



# Investor Meetings

*Leading the Clean Energy Transformation*

**CMS ENERGY**

February 2022



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](http://www.cmsenergy.com).

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](http://www.cmsenergy.com/investor-relations), a channel of distribution.

Presentation endnotes are included after the appendix.

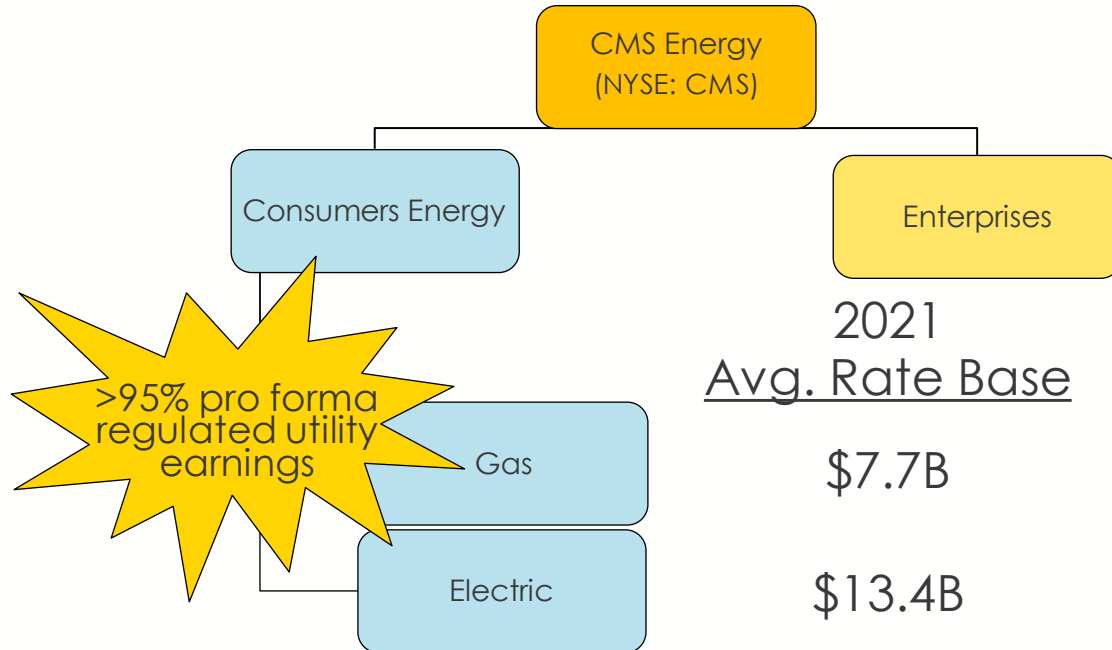
# Overview



# CMS Energy Overview



## Corporate Structure



2021  
Avg. Rate Base

\$7.7B

\$13.4B

## Key Information

### 2021 Financial Statistics

Based in Jackson, MI

~8,500 Employees (41% unionized)<sup>a</sup>

\$7.3B Revenue

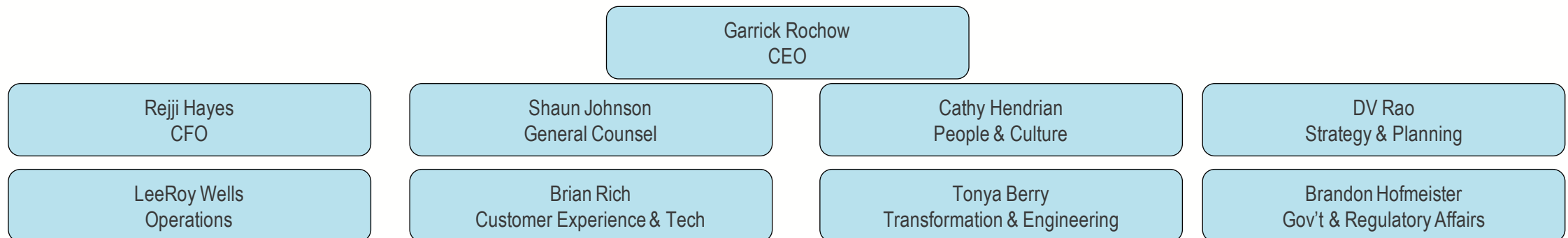
\$767M Adjusted net income<sup>b</sup>

19 years Industry-leading financial performance

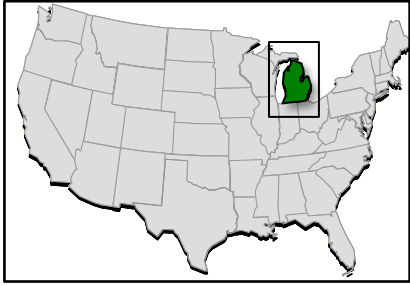
6% to 8% Long-term adj. EPS<sup>b</sup> growth

