

To: Financial Community**From:** CMS Energy Investor Relations
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<http://www.cmsenergy.com>**Date:** February 14, 2018**Subject:** CMS Energy Year-End 2017 Results and Outlook

CMS Energy will hold a webcast to discuss its 2017 Year-End Results and Outlook on Wednesday, February 14 at 9:00 a.m. (ET).

To participate in the webcast, go to CMS Energy's home page (www.cmsenergy.com), select "Investor Relations", "Events and Presentations", and "CMS Energy Year-End 2017 Earnings Call" or [click here](#).

CMS ENERGY DELIVERS ITS 15th YEAR OF STRONG OPERATIONAL AND FINANCIAL RESULTS; RAISES 2018 GUIDANCE

JACKSON, Mich., Feb. 14, 2018 – CMS Energy announced today 2017 reported net income of \$460 million or \$1.64 per share, reflecting a charge associated with federal tax reform, compared to \$551 million or \$1.98 per share for 2016. After excluding the effect of federal tax reform, CMS Energy delivered adjusted earnings of \$2.17 per share, or \$610 million of adjusted net income for 2017, toward the high end of company guidance. In 2016, adjusted earnings per share were \$2.02.

CMS Energy raised its guidance for 2018 adjusted earnings to \$2.30 - \$2.34 per share (**See below for important information about non-GAAP measures*) or 6 to 8 percent annual adjusted earnings per share growth.

"Our focus on people, planet and profit underpinned by world class performance served as the operational and financial foundation for a strong 2017 for CMS Energy," said Patti Poppe, President and CEO of CMS Energy and Consumers Energy. "We are pleased to deliver our 15th year of consistent financial performance without resets or adjustments for weather. At the same time, we are setting new standards of performance on several key metrics for our customers, which enable an even longer runway for consistent, industry-leading financial performance."

CMS Energy noted several accomplishments in 2017:

- **People** – The company reported its safest year on record; was named Michigan's best employer by Forbes magazine; and was named one of the most trusted utility brands in the country by Market Strategies International (MSI).
- **Planet** – The second phase of Cross Winds Energy Park was constructed, and Newsweek ranked CMS Energy as the No. 1 green company in Michigan and as a top 10 green company in the nation.

Financial Results and Outlook

<u>2017 Results</u>	<u>Amount</u>
Reported EPS	\$1.64
Adjusted EPS	\$2.17
Annual Dividend	\$1.33

<u>2018 Updates</u>	<u>Amount</u>
Adjusted EPS Guidance Raised	\$2.30 to \$2.34*
Annual Dividend	\$1.43

- **Profit** – 2017 marks 15 years of delivering consistent, industry-leading adjusted earnings per share growth and over a decade of dividend growth for investors. Also in 2017, CMS Energy generated over \$1.7 billion in operating cash flow, which was in excess of guidance.

The company did all this while also achieving record company performance in a variety of operational metrics, including electric reliability and customer service (Average Speed of Answer and Customer On-Time Delivery). In addition, the company completed the first year of construction on the 94-mile Saginaw Trail pipeline project – part of a series of pipeline investments, which will deliver natural gas more safely and reliably to Michigan customers.

CMS Energy (NYSE: CMS) is a Michigan-based company that has an electric and natural gas utility, Consumers Energy, as its primary business. It also owns and operates independent power generation businesses.

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CMS Energy will hold a webcast to discuss its 2017 year-end results and provide a business and financial outlook on Feb. 14 at 9 A.M. (EST). To participate in the webcast, go to CMS Energy's homepage (cmsenergy.com) and select "Investor Meeting."

Important information for investors about non-GAAP measures and other disclosures.

*This news release contains non-Generally Accepted Accounting Principles (non-GAAP) measures, such as adjusted earnings. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, regulatory items from prior years, or other items detailed in the attached summary financial statements. 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. All references to earnings per share are on a diluted basis.

This news release contains "forward-looking statements." The forward-looking statements are subject to risks and uncertainties that could cause CMS Energy's and Consumers Energy's results to differ materially. 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.

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.

For more information on CMS Energy, please visit our website at cmsenergy.com. To sign up for email [alert notifications](#), please visit the Investor Relations section of our website.

