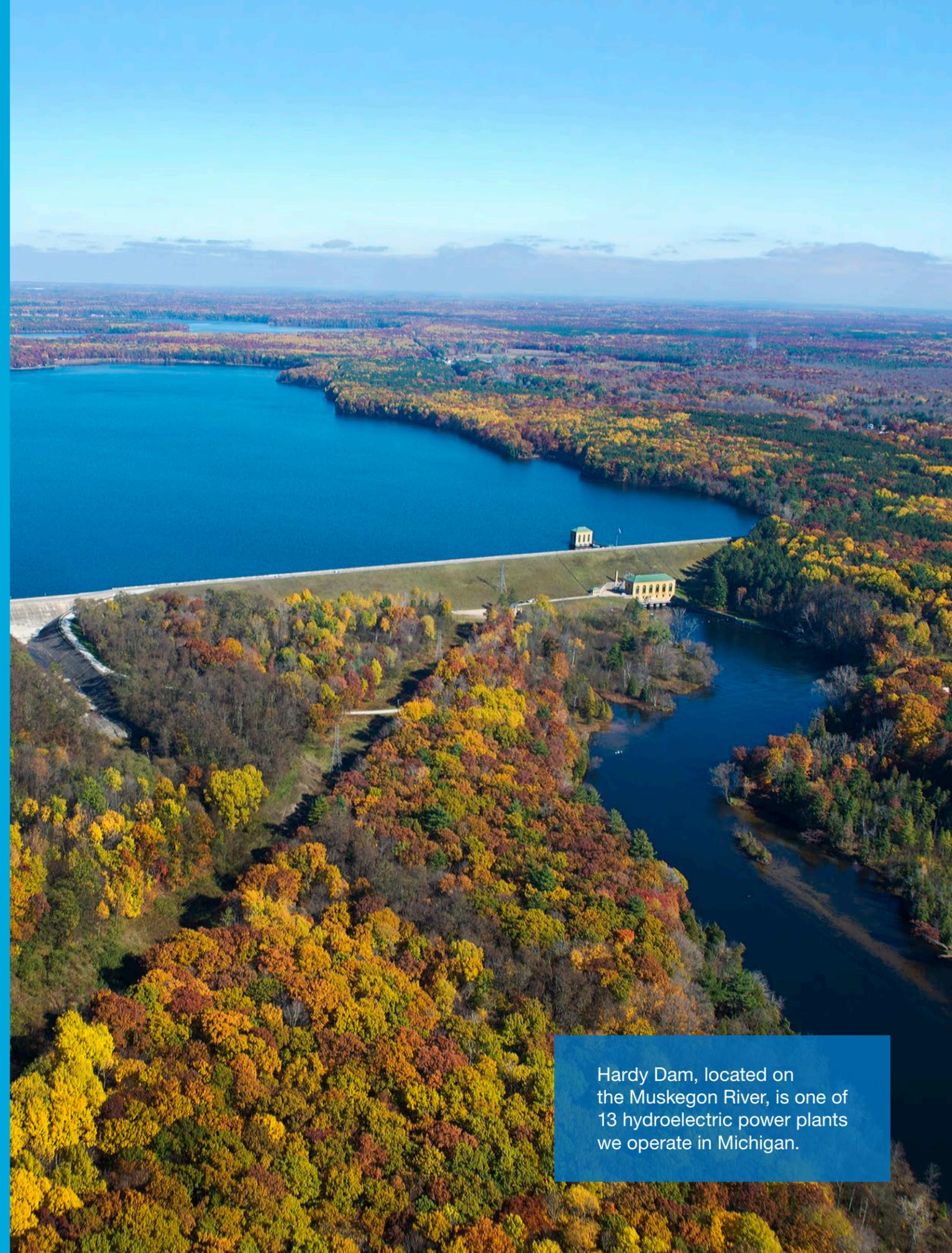
Building A More Inclusive Michigan Workforce

In August 2018, we hosted a Diversity and Inclusion Summit with more than 200 guests from companies and organizations throughout Michigan. During the opening session, more than 15 Consumers Energy co-workers shared personal and not immediately visible details about themselves to demonstrate the value of including everyone using #IncludeMe. Attendees participated in candid panel discussions about workforce inclusion considerations, such as the power of recent graduates, the responsibilities of privilege and looking beyond the background of formerly incarcerated individuals. Panelists represented Michigan colleges, diversity and inclusion organizations, correctional facilities and Consumers Energy. Learn more about our diversity and inclusion efforts at ConsumersEnergy.com/diversity.

Planet

At Consumers Energy, we're more than pipes, poles and wires. We're part of Michigan's landscape. That's why we've worked proudly to maintain the Mitten for more than 130 years.

We're preserving Michigan's fields, forests and beaches, caring for wildlife and minimizing our footprint. That's our commitment to a cleaner, greener energy future.



Hardy Dam, located on the Muskegon River, is one of 13 hydroelectric power plants we operate in Michigan.

A BETTER WAY FOR MICHIGAN

WE'RE MAKING A POSITIVE IMPACT NOW – AND FOR THE FUTURE

CONSUMERS ENERGY HAS A LONG-TERM VISION to create a more sustainable energy future for our state. Our [Clean Energy Plan](#),* developed with a variety of Michigan stakeholders, is a path to reduce carbon emissions by more than 90 percent and end the use of coal as a fuel source for electricity by 2040.

But we're not waiting two decades to do our part for Michigan's natural resources. We're working now on five-year goals to:

- Save 1 billion gallons of water.
- Reduce waste to landfills by 35 percent.
- Enhance, restore or protect 5,000 acres of land in Michigan.

We're off to a fast start thanks to the passion, dedication and ingenuity of our employees.

In 2018, we saved 180 million gallons of water by making simple operational changes at our generating facilities and in the field. They include:

- Collecting and reusing water that runs off coal piles at our power plants.
- Reducing the amount of water used to safely handle residuals created by burning coal.
- Developing a new process to save water while drilling to replace and install new pipes.

We enhanced more than 750 acres of land around the state, including pipeline restoration that created habitat for butterflies, bees and other pollinators. About 350 employees volunteered during Earth Month to clean parks, trails and river banks, plant trees and pull invasive species. We're also exploring ways to work with the state's Department of Natural Resources on future restoration projects.

We've reduced the amount of waste sent to landfills by 12 percent, in part by installing recycling and composting centers at our corporate headquarters — an effort we plan to expand to nearly 30 company locations in 2019. We're also exploring options to recycle more utility poles and reuse clean soil from field projects. Get a closeup view of CMS Enterprises' Delta Solar project here: bit.ly/CEdeltasolar

**This story reflects our proposed course of action, submitted to the Michigan Public Service Commission in 2018 and subject to its review and approval. At time of publication, the plan remains under review.*

