



CMS
LISTED
NYSE

Year-End 2018 Results and Outlook

January 31, 2019

FOCUSED ON WORLD CLASS PERFORMANCE



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 most recent Form 10-K and as updated in reports CMS Energy and Consumers Energy file with the Securities and Exchange Commission. 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 (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. All references to earnings per share are on a diluted 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. 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 for 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.

- **Business Update**

Patti Poppe
President & CEO



- **Financial Results & Outlook**

Reiji Hayes
Executive VP & CFO

2018 Results

- EPS^{a)}
- Operating cash flow (MM)

2019 Updates

- EPS^{a)} guidance raised
- Annual dividend

Long-Term Outlook

- EPS^{a)} & DPS growth

Amount

\$2.33 ✓

\$1,703

(Incl. \$240 MM pension contr.)

\$2.47 to \$2.51

\$1.53

+6% to +8%

Vs.

Prior Year

+7%

\$(2)

(Up \$53 MM to budget)

+6% to +8%

+7%

^{a)} Adjusted EPS (non-GAAP)

CMS' 2018 Performance Exemplifies...

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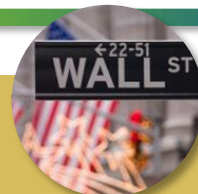
PEOPLE

- Rate cases provided tax-related savings to customers of over \$160 MM
- Attracted 101 MWs of new electric load to Michigan
- Ranked 1st quartile for employee engagement
- Donated \$10 MM to assist vulnerable customers with bill payments



PLANET

- Announced our Clean Energy Goal in February
- Filed our Integrated Resource Plan in June
- Restored nearly 800 acres of land in Michigan
- 1st U.S. corporation to enter into a sustainability-linked revolver
- Expanded our renewable portfolio at Consumers Energy & CMS Enterprises by more than 170 MWs



PROFIT

- 16 years of +7% EPS^{a)} growth
- Raised dividend +7% YoY, 13th increase in as many years
- Generated \$1.7 Bn of operating cash flow
- Settled successive Electric and Gas rate cases



PERFORMANCE

- Replaced more than 13,000 vintage gas services
- Completed Phase II of the Saginaw Trail Pipeline Project (18½ miles)
- Record forestry spend
- Eliminated ~\$18 MM of waste through the implementation of the CE Way
- Finished #1 overall in the sector in cyber security testing

^{a)} Adjusted EPS (non-GAAP) CAGR

... world class performance delivering hometown service.



- **Maintain safe and reliable operations**
- **Enhance customer experience and value**
- **Drive economic growth for Michigan**
- **Improve Michigan's land, water, and air quality**
- **Execute world class operating performance**
- **Deliver our financial commitments**

... will enable a 17th year of strong operational and financial performance.

Customer Committed Load

Economic Indicators

2010 thru 2017

GDP Growth

Population Growth

Unemployment*

**Grand
Rapids**

32%

7%

3.1%

U.S.

17%

5%

3.7%

*November 2018 Unemployment

Source: bea.gov, census.gov, bls.gov

45 MW

69 MW

101 MW

Target
100 MW

2016

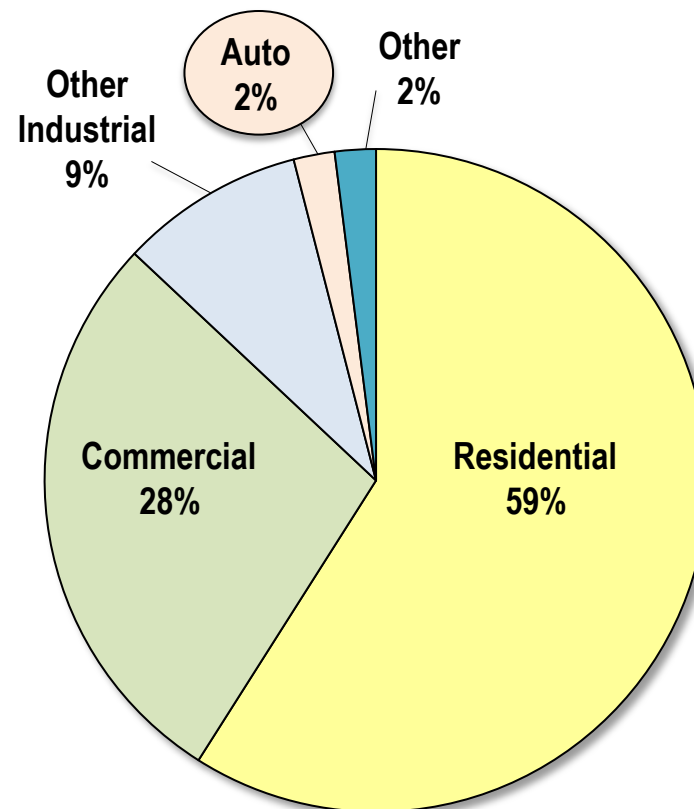
2017

2018

2019

Diversified Customer Base

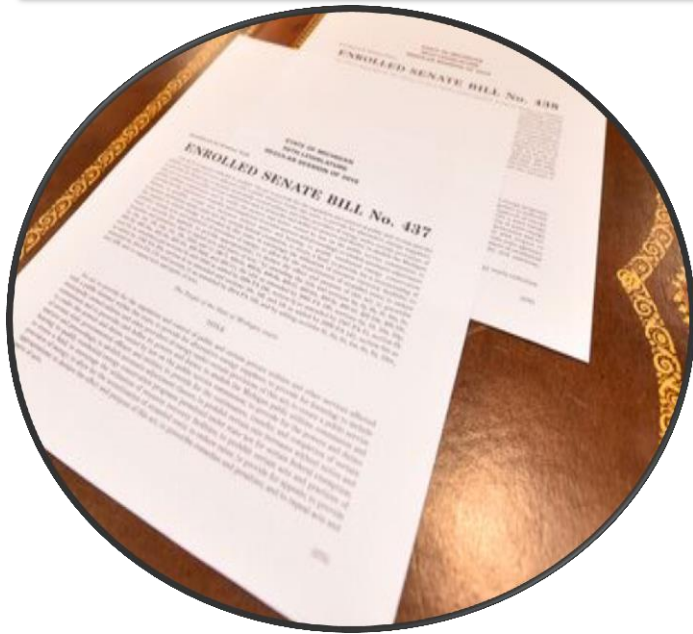
(2018 Electric & Gas Rate Mix)^{a)}



^{a)} Tariff net of PSCR and GCR

... and helps drive our model.

Michigan Energy Policy is Supportive... **CMS ENERGY**



- **Bipartisan Energy Law**
(2016 law enhanced original 2008 law)
- **Forward-looking test year**
(10-month rate case)
- **Energy Efficiency incentive**
(20% of spend)
- **Renewable Portfolio Standard (RPS)**
- **Constructive ROEs**

Michigan Commission



Sally Talberg (I), Chair
Term Ends: July 2, 2021

**Two make
a quorum**



Norm Saari (R)
Term Ends: July 2, 2019

**Rachael
Eubanks
appointed to
State Treasurer**

Vacancy
Term Ends: July 2, 2023

... and built into legislation.

Long-Term Regulatory Planning...