CMS ENERGY CORPORATION

Consolidated Statements of Income

(Unaudited)

	<i>In Millions, Except Per Share Amounts</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/17	12/31/16	Change	12/31/17	12/31/16	Change
Operating Revenue						
Electric utility	\$ 1,088	\$ 1,031	\$ 57	\$ 4,448	\$ 4,379	\$ 69
Gas utility	598	519	79	1,774	1,685	89
Enterprises	57	59	(2)	229	215	14
Other	35	31	4	132	120	12
Total operating revenue	1,778	1,640	138	6,583	6,399	184
Operating Expenses						
Fuel for electric generation	119	132	(13)	505	499	6
Purchased and interchange power	371	343	28	1,503	1,508	(5)
Purchased power – related parties	22	21	1	86	86	-
Cost of gas sold	256	220	36	750	710	40
Maintenance and other operating expenses	327	358	(31)	1,236	1,248	(12)
Depreciation and amortization	229	214	15	881	811	70
General taxes	75	72	3	284	281	3
Total operating expenses	1,399	1,360	39	5,245	5,143	102
Operating Income						
Electric utility	215	180	35	916	910	6
Gas utility	148	99	49	336	287	49
Enterprises	(3)	(3)	-	25	10	15
Other	19	4	15	61	49	12
Total operating income	379	280	99	1,338	1,256	82
Other Income (Expense)						
Interest income	2	2	-	12	6	6
Allowance for equity funds used during construction	-	3	(3)	5	12	(7)
Income from equity method investees	5	1	4	15	13	2
Nonoperating retirement benefits, net	14	10	4	24	41	(17)
Other income	2	1	1	6	8	(2)
Other expense	(70)	(62)	(8)	(76)	(75)	(1)
Total other income (expense)	(47)	(45)	(2)	(14)	5	(19)
Earnings Before Interest, Taxes, and Other Charges	332	235	97	1,324	1,261	63
Interest on long-term debt	102	105	(3)	406	411	(5)
Other interest expense	8	7	1	34	29	5
Allowance for borrowed funds used during construction	-	(1)	1	(2)	(5)	3
Income tax expense	224	46	178	424	273	151
Net Income (Loss)	(2)	78	(80)	462	553	(91)
Income attributable to noncontrolling interests	1	1	-	2	2	-
Net Income (Loss) Available to Common Stockholders	\$ (3)	\$ 77	\$ (80)	\$ 460	\$ 551	\$ (91)
<i>Reconciling items:</i>						
Discontinued operations (income) loss	*	(*)	-	*	*	-
Restructuring costs and other	1	6	(5)	4	8	(4)
Tax impact	(1)	(2)	1	(2)	(3)	1
Tax reform	148	-	148	148	-	148
Voluntary separation program	-	*	-	-	11	(11)
Tax impact	-	(*)	-	-	(4)	4
Adjusted Net Income – Non-GAAP	<u>\$ 145</u>	<u>\$ 81</u>	<u>\$ 64</u>	<u>\$ 610</u>	<u>\$ 563</u>	<u>\$ 47</u>
Average Common Shares Outstanding						
Basic	280.8	278.3	2.5	280.0	277.9	2.1
Diluted	280.8	279.3	1.5	280.8	278.9	1.9
Diluted Earnings (Loss) Per Average Common Share	\$ (0.01)	\$ 0.28	\$ (0.29)	\$ 1.64	\$ 1.98	\$ (0.34)
<i>Reconciling items:</i>						
Discontinued operations (income) loss	*	(*)	-	*	*	-
Restructuring costs and other	*	0.02	(0.02)	0.01	0.02	(0.01)
Tax impact	(*)	(0.01)	0.01	(*)	(0.01)	0.01
Tax reform	0.52	-	0.52	0.52	-	0.52
Voluntary separation program	-	*	-	-	0.04	(0.04)
Tax impact	-	(*)	-	-	(0.01)	0.01
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	<u>\$ 0.51</u>	<u>\$ 0.29</u>	<u>\$ 0.22</u>	<u>\$ 2.17</u>	<u>\$ 2.02</u>	<u>\$ 0.15</u>

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

CMS ENERGY CORPORATION

Summarized Consolidated Balance Sheets

(Unaudited)

	<i>In Millions</i>	
	As of	
	12/31/17	12/31/16
Assets		
Current assets		
Cash and cash equivalents	\$ 182	\$ 235
Restricted cash and cash equivalents	17	19
Other current assets	2,276	2,026
Total current assets	2,475	2,280
Non-current assets		
Plant, property, and equipment	16,761	15,715
Other non-current assets	3,814	3,627
Total Assets	\$ 23,050	\$ 21,622
Liabilities and Equity		
Current liabilities ⁽¹⁾	\$ 1,511	\$ 1,371
Non-current liabilities ⁽¹⁾	6,574	5,927
Capitalization		
Debt, capital leases, and financing obligation (excluding securitization debt) ⁽²⁾		
Debt, capital leases, and financing obligation (excluding non-recourse and securitization debt)	8,940	8,508
Non-recourse debt	1,245	1,198
Total debt, capital leases, and financing obligation (excluding securitization debt)	10,185	9,706
Noncontrolling interests	37	37
Common stockholders' equity	4,441	4,253
Total capitalization (excluding securitization debt)	14,663	13,996
Securitization debt ⁽²⁾	302	328
Total Liabilities and Equity	\$ 23,050	\$ 21,622

⁽¹⁾ Excludes debt, capital leases, and financing obligation.

