

## **GAAP Reconciliation**

**CMS ENERGY CORPORATION**  
**Reconciliation of Non-GAAP FFO to Average Debt Ratio**  
**(Unaudited)**

<b>FUNDS FROM OPERATIONS</b>	<i>In Millions</i>	
	<b>Year Ended</b>	
	<b>12/31/17</b>	
<b>Net Cash Provided by Operating Activities</b>	\$	1,705
<i>Reconciling item:</i>		
Securitization amortization and other		10
<b>Funds From Operations (FFO) – Non-GAAP</b>	<b>\$</b>	<b>1,715</b>

<b>AVERAGE DEBT</b>	<i>In Millions</i>		
	<b>As of</b>		
	<b>12/31/17</b>		<b>12/31/16</b>
<b>Indebtedness</b>			
Long-term debt <sup>(1)</sup>	\$	10,204	\$ 9,504
Capital leases and financing obligation <sup>(1)</sup>		113	132
Notes payable <sup>(1)</sup>		170	398
<b>Total Indebtedness</b>		10,487	10,034
<i>Reconciling items:</i>			
Securitization debt <sup>(1)</sup>		(302)	(328)
EnerBank debt <sup>(1)</sup>		(1,245)	(1,198)
<b>Adjusted Debt – Non-GAAP</b>	<b>\$</b>	<b>8,940</b>	<b>\$ 8,508</b>
<b>Average Debt – Non-GAAP</b>	<b>\$</b>	<b>8,724</b>	

<sup>(1)</sup> Includes current and non-current portions.

<b>FFO TO AVERAGE DEBT RATIO</b>	<i>In Millions, Except Ratio</i>	
	<b>Year Ended</b>	
	<b>12/31/17</b>	
Funds from operations (FFO) – non-GAAP	\$	1,715
Average debt – non-GAAP	\$	8,724
<b>FFO to Average Debt Ratio – Non-GAAP</b>		<b>19.7%</b>

**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
<b>Reported earnings (loss) per share - GAAP</b>	(\$0.30)	\$0.64	(\$0.44)	(\$0.41)	(\$1.02)	\$1.20	\$0.91	\$1.28	\$1.58	\$1.42	\$1.66	\$1.74	\$1.89	\$1.98	\$1.64
<b>Pretax items:</b>															
Electric and gas utility	0.32	(0.60)	-	-	(0.06)	0.08	0.55	0.05	-	0.27	-	-	-	0.04	-
Tax impact	(0.11)	0.21	-	-	(0.01)	(0.03)	(0.22)	(0.02)	-	(0.10)	-	-	-	(0.01)	0.12
Enterprises	0.93	0.97	0.06	(0.12)	1.67	(0.02)	0.14	(0.05)	*	(0.01)	*	0.05	*	*	*
Tax impact	(0.19)	(0.35)	(0.02)	0.10	(0.42)	*	(0.05)	0.02	(0.11)	*	(*)	(0.02)	(*)	(*)	0.20
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
Discontinued operations (income) loss, net	(0.16)	0.02	(0.07)	(0.03)	0.40	(*)	(0.08)	0.08	(0.01)	(0.03)	*	(*)	(*)	*	*
Asset impairment charges	-	-	2.80	1.07	0.93	-	-	-	-	-	-	-	-	-	-
Tax impact	-	-	(0.98)	(0.31)	(0.33)	-	-	-	-	-	-	-	-	-	-
Cumulative accounting changes	0.25	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax impact	(0.09)	(0.01)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted earnings per share, including MTM - non-GAAP</b>	\$0.81	\$0.87	\$1.39	\$0.57	\$0.84	\$1.21 (a)	\$1.26	\$1.36	\$1.45	\$1.55	\$1.66	\$1.77	\$1.89	\$2.02	\$2.17
Mark-to-market		0.04	(0.65)	0.80											
Tax impact		(0.01)	0.22	(0.29)											
<b>Adjusted earnings per share, excluding MTM - non-GAAP</b>	NA	\$0.90	\$0.96	\$1.08	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

\* Less than \$0.01 per share.

(a) \$1.25 excluding discontinued Exeter operations and accounting changes related to convertible debt and restricted stock.