6% to 8% Long-term DPS<sup>c</sup> growth

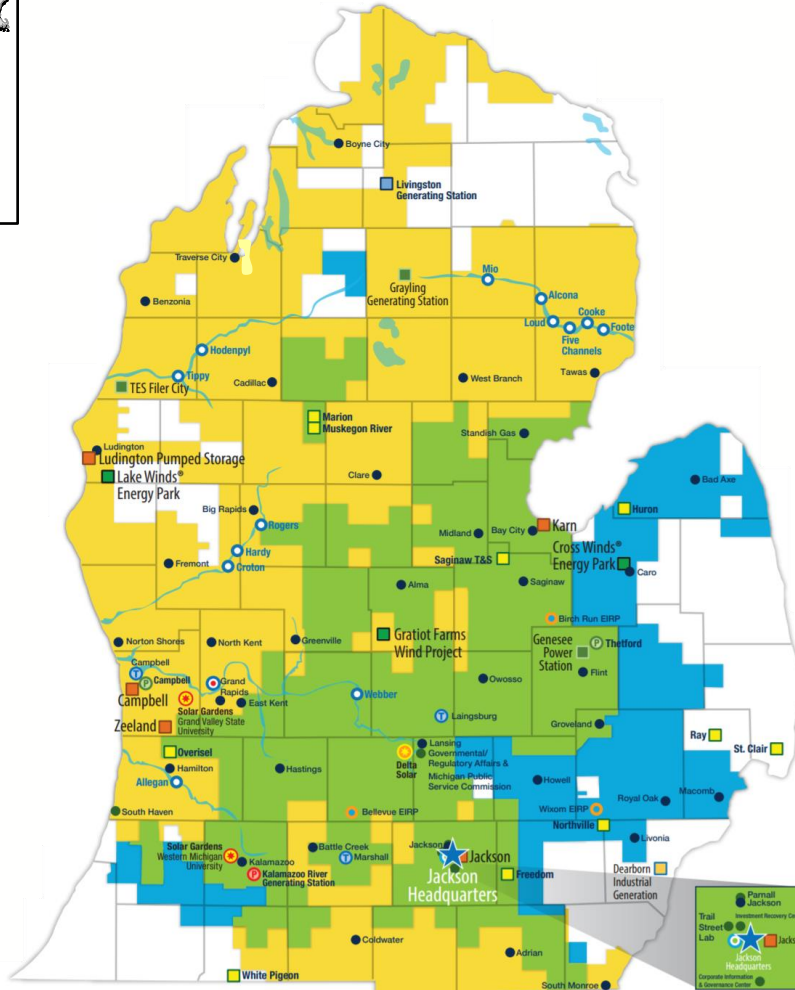
## Senior Management Team



# Consumers Energy Positioned Well . . .



Attracted  
>500 MW  
of new or  
expanding  
load since  
2015



## 4<sup>th</sup> Largest Combination Utility

- Electric Utility  
1.9M electric customers  
7,852 MW of capacity
- Gas Utility  
1.8M gas customers  
309 Bcf gas storage (#1 in the U.S.)
- Serving 6.8M Michigan residents

## Consumers Energy Planet Goals

Net zero methane emissions  
by 2030  
&  
Net zero carbon emissions  
by 2040<sup>a</sup>

Presentation endnotes are included after the appendix.

. . . for the clean energy transformation.

# 2021 Successes . . .



## People

- #1 utility in the U.S. for America's Best Employers for Women and America's Best Employers for Diversity by Forbes®
- 1<sup>st</sup> quartile employee engagement<sup>a</sup> and customer experience<sup>b</sup>
- >\$75M of customer assistance to help keep customer bills affordable
- \$220M in customer benefits from owned generation vs. MISO market
- 105 MW of new or expanding load – estimated to create ~4,000 jobs and bring >\$1B of investment to Michigan

## Planet

- Transformational Clean Energy Plan (IRP) filed – exit coal & achieve ~60% carbon emissions reduction by 2025
- >445 metric tons reduction of fugitive methane emissions and best ever vintage main replacements
- Renewable Natural Gas (RNG) facility filing included in general rate case
- 1,000 MW of solar approved in our Voluntary Green Pricing (VGP) programs
- PowerMIFleet Electric Vehicle (EV) program launched

## Profit

- 7% adjusted EPS growth
- Annual dividend per share increased to \$1.84, 16<sup>th</sup> increase in as many years
- \$1.84B of adjusted operating cash flow generated
- >\$1B of gross proceeds from EnerBank transaction
- \$55M of cost savings by leveraging the CE Way and other initiatives



Presentation endnotes are included after the appendix.