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2018

2019

2020

Regulatory / Policy

✓ 6/15: Filed
LT generation plan
(IRP)
U-20165

Q2:
Expected
IRP order
U-20165

Q3: Anticipated
final orders
on Calc. C &
Demand Response

Q2: File
updated 5-yr
Electric Distribution
Plan

Electric

✓ 1/9:
Settlement approved
U-20134
10% ROE

Next Electric Order

Gas

✓ 11/30:
Filed \$229 MM
at 10.75% ROE
U-20322

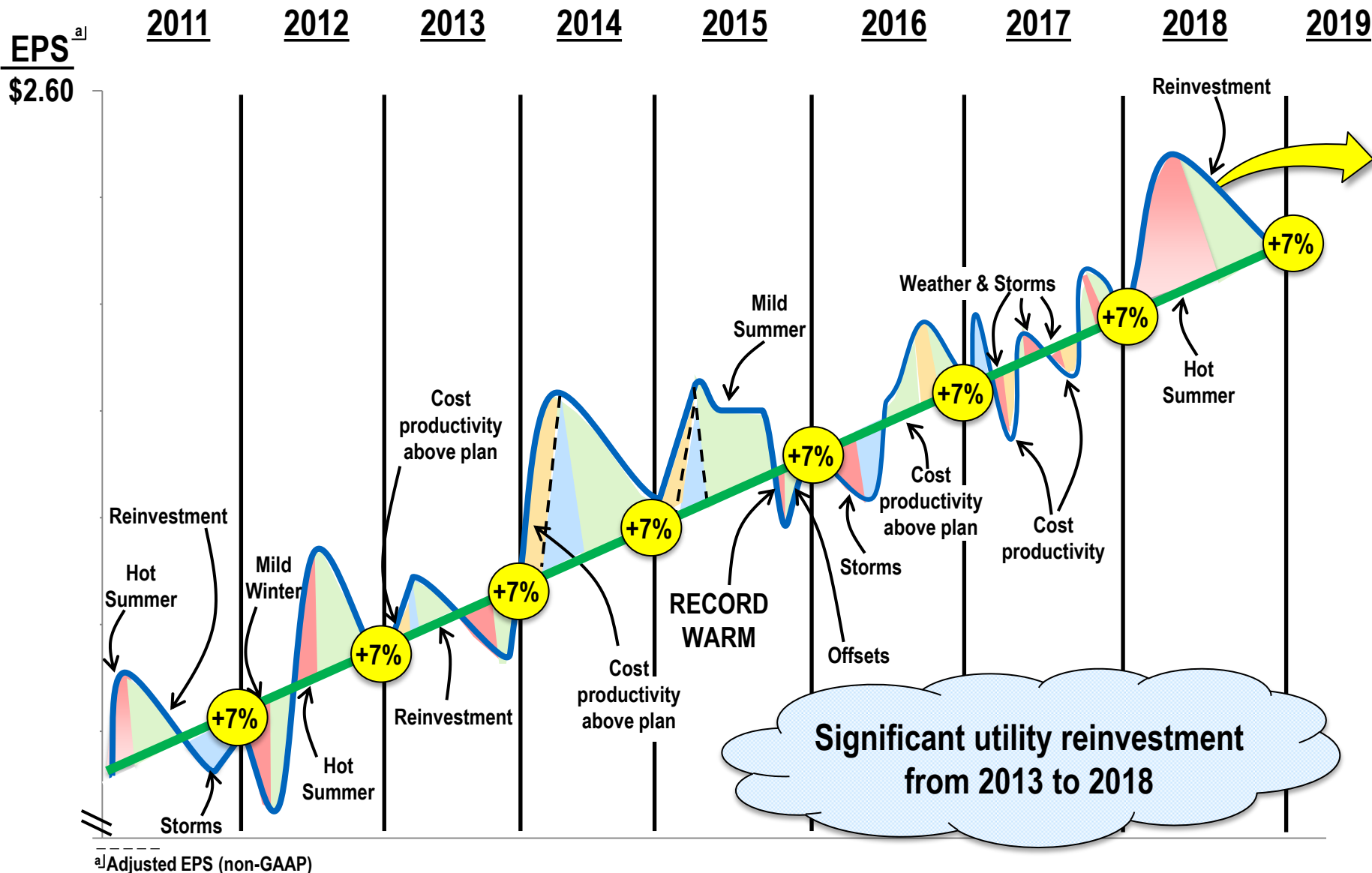
Q3:
Expected
gas order
U-20322

Q4:
File next
gas rate
case

... provides significant customer value and long-term visibility.

Managing Work Every Year...

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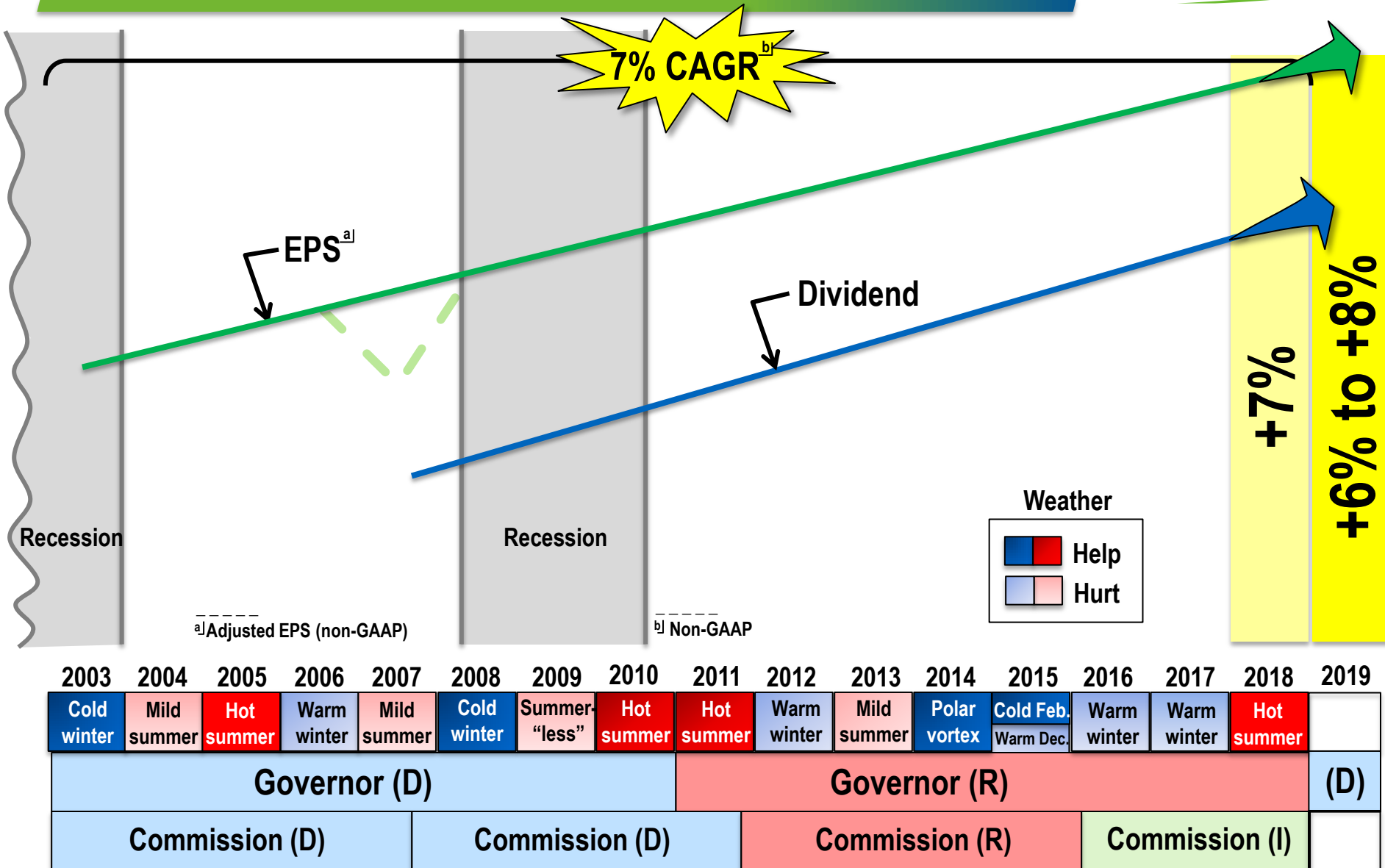


^{a)} Adjusted EPS (non-GAAP)

... maximizes benefits for customers and investors.

Consistent Growth Through...

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... changing circumstances.