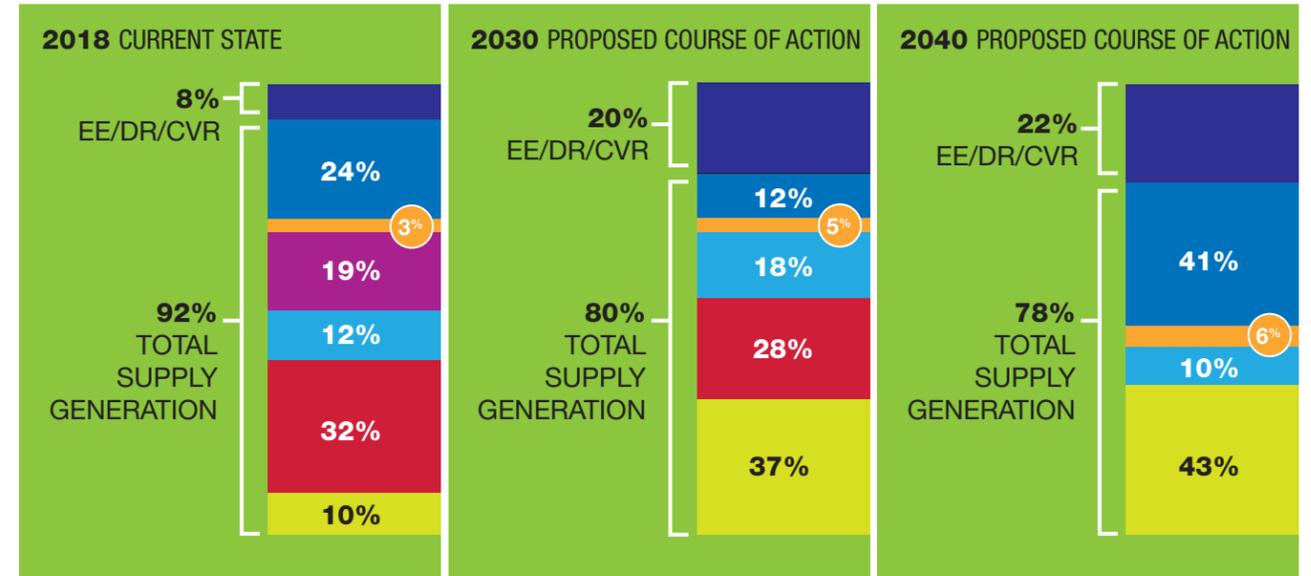


DECLINING COAL GENERATION

The retirement of Karn 1 and 2 in 2023 would be the next major step in moving away from coal, followed by the scheduled phaseout of our remaining three coal-fired units at the Campbell generating complex.



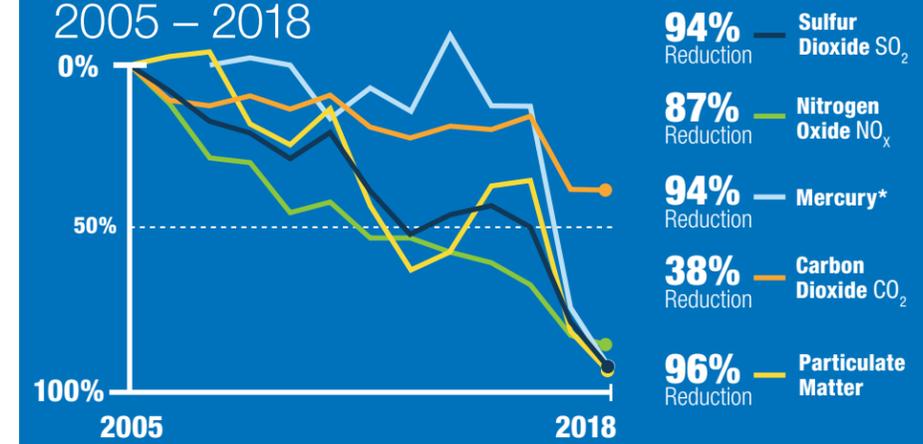
Clean Energy Plan: Future generation supply



The Clean Energy Plan would meet about 65 percent of our customers' energy needs with renewable energy, energy efficiency and demand response by 2040.

EE = Energy Efficiency
DR = Demand Response
CVR = Conservation Voltage Reduction

AIR EMISSIONS



By closing our Classic Seven coal plants, switching to low-sulfur Western coal and making significant investments in control technology, we've reduced many types of emissions at our coal-fired generating plants.

*Tracking began in 2007



WORKING TOGETHER TO PROTECT THE ENVIRONMENT

We COLLABORATED with the Shiawassee National Wildlife Refuge to protect the environment while modernizing natural gas infrastructure in Saginaw County.

About two miles of our Saginaw Trail Pipeline project crossed through the refuge, which includes 9,800 acres and is a sanctuary for migratory birds. During the construction process:

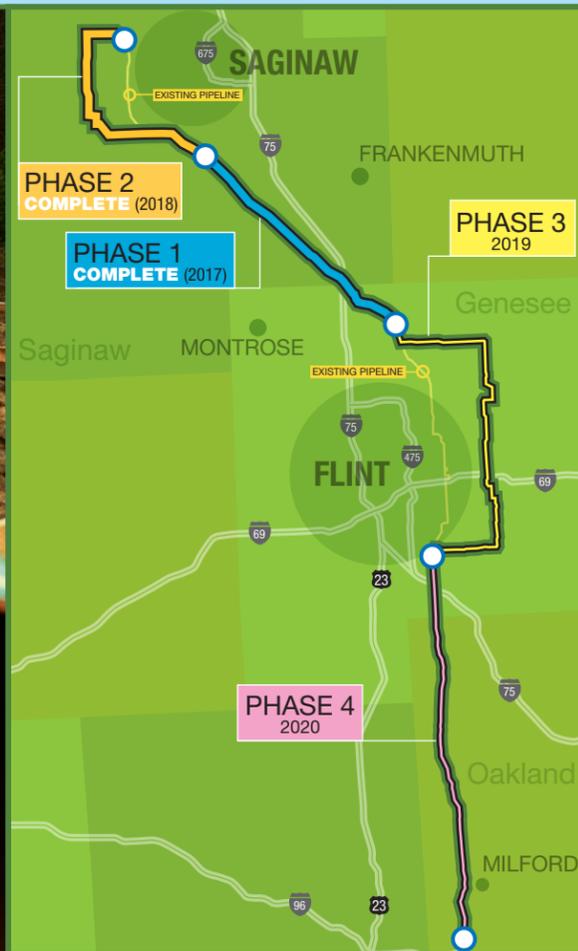
- Environmental inspectors worked onsite to identify and protect sensitive species and their habitats
- Environmental experts safely relocated endangered turtles, frogs and snakes from the construction path.

- Crews installed wash bays to clean vehicles and equipment entering the refuge to ensure no invasive species were introduced to the area.
- Our foundation donated \$5,000 to build an accessible platform, creating enjoyable nature and wildlife views.
- We restored about 1.3 acres of habitat with native plants recommended by the refuge.

We're starting construction on the third phase of the Saginaw Trail Pipeline in 2019. Learn more at ConsumersEnergy.com/saginawpipeline.



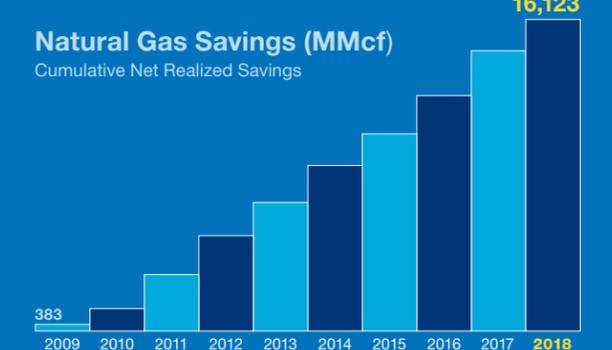
We are investing hundreds of millions of dollars to upgrade our natural gas infrastructure.



KEEPING CULTURE, TRADITION ALIVE

We're working with the Saginaw Chippewa Indian Tribe of Michigan to help preserve the tribe's historic tradition of planting and harvesting wild rice from Michigan waters. A \$200,000 grant from our foundation is supporting the tribe's efforts to establish a teaching facility on Tawas Lake, where tribe members and the public can learn more about the cultural, ecological and nutritional significance of wild rice and the benefits it continues to offer. Additionally, wild rice enhances the biodiversity of the lakes and rivers in which it grows and helps improve water quality.