⁽²⁾ Includes current and non-current portions.

CMS ENERGY CORPORATION

Summarized Consolidated Statements of Cash Flows

(Unaudited)

	<i>In Millions</i>	
	Twelve Months Ended	
	12/31/17	12/31/16
Beginning of Period Cash and Cash Equivalents, Including Restricted Amounts	\$ 257	\$ 288
Net cash provided by operating activities	1,705	1,629
Net cash used in investing activities	(1,868)	(1,915)
Cash flows from operating and investing activities	(163)	(286)
Net cash provided by financing activities	110	255
Total Cash Flows	\$ (53)	\$ (31)
End of Period Cash and Cash Equivalents, Including Restricted Amounts	\$ 204	\$ 257

CMS ENERGY CORPORATION

Selected Financial Data

(Unaudited)

	<i>In Millions</i>		
	Twelve Months Ended		
	12/31/17	12/31/16	12/31/15
EBIT – Non-GAAP ⁽¹⁾			
Consolidated	\$ 1,476	\$ 1,280	\$ 1,192
Consumers Energy	1,280	1,215	1,146
Depreciation and Amortization			
Consolidated	\$ 881	\$ 811	\$ 750
Consumers Energy	872	803	744
EBITDA – Non-GAAP ⁽¹⁾			
Consolidated	\$ 2,357	\$ 2,091	\$ 1,942
Consumers Energy	2,152	2,018	1,890
Dividends and Other Distributions From Subsidiaries	\$ 557	\$ 499	\$ 499
Interest Expense, Net			
Consolidated	\$ 438	\$ 435	\$ 396
Energy parent	143	150	134
Consumers Energy	276	268	250
	<i>In Millions</i>		
	As of		
	12/31/17	12/31/16	12/31/15
Book Value Per Share	\$ 15.77	\$ 15.23	\$ 14.21
Common Shares Outstanding – End of Period	281.6	279.2	277.2
Average Common Shares Outstanding			
Basic	280.0	277.9	275.6
Diluted	280.8	278.9	276.5
Debt ⁽²⁾			
Energy parent	\$ 3,055	\$ 2,678	\$ 2,605
EnerBank ⁽³⁾	1,245	1,198	1,098
Consumers Energy (excluding securitization bonds)	5,885	5,830	5,417
Consolidated (excluding securitization bonds)	10,185	9,706	9,120
Securitization bonds	302	328	353
Consolidated	\$ 10,487	\$ 10,034	\$ 9,473
Unrestricted Cash and Cash Equivalents			
Consumers Energy	\$ 44	\$ 131	\$ 50
CMS Treasury Services	75	43	159
Other	63	61	57
Consolidated	\$ 182	\$ 235	\$ 266
Consumers Energy			
Common Equity Ratio – Ratemaking (Average)			
Electric	41.3%	41.0%	41.5%
Gas	41.2%	40.9%	41.3%
Rate Base – Financial (Average, in Millions)			
Electric	\$ 10,691	\$ 10,184	\$ 9,559
Gas	4,604	4,024	3,677
Return on Average Common Equity – Financial			
Electric	10.1% ⁽⁴⁾	11.2%	11.4%
Gas	9.7% ⁽⁴⁾	9.4%	9.8%
Return on Rate Base – Financial			
Electric	6.6%	6.6%	6.4%
Gas	5.6%	5.9%	6.2%

⁽¹⁾ EBIT (non-GAAP) equals net income + income taxes + interest charges + noncontrolling interests + discontinued operations + writedowns + impairments + losses (gains) on asset sales + accounting changes. EBITDA (non-GAAP) equals EBIT + depreciation and amortization.

⁽²⁾ Includes current maturities, leases and notes payable.

⁽³⁾ Includes EnerBank certificates of deposit.

⁽⁴⁾ Weather-normalized return on average common equity for Electric and Gas are 10.35% and 11.10%, respectively.