Results

	<u>2017</u>	<u>2018</u>
EPS -- (GAAP)	\$1.64	\$2.32
Legacy & other	0.01	0.02
Federal tax reform	0.52	(0.01)
Adjusted (non-GAAP)	<u>\$2.17</u>	<u>\$2.33</u>
		+7%

Fourth Quarter

	<u>2017</u>	<u>2018</u>
EPS -- (GAAP)	(1)¢	38¢
Adjustment	<u>52</u>	<u>2</u>
Adjusted (non-GAAP)	<u>51¢</u>	<u>40¢</u>
		(22)%

2018
reinvestment

By Business Segment

	<u>EPS Adjusted^{a)}</u>	<u>Feb. 2018 Guidance^{a)}</u>
Consumers	\$2.50	\$2.40 – \$2.44
Enterprises	0.12	0.13
Parent and other	(0.29)	(0.23)
CMS Energy	\$2.33	<u>\$2.30 – \$2.34</u>

^{a)} Adjusted EPS (non-GAAP)

... reflect strong 7%^{a)} growth.

2018 Financial Targets Achieved...

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Adjusted EPS (non-GAAP)

Target

**\$2.31 to \$2.34
+6% to +8%**

Actual

**\$2.33
+7%**

DPS growth

**In-line w/ earnings
+6% to +8%**

**In-line w/ earnings
+7%**

Operating cash flow (MM)

\$1,650

\$1,703

Customer price

Electric

(1)%

1%

Gas

(3)%

(1)%

**Tax Reform
delays**

FFO/average debt (non-GAAP)

~ 18%

~ 18½%

Utility investment (Bn)

\$1.9

\$2.0

Continuous equity (MM)

\$70

\$30

... 16th year of consistent industry-leading financial performance.

Utility

Electric

Gas

Total Utility

Enterprises

Parent and other

Total EPS

Adjusted EPS

(non-GAAP)

\$1.88 – \$1.91

0.75 – 0.76

\$2.63 – \$2.67

0.14

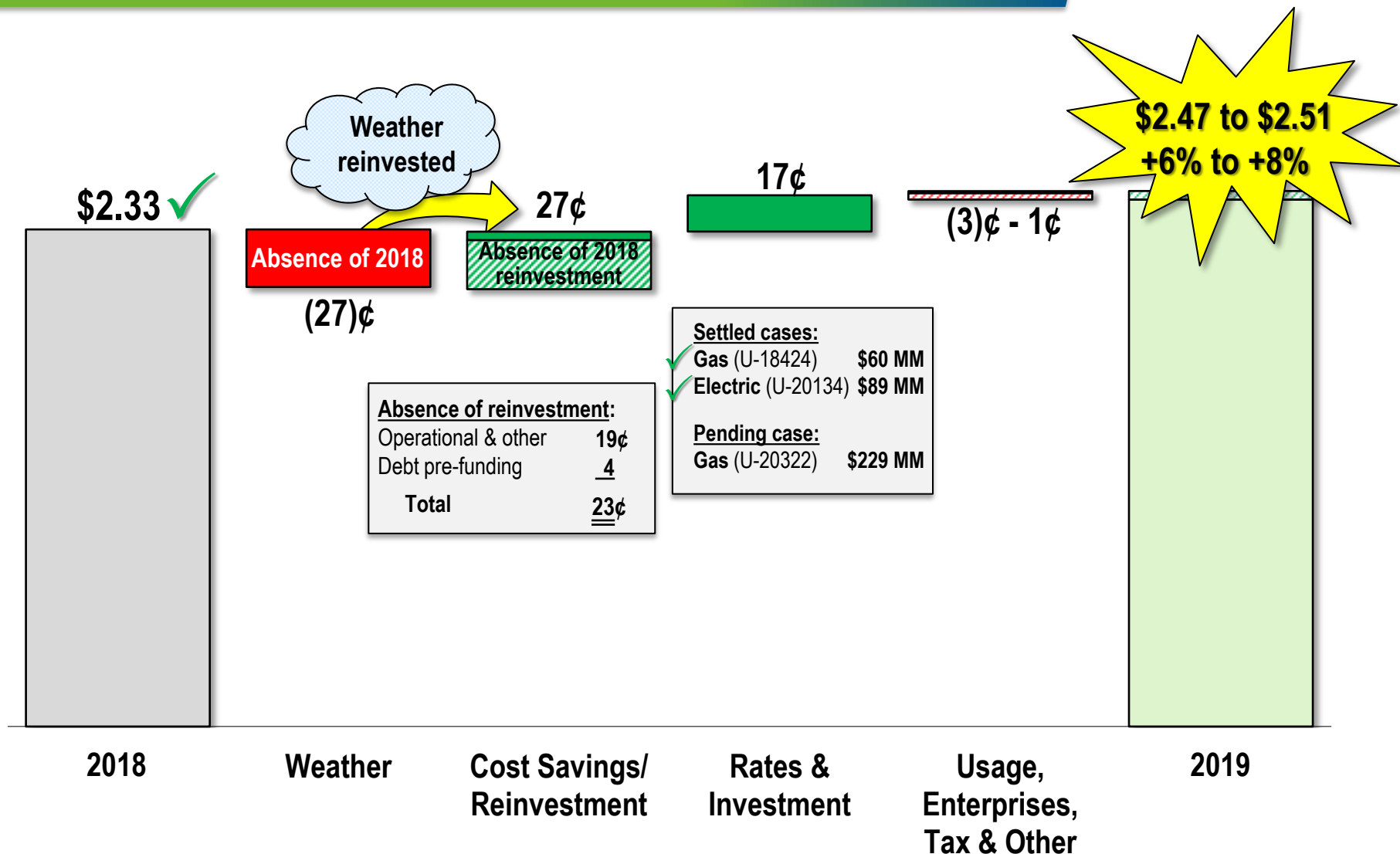
(0.30)

\$2.47 – \$2.51

+6% to +8%^{a]}

^{a]} Adjusted EPS (non-GAAP)

... building on strong 2018 performance.



^{a)} Adjusted EPS (non-GAAP)

... supports another year of 6% to 8% growth.

Plan

EPS Growth^{a)}

6% - 8%

Self Funding:

- Cost reductions

2 - 3 pts

- Sales growth (continued economic development)

1

- Other (Enterprises, tax planning, etc.)

2

INVESTMENT SELF-FUNDED

5 - 6 pts

Customer Prices “at or below inflation”

<2%

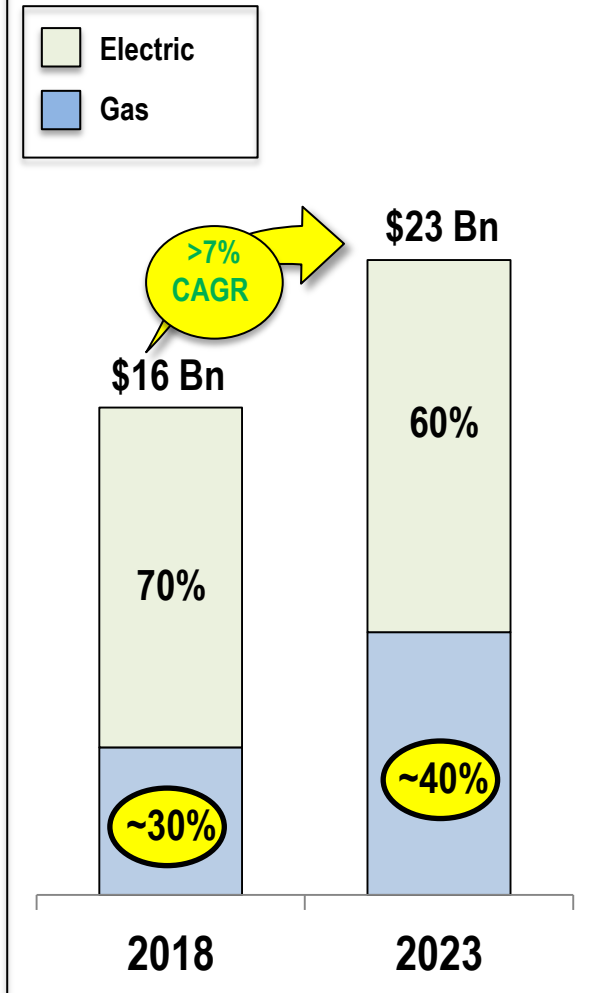
^{a)} Adjusted EPS (non-GAAP)