Helping Michigan Become More Efficient

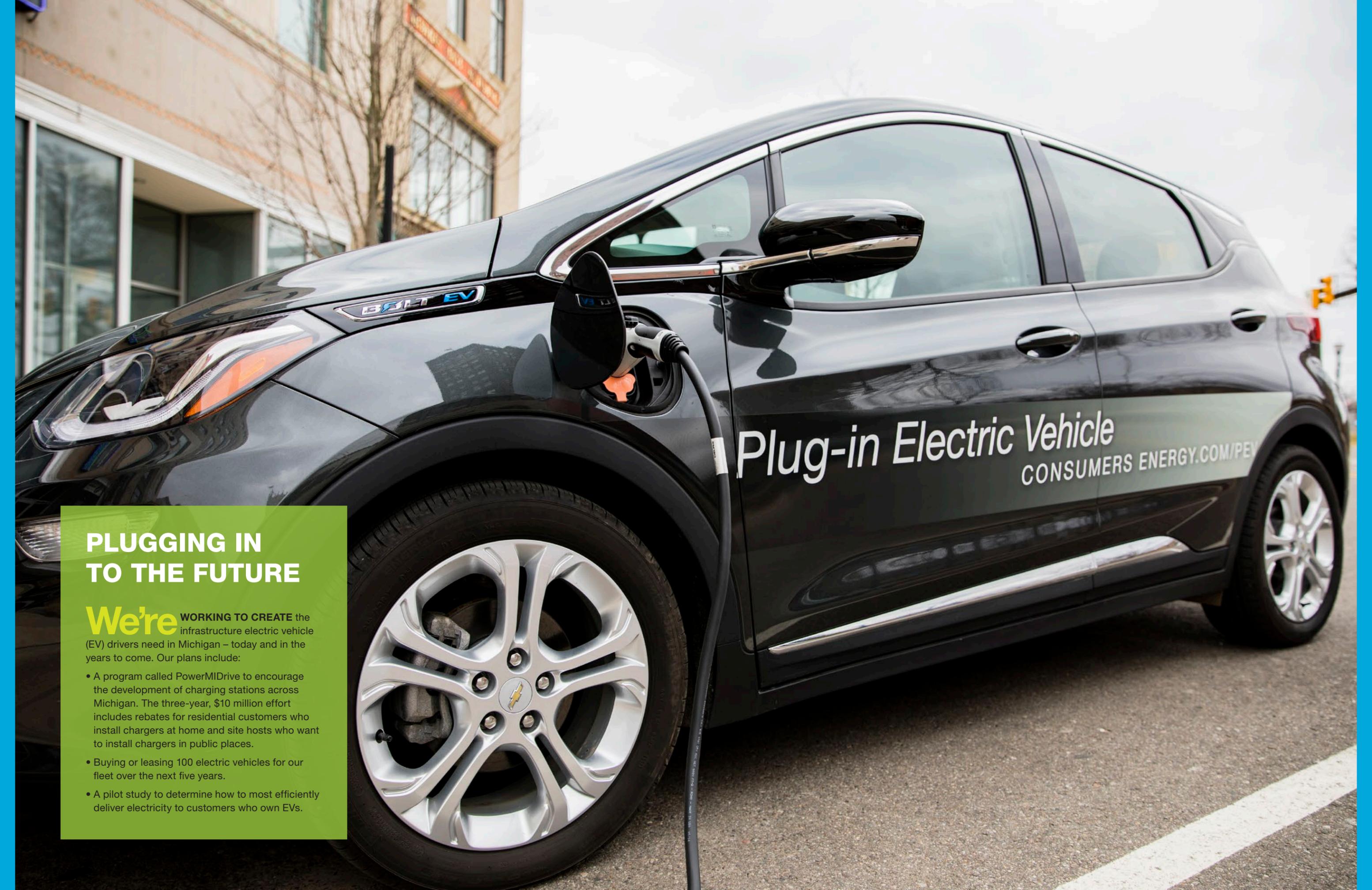


Our energy efficiency programs have saved customers more than \$2 billion on their energy bills since 2009 and helped avoid more than 7 million tons of carbon dioxide greenhouse gas emissions. Homeowners can take advantage of rebates and instant savings on energy efficient products. For businesses, incentives are available for current and planned energy efficient equipment and buildings that can deliver significant long-term energy and cost savings.



PROVIDING SAFE HAVEN FOR ENDANGERED BIRDS

Our current and former power plants have served as safe breeding sites for more than 100 peregrine falcon chicks to hatch since 2000, including 43 at the J.H. Campbell Plant in West Olive. In 2018, we built a 65-foot nesting tower at the site of the historic J.R. Whiting Plant, which closed in 2016. The \$35,000 project was built for Harold and Ludwig, a male and female, respectively, who've called the site home for more than a decade. We're also establishing alternative nesting locations for peregrines at retired power plants in Muskegon and near Bay City.



PLUGGING IN TO THE FUTURE

We're WORKING TO CREATE the infrastructure electric vehicle (EV) drivers need in Michigan – today and in the years to come. Our plans include:

- A program called PowerMIDrive to encourage the development of charging stations across Michigan. The three-year, \$10 million effort includes rebates for residential customers who install chargers at home and site hosts who want to install chargers in public places.
- Buying or leasing 100 electric vehicles for our fleet over the next five years.
- A pilot study to determine how to most efficiently deliver electricity to customers who own EVs.

Bringing Clean and Lean Energy to Life

CMS ENTERPRISES owns and operates 10 independent generating plants in Michigan, Ohio, Wisconsin and North Carolina. The plants offer nearly 1,300 megawatts of clean energy, including wind, solar, biomass and natural gas generation. Output is sold to utilities and large corporate, industrial and institutional customers nationwide.

“CMS Enterprises has owned and operated clean energy generating plants for more than 30 years,” said Rich Mukhtar, president of CMS Enterprises. “We’re proud to also help shape a renewable energy future for CMS Energy and large customers nationwide.”

More recently, CMS Enterprises specializes in mid-to-late-stage wind and solar projects it can develop, own and operate. The company’s energy marketing group, Energy Resource Management, markets energy products from its own generating plants, enabling CMS Enterprises to deliver clean, renewable energy to customers anywhere in the U.S.

CMS Enterprises’ recent solar and wind development successes include:

- **Flambeau Solar of Flambeau, Wis.,** a 2.5-megawatt, 22-acre solar array, and the largest in Wisconsin. Output is sold to DairyLand Power Cooperative.
- **Delta Solar of Delta Township, Mich.,** a 24-megawatt solar array dedicated last August. Delta Solar is the second-largest array in Michigan and the largest with single-axis trackers that follow the sun’s course each day. Power is sold to the Lansing Board of Water & Light.
- **The Northwest Ohio Wind project in Ohio’s Paulding County,** a 105-megawatt, 10,000-acre wind energy park. Dedicated in September 2018, the plant’s output is sold to General Motors.

Learn more at CMS-Enterprises.com.



Flambeau Solar Partners – Flambeau, Wis.



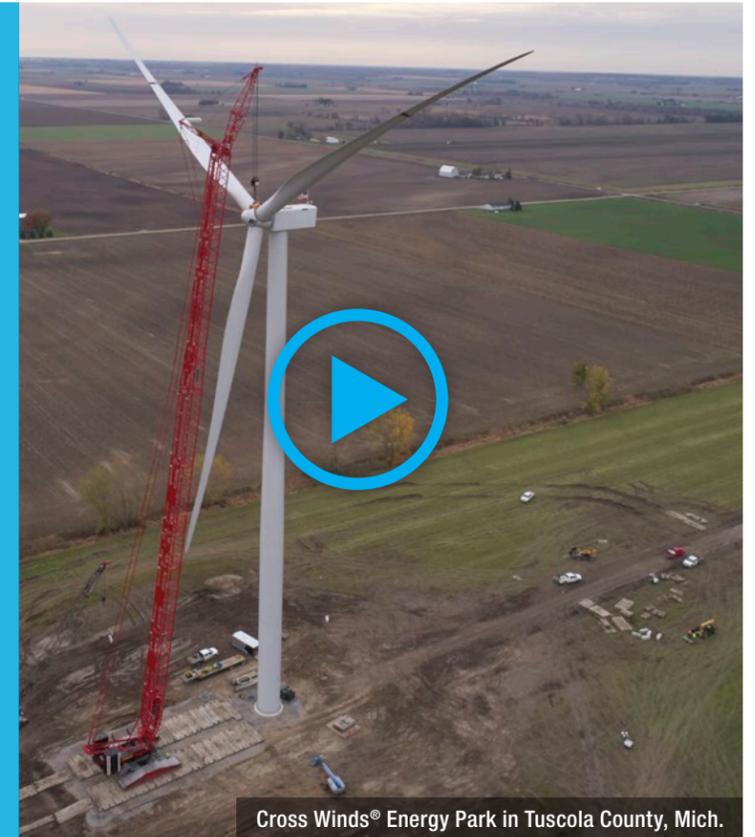
Delta Solar – Delta Township, Mich.



