

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 | \$2.33 | 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 | 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)

| | <i>In Millions, Except Per Share Amounts</i> | | | | GAAP 4Q18 over 4Q17 <u>Growth</u> NM |
|--|--|----------------|----------------|----------------|--|
| | 2018 | | | | |
| | 1Q | 2Q | 3Q | 4Q | |
| Net Income Available to Common Stockholders | \$ 241 | \$ 139 | \$ 169 | \$ 108 | |
| <i>Reconciling items:</i> | | | | | |
| Electric utility and gas utility | - | - | - | - | |
| Tax impact | - | - | - | 2 | |
| Enterprises | * | (3) | * | 8 | |
| Tax impact | (*) | 1 | (*) | (5) | |
| Corporate interest and other | * | * | * | * | Adjusted 4Q18 over 4Q17 |
| Tax impact | (*) | (*) | (*) | (1) | <u>Growth</u> |
| Discontinued operations (income) loss | * | * | (*) | (*) | -22% |
| Adjusted Net Income – Non-GAAP | <u>\$ 241</u> | <u>\$ 137</u> | <u>\$ 169</u> | <u>\$ 112</u> | |
| 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 | |
| <i>Reconciling items:</i> | | | | | |
| 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 | <u>\$ 0.86</u> | <u>\$ 0.48</u> | <u>\$ 0.59</u> | <u>\$ 0.40</u> | |

| | <i>In Millions, Except Per Share Amounts</i> | | | |
|--|--|----------------|----------------|----------------|
| | 2017 | | | |
| | 1Q | 2Q | 3Q | 4Q |
| Net Income (Loss) Available to Common Stockholders | \$ 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 | * | * | * | * |
| Adjusted Net Income – Non-GAAP | <u>\$ 200</u> | <u>\$ 92</u> | <u>\$ 173</u> | <u>\$ 145</u> |
| 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) |
| <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 | * | * | * | * |
| Adjusted Diluted Earnings Per Average Common Share – Non-GAAP | <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.
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> | | | |
|---|--|-----------------|----------------------------|-----------------|
| | <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> |
| 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.

Consolidated CMS Energy Corporation
Reconciliation of Gross Operating Cash Flow to GAAP Operating Activities
(unaudited)
(mils)

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net cash provided by operating activities | \$ 1,703 | \$ 1,650 | \$ 1,750 | \$ 1,850 | \$ 1,950 | \$ 2,050 |
| Other operating activities including taxes, interest payments and working capital | <u>339</u> | <u>570</u> | <u>653</u> | <u>767</u> | <u>774</u> | <u>873</u> |
| Gross Operating Cash Flow | \$ 2,042 | \$ 2,220 | \$ 2,403 | \$ 2,617 | \$ 2,724 | \$ 2,923 |
| Consumers Operating Income + Depreciation & Amortization | <u>\$ 1,984</u> | <u>\$ 2,134</u> | <u>\$ 2,303</u> | <u>\$ 2,503</u> | <u>\$ 2,656</u> | <u>\$ 2,808</u> |
| Enterprises Project Cash Flows | <u>58</u> | <u>86</u> | <u>100</u> | <u>114</u> | <u>68</u> | <u>115</u> |
| Gross Operating Cash Flow | \$ 2,042 | \$ 2,220 | \$ 2,403 | \$ 2,617 | \$ 2,724 | \$ 2,923 |

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 | | <u>11,777</u> | <u>10,487</u> |
| <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</u> | <u>\$ 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> |

CMS ENERGY CORPORATION
Reconciliations of GAAP Net Income to Non-GAAP EBIT and EBITDA
(Unaudited)

| | <i>In Millions</i> | | |
|---|----------------------------|-----------------|-----------------|
| | Twelve Months Ended | | |
| | 12/31/18 | 12/31/17 | 12/31/16 |
| Net Income Available to Common Stockholders | \$ 657 | \$ 460 | \$ 551 |
| <i>Reconciling items:</i> | | | |
| Income tax expense | 115 | 424 | 273 |
| Interest on long-term debt | 412 | 406 | 411 |
| Other interest expense | 49 | 34 | 29 |
| Allowance for borrowed funds used during construction | (3) | (2) | (5) |
| Income attributable to noncontrolling interests | 2 | 2 | 2 |
| Other exclusions from adjusted earnings | 9 | 4 | 8 |
| Gain on assets previously sold | (4) | - | - |
| Tax reform | (4) | 148 | - |
| Voluntary separation program | - | - | 11 |
| EBIT – Non-GAAP | 1,233 | 1,476 | 1,280 |
| <i>Additional reconciling items:</i> | | | |
| Depreciation and amortization | 933 | 881 | 811 |
| EBITDA – Non-GAAP | \$ 2,166 | \$ 2,357 | \$ 2,091 |

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

| | <i>In Millions</i> | | |
|---|----------------------------|-----------------|-----------------|
| | Twelve Months Ended | | |
| | <u>12/31/18</u> | <u>12/31/17</u> | <u>12/31/16</u> |
| Net Income Available to Common Stockholder | \$ 703 | \$ 630 | \$ 614 |
| <i>Reconciling items:</i> | | | |
| Income tax expense | 142 | 339 | 320 |
| Interest on long-term debt | 276 | 263 | 261 |
| Other interest expense | 16 | 15 | 12 |
| Allowance for borrowed funds used during construction | (3) | (2) | (5) |
| Preferred stock dividends | 2 | 2 | 2 |
| Tax reform | 2 | 33 | - |
| Voluntary separation program | - | - | 11 |
| | <hr/> | <hr/> | <hr/> |
| EBIT – Non-GAAP | 1,138 | 1,280 | 1,215 |
| <i>Additional reconciling items:</i> | | | |
| Depreciation and amortization | 921 | 872 | 803 |
| | <hr/> | <hr/> | <hr/> |
| EBITDA – Non-GAAP | <u>\$ 2,059</u> | <u>\$ 2,152</u> | <u>\$ 2,018</u> |