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

	<i>In Millions</i>		
	Twelve Months Ended		
	12/31/17	12/31/16	12/31/15
Net Income Available to Common Stockholders	\$ 460	\$ 551	\$ 523
<i>Reconciling items:</i>			
Income tax expense	424	273	271
Interest on long-term debt	406	411	386
Other interest expense	34	29	14
Allowance for borrowed funds used during construction	(2)	(5)	(4)
Income attributable to noncontrolling interests	2	2	2
Restructuring costs and other	4	8	-
Tax reform	148	-	-
Voluntary separation program	-	11	-
EBIT – Non-GAAP	1,476	1,280	1,192
<i>Additional reconciling items:</i>			
Depreciation and amortization	881	811	750
EBITDA – Non-GAAP	<u>\$ 2,357</u>	<u>\$ 2,091</u>	<u>\$ 1,942</u>

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

	<i>In Millions</i>		
	Twelve Months Ended		
	12/31/17	12/31/16	12/31/15
Net Income Available to Common Stockholder	\$ 630	\$ 614	\$ 592
<i>Reconciling items:</i>			
Income tax expense	339	320	302
Interest on long-term debt	263	261	252
Other interest expense	15	12	2
Allowance for borrowed funds used during construction	(2)	(5)	(4)
Preferred stock dividends	2	2	2
Tax reform	33	-	-
Voluntary separation program	-	11	-
EBIT – Non-GAAP	1,280	1,215	1,146
<i>Additional reconciling items:</i>			
Depreciation and amortization	872	803	744
EBITDA – Non-GAAP	<u>\$ 2,152</u>	<u>\$ 2,018</u>	<u>\$ 1,890</u>

CMS ENERGY CORPORATION
Non-GAAP Adjusted Earnings Per Share Variance Analysis
(Unaudited)

Three Months Ended December 31			
	12/31/17	12/31/16	Variance
Adjusted EPS – Non-GAAP			
Electric utility	\$ 0.31	\$ 0.23	\$ 0.08
Gas utility	0.29	0.19	0.10
Enterprises and Energy parent			
Enterprises	0.01	-	0.01
Energy parent	(0.10)	(0.13)	0.03
	(0.09)	(0.13)	0.04
Consolidated	<u>\$ 0.51</u>	<u>\$ 0.29</u>	<u>\$ 0.22</u>
Variance Explanations:			
ELECTRIC UTILITY			
- System deliveries of 9,182 GWh, up 152 GWh (including weather, up 109 GWh)		\$ 0.04	
- 2016 & 2017 electric rate relief including EE Incentive		0.05	
- Lower O&M, including service restoration		0.02	
- Higher investment cost (depreciation and property taxes)		(0.03)	
- Change in shares outstanding		*	
		<u>\$ 0.08</u>	
GAS UTILITY			
- Deliveries, including transportation to end-use customers, of 98.2 bcf, up 11.6 bcf (including weather, up 10.0 bcf)		\$ 0.07	
- 2017 gas rate relief including EE Incentive		0.03	
- Lower O&M, including distribution operating expenses		0.01	
- Higher investment cost (depreciation and property taxes)		(0.01)	
- Change in shares outstanding		*	
		<u>\$ 0.10</u>	
ENTERPRISES AND ENERGY PARENT			
- Enterprises (primarily DIG operations)		\$ 0.01	
- EnerBank earnings		0.01	
- Lower Energy parent interest		0.01	
- Other including lower effective tax rate		0.01	
- Change in shares outstanding		*	
		<u>\$ 0.04</u>	
WEATHER IMPACTS			
	12/31/17	12/31/16	
Weather			
- Warmer (colder) than normal using 15-year average temperatures	(1.1)%	9.4%	
Electric Utility			
- Increase (decrease) from normal in:			
Electric sales (GWh)	116	7	
EPS	\$ 0.03	\$ -	
Gas Utility			
- Increase (decrease) from normal in:			
Gas sales (bcf)	4.9	(5.1)	
EPS	\$ 0.02	\$ (0.03)	
Total EPS Weather Impacts	<u>\$ 0.05</u>	<u>\$ (0.03)</u>	

* Less than \$0.01 per share.

CMS ENERGY CORPORATION
Non-GAAP Adjusted Earnings Per Share Variance Analysis
(Unaudited)