Northwest Ohio Wind – Paulding County, Ohio

HARNESSING THE WIND FOR CLEAN ENERGY

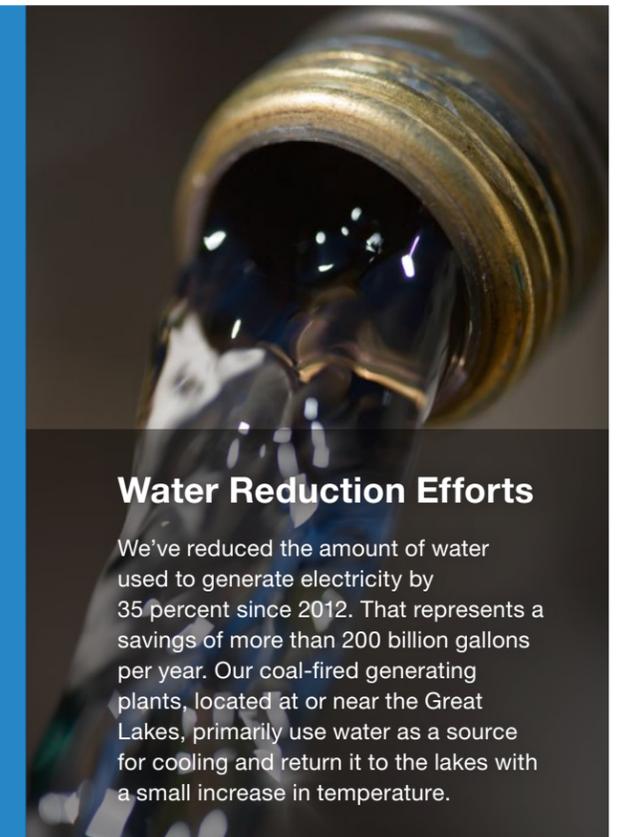
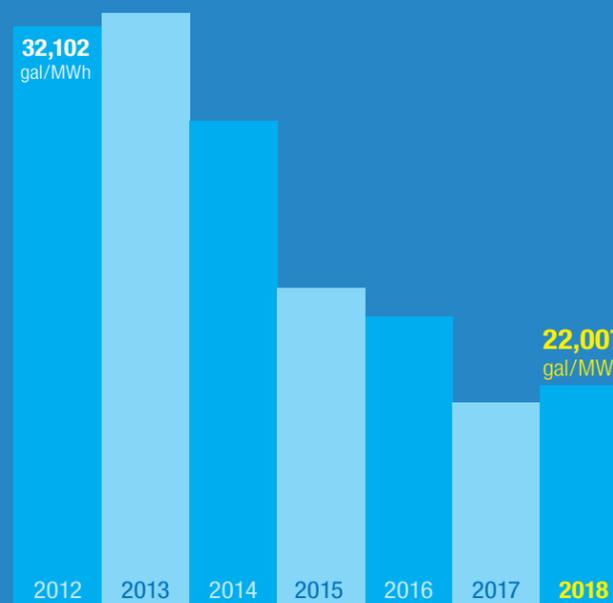
IN THE LAST DECADE, wind energy has become a major part of our plans to meet Michigan’s 15 percent renewable energy target in 2021 — and we’re just getting started. We own and operate two wind farms: Lake Winds® Energy park in Mason County and Cross Winds® Energy Park in Tuscola County. We added 19 turbines to Cross Winds that began operating in January 2018 and we’re planning a second expansion (33 turbines) that’s expected to begin delivering even more clean energy to customers in January 2020. We have an agreement to acquire a development for a new wind farm in Gratiot County.



Cross Winds® Energy Park in Tuscola County, Mich.

WATER INTENSITY

Water Intensity = gallons per megawatt-hour (MWh) of electricity generated



Water Reduction Efforts

We’ve reduced the amount of water used to generate electricity by 35 percent since 2012. That represents a savings of more than 200 billion gallons per year. Our coal-fired generating plants, located at or near the Great Lakes, primarily use water as a source for cooling and return it to the lakes with a small increase in temperature.

Leaving it Better Than We Found it in Bay City

MURRAY GALLAGHER worked 16 years at the Weadock Plant in Hampton Township near Bay City. Now, he's part of the team that's decommissioning and demolishing the retired facility.

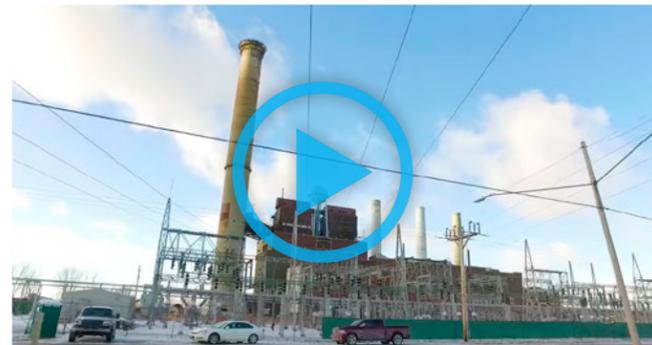
"It's different to see the place where you've worked so many years torn down," said Gallagher, who has worked more than 40 years with Consumers Energy.

We are committed to leaving it better in the community where we closed the historic plant in 2016. Tearing down the plant — which produced power for more than 75 years — is part of the process in returning the site to brownfield status for potential redevelopment.

The work, which includes abatement of environmental

hazards, started in 2017 and is expected to finish in 2019.

Along with Weadock, we also retired coal-fired plants near Muskegon and Monroe. We're working with each of the impacted communities to envision their economic futures and develop new ideas for success. See more about our efforts here: bit.ly/CEbaycity



We're working to restore the sites for potential redevelopment.



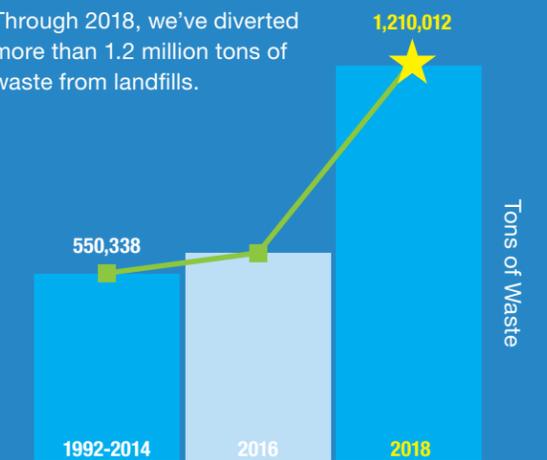
EARNING RECOGNITION



- **Finalist** for the **S&P Global Platts Global Energy Awards** in the category of Corporate Social Responsibility — Diversified Program.
- **Voted second (of 31)** in **U.S. Investor Relations Perception Study** — Environmental Social and Governance (ESG)/Socially Responsible Investing (SRI) Metrics.