## CMS ENERGY CORPORATION

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

	<i>In Millions, Except Per Share Amounts</i>			
	2018			
	1Q	2Q		
<b>Net Income Available to Common Stockholders</b>	\$ 241	\$ 139		
<i>Reconciling items:</i>				
Electric utility and gas utility	-	-		
Tax impact	-	-		
Enterprises	*	(3)		
Tax impact	(*)	1		
Corporate interest and other	*	*		
Tax impact	(*)	(*)		
Discontinued operations loss	*	*		
<b>Adjusted Net Income – Non-GAAP</b>	<u>\$ 241</u>	<u>\$ 137</u>		
<b>Average Common Shares Outstanding – Diluted</b>	282.2	282.6		
<b>Diluted Earnings Per Average Common Share</b>	\$ 0.86	\$ 0.49		
<i>Reconciling items:</i>				
Electric utility and gas utility	-	-		
Tax impact	-	-		
Enterprises	*	(0.01)		
Tax impact	(*)	*		
Corporate interest and other	*	*		
Tax impact	(*)	(*)		
Discontinued operations loss	*	*		
<b>Adjusted Diluted Earnings Per Average Common Share – Non-GAAP</b>	<u>\$ 0.86</u>	<u>\$ 0.48</u>		

  

	<i>In Millions, Except Per Share Amounts</i>			
	2017			
	1Q	2Q	3Q	4Q
<b>Net Income (Loss) Available to Common Stockholders</b>	\$ 199	\$ 92	\$ 172	\$ (3)
<i>Reconciling items:</i>				
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	*	*	*	*
<b>Adjusted Net Income – Non-GAAP</b>	<u>\$ 200</u>	<u>\$ 92</u>	<u>\$ 173</u>	<u>\$ 145</u>
<b>Average Common Shares Outstanding – Diluted</b>	279.9	280.3	281.6	280.8
<b>Diluted Earnings (Loss) Per Average Common Share</b>	\$ 0.71	\$ 0.33	\$ 0.61	\$ (0.01)
<i>Reconciling items:</i>				
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	*	*	*	*
<b>Adjusted Diluted Earnings Per Average Common Share – Non-GAAP</b>	<u>\$ 0.71</u>	<u>\$ 0.33</u>	<u>\$ 0.62</u>	<u>\$ 0.51</u>

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

## 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>Six Months Ended</u>	
	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/17</u>
<b>Electric Utility</b>				
Reported net income per share	\$ 0.46	\$ 0.34	\$ 0.95	\$ 0.78
<i>Reconciling items:</i>				
Restructuring costs and other	-	-	-	-
Adjusted net income per share – non-GAAP	<u>\$ 0.46</u>	<u>\$ 0.34</u>	<u>\$ 0.95</u>	<u>\$ 0.78</u>
<b>Gas Utility</b>				
Reported net income per share	\$ 0.07	\$ 0.03	\$ 0.44	\$ 0.34
<i>Reconciling items:</i>				
Restructuring costs and other	-	-	-	-
Adjusted net income per share – non-GAAP	<u>\$ 0.07</u>	<u>\$ 0.03</u>	<u>\$ 0.44</u>	<u>\$ 0.34</u>
<b>Enterprises</b>				
Reported net income per share	\$ 0.05	\$ 0.03	\$ 0.11	\$ 0.07
<i>Reconciling items:</i>				
Restructuring costs and other	*	*	*	*
Tax impact	(*)	(*)	(*)	(*)
Gain on assets previously sold	(0.01)	-	(0.01)	-
Tax impact	*	-	*	-
Adjusted net income per share – non-GAAP	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ 0.10</u>	<u>\$ 0.07</u>
<b>Corporate Interest and Other</b>				
Reported net loss per share	\$ (0.09)	\$ (0.07)	\$ (0.15)	\$ (0.15)
<i>Reconciling items:</i>				
Restructuring costs and other	*	*	*	*
Tax impact	(*)	(*)	(*)	(*)
Adjusted net loss per share – non-GAAP	<u>\$ (0.09)</u>	<u>\$ (0.07)</u>	<u>\$ (0.15)</u>	<u>\$ (0.15)</u>
<b>Discontinued Operations</b>				
Reported net loss per share	\$ (*)	\$ (*)	\$ (*)	\$ (*)
<i>Reconciling items:</i>				
Discontinued operations loss	*	*	*	*
Adjusted net income per share – non-GAAP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Consolidated</b>				
Reported net income per share	\$ 0.49	\$ 0.33	\$ 1.35	\$ 1.04
<i>Reconciling items:</i>				
Discontinued operations loss	*	*	*	*
Restructuring costs and other	*	*	*	*
Tax impact	(*)	(*)	(*)	(*)
Gain on assets previously sold	(0.01)	-	(0.01)	-
Tax impact	*	-	*	-
Adjusted net income per share – non-GAAP	<u>\$ 0.48</u>	<u>\$ 0.33</u>	<u>\$ 1.34</u>	<u>\$ 1.04</u>
<b>Average Common Shares Outstanding – Diluted</b>	<u>282.6</u>	<u>280.3</u>	<u>282.4</u>	<u>280.1</u>

\* Less than \$0.01 per share.