Twelve Months Ended December 31				
	12/31/17	12/31/16	Variance	
Adjusted EPS – Non-GAAP				
Electric utility	\$ 1.71	\$ 1.66	\$ 0.05	
Gas utility	0.65	0.56	0.09	
Enterprises and Energy parent				
Enterprises	0.11	0.07	0.04	
Energy parent	(0.30)	(0.27)	(0.03)	
	(0.19)	(0.20)	0.01	
Consolidated	<u>\$ 2.17</u>	<u>\$ 2.02</u>	<u>\$ 0.15</u>	
Variance Explanations:				
ELECTRIC UTILITY				ENTERPRISES AND ENERGY PARENT
- System deliveries of 37,394 GWh, down 517 GWh (including weather, down 683 GWh)			\$ (0.11)	- Enterprises (primarily DIG operations) \$ 0.04
- 2016 & 2017 electric rate relief including EE Incentive			0.20	- EnerBank earnings 0.01
- 2017 Zeeland property taxes and settlement			0.03	- 2017 elimination of gain on CMS stock donation (offset at utility) (0.03)
- Higher investment costs (depreciation and property taxes)			(0.13)	- Absence of 2016 use tax settlement (0.02)
- Lower effective tax rate			0.08	- All other Energy parent costs 0.01
- All other			(0.01)	- Change in shares outstanding *
- Change in shares outstanding			(0.01)	<u>\$ 0.01</u>
			<u>\$ 0.05</u>	
GAS UTILITY				WEATHER IMPACTS
- Deliveries, including transportation to end-use customers, of 287.1 bcf, up 4.7 bcf (including weather, up 3.2 bcf)			\$ 0.06	<u>12/31/17</u> <u>12/31/16</u>
- 2017 gas rate relief including EE Incentive			0.06	Weather
- Higher investment costs (depreciation and property taxes)			(0.05)	- Warmer (colder) than normal using 15-year average temperatures 1.4% 4.8%
- Lower effective tax rate			0.01	Electric Utility
- All other			0.01	- Increase (decrease) from normal in:
- Change in shares outstanding			*	Electric sales (GWh) (144) 539
			<u>\$ 0.09</u>	EPS \$ (0.03) \$ 0.10
				Gas Utility
				- Increase (decrease) from normal in:
				Gas sales (bcf) (18.4) (21.6)
				EPS \$ (0.10) \$ (0.11)
				Total EPS Weather Impacts <u>\$ (0.13)</u> <u>\$ (0.01)</u>

* Less than \$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>			
	Three Months Ended		Twelve Months Ended	
	12/31/17	12/31/16	12/31/17	12/31/16
Electric Utility				
Reported net income per share	\$ 0.22	\$ 0.23	\$ 1.62	\$ 1.64
<i>Reconciling items:</i>				
Tax reform	0.09	-	0.09	-
Voluntary separation program	-	*	-	0.03
Tax impact	-	(*)	-	(0.01)
Adjusted net income per share – non-GAAP	<u>\$ 0.31</u>	<u>\$ 0.23</u>	<u>\$ 1.71</u>	<u>\$ 1.66</u>
Gas Utility				
Reported net income per share	\$ 0.26	\$ 0.19	\$ 0.62	\$ 0.55
<i>Reconciling items:</i>				
Tax reform	0.03	-	0.03	-
Voluntary separation program	-	*	-	0.01
Tax impact	-	(*)	-	(*)
Adjusted net income per share – non-GAAP	<u>\$ 0.29</u>	<u>\$ 0.19</u>	<u>\$ 0.65</u>	<u>\$ 0.56</u>
Enterprises				
Reported net income (loss) per share	\$ (0.19)	\$ -	\$ (0.09)	\$ 0.07
<i>Reconciling items:</i>				
Restructuring costs and other	*	*	*	*
Tax impact	(*)	(*)	(*)	(*)
Tax reform	0.20	-	0.20	-
Voluntary separation program	-	-	-	*
Tax impact	-	-	-	(*)
Adjusted net income per share – non-GAAP	<u>\$ 0.01</u>	<u>\$ -</u>	<u>\$ 0.11</u>	<u>\$ 0.07</u>
Corporate Interest and Other				
Reported net loss per share	\$ (0.30)	\$ (0.14)	\$ (0.51)	\$ (0.28)
<i>Reconciling items:</i>				
Restructuring costs and other	*	0.02	0.01	0.02
Tax impact	(*)	(0.01)	(*)	(0.01)
Tax reform	0.20	-	0.20	-
Adjusted net loss per share – non-GAAP	<u>\$ (0.10)</u>	<u>\$ (0.13)</u>	<u>\$ (0.30)</u>	<u>\$ (0.27)</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	\$ (0.01)	\$ 0.28	\$ 1.64	\$ 1.98
<i>Reconciling items:</i>				
Discontinued operations (income) loss	*	(*)	*	*
Restructuring costs and other	*	0.02	0.01	0.02
Tax impact	(*)	(0.01)	(*)	(0.01)
Tax reform	0.52	-	0.52	-
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted net income per share – non-GAAP	<u>\$ 0.51</u>	<u>\$ 0.29</u>	<u>\$ 2.17</u>	<u>\$ 2.02</u>
Average Common Shares Outstanding – Diluted	<u>280.8</u>	<u>279.3</u>	<u>280.8</u>	<u>278.9</u>

* Less than \$0.01 per share.