TOTAL WASTE AVOIDED FROM LANDFILL

Through 2018, we've diverted more than 1.2 million tons of waste from landfills.



PIPE REPLACEMENT HELPS LOWER EMISSIONS

As PART OF OUR BROADER STRATEGY to reduce methane emissions, we're in the midst of an 18-year plan to replace more than 185,000 vintage service lines that deliver natural gas to homes and businesses across the state. Most of these half-inch pipes were installed in the 1960s before the industry had today's advanced cathodic protection capabilities and are made from outdated materials such as copper and bare steel that deteriorate over time and account for most of the leaks on our system each year. Ultimately, the replacement program will reduce our methane emissions by 18 percent.

Prosperity

We delivered another year of strong financial performance in 2018, marking 16 years of meeting our adjusted earnings guidance. As we reflect on our efforts to pursue our purpose of World Class Performance Delivering Hometown Service, we know our business is about more than profits. It's about enabling the communities we serve to share in our success.



Karen Smoots, Michigan mom and inventor of the Green Glove Dryer.



IN 2018, we helped new and expanding businesses and the state of Michigan win big. Consumers Energy's economic development team surpassed its annual breakthrough goal of attracting 101 megawatts of new electric load for the first time since the goal's inception in 2015.

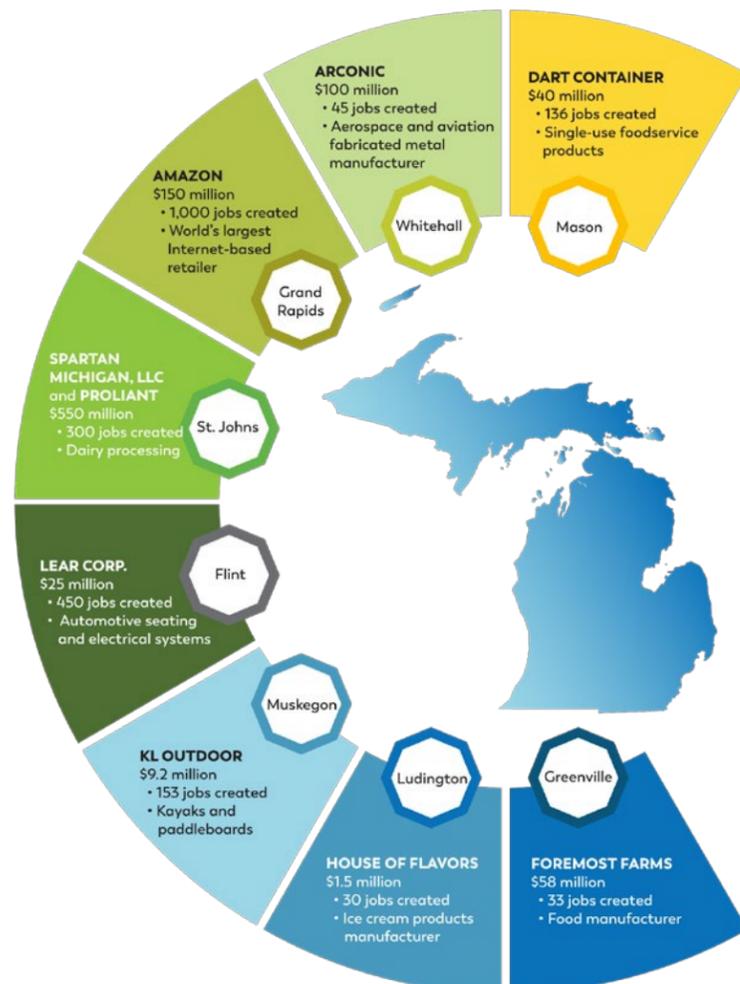
"Together with state and local agencies, Consumers Energy delivered a 'we've got this' customer experience to businesses that could locate anywhere in the world," said Jeff Mayes, Executive Director of Business Customer Care. "We're thrilled that more industry leaders than ever said yes to Michigan and Consumers Energy, ushering in plans for millions in investment and thousands of jobs."

Among other measures, the team credits its breakthrough performance to:

- **Targeting specific industries more likely to thrive in Michigan**, including advanced manufacturing, agriculture and food processing, medical devices and data centers.
- **More quickly responding to information requests and developing proposals** thanks to highly integrated relationships and process improvements among business customer care, rates and engineering teams and state and local agencies.
- **Adding to its inventory sites that are part of the Energy Ready program**, which helps state and local agencies confidently identify and market the best sites offering energy infrastructure and capacity suited to new and expanding commercial and industrial customers.
- **Expanding renewable energy and electric rate options**, including the large customer renewable program and a new market-based interruptible electric rate, that offer new and

expanding businesses more long-term flexibility and lower costs.

In 2018, leaders in automotive, medical technology, food processing, distribution and other industries announced plans to invest more than \$2 billion and create more than 5,700 jobs in Consumers Energy's service territory.



Source: Michigan Economic Development Corporation

Giving Stryker the Energy to Grow in Kalamazoo

STRYKER, a leading medical technology company, approached Southwest Michigan First and Consumers Energy about siting a new 485,000-square-foot building that would house the company's instruments division, including research and development operations, office space and new product training facilities.

Stryker's energy needs included prepaid electric and natural gas service to support the facility's construction, a new, dedicated substation and advance primary electric service enabling delivery of up to 4 megawatts of electricity.

Zero-cost energy infrastructure installation and competitive electric and natural gas rates helped convince Stryker to shift from securing energy on the open market to bundled electric and natural gas service from Consumers Energy, saving about \$200,000 in energy costs per year.

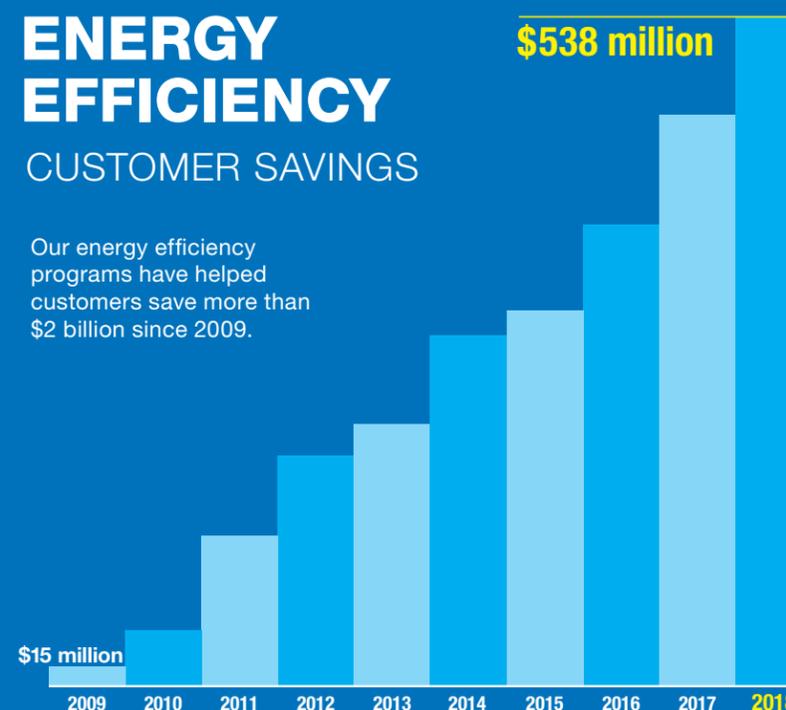
Once complete in spring 2019, the \$130 million Stryker facility is expected to create about 100 jobs in the area.



Our online inventory of certified Energy Ready sites helps companies grow jobs in Michigan.

ENERGY EFFICIENCY CUSTOMER SAVINGS

Our energy efficiency programs have helped customers save more than \$2 billion since 2009.