Updated 5-year Plan

<u>Capital Investment (Bn):</u>	<u>Old Plan</u>	<u>New Plan</u>	<u>Mix</u>
Electric Utility	\$ 4	\$ 5	~45%
New Utility Renewables	1	1	~10
Gas Utility	<u>5</u>	<u>5</u>	~45
Total	\$10	\$11	100%

System Need: >\$50 Bn

Rate Base Growth

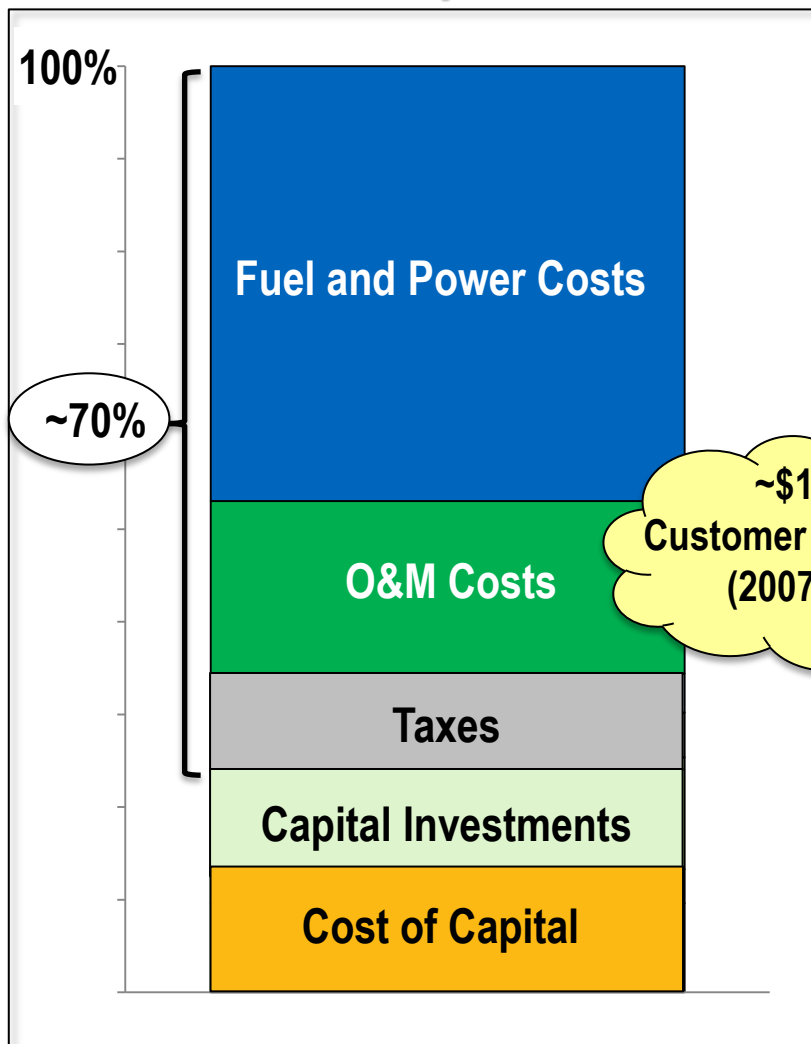


... focuses on safety and reliability for the benefit of our customers.

Our Entire Cost Structure...

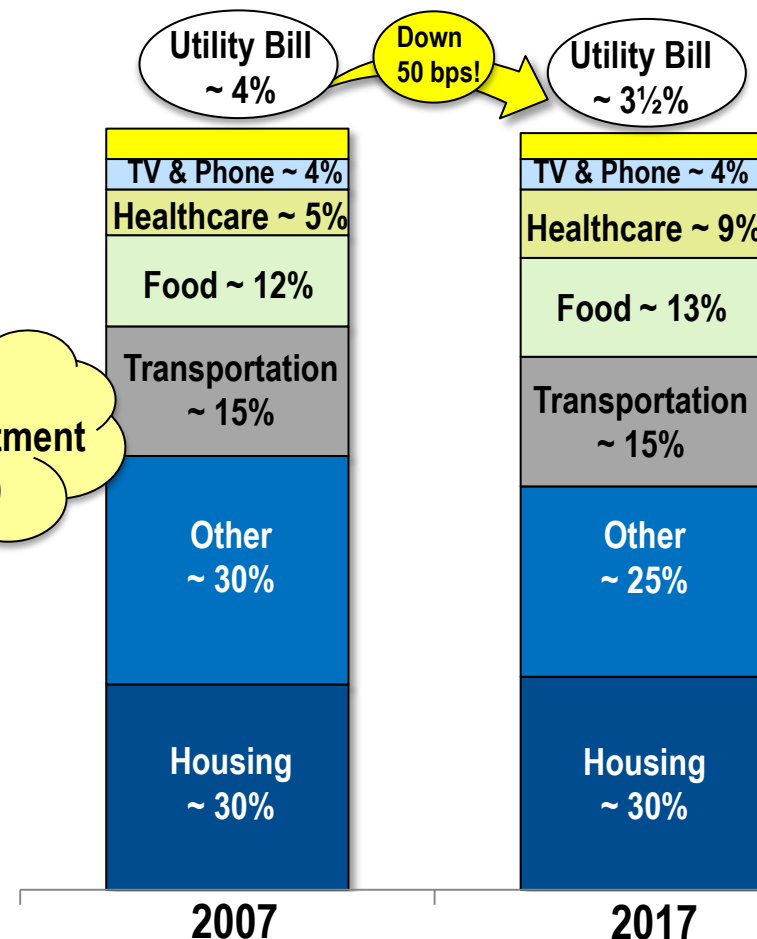
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Cost Components



Residential Bills as % of Wallet ^{a)}

(Electric & Gas)



^{a)} Consumers Energy Bill as % of Michigan Household Income, Adj. Dollars.

Source: Fred.stlouisfed.org, Bls.gov, Consumers Internal Bills; Percentages may not total 100% due to rounding.

... offers cost reduction opportunities to maintain customer affordability.

Operating Cash Flow Generation...

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Amount
(Bn)

\$2.2

>\$9 Bn in aggregate

1.70

1.65

1.75

1.85

1.95

2.05

Investment

Cash flow before dividend

2018

2019

2020

2021

2022

2023

NOLs & credits \$0.4

\$0.3

\$0.3

\$0.4

\$0.4

\$0.5

... remains strong and supports our capital plan.