CMS ENERGY CORPORATION

Reconciliation 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	
	12/31/17	12/31/16	12/31/17	12/31/16
Net Income (Loss) Available to Common Stockholders	\$ (3)	\$ 77	\$ 460	\$ 551
<i>Reconciling items:</i>				
Discontinued operations (income) loss	*	(*)	*	*
Restructuring costs and other	1	6	4	8
Tax impact	(1)	(2)	(2)	(3)
Tax reform	148	-	148	-
Voluntary separation program	-	*	-	11
Tax impact	-	(*)	-	(4)
Adjusted net income – non-GAAP	<u>\$ 145</u>	<u>\$ 81</u>	<u>\$ 610</u>	<u>\$ 563</u>
Average Common Shares Outstanding				
Basic	280.8	278.3	280.0	277.9
Diluted	280.8	279.3	280.8	278.9
Basic Earnings (Loss) Per Average Common Share				
Reported net income (loss) per share	\$ (0.01)	\$ 0.28	\$ 1.64	\$ 1.99
<i>Reconciling items:</i>				
Discontinued operations (income) loss	*	(*)	*	*
Restructuring costs and other	*	0.02	0.01	0.02
Tax impact	(*)	(0.01)	(*)	(0.01)
Tax reform	0.52	-	0.52	-
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted net income per share – non-GAAP	<u>\$ 0.51</u>	<u>\$ 0.29</u>	<u>\$ 2.17</u>	<u>\$ 2.03</u>
Diluted Earnings (Loss) Per Average Common Share				
Reported net income (loss) per share	\$ (0.01)	\$ 0.28	\$ 1.64	\$ 1.98
<i>Reconciling items:</i>				
Discontinued operations (income) loss	*	(*)	*	*
Restructuring costs and other	*	0.02	0.01	0.02
Tax impact	(*)	(0.01)	(*)	(0.01)
Tax reform	0.52	-	0.52	-
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted net income per share – non-GAAP	<u>\$ 0.51</u>	<u>\$ 0.29</u>	<u>\$ 2.17</u>	<u>\$ 2.02</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 Net Income to Non-GAAP Adjusted Net Income

by Quarter

(Unaudited)

	<i>In Millions, Except Per Share Amounts</i>				
	2017				
	1Q	2Q	3Q	4Q	YTD Dec⁽¹⁾
Net Income (Loss) Available to Common Stockholders	\$ 199	\$ 92	\$ 172	\$ (3)	\$ 460
<i>Reconciling items:</i>					
Electric utility and gas utility	-	-	-	-	-
Tax impact	-	-	-	34	34
Enterprises	*	*	1	1	2
Tax impact	(*)	(*)	(*)	56	56
Corporate interest and other	1	1	*	-	2
Tax impact	(*)	(1)	(*)	57	56
Discontinued operations loss	*	*	*	*	*
Adjusted Net Income – Non-GAAP	\$ 200	\$ 92	\$ 173	\$ 145	\$ 610
Average Common Shares Outstanding – Diluted	279.9	280.3	281.6	280.8	280.8
Diluted Earnings (Loss) Per Average Common Share	\$ 0.71	\$ 0.33	\$ 0.61	\$ (0.01)	\$ 1.64
<i>Reconciling items:</i>					
Electric utility and gas utility	-	-	-	-	-
Tax impact	-	-	-	0.12	0.12
Enterprises	*	*	*	*	*
Tax impact	(*)	(*)	(*)	0.20	0.20
Corporate interest and other	*	*	0.01	*	0.01
Tax impact	(*)	(*)	(*)	0.20	0.20
Discontinued operations loss	*	*	*	*	*
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	\$ 0.71	\$ 0.33	\$ 0.62	\$ 0.51	\$ 2.17

	<i>In Millions, Except Per Share Amounts</i>				
	2016				
	1Q	2Q	3Q	4Q	YTD Dec⁽¹⁾
Net Income Available to Common Stockholders	\$ 164	\$ 124	\$ 186	\$ 77	\$ 551
<i>Reconciling items:</i>					
Electric utility and gas utility	-	-	11	*	11
Tax impact	-	-	(4)	(*)	(4)
Enterprises	*	*	*	1	1
Tax impact	(*)	(*)	(*)	(*)	(*)
Corporate interest and other	*	*	2	5	7
Tax impact	(*)	(*)	(1)	(2)	(3)
Discontinued operations (income) loss	*	*	(*)	(*)	*
Adjusted Net Income – Non-GAAP	\$ 164	\$ 124	\$ 194	\$ 81	\$ 563
Average Common Shares Outstanding – Diluted	277.9	279.3	279.2	279.3	278.9
Diluted Earnings Per Average Common Share	\$ 0.59	\$ 0.45	\$ 0.67	\$ 0.28	\$ 1.98
<i>Reconciling items:</i>					
Electric utility and gas utility	-	-	0.04	*	0.04
Tax impact	-	-	(0.01)	(*)	(0.01)
Enterprises	*	*	*	*	*
Tax impact	(*)	(*)	(*)	(*)	(*)
Corporate interest and other	*	*	*	0.02	0.02
Tax impact	(*)	(*)	(*)	(0.01)	(0.01)
Discontinued operations (income) loss	*	*	(*)	(*)	*
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	\$ 0.59	\$ 0.45	\$ 0.70	\$ 0.29	\$ 2.02

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

⁽¹⁾ Year-to-date (YTD) EPS may not equal the sum of the quarters due to changes in the number of shares outstanding.