Since 2009, customers have enjoyed rebates on more than 25 million energy efficient bulbs.

Warming Mittens and Hearts

BYOND HER MONTHLY BILL, Karen Smoots never gave much thought to Consumers Energy. That changed when she started a small business.

Today, Smoots is working with us to grow her company — Green Glove Dryer — help the environment and improve life in Michigan communities.

Smoots' product fits over air vents in homes and schools to dry wet hats, mittens and other winter wear without using additional energy.

She connected with us in 2016, when the company began buying Green Glove dryers to distribute at energy efficiency events.

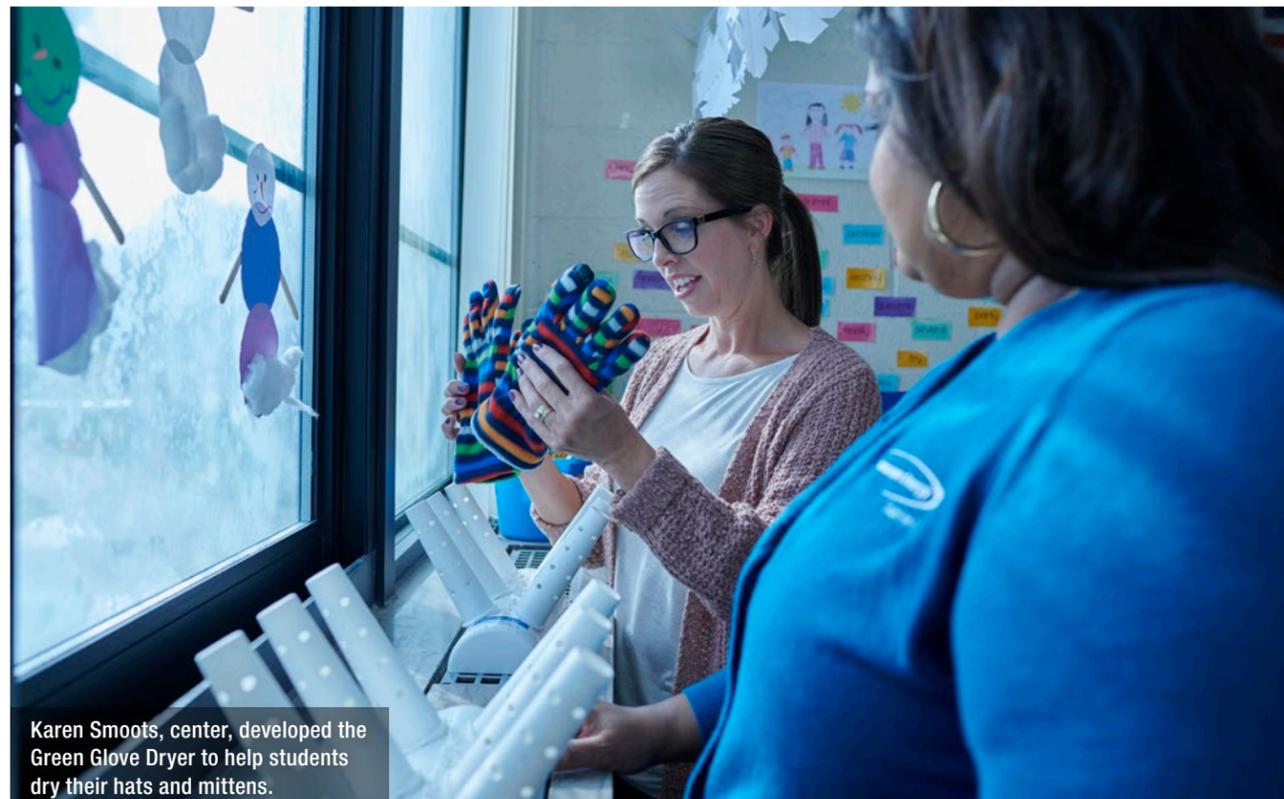
The relationship expanded in early 2018 with a \$20,000 pilot to provide Green Glove dryers to every K-5 school in Jackson County — home to our corporate headquarters. Smoots helped deliver 2,600 dryers to public, private and charter schools.

Together, we're working to put dryers in more Michigan classrooms. A \$500,000 effort is underway to distribute dryers to schools in 26 West Michigan counties.



"Consumers Energy is a huge voice for small businesses," Smoots said. "And they're not doing it because they have a financial incentive. They do it because they truly care about the communities they're serving."

Learn more about the Green Glove Dryer's success by following #MIDryGloves on Twitter and visiting ConsumersEnergy.com/hometownstory.

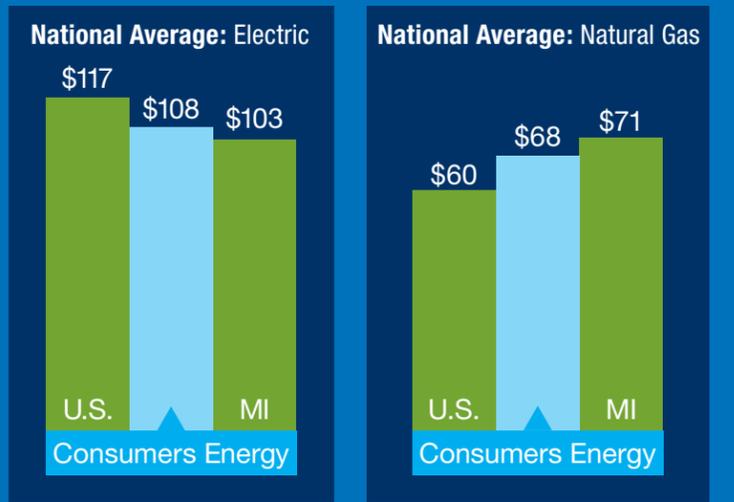


Karen Smoots, center, developed the Green Glove Dryer to help students dry their hats and mittens.

PRICES

AVERAGE RESIDENTIAL BILL PER MONTH

In addition to supporting the growth of Michigan's business community, we're striving to keep monthly energy bills affordable for our residential customers. Low energy bills mean more money in our customers' pockets to spend in their communities.



Battery Now Included

A new era in delivering clean, reliable energy

A NEW LARGE-SCALE BATTERY that can power 1,000 homes began operating in late 2018 on the campus of Western Michigan University.

The Parkview Battery Storage Research and Development Project, which will support our Clean Energy Plan, generates about 5 megawatts of electricity each day.

Engineering students at Western Michigan University have had the opportunity to work with Consumers Energy on electric battery research and operations.

Large-scale batteries can support wind and solar power plant electric production when declining winds and clouds reduce their output for short periods and could threaten their reliability.