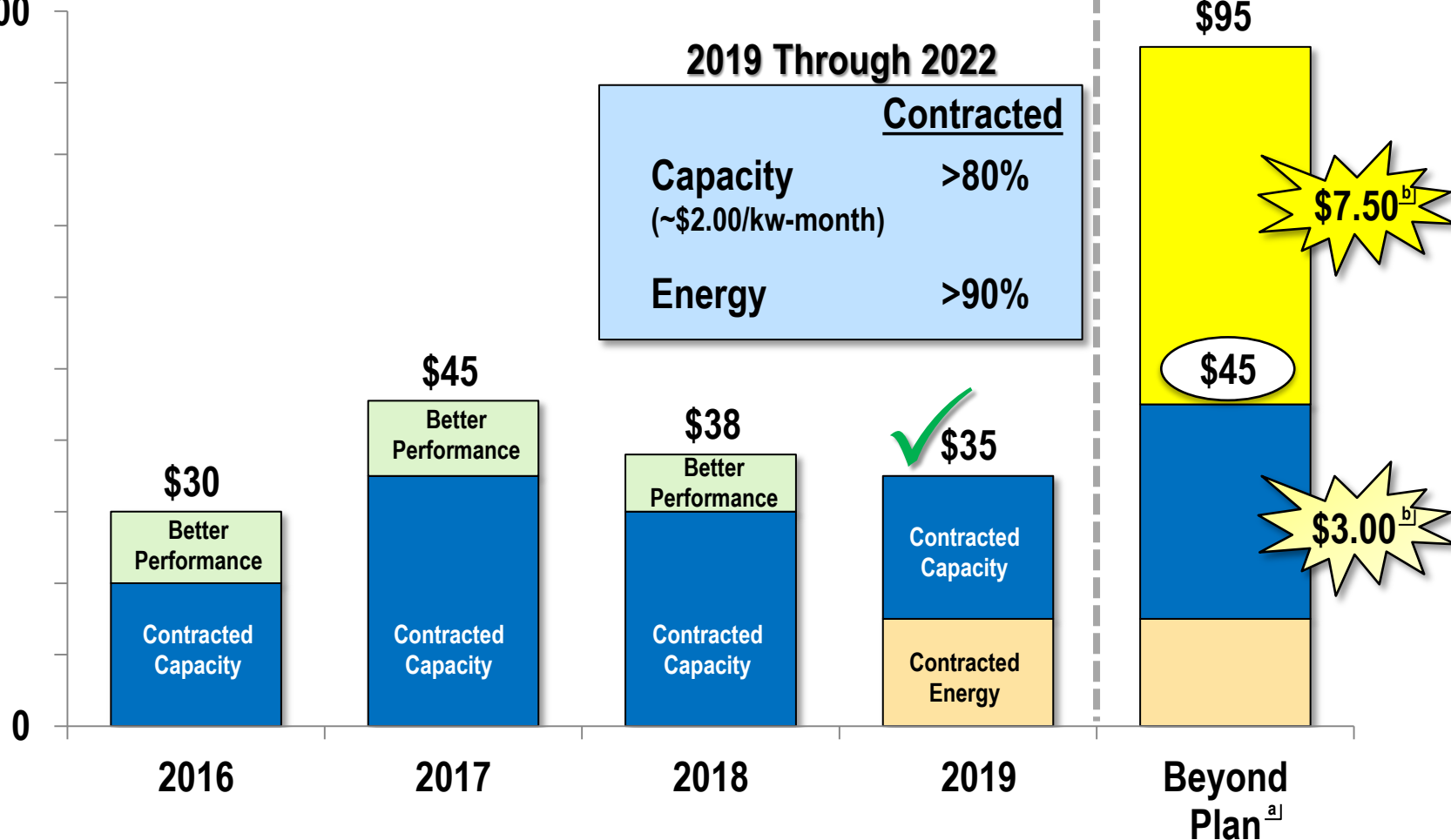
"DIG" (750 MW) & Peakers (200 MW)...

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Pre-Tax Income

(MM)

\$100



^{a)} Beyond Plan assumes 100% capacity available at \$3.00 and \$7.50/ kw-month. ^{b)} \$/ kw-month

... offers risk mitigation to Plan with future upside opportunities.

2019 and Long-Term Financial Targets...

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Adjusted EPS (non-GAAP)

2019

**\$2.47 to \$2.51
+6% to +8%**

Long-Term Plan

+6% to +8%

DPS growth

In-line w/ earnings

In-line w/ earnings

Operating cash flow (MM)

\$1,650

Up \$100^{a]}

Customer bills^{b]}

Electric

2%

< Inflation

Gas

(4)%

FFO/average debt (non-GAAP)

**~ 17%
(solid investment grade)**

**~ 17%
(solid investment grade)**

Utility investment (Bn)

\$2.2

~ \$2.2/ yr.

Planned equity issuance (MM)

\$70

Avg. ~ \$150/ yr.

^{a]} Beginning in 2020 ^{b]} 2018 normalized weather

... provide sustainable benefits for customer and investors. 21

CMS Energy Long-Term Growth Plan

Segments:

- | | | |
|------------------|----------------|---|
| - Utility | 6 - 7% | <ul style="list-style-type: none">• Needed system upgrades / robust backlog• Affordable prices driven by cost controls |
| - Enterprises | 0 - 1 | <ul style="list-style-type: none">• Largely contracted & utility-like• Contracted generation & renewables |
| - Parent & Other | <u>0 - (1)</u> | <ul style="list-style-type: none">• Tax planning• Supportive EnerBank contribution |

Total EPS Growth^{a)}

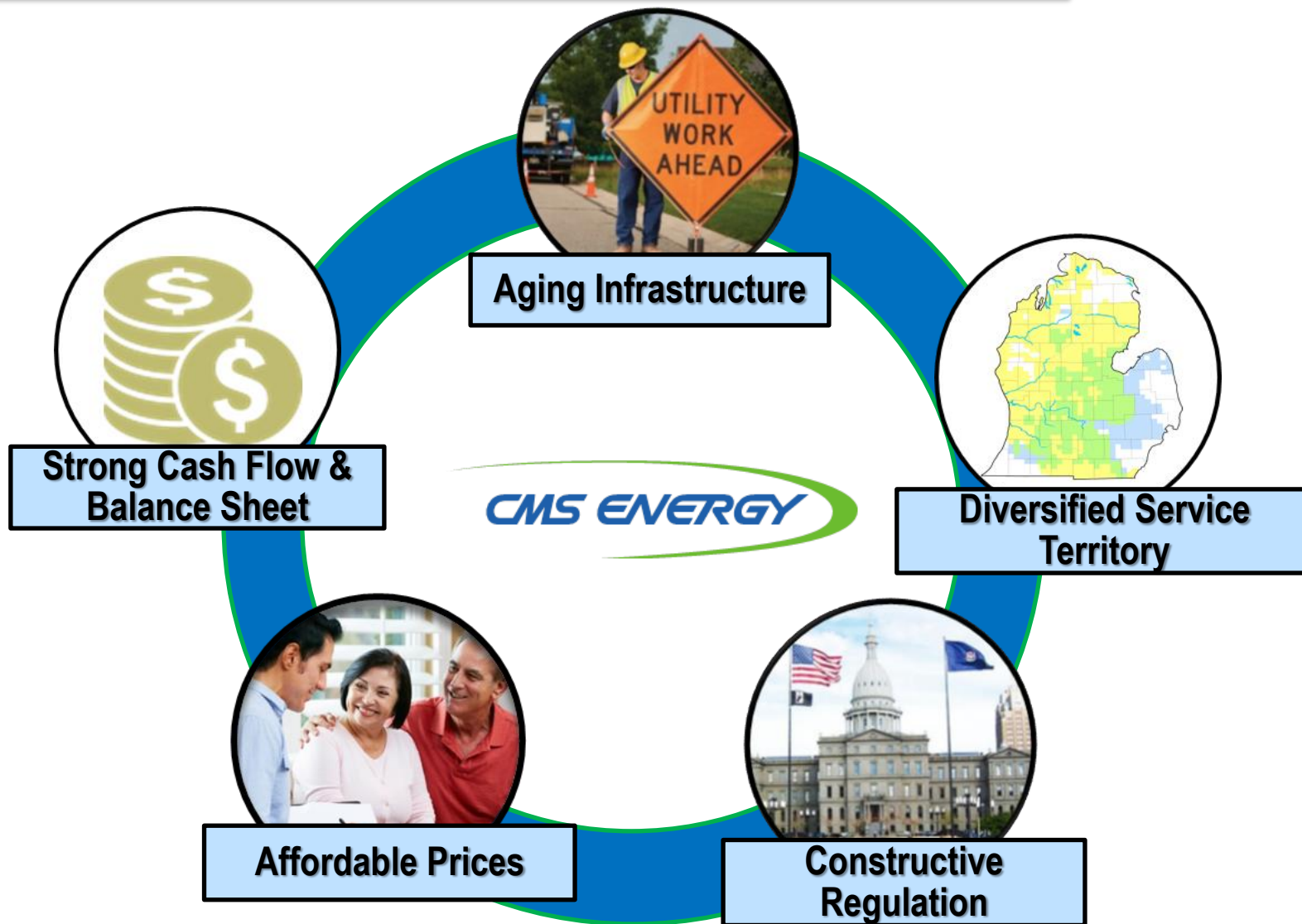
6 - 8%

^{a)}Adjusted EPS (non-GAAP)

... delivers consistent industry-leading financial performance.