. . . demonstrate strong execution across the Triple Bottom Line.

# Investment Thesis

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# Simple Investment Thesis . . .



Industry-leading clean energy commitment  
Net Zero Carbon (2040) & Net Zero Methane (2030)<sup>a</sup>

Excellence through the ***CE WAY***

Top-tier regulatory jurisdiction<sup>b</sup>

Premium total shareholder return  
6% to 8% adjusted EPS growth + ~3% dividend yield

Presentation endnotes are included after the appendix.

. . . is simpler, cleaner and leaner.



# Integrated Resource Plan (IRP) . . .



## Key Outcomes

**Retires ALL coal by 2025**

(depreciated over design life)

**Adds >\$1B of rate base over next 5 years**

(>95% utility earnings by 2025)

**Accelerates decarbonization**

(~60% carbon emissions reduction by 2025<sup>a</sup>)

**Increases renewable resource deployment**

(~8 GW of solar by 2040)

**Ensures reliability, resilience and affordability**

(~\$650M in customer savings<sup>b</sup>)



Presentation endnotes are included after the appendix.

. . . provides proof points to our investment thesis.

# Infrastructure Renewal . . .



Electric distribution system is *older* than peers



*Exiting coal by 2025 and adding 8 GW of solar by 2040*



*25 years of main replacement through our Enhanced Infrastructure Replacement Program*



Largest electric distribution system in U.S.<sup>a</sup>

Presentation endnotes are included after the appendix.

**. . . requires significant customer investment.**

# Top-Tier Michigan Regulatory Environment . . .



## Legislative Framework



## Strong Leadership



## Top Tier Regulatory Environment<sup>a</sup>

### Timely investment recovery

- Forward-looking test years
- 10-month rate cases

### Supportive Incentives

- Constructive ROEs
- 10.7% ROE for RPS
- EE incentive (~\$45M/yr)
- FCM adder on PPAs

### Appointed Commissioners



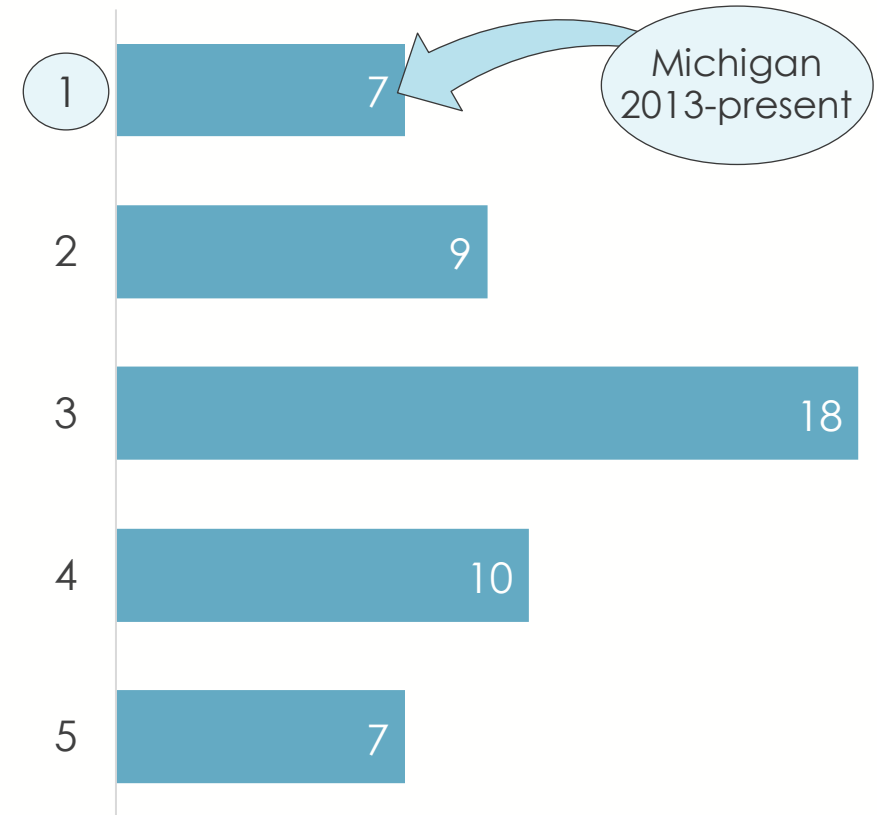
Dan Scripps (D), Chair



Tremaine Phillips (D)