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

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

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

⁽¹⁾ Includes current and non-current portions.

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

CONSUMERS ENERGY COMPANY

Consolidated Statements of Income

(Unaudited)

	<i>In Millions</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/17	12/31/16	Change	12/31/17	12/31/16	Change
Operating Revenue						
Electric utility	\$ 1,088	\$ 1,031	\$ 57	\$ 4,448	\$ 4,379	\$ 69
Gas utility	598	519	79	1,774	1,685	89
Total operating revenue	<u>1,686</u>	<u>1,550</u>	<u>136</u>	<u>6,222</u>	<u>6,064</u>	<u>158</u>
Operating Expenses						
Fuel for electric generation	94	103	(9)	398	393	5
Purchased and interchange power	367	338	29	1,491	1,486	5
Purchased power – related parties	23	22	1	90	88	2
Cost of gas sold	251	216	35	730	693	37
Maintenance and other operating expenses	289	311	(22)	1,113	1,127	(14)
Depreciation and amortization	226	211	15	872	803	69
General taxes	73	70	3	276	277	(1)
Total operating expenses	<u>1,323</u>	<u>1,271</u>	<u>52</u>	<u>4,970</u>	<u>4,867</u>	<u>103</u>
Operating Income						
Electric utility	215	180	35	916	910	6
Gas utility	148	99	49	336	287	49
Total operating income	<u>363</u>	<u>279</u>	<u>84</u>	<u>1,252</u>	<u>1,197</u>	<u>55</u>
Other Income (Expense)						
Interest income	1	1	-	9	4	5
Interest and dividend income – related parties	1	-	1	1	1	-
Allowance for equity funds used during construction	-	3	(3)	5	12	(7)
Nonoperating retirement benefits, net	13	9	4	21	37	(16)
Other income	2	1	1	17	8	9
Other expense	(52)	(42)	(10)	(58)	(55)	(3)
Total other income	<u>(35)</u>	<u>(28)</u>	<u>(7)</u>	<u>(5)</u>	<u>7</u>	<u>(12)</u>
Interest Charges						
Interest on long-term debt	65	66	(1)	263	261	2
Other interest expense	4	3	1	15	12	3
Allowance for borrowed funds used during construction	-	(1)	1	(2)	(5)	3
Total interest charges	<u>69</u>	<u>68</u>	<u>1</u>	<u>276</u>	<u>268</u>	<u>8</u>
Income Before Income Taxes	259	183	76	971	936	35
Income Tax Expense	<u>123</u>	<u>66</u>	<u>57</u>	<u>339</u>	<u>320</u>	<u>19</u>
Net Income	136	117	19	632	616	16
Preferred Stock Dividends	<u>1</u>	<u>1</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Net Income Available to Common Stockholder						
Electric utility	61	63	(2)	455	458	(3)
Gas utility	72	53	19	173	155	18
Other	2	-	2	2	1	1
Total net income available to common stockholder	<u>\$ 135</u>	<u>\$ 116</u>	<u>\$ 19</u>	<u>\$ 630</u>	<u>\$ 614</u>	<u>\$ 16</u>

CONSUMERS ENERGY COMPANY

Electric Utility Statistics (Unaudited)