## 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		Six Months Ended	
	6/30/18	6/30/17	6/30/18	6/30/17
<b>Net Income Available to Common Stockholders</b>	\$ 139	\$ 92	\$ 380	\$ 291
<i>Reconciling items:</i>				
Discontinued operations loss	*	*	*	*
Restructuring costs and other	1	1	1	2
Tax impact	(*)	(1)	(*)	(1)
Gain on assets previously sold	(4)	-	(4)	-
Tax impact	1	-	1	-
Adjusted net income – non-GAAP	<u>\$ 137</u>	<u>\$ 92</u>	<u>\$ 378</u>	<u>\$ 292</u>
<b>Average Common Shares Outstanding</b>				
Basic	282.1	279.5	281.8	279.2
Diluted	282.6	280.3	282.4	280.1
<b>Basic Earnings Per Average Common Share</b>				
Reported net income per share	\$ 0.49	\$ 0.33	\$ 1.35	\$ 1.04
<i>Reconciling items:</i>				
Discontinued operations loss	*	*	*	*
Restructuring costs and other	*	*	*	*
Tax impact	(*)	(*)	(*)	(*)
Gain on assets previously sold	(0.01)	-	(0.01)	-
Tax impact	*	-	*	-
Adjusted net income per share – non-GAAP	<u>\$ 0.48</u>	<u>\$ 0.33</u>	<u>\$ 1.34</u>	<u>\$ 1.04</u>
<b>Diluted Earnings Per Average Common Share</b>				
Reported net income per share	\$ 0.49	\$ 0.33	\$ 1.35	\$ 1.04
<i>Reconciling items:</i>				
Discontinued operations loss	*	*	*	*
Restructuring costs and other	*	*	*	*
Tax impact	(*)	(*)	(*)	(*)
Gain on assets previously sold	(0.01)	-	(0.01)	-
Tax impact	*	-	*	-
Adjusted net income per share – non-GAAP	<u>\$ 0.48</u>	<u>\$ 0.33</u>	<u>\$ 1.34</u>	<u>\$ 1.04</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**  
**Reconciliations of GAAP Net Income to Non-GAAP EBIT and EBITDA**  
**(Unaudited)**

	<i>In Millions</i>		
	<b>Twelve Months Ended</b>		
	<u>6/30/18</u>	<u>12/31/17</u>	<u>6/30/17</u>
<b>Net Income Available to Common Stockholders</b>	\$ 549	\$ 460	\$ 554
<i>Reconciling items:</i>			
Income tax expense	346	424	284
Interest on long-term debt	406	406	411
Other interest expense	39	34	31
Allowance for borrowed funds used during construction	(1)	(2)	(4)
Income attributable to noncontrolling interests	2	2	2
Restructuring costs and other	3	4	10
Gain on assets previously sold	(4)	-	-
Tax reform	148	148	-
Voluntary separation program	-	-	11
	<hr/>	<hr/>	<hr/>
<b>EBIT – Non-GAAP</b>	1,488	1,476	1,299
<i>Additional reconciling items:</i>			
Depreciation and amortization	905	881	856
	<hr/>	<hr/>	<hr/>
<b>EBITDA – Non-GAAP</b>	<u>\$ 2,393</u>	<u>\$ 2,357</u>	<u>\$ 2,155</u>

**CONSUMERS ENERGY COMPANY**  
**Reconciliations of GAAP Net Income to Non-GAAP EBIT and EBITDA**  
**(Unaudited)**

	<i>In Millions</i>		
	Twelve Months Ended		
	6/30/18	12/31/17	6/30/17
<b>Net Income Available to Common Stockholder</b>	\$ 709	\$ 630	\$ 625
<i>Reconciling items:</i>			
Income tax expense	256	339	323
Interest on long-term debt	265	263	263
Other interest expense	17	15	13
Allowance for borrowed funds used during construction	(1)	(2)	(4)
Preferred stock dividends	2	2	2
Tax reform	33	33	-
Voluntary separation program	-	-	11
	1,281	1,280	1,233
<b>EBIT – Non-GAAP</b>	1,281	1,280	1,233
<i>Additional reconciling items:</i>			
Depreciation and amortization	895	872	848
	895	872	848
<b>EBITDA – Non-GAAP</b>	\$ 2,176	\$ 2,152	\$ 2,081