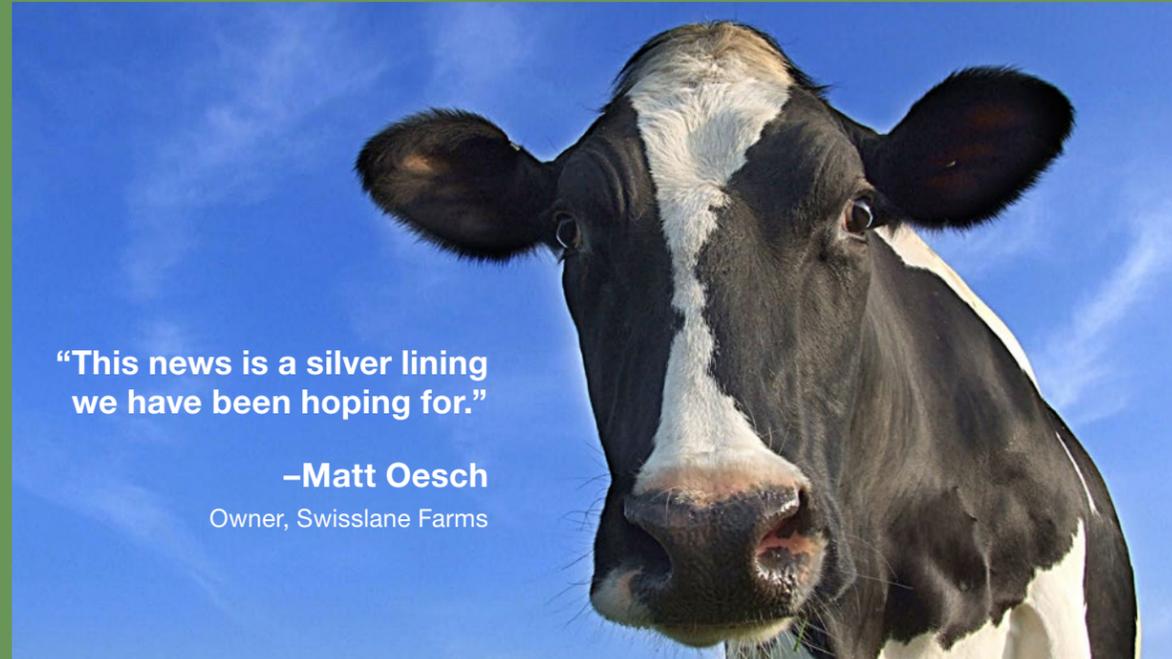
We are also exploring other battery opportunities at Circuit West in Grand Rapids and the Jackson Smart Energy District in our hometown of Jackson.

"The foundation of all we do at Consumers Energy focuses on our Triple Bottom Line: People, the Planet and Prosperity," said Tim Sparks, Vice President of Electric Grid Integration. "We are excited to launch this project and see how it will provide future benefits to our customers."

For more information visit ConsumersEnergy.com/sustainability.



Parkview Battery Storage Research and Development Project at Western Michigan University.



“This news is a silver lining we have been hoping for.”

–Matt Oesch
Owner, Swisslane Farms

Moo-ving Michigan’s Economy

MATT OESCH IS HOPEFUL a \$550 million world-class dairy processing facility in St. Johns will usher in a new era for Michigan’s dairy farmers.

Our economic development team played a key role in landing the 146-acre project that will bring nearly 300 jobs. The company expects to provide the processing plant up to \$500,000 annually in energy efficiency rebates for energy-saving equipment that will be installed in the new facilities.

The joint venture is comprised of three facilities:

- Spartan Michigan, LLC, the main dairy processing plant and a joint venture of Glanbia, Select Milk and Dairy Farmers of America.
- A secondary milk plant owned by Proliant.
- A wastewater treatment plant that will be built, owned and operated by Spartan Cheese Michigan group.

“This news is the silver lining we have been hoping for,” said Oesch, a dairy farmer who owns Swisslane Farms in Alto near Grand Rapids.

“It’s a game changer that I didn’t think would happen. But I am glad it did.”
Learn more at ConsumersEnergy.com/hometownstory.



The community welcomes the \$550 million dairy processing facility to St. Johns, Mich.



SET, BEAT, REPEAT: MICHIGAN BUSINESS SPENDING GOAL REACHED 16 MONTHS EARLY

We’re PROUD TO LEAD THE WAY in helping Michigan-based businesses thrive.

That’s why, in 2011, we were one of the first companies to invest in Pure Michigan Business Connect (PMBC). The initiative connects Michigan-based suppliers to opportunities to help them grow and expand.

Since beating our initial PMBC spending commitment, we’ve set and beat increasingly higher spending goals.

In June 2015, we pledged to spend \$5 billion with Michigan businesses over five years. We’re proud to have met that goal 16 months early.

“In the eight years since signing on to PMBC, we’ve built a legacy of setting and surpassing PMBC spending goals to help hometown Michigan contractors succeed,” said

Brenda Ruffing, the supplier diversity program manager. These are real dollars creating real jobs and paychecks in Michigan. Many of these dollars fund projects that create local tax revenue and improve safety, reliability, customer service and the environment.

We also encourage our Michigan-based suppliers to pay it forward by using in-state subcontractors.

“Securing jobs and investment right here at home helps businesses and communities across Michigan succeed,” said Ruffing. “When Michigan wins, we all win.”

Learn about Consumers Energy’s commitment to Michigan businesses at

ConsumersEnergy.com/puremichigan.



“When Michigan wins, we all win.”

–Brenda Ruffing
Supplier Diversity
Program Manager

IN MEMORY

208 EMPLOYEES HAVE LOST THEIR LIVES while working at CMS Energy and Consumers Energy. That's 208 too many. We added two names to that list in 2018 – Jim Farrington and Travis Wilson. We will NEVER FORGET our co-workers and the dedication they had for serving our state. We are recommitting ourselves to work safely for our co-workers, our families and our neighbors. Learn more here: bit.ly/CE208



1917
John Brisk Engineer
Ernest Cox Meter Man
Grover Feek Distribution – Lineworker
Otto Marquardt Substation Operator
D C Sprague Substation Operator

1918
Clark Day Hydro Operator
John Johnson Substation Operator
Arthur Welch Substation Operator
Ralph Wilson Electric Repairman

1919
Leon Ells Distribution – Lineworker
Chris Koteff Steam Plant – Laborer

1920
George Page Distribution – Lineworker
A C Rearick Transmission – Lineworker
Harry Richardson Steam Plant – Mech Rep
S R Thomas Distribution – Lineworker

1921
R H Byan Elm Street – Laborer
John Dean Gas Plant – Superintendent
Paul Douglas Distribution – Lineworker
Edward Gielda Distribution – Lineworker
Louis Gothes Elm Street – Painter
James Kimble

Gas Plant – Repairman
R H Raymond Elm Street – Mech Repair
Charles Royce Distribution – Foreman
John Spuka Gas Plant – Ovenman

1922
J W Burgett Wealthy St Plt – Carpenter
Clarence A Cowie Construction – Electrician
Robert Doolittle Distribution – Lineworker
Thomas Hopkins Gas Plant – Pipefitter
William S Jackson Distribution – Lineworker
Simon Little Distribution – Lineworker
George Stewart Distribution – Lineworker
Benj Underwood Distribution – Lineworker

1923
Fred Bartlett Distribution – Lineworker
George N Bortle Construction – Piledriver
Cal Bowers Distribution – Lineworker
Earl Breashors Distribution – Lineworker
Roy Curley Construction – Laborer
Ben Hall Gas Plant – Laborer
Ray Kinne Distribution – Lineworker
Peter Madson Wealthy St Plant – Laborer
John McQuaig P&T – Operator
W Pilmore Steam Plant – Electrician
John Smith Distribution – Lineworker

1924
Julius Feher Gas Plant – Operator
Gaither Gryder Elm Street – Foreman
John Kropf P&T – Operator
Warren McHenry Transmission – Lineworker
William Murray Construction – Laborer
John Oliver Gas Plant – Operator

1925
Ernest Anderson Gas Plant – Operator
John Bartell Tower Painter
William Comstock Gas Plant – Laborer
Edward Gobay Steam Plant – Steelworker
John Lovell Construction – Electrician
Robert Oliver Distribution – Lineworker
John Winegardner Elm Street – Engineer

1926
John Alberg Steam Plant – Engineer
Roland Coverly Distribution – Foreman
Delbert Evans Distribution – Lineworker
Pearl Fuller Gas Dist – Laborer
George Gowling Gas Plant – Painter
Alphonse St James Car Barn Sub – Operator

1927
Richard A Baker Distribution – Lineworker
James Bocade Distribution – Lineworker

Everett Butcher Distribution – Lineworker
Peter Hofstra Construction – Electrician
Donald A McLean Steam Plant – Steelworker
James Randull Distribution – Lineworker
James Shadwell Construction – Electrician
Fred A Thatcher Building Caretaker