	<i>In Millions of kWh, Except as Noted</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/17	12/31/16	% Change	12/31/17	12/31/16	% Change
Electric Deliveries						
Residential	3,053	2,934	4.1	12,341	12,789	(3.5)
Commercial	2,842	2,891	(1.7)	11,763	11,843	(0.7)
Industrial	2,227	2,121	5.0	8,966	8,839	1.4
Other	49	53	(7.5)	178	188	(5.3)
Wholesale	87	83	4.8	366	357	2.5
Retail open access	924	948	(2.5)	3,780	3,895	(3.0)
Total customer deliveries	9,182	9,030	1.7	37,394	37,911	(1.4)
Intersystem	644	821	(21.6)	2,505	2,730	(8.2)
Total electric deliveries	9,826	9,851	(0.3)	39,899	40,641	(1.8)
Weather-Adjusted Electric Deliveries ⁽¹⁾						
Residential	2,974	2,948	0.9	12,485	12,474	0.1
Commercial	2,813	2,875	(2.2)	11,765	11,671	0.8
Industrial	2,221	2,116	5.0	8,961	8,809	1.7
Other	49	53	(7.5)	178	188	(5.3)
Wholesale	87	83	4.8	366	357	2.5
Retail open access	922	948	(2.7)	3,783	3,873	(2.3)
Total weather-adjusted electric deliveries	9,066	9,023	0.5	37,538	37,372	0.4
Weather-Adjusted Electric Deliveries ⁽¹⁾ (By Class, Including Retail Open Access)						
Residential	2,974	2,948	0.9	12,485	12,474	0.1
Commercial	3,055	3,118	(2.0)	12,761	12,674	0.7
Industrial	2,901	2,821	2.8	11,748	11,679	0.6
Other	49	53	(7.5)	178	188	(5.3)
Wholesale	87	83	4.8	366	357	2.5
Total weather-adjusted electric deliveries	9,066	9,023	0.5	37,538	37,372	0.4

⁽¹⁾ Excludes intersystem deliveries.

	<i>In Millions, Except as Noted</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/17	12/31/16	% Change	12/31/17	12/31/16	% Change
Electric Utility Revenue						
Residential	\$ 454	\$ 446	1.8	\$ 1,935	\$ 1,978	(2.2)
Commercial	367	349	5.2	1,499	1,452	3.2
Industrial	183	160	14.4	741	686	8.0
Other	8	8	-	33	32	3.1
Total sales revenue	1,012	963	5.1	4,208	4,148	1.4
Wholesale	5	4	25.0	23	21	9.5
Retail open access	10	9	11.1	37	32	15.6
Intersystem	25	28	(10.7)	96	105	(8.6)
Miscellaneous	36	27	33.3	84	73	15.1
Total electric utility revenue	\$ 1,088	\$ 1,031	5.5	\$ 4,448	\$ 4,379	1.6

CONSUMERS ENERGY COMPANY

Gas Utility Statistics (Unaudited)

	<i>In Thousands of mcf, Except as Noted</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/17	12/31/16	% Change	12/31/17	12/31/16	% Change
Gas Deliveries						
Residential	56,475	49,031	15.2	151,435	148,244	2.2
Commercial	16,517	13,978	18.2	51,288	49,098	4.5
Industrial	2,726	2,248	21.3	8,588	8,325	3.2
Other	44	52	(15.4)	169	206	(18.0)
Transportation	22,472	21,210	6.0	75,615	76,493	(1.1)
Total customer deliveries	98,234	86,519	13.5	287,095	282,366	1.7
Off-system transportation						
MCV	15,237	13,921	9.5	48,638	57,422	(15.3)
Other	3,763	2,606	44.4	16,518	17,740	(6.9)
Total gas deliveries	117,234	103,046	13.8	352,251	357,528	(1.5)
Weather-Adjusted Gas Deliveries ⁽¹⁾						
Residential	53,133	51,882	2.4	161,803	160,676	0.7
Commercial	15,175	14,965	1.4	55,150	53,556	3.0
Industrial	2,503	2,416	3.6	9,221	9,090	1.4
Other	39	58	(32.8)	187	228	(18.0)
Transportation	22,480	22,332	0.7	79,164	80,447	(1.6)
Total weather-adjusted gas deliveries	93,330	91,653	1.8	305,525	303,997	0.5
Weather-Adjusted Gas Deliveries ⁽¹⁾ (By Class, Including Transportation)						
Residential	53,424	52,239	2.3	162,946	161,933	0.6
Commercial	21,907	22,188	(1.3)	81,835	80,179	2.1
Industrial	17,866	17,066	4.7	60,341	61,420	(1.8)
Other	133	160	(16.9)	403	465	(13.3)
Total weather-adjusted gas deliveries	93,330	91,653	1.8	305,525	303,997	0.5

⁽¹⁾ Excludes off-system transportation deliveries.

	<i>In Millions, Except as Noted</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/17	12/31/16	% Change	12/31/17	12/31/16	% Change
Gas Utility Revenue						
Residential	\$ 412	\$ 363	13.5	\$ 1,197	\$ 1,146	4.5
Commercial	107	88	21.6	338	310	9.0
Industrial	17	13	30.8	52	48	8.3
Other	-	-	100.0	1	1	-
Total sales revenue	536	464	15.5	1,588	1,505	5.5
Transportation	24	21	14.3	74	72	2.8
Miscellaneous	38	34	11.8	112	108	3.7
Total gas utility revenue	\$ 598	\$ 519	15.2	\$ 1,774	\$ 1,685	5.3