## CMS ENERGY CORPORATION

### Weather Impacts on Year Over Year Earnings (Unaudited)

	<i>In Millions, Except Per Share Amounts</i>		
	<u>Six Months Ended</u>		
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>Change</u>
<b>Net Income Available to Common Stockholders</b>	\$ 380	\$ 291	\$ 89
<i>Reconciling items:</i>			
Restructuring costs and other	1	2	(1)
Tax impact	(*)	(1)	1
Gain on assets previously sold	(4)	-	(4)
Tax impact	<u>1</u>	<u>-</u>	<u>1</u>
<b>Adjusted Net Income</b>	\$ 378	\$ 292	\$ 86
<i>Reconciling items:</i>			
Non-normal weather impact	(32)	72	(104)
Tax impact	<u>8</u>	<u>(28)</u>	<u>36</u>
<b>Non-Normal Weather Impact (Net)</b>	<u>\$ (24)</u>	<u>\$ 44</u>	<u>\$ (68)</u>
<b>Adjusted Weather-Normalized Net Income</b>	<u>\$ 354</u>	<u>\$ 336</u>	<u>\$ 18</u>
<b>Reported Net Income Per Share</b>	\$ 1.35	\$ 1.04	\$ 0.31
<i>Reconciling items:</i>			
Restructuring costs and other	*	*	*
Tax impact	(*)	(*)	(*)
Gain on assets previously sold	(0.01)	-	(0.01)
Tax impact	<u>*</u>	<u>-</u>	<u>*</u>
<b>Adjusted Net Income Per Share</b>	\$ 1.34	\$ 1.04	\$ 0.30
<i>Reconciling items:</i>			
Non-normal weather impact	(0.11)	0.26	(0.37)
Tax impact	<u>0.03</u>	<u>(0.10)</u>	<u>0.13</u>
<b>Non-Normal Weather Impact (Net)</b>	<u>\$ (0.08)</u>	<u>\$ 0.16</u>	<u>\$ (0.24)</u>
<b>Adjusted Weather-Normalized</b>			
<b>Net Income Per Share</b>	<u>\$ 1.26</u>	<u>\$ 1.20</u>	<u>\$ 0.06</u>
<b>Average Common Shares Outstanding</b>	282.4	280.1	

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

**CONSUMERS ENERGY**

Reconciliation of Cost Reductions

	<u>2006</u>	<u>2016</u>	
	(mils)	(mils)	CAGR
			2006-2016
<b>Maintenance &amp; Other Operating Expenses (GAAP)</b>	<b>\$ (1,179)</b>	<b>\$ (1,090)</b>	<b>-0.8%</b>
<b>Less:</b>			
Gas & Energy Efficiency			-2.7%
Other			0.5%
<b>Total Adjustments</b>			<b>-2.2%</b>
<b>Cost Reductions (3% a year)</b>			<b>-3.0%</b>

**CONSUMERS ENERGY**

Reconciliation of O&M Costs (Annual decrease %)

	<u>2013</u>	<u>2016</u>	
	(mils)	(mils)	CAGR
			2014-2016
<b>Maintenance &amp; Other Operating Expenses (GAAP)</b>	<b>\$ (1,174)</b>	<b>\$ (1,090)</b>	<b>-2.4%</b>
<b>Less:</b>			
Restructuring Costs & Other			<b>-1.1%</b>
<b>O&amp;M Costs (Annual Decrease %)</b>			<b>-3.5%</b>

**CONSUMERS ENERGY COMPANY**  
**Reconciliation of GAAP Operations & Maintenance to Non-GAAP Operations & Maintenance**  
**(Unaudited)**

	<i>In Millions</i>		
	Twelve Months Ended		
	12/31/2013	12/31/2017	2017 over 2013
<b>GAAP O&amp;M</b>	\$ (1,174)	\$ (1,113)	-5%
<b>Less:</b>			
<b>Restructuring Costs &amp; Other</b>			-6%
<b>Adjusted Non-GAAP O&amp;M</b>			-11%

**CONSUMERS ENERGY**

Reconciliation of Annual O&M Spend

	<u>2016</u> (mils)
<b>Maintenance &amp; Other Operating Expenses (GAAP)</b>	<b>\$ (1,090)</b>
Less:	
<i>Energy Efficiency &amp; Other</i>	\$ 142
<b>O&amp;M Spend</b>	<b>\$ (948)</b>
<i>Rounded</i>	<b>\$ (950)</b>