Compelling Investment Thesis...

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... adaptive to changing conditions.

Appendix

		Full Year Impact	
	<u>Sensitivity</u>	<u>EPS^{a]}</u>	<u>OCF^{a]}</u> (MM)
Sales ^{b]}			
• Electric (37,789 GWh)	<u>±</u> 1%	<u>±</u> 6¢	<u>±</u> \$ 25
• Gas (303 Bcf)	<u>±</u> 5	<u>±</u> 9	<u>±</u> 35
Gas prices (NYMEX)			
	<u>±</u> 50¢	<u>±</u> 0	<u>±</u> 55
Utility ROE (planned)			
• Electric (10.0%)	<u>±</u> 10 bps	<u>±</u> 1½	<u>±</u> 6
• Gas (10.0%)	<u>±</u> 10	<u>±</u> < ½	<u>±</u> ~1
Interest rates ^{c]}			
	<u>±</u> 25 bps	<u>±</u> <1	<u>±</u> 2
Effective tax rate (19%)			
	<u>±</u> 100 bps	<u>±</u> 3	<u>±</u> 0

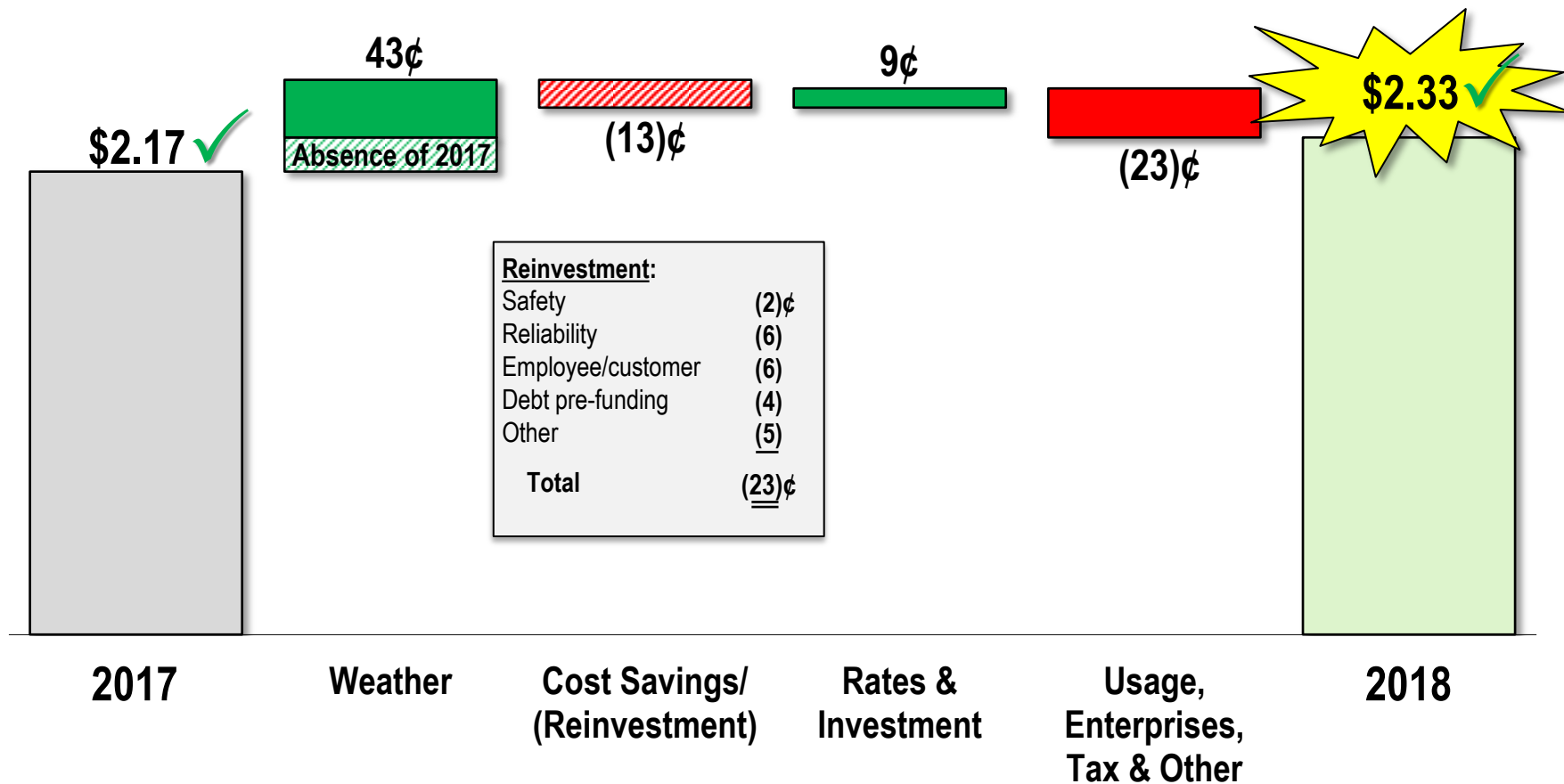
Marginal risk impact

Marginal
risk
impact

Settled
order
1/9

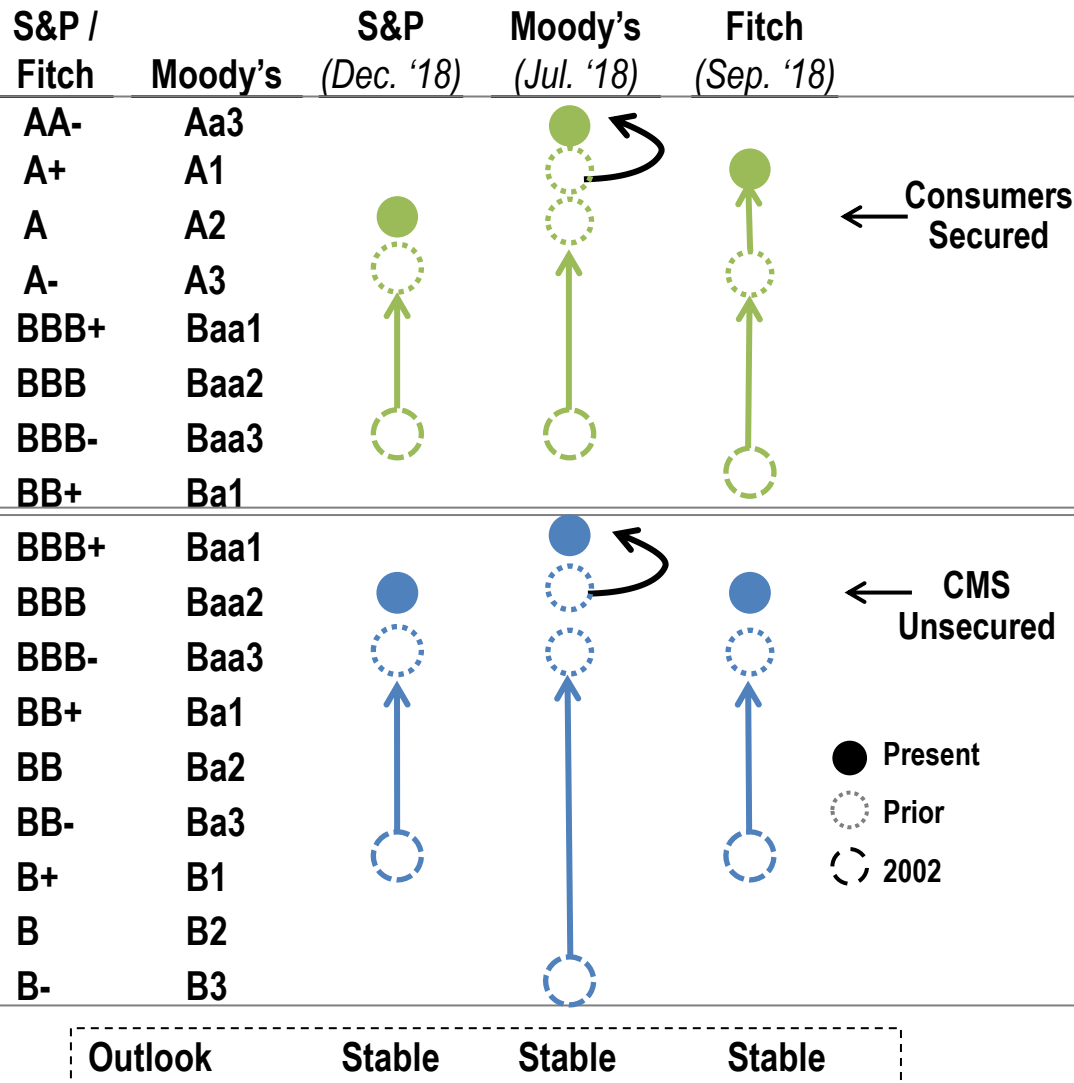
^{a]} Adjusted (non-GAAP) ^{b]} Reflect 2019 sales forecast; weather - normalized ^{c]} After the impact of pension expense