1928
Basil Durfee Distribution – Lineworker
Charles Fifield Distribution – Foreman
William E Fuller P&T Substation Foreman
Mike Kosta Gas P&T – Laborer
Earl Liby Construction Groundman
Albert Powell Construction – Electrician
Hal C Tabor P&T Repairman
John VanDenberg Distribution – Lineworker

1929
Don Alfred Steam Dist – Elect Repair
Bert Benson Distribution – Groundman
Marvin Brownlee Eastern P&T – Painter
Charles Detwiler Distribution – Gas Laborer
Charles Edwards P&T – Operator
Ward T Johnson Distribution – Lineworker
Sam Matteson Electric Meter – Lineworker
William C Miller Southern P&T – Patrolman

Lee Smith Distribution – Lineworker
Tony Solman Gas Prod – Watchman
Clarence C Turner Distribution – Lineworker
Harold Woodbeck P&T – Tree Trimmer

1930
Oral Angell Distribution – Lineworker
Gilbert E Aylworth Distribution – Lineworker
Kenneth E Dorin Transmission – Lineworker
A J Flickenger Southern P&T – Engineer
A L Heuvelhorst Western P&T – Electrician
Glenn Ihrke Eastern P&T – Painter
Edward Martin Eastern P&T – Painter
Frank E Seath Distribution – Lineworker

1931
Ross B Allison Distribution – Lineworker
Daniel J Carmody Gas Product – Carpenter
Edmund Geysbeek Distribution – Lineworker
Harland Haight Distribution – Lineworker
Raymond C Tuller Distribution – Lineworker
Donald Warner Distribution – Lineworker

1932
Marshall Rhodes Distribution – Lineworker

1933
Lewis Belson Distribution – Lineworker
Herman E Ott Distribution – Lineworker

1934
William DeForest P&T – Operator

1935
Wilbur H Corlew Distribution – Lineworker

1936
Herbert P Baker Distribution – Gas Laborer
Bruce Ireland Distribution – Lineworker
Edward E Larson Distribution – Lineworker
Walter Peters Distribution – Lineworker
Floyd J Spencer Distribution – Lineworker

1937
Clay Boughfman Distribution – Lineworker
Victor Savage Distribution – Lineworker
Benton VanLeuven Distribution – Tree Trimmer

1938
Russell F Brunner Distribution – Lineworker
Roy Gerard Distribution – Lineworker
Elmer E Wood Right of Way – Fieldman

1939
Terry A Craig Distribution – Lineworker

1940
Earle Barry Distribution – Lineworker
Robert M Griffin Distribution – Lineworker
Allan Ketchum Distribution – Lineworker
Lyle Mitchell Distribution – Lineworker
Harvey A Steffens Electric Meter – Clerk

1941
Walter L Andrews Distribution – Lineworker
Garnet E Palmer Distribution – Gas Helper

1942
Frank Conley P&T – Mech Rep Helper

Norvel F Dubay Distribution – Appl Instal
William A Sterling Gas Prod – Operator

1943
Herbert N Hamilton Distribution – Reg Stat Op
Dan Moore Gas Const – Carpenter

1944
Neil W Rynbrand Distribution – Lineworker
Stanley Zdrojkowski Distribution – Adv Unskilled

1945
John Kmetz Gas Trans – Syst Operator

1946
Carlyle E Ide Transmission – Lineworker
Walter J Coffing Transmission – Maint Supv
Paul Van Tongeren Transmission – Lineworker

1948
Cecil C Coverly Distribution – Lineworker
Elwin Downing Distribution – Lineworker
Dale Satterthwaite P&T – Gen Repairman

1949
Milborn Fagerman Distribution – Lineworker

1950
Donald C Brock Distribution – Lineworker
Gilbert D Crippen Distribution – Lineworker
John Bartotti Transmission – Lineworker
Rueben Carlson Distribution – Lineworker
Warren E Curtis GO – Land and Title

1953
Howard R Hartley Distribution – Lineworker
Fred Petrimoulx Sr Distribution – Lineworker

Charles Schleicher Div Office – Salesman
Carl H W Wald Engineering – Assistant
James R Young Distribution – Lineworker

1955
George E Woolsey GO – Pipe Wrapping Man

1957
Milton Iverson GO – Const – Mechanic B
Mike Kovats P&T – Oper and Gen Repair

1959
Paul R Borgeson Distribution – Groundman
Richard G Finn Distribution – Tree Trimmer
Jack D Garvey Distribution – Lineworker
Noel W Spore Jr Distribution – Lineworker
Devere Gene Tays Distribution – DMOS

1960
Carl A Myers Wage and Salary Super

1961
Harold L Flick Distribution – Pri Meter Man

1963
Raymond W Barr Distribution – Lineworker
Gordon J Eppink Distribution – Lineworker

1964
Richard L Hanley Distribution – Lineworker

1965
Geo Featheringill Distribution – Lineworker
Thomas B Price Distribution – Foreman

1966
Michael D Fifield GO – Rodman
Orlo J Lixey Distribution – DMOS
Richard E Miller Distribution – Gas Lineworker
Larry Palkowski GO – Jr Instrument Man

1967
Marvin VanHemert Distribution – DMOS

1968
Lisle W Mann Distribution – Lineworker

1969
Thomas Keefer GO – Accountant
R S VandenBerg Bldg Serv – Supervisor

1970
Thomas A Sleder Distribution – Lineworker

1971
H. Stephen Hinkens Distribution – Lineworker
Harold P Schravwen Wealthy St Plt – Turbine Oper

1973
Mark A Blessman Cust Serv – Meter Reader
Thomas S Fry GO – Co-pilot
Ezra Jenkins GO – Foreman

1977
James R Nolan East TRC – Mech Rep B

1979
Gene L Freeman Distribution – Gas Lineworker
Thomas Thompson Cust Accts – Field Rep

1980
William F Grant Distribution – Lineworker

1981
Paul A Panzer Jr Maint – Mech Repair B

1982
Thomas R Housley Gen Repair A
Lloyd R Vincent Supervisor

1983
Marda K Aldag Resd Energy Adviser
Steven G Bos Coal Supply Operator

1986
Lawrence Carlson Distribution – Lineworker
Harold V Lindow Gas Maintenance Supv

1989
David Benson Distribution – Tree Trimmer

1992
Richard Tiede Cust Serv Field Rep II
Donald Vandelaare Distribution – Lineworker
Phillip M Vanzandt Sr Lab Technician

1994
Christopher Beck Cust Serv – Meter Reader

1998
Paul Luna Distribution – Lineworker
Juan Reyes Elec Meter Services
Thomas Tomasik Distribution – Lineworker

2000
Terry G Dunning Distribution – Lineworker

2002
Joseph Kinsford Asante CMS Energy, Electrician

2005
Thomas Cole Lead Sub Metro Repair Worker

2007
James Rus Electric Transmission Lineworker

2012
Jeffrey H. Creel Distribution – Lineworker

2018
Travis Wilson CMS Energy, Mechanic
James Farrington Distribution – Lineworker

Driving Success with the CE Way

At CONSUMERS ENERGY, we're constantly striving to improve quality while focusing on safety, on-time delivery and reducing cost. It's a form of lean process improvement we call the "CE Way."

Each day across the company, we are setting standards, establishing clear targets and measuring our progress along the way. Daily, weekly and monthly operating reviews help ensure we're meeting our purpose of World Class Performance Delivering Hometown Service.

See how our work behind the scenes makes a difference for our Michigan communities at ConsumersEnergy.com/hometownstory.

Consumers Energy

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This report includes "forward-looking statements;" please refer to our SEC filings for information regarding the risks and uncertainties that could cause our results to differ materially.



Delta Solar in Delta Township, Mich.