

CMS ENERGY AND CONSUMERS ENERGY
BOARD AND COMMITTEE FINANCIAL AUTHORITIES POLICY

| <u>Topic</u> | <u>Board Approval</u> (mils) | <u>Committee Approval</u> (mils) | <u>Frequency of Board or Committee Review</u> | <u>Comments</u> |
|---|-----------------------------------|-------------------------------------|--|--|
| STRATEGIC PLAN (5-Year) | Approval Required | None | Annual in August (by resolution) | |
| INDIVIDUAL MULTI-YEAR PROJECTS and ANNUAL BUDGET (Present Year) | | | | |
| • Earnings per Share and Free Cash Flow Budget | Approval Required | None | Annual in January (by resolution) Monthly status (Performance Report – EPS, FCF, CapEx) Multi-year projects approved as needed | |
| • Capital Expenditures and Leases (including acquisitions) - Multi-year Projects - Projects/Leases Not Approved in Budget | >\$250 | Finance >\$50 | | |
| • Legal Settlements (claims filed against the Company) | >\$10 (net of insurance proceeds) | None | As needed | Board approval is not required for any rate proceeding or tax matter. In time-sensitive situations when convening the entire Board is not feasible, as determined by the General Counsel, the Board delegates its authority to approve legal settlements to the Executive Committee. |
| • Legal Settlements involving claims of sexual harassment (quid pro quo/hostile work environment) | Review only | None | As needed | Any settlement of a sexual harassment claim shall be reviewed with the Board in advance of finalizing. |
| • Asset Sales | >\$20 | Finance >\$10 | As needed | No approval is needed for financial assets. |
| • Sale / Purchase of Real Property | > \$15 | Finance >\$10 | As needed | Excludes real property sold or purchased in connection with a previously approved Board project |

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| VARIANCE FROM PRIOR APPROVAL | | | | |
| • Change in Strategy (enter new business/market) | >\$10 | None | As needed | |
| • Capital Expenditures and Leases; Asset Sales; or Sale / Purchase of Real Property | >10% (Board approved projects) | >10% (Finance approved projects) | As needed | Annual Review for “Open Capital Projects” only. Approval is needed if >10% unless authorizing resolution states otherwise. Additional Board approval required if the Finance variance increases the aggregate capital expenditure >\$250. |
| FINANCING | | | | |
| • Annual Financing Plan | None | Finance - Review only | | |
| - Common Equity and Convertible Securities | ALL | Finance | As needed | Special Financing Committee approves terms of each offering |
| - Borrowings - Securities (Non-convertible) (Debt, Preferred Stock or Trust Preferred) | - Shelf Registration - ALL – Aggregate Amount | Finance | As needed | Special Financing Committee approves terms of CE offerings. Includes Term Loans |
| - Consumers Energy FERC Financing Authority | FERC Max Authority | Finance | As needed | |
| - Bank Revolving Credit Facilities and Reimbursement Agreements | None | Finance >\$50 | As needed for increases in size or maturity | Includes Revolving credit facilities, and Reimbursement Agreements (specifically excludes Term Loans) |
| - Buy Capital Stock / Capital Contributions / Loans to Subsidiaries (excluding Consumers Energy) | >\$100 per Transaction | Finance | As needed | |
| - Financial Support for Subsidiary or Project Financings | None | Finance >\$50 per Transaction | As needed | Includes Guarantees |
| - Capital Contributions to Consumers Energy | >\$500 Aggregate Amount | Finance | As needed | |

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|---|-------------------------------------|----------------------------------|--|---|
| - CMS Loan to Consumers Energy | ALL | Finance | Annually or as needed | |
| - Derivatives | Not required | None | None | |
| - Redemption, Purchase and Tender of Debt, Preferred Stock or Trust Preferred Securities | ALL – Aggregate amount | Finance | As needed to increase/replenish existing authority level | Excludes regular way maturities and term loan redemptions from the aggregate amount; no additional redemption authority is required for regular way maturities or early term loan redemptions prior to maturity date. |
| CONTRIBUTIONS | | | | |
| • Contributions to CMS and Consumers Energy Foundations | >\$10 / Year per Foundation | GS&PR | As needed | |
| • CMS and CE Foundation Grants | Review only | GS&PR - Review only | Annually all grants reviewed | |
| • Corporate Charitable Contributions Authorized by CEO | >\$0.1 / Contribution or \$1 / Year | GS&PR | Annually with Foundation Reports or as needed | |
| • Corporate Political Contributions | >\$0.01 / Contribution | GS&PR | Annually or as needed | |
| ENERBANK USA* | | | | |
| • Annual CMS capital contributions to EnerBank | None | Finance >\$25 | As needed | |
| • Acquisition of a company/ business by Enerbank | None | Finance >\$25 | As needed | |
| • Purchase/Sale of loan portfolio | None | Finance >20% | As needed | Approval required for purchases/sales which individually exceed 20% of the total outstanding loan portfolio at time of sale |
| • Sale of all, or substantially all, of CMS interest in EnerBank | Any transaction | Finance | As needed | |
| *The general provisions of the Financial Authorities Policy, that are relevant to EnerBank USA's activities, also apply to EnerBank USA to the extent that they are not covered by the above-stated EnerBank USA specific provisions. | | | | |

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| Enterprises | | | | |
| • Capital expenditures, leases, and asset acquisitions | >\$50 | Finance >\$15 | As needed | |
| • Asset Sales (equipment, development rights, etc.) | >\$50 | Finance >\$15 | As needed | Based on book value of assets sold. Policy applies except as otherwise needed to execute a financing (e.g. sale-leaseback) |
| • Sale of all, or substantially all, of CMS interest in Enterprises | Any transaction | Finance | As needed | |
| • Financing Activities: including project financing, guarantees, capital contributions | ALL | Finance | Annually or as needed | Board and Committee approval will be prior to projects. Financing plan will be presented annually as part of budget. Includes aggregate exposure for guarantees, reimbursement agreements, project or construction financing, etc. |
| *The general provisions of the Financial Authorities Policy, that are relevant to Enterprises activities, also apply to Enterprises to the extent that they are not covered by the above-stated Enterprises specific provisions. | | | | |