... reflect strong risk mitigation.



^{a)} Adjusted EPS (non-GAAP)

... illustrates another year of 6% to 8% growth.



Ratings Drivers

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

... at solid investment-grade levels.

Updated 5-year Plan

	(Bn)					
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Electric Utility	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.1	\$ 1.2	\$6.1
<i>New Renewables (incl. above)</i>	0.2	0.4	0.4	0	0	1.0
Gas Utility	<u>1.0</u>	<u>1.1</u>	<u>0.9</u>	<u>1.1</u>	<u>1.0</u>	<u>5.1</u>
Total	<u>\$2.2</u>	<u>\$2.4</u>	<u>\$2.2</u>	<u>\$2.2</u>	<u>\$2.2</u>	<u>\$11.2</u>
Depreciation & Amortization	\$1.0	\$1.0	\$1.1	\$1.1	\$1.2	\$5.4

2019 Pension & OPEB Impacts...

<u>Pension/OPEB</u>	<u>Amount</u> (MM)
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2018 Credit	\$63
-------------	------

Asset Performance	(43)
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Actuarial Assumptions (Including interest rates)	32
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2018 Contributions	<u>17</u>
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2019 Credit	<u>\$69</u>
-------------	-------------

- Closed pension plan
- 7% expected returns
- Balanced asset allocation

**\$6 MM
Better**

Funded Status:	<u>2018</u>
Pension	89%
OPEB	122%

... reduced with conservative financial planning.

2019 Financing Assumptions

	<u>2019</u> (MM)	
New Issuances:		
Consumers Energy:		
First Mortgage Bonds	\$600	• Supports Utility investment of \$2.2 Bn
CMS Parent:		
Term Loan (drawn)	\$300	• Provides short-term liquidity
Long-term Debt	630	• Senior unsecured & hybrids
Planned Equity	70	• Maintains healthy balance sheet
Retirements:		
Consumers Energy	\$ 0	• 2018 refinancing
CMS Parent	480	• Pay-down term loans

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	2017	2018	GAAP 2018 over 2003 CAGR NM	GAAP 2018 over 2017 Growth 41%
Reported earnings (loss) per share - GAAP	(\$0.30)	\$0.64	(\$0.44)	(\$0.41)	(\$1.02)	\$1.20	\$0.91	\$1.28	\$1.58	\$1.42	\$1.66	\$1.74	\$1.89	\$1.98	\$1.64	\$2.32		
Pretax items:																		
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)	0.12	(b)	0.01	
Enterprises	0.93	0.97	0.06	(0.12)	1.67	(0.02)	0.14	(0.05)	*	(0.01)	*	0.05	*	*	*	0.02		
Tax impact	(0.19)	(0.35)	(0.02)	0.10	(0.42)	*	(0.05)	0.02	(0.11)	*	(*)	(0.02)	(*)	(*)	0.20	(b)	(0.02)	
Corporate interest and other	0.25	(0.06)	0.06	0.45	0.17	0.01	0.01	*	-	*	*	*	*	0.02	0.01	*		
Tax impact	(0.09)	0.03	(0.02)	(0.18)	(0.49)	(0.03)	(*)	(*)	(0.01)	(*)	(*)	(*)	(*)	(0.01)	0.20	(b)	(*)	
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Adjusted earnings per share, including MTM - non-GAAP	\$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	\$2.17	Adjusted 2018 over 2003 CAGR 7%	Adjusted 2018 over 2017 Growth 7%
Mark-to-market		0.04	(0.65)	0.80														
Tax impact		(0.01)	0.22	(0.29)														
Adjusted earnings per share, excluding MTM - non-GAAP	NA	\$0.90	\$0.96	\$1.08	NA	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.

(b) Reflects the impact of tax reform.

NM is not calculable

CMS ENERGY CORPORATION

Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income by Quarter (Unaudited)

	In Millions, Except Per Share Amounts				GAAP
	2018				4Q18 over
	1Q	2Q	3Q	4Q	4Q17
Net Income Available to Common Stockholders	\$ 241	\$ 139	\$ 169	\$ 108	Growth
Reconciling items:					NM
Electric utility and gas utility	-	-	-	-	
Tax impact	-	-	-	2	
Enterprises	*	(3)	*	8	
Tax impact	(*)	1	(*)	(5)	Adjusted
Corporate interest and other	*	*	*	*	4Q18 over
Tax impact	(*)	(*)	(*)	(1)	4Q17
Discontinued operations (income) loss	*	*	(*)	(*)	Growth
Adjusted Net Income – Non-GAAP	\$ 241	\$ 137	\$ 169	\$ 112	-22%
Average Common Shares Outstanding – Diluted	282.2	282.6	283.2	283.3	
Diluted Earnings Per Average Common Share	\$ 0.86	\$ 0.49	\$ 0.59	\$ 0.38	
Reconciling items:					
Electric utility and gas utility	-	-	-	-	
Tax impact	-	-	-	*	
Enterprises	*	(0.01)	*	0.03	
Tax impact	(*)	*	(*)	(0.01)	
Corporate interest and other	*	*	*	*	
Tax impact	(*)	(*)	(*)	(*)	
Discontinued operations (income) loss	*	*	(*)	(*)	
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	\$ 0.86	\$ 0.48	\$ 0.59	\$ 0.40	

	In Millions, Except Per Share Amounts			
	2017			
	1Q	2Q	3Q	4Q
Net Income (Loss) Available to Common Stockholders	\$ 199	\$ 92	\$ 172	\$ (3)
Reconciling items:				
Electric utility and gas utility	-	-	-	-
Tax impact	-	-	-	34
Enterprises	*	*	1	1
Tax impact	(*)	(*)	(*)	56
Corporate interest and other	1	1	*	-
Tax impact	(*)	(1)	(*)	57
Discontinued operations loss	*	*	*	*
Adjusted Net Income – Non-GAAP	\$ 200	\$ 92	\$ 173	\$ 145
Average Common Shares Outstanding – Diluted	279.9	280.3	281.6	280.8
Diluted Earnings (Loss) Per Average Common Share	\$ 0.71	\$ 0.33	\$ 0.61	\$ (0.01)
Reconciling items:				
Electric utility and gas utility	-	-	-	-
Tax impact	-	-	-	0.12
Enterprises	*	*	*	*
Tax impact	(*)	(*)	(*)	0.20
Corporate interest and other	*	*	0.01	*
Tax impact	(*)	(*)	(*)	0.20
Discontinued operations loss	*	*	*	*
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	\$ 0.71	\$ 0.33	\$ 0.62	\$ 0.51

