

Improved confidence in the current plan, not a higher near-term earnings trajectory

1 | KEY RESULTS VS. CONSENSUS

Metric	Reported	Consensus	vs. Cons.
Revenue	\$2.183 billion	\$2.21 billion	-1.2%
Net Income (vs. Year Ago)	\$451 million	\$279 million	+61.6%
Diluted EPS	\$1.44	\$1.34	+7.5%

2 | GUIDANCE AND OUTLOOK

Management reaffirmed 2026 adjusted EPS guidance of \$3.83 to \$3.90, with confidence toward the high end, and 2027 guidance of \$4.08 to \$4.17; both were unchanged from July. Long-term adjusted EPS growth remains 6% to 8% toward the high end, defined as "7% or better." The implied Q4 adjusted EPS bridge is approximately \$0.88 to \$0.95 versus \$0.95 a year earlier, an indicative rather than exact forecast. NorthStar restructuring targets year-end completion.

3 | EARNINGS ANALYSIS

NORTHSTAR DOMINATED THE EPS INCREASE. Adjusted EPS of \$1.44 beat \$1.34 consensus by 7.5%, but the composition was materially less recurring than the headline growth suggests. NorthStar contributed \$0.43 versus \$0.04 previously, accounting for approximately 76% of consolidated EPS growth before higher parent costs. Combined utility adjusted EPS rose 20% in the quarter, yet only 1.4% through September. The quarter was a strong recovery in reported earnings momentum, not evidence that regulated earnings had accelerated sustainably. Rate relief and renewables supported electric earnings, while investment costs and dilution absorbed part of the improvement.

RESTRUCTURING DISTORTED THE OPERATING PICTURE. Operating income fell to \$47 million from \$481 million, including \$525 million of NorthStar impairment, disposal and exit costs. The EPS beat cannot simply be characterized as an operating profit beat. GAAP EPS declined to \$0.39 from \$0.92. Excluding restructuring is appropriate for continuing earnings, but the charges recognize economically relevant losses from the prior nonutility strategy. NorthStar tax-timing outperformance will partly reverse; the amount was not quantified. Losses attributed to noncontrolling interests materially affected common-shareholder earnings and are not established as a recurring cash benefit.

UNCHANGED GUIDANCE LIMITS THE READ-THROUGH. Favorable performance is being absorbed through reinvestment, contingencies and subsequent tax reversals, rather than establishing that the beat is available for recurring earnings upgrades. Management included \$0.10 of Q4 reinvestment in safety, reliability and productivity. Accelerating expenditure is not a permanent cost reduction. The framework supports approximately 7% EPS growth, not an immediate assumption of sustained 8% growth or material near-term data center earnings.

FINANCING NEEDS REMAIN SUBSTANTIAL. Operating cash flow increased only 2.3% to \$1.798 billion through September versus 14.8% adjusted net income growth. The combined operating and investing cash deficit widened to \$1.313 billion from \$1.169 billion. Approximately \$2.6 billion of net liquidity supports near-term flexibility, not self-funding of the investment program. NorthStar funding benefits could reduce external financing, but cannot simultaneously be counted in full as lower dilution, lower debt and additional utility investment.

CAPITAL-LIGHT EARNINGS HAVE QUALIFICATIONS. The approximately \$125 million FCM earnings opportunity beginning in 2031 is not entirely new. Contract eligibility and regulatory treatment matter. The approximately \$27 billion IRP opportunity overlaps the existing \$24 billion plan; it is not an approved addition.

CAPITAL UPDATE IS THE TEST. Incremental utility investment and FCM earnings must exceed NorthStar normalization, financing costs, dilution and regulatory constraints. Consumers retains a negative Moody's outlook; the electric order is expected by April 2, 2027.

4 | KEY READ-THROUGHS

EXISTING GAS GENERATION CAN CAPTURE RECONTRACTING VALUE

Capital Power (CPX) | Positive | Material at the relevant asset
Consumers Energy's previously announced Midland contract covers 1,240 MW from June 2030 through 2040. Capital Power owns a 50% working interest; the arrangement was estimated to add approximately US\$100 million of annual facility-level adjusted EBITDA. Existing interconnected gas capacity can capture contracted repricing value while Consumers replaces aging resources. The call confirmed the strategy, not a new contract or additional economics. The consolidated contribution is smaller than the asset-level effect. Earnings begin in 2030; nearer catalysts are IRP approval and continued inclusion of Midland.

QUALIFYING POWER CONTRACTS CAN SUPPORT UTILITY EARNINGS

DTE Energy (DTE) | Positive | Moderate strategic significance
Qualifying third-party power payments can generate statutory compensation without DTE financing the entire asset. DTE's approved Big Mitten agreement covers a 450 MW, 4-hour storage facility, targets Q4 2028 operation and includes FCM compensation on fixed contract payments. This reduces construction funding and dilution pressure. Contract terms determine earnings; CMS's opportunity is not DTE guidance and implies no defensible immediate DTE EPS increase. The effect is primarily later-decade earnings and funding efficiency, with contract eligibility and compensation factors remaining important.

DATA CENTER GROWTH DOES NOT GUARANTEE EXCESS UTILITY RETURNS

DTE Energy (DTE) | Negative | Potentially moderate over the investment cycle
Michigan regulators can support investment while resisting requested shareholder economics. CMS sought a 51.75% electric equity ratio; staff recommended 50%. DTE's separate Google order approved a financial adder but required ordinary-income treatment and pass-through to ratepayers. That does not invalidate statutory compensation on qualifying PPAs. It shows why larger data center pipelines need not deliver proportionate shareholder returns or valuation expansion. The CMS call changed neither DTE guidance nor a DTE rate-case outcome.

FORTIS HAS A DIRECT ROUTE TO MICHIGAN'S LOAD AND GENERATION BUILDOUT

Fortis (FTS) | Positive | Moderate support
Fortis owns 80.1% of ITC; METC operates the transmission network interconnected with Consumers and can build requested connections for new distribution facilities. CMS's approximately 745 MW of signed load commitments support network reinforcement. Transmission remains necessary whether generation is owned or contracted. Approved investment and recovery, not additional volumes alone, drive the opportunity; no incremental ITC project was announced. The approximately \$27 billion CMS supply opportunity is not Fortis's addressable capital; some loads fit existing infrastructure.