Katherine Peretick (I)



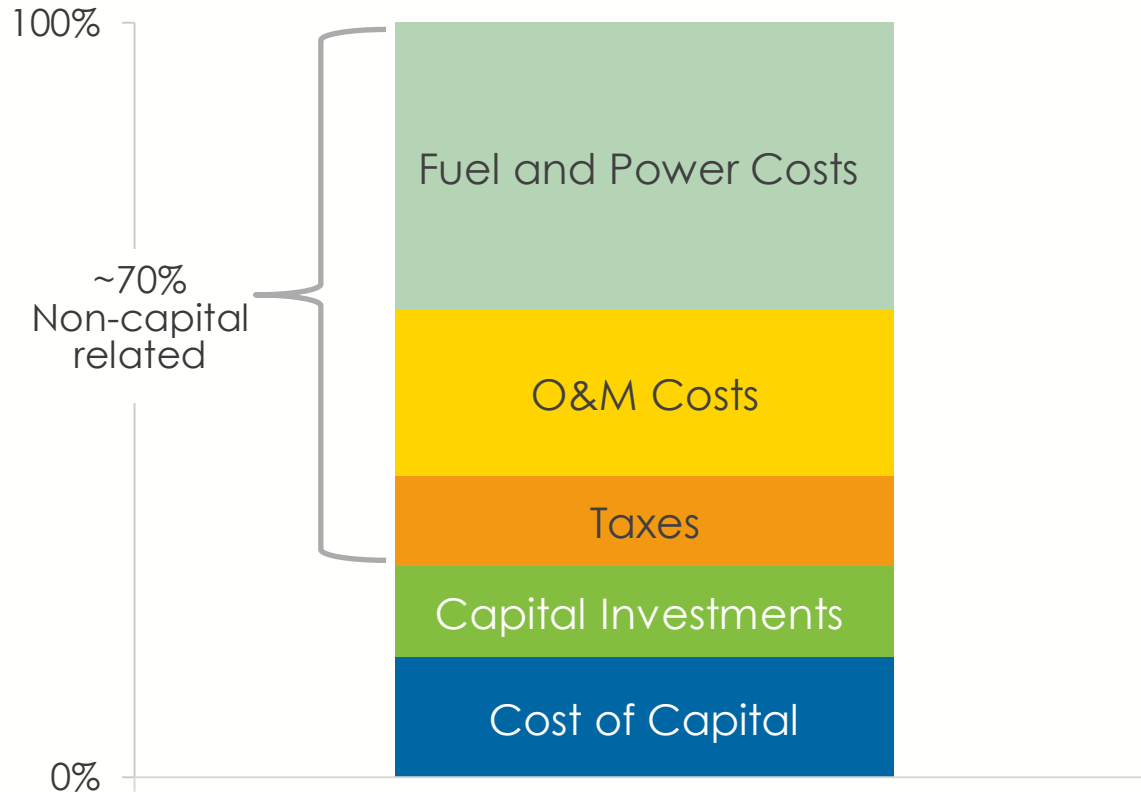
Presentation endnotes are included after the appendix.

. . . aligns incentives for all stakeholders.

# Our Entire Cost Structure . . .



## Cost Components



**CE residential utility bill as % of wallet at ~3%<sup>a</sup>**  
(down 100 bps from 2007 while investing ~\$21B)

Presentation endnotes are included after the appendix.

## Estimated Cost Savings

<u>Year</u>	<u>Event</u>	<u>Savings</u>
2022	Palisades retirement	>\$90M
2023	Karn 1 & 2 coal unit retirements (adj. O&M savings <sup>b</sup> )	\$30M
2025	MCV contract change	>\$60M
2025	Campbell coal unit retirements (adj. O&M savings <sup>b</sup> )	>\$60M

**>\$200M** identified future cost savings

**PLUS *CE WAY* PRODUCTIVITY**

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



# Credit Metrics Maintained . . .

Consumers Energy	S&P	Moody's	Fitch
Senior Secured	A	A1	A+
Commercial Paper	A-2	P-2	F-2
Outlook	Stable	Stable	Stable
CMS Energy			
Senior Unsecured	BBB	Baa2	BBB
Junior Subordinated	BBB-	Baa3	BB+
Outlook	Stable	Stable	Stable
Last Review	Jun. 2021	May. 2021	Oct. 2021

## Ratings Drivers

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