* Less than \$0.5 million or \$0.01 per share.
NM is not calculable

CMS ENERGY CORPORATION

Reconciliations of GAAP Net Income to Non-GAAP Adjusted Net Income (Unaudited)

	<i>In Millions, Except Per Share Amounts</i>			
	Three Months Ended		Twelve Months Ended	
	12/31/18	12/31/17	12/31/18	12/31/17
Net Income (Loss) Available to Common Stockholders	\$ 108	\$ (3)	\$ 657	\$ 460
<i>Reconciling items:</i>				
Discontinued operations (income) loss	(*)	*	(*)	*
Other exclusions from adjusted earnings	8	1	9	4
Tax impact	(*)	(1)	(*)	(2)
Gain on assets previously sold	-	-	(4)	-
Tax impact	-	-	1	-
Tax reform	(4)	148	(4)	148
Adjusted net income – non-GAAP	<u>\$ 112</u>	<u>\$ 145</u>	<u>\$ 659</u>	<u>\$ 610</u>
Average Common Shares Outstanding				
Basic	282.6	280.8	282.2	280.0
Diluted	283.3	280.8	282.9	280.8
Basic Earnings (Loss) Per Average Common Share				
Reported net income (loss) per share	\$ 0.38	\$ (0.01)	\$ 2.33	\$ 1.64
<i>Reconciling items:</i>				
Discontinued operations (income) loss	(*)	*	(*)	*
Other exclusions from adjusted earnings	0.03	*	0.03	0.01
Tax impact	(*)	(*)	(*)	(*)
Gain on assets previously sold	-	-	(0.01)	-
Tax impact	-	-	*	-
Tax reform	(0.02)	0.52	(0.02)	0.52
Adjusted net income per share – non-GAAP	<u>\$ 0.39</u>	<u>\$ 0.51</u>	<u>\$ 2.33</u>	<u>\$ 2.17</u>
Diluted Earnings (Loss) Per Average Common Share				
Reported net income (loss) per share	\$ 0.38	\$ (0.01)	\$ 2.32	\$ 1.64
<i>Reconciling items:</i>				
Discontinued operations (income) loss	(*)	*	(*)	*
Other exclusions from adjusted earnings	0.03	*	0.03	0.01
Tax impact	(*)	(*)	(*)	(*)
Gain on assets previously sold	-	-	(0.01)	-
Tax impact	-	-	*	-
Tax reform	(0.01)	0.52	(0.01)	0.52
Adjusted net income per share – non-GAAP	<u>\$ 0.40</u>	<u>\$ 0.51</u>	<u>\$ 2.33</u>	<u>\$ 2.17</u>

* Less than \$0.5 million or \$0.01 per share.

Management views adjusted (non-Generally Accepted Accounting Principles) 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. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, regulatory items from prior years, or other items detailed in these summary financial statements. Adjusted earnings should be considered supplemental information to assist in understanding our business results, rather than as a substitute for reported earnings.

CMS ENERGY CORPORATION

Reconciliation of GAAP EPS to Non-GAAP Adjusted EPS by Segment (Unaudited)

	<i>In Millions, Except Per Share Amounts</i>			
	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/17</u>
Electric Utility				
Reported net income per share	\$ 0.24	\$ 0.22	\$ 1.89	\$ 1.62
<i>Reconciling items:</i>				
Tax reform	*	0.09	0.01	0.09
Adjusted net income per share – non-GAAP	<u>\$ 0.24</u>	<u>\$ 0.31</u>	<u>\$ 1.90</u>	<u>\$ 1.71</u>
Gas Utility				
Reported net income per share	\$ 0.23	\$ 0.26	\$ 0.60	\$ 0.62
<i>Reconciling items:</i>				
Tax reform	*	0.03	*	0.03
Adjusted net income per share – non-GAAP	<u>\$ 0.23</u>	<u>\$ 0.29</u>	<u>\$ 0.60</u>	<u>\$ 0.65</u>
Enterprises				
Reported net income (loss) per share	\$ -	\$ (0.19)	\$ 0.12	\$ (0.09)
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	0.03	*	0.03	*
Tax impact	(*)	(*)	(*)	(*)
Tax reform	(0.01)	0.20	(0.02)	0.20
Gain on assets previously sold	-	-	(0.01)	-
Tax impact	-	-	*	-
Adjusted net income per share – non-GAAP	<u>\$ 0.02</u>	<u>\$ 0.01</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>
Corporate Interest and Other				
Reported net loss per share	\$ (0.09)	\$ (0.30)	\$ (0.29)	\$ (0.51)
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	*	*	*	0.01
Tax impact	(*)	(*)	(*)	(*)
Tax reform	(*)	0.20	(*)	0.20
Adjusted net loss per share – non-GAAP	<u>\$ (0.09)</u>	<u>\$ (0.10)</u>	<u>\$ (0.29)</u>	<u>\$ (0.30)</u>
Discontinued Operations				
Reported net income (loss) per share	\$ *	\$ (*)	\$ *	\$ (*)
<i>Reconciling items:</i>				
Discontinued operations (income) loss	(*)	*	(*)	*
Adjusted net income per share – non-GAAP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Consolidated				
Reported net income (loss) per share	\$ 0.38	\$ (0.01)	\$ 2.32	\$ 1.64
<i>Reconciling items:</i>				
Discontinued operations (income) loss	(*)	*	(*)	*
Other exclusions from adjusted earnings	0.03	*	0.03	0.01
Tax impact	(*)	(*)	(*)	(*)
Tax reform	(0.01)	0.52	(0.01)	0.52
Gain on assets previously sold	-	-	(0.01)	-
Tax impact	-	-	*	-
Adjusted net income per share – non-GAAP	<u>\$ 0.40</u>	<u>\$ 0.51</u>	<u>\$ 2.33</u>	<u>\$ 2.17</u>
Average Common Shares Outstanding – Diluted	<u>283.3</u>	<u>280.8</u>	<u>282.9</u>	<u>280.8</u>

* Less than \$0.01 per share.

CMS ENERGY CORPORATION

Reconciliation of Non-GAAP FFO to Average Debt Ratio (Unaudited)

FUNDS FROM OPERATIONS		<i>In Millions</i>
		<u>Year Ended</u>
		<u>12/31/18</u>
Net Cash Provided by Operating Activities	\$	1,703
<i>Reconciling items:</i>		
Pension contribution		240
Working capital		(105)
Other		(135)
Funds From Operations (FFO) – Non-GAAP	<u>\$</u>	<u>1,703</u>

AVERAGE DEBT		<i>In Millions</i>
		<u>As of</u>
		<u>12/31/18</u> <u>12/31/17</u>
Indebtedness		
Long-term debt ⁽¹⁾	\$	11,589 \$ 10,204
Capital leases and financing obligation ⁽¹⁾		91 113
Notes payable ⁽¹⁾		97 170
Total Indebtedness		11,777 10,487
<i>Reconciling items:</i>		
Securitization debt ⁽¹⁾		(277) (302)
EnerBank debt ⁽¹⁾		(1,758) (1,245)
50% of Junior subordinated notes ⁽¹⁾		(240) -
Adjusted Debt – Non-GAAP	<u>\$</u>	<u>9,502 \$ 8,940</u>
Average Debt – Non-GAAP	<u>\$</u>	<u>9,221</u>

⁽¹⁾ Includes current and non-current portions.

FFO TO AVERAGE DEBT RATIO		<i>In Millions, Except Ratio</i>
		<u>Year Ended</u>
		<u>12/31/18</u>
Funds from operations (FFO) – non-GAAP	\$	1,703
Average debt – non-GAAP	\$	9,221
FFO to Average Debt Ratio – Non-GAAP		<u>18.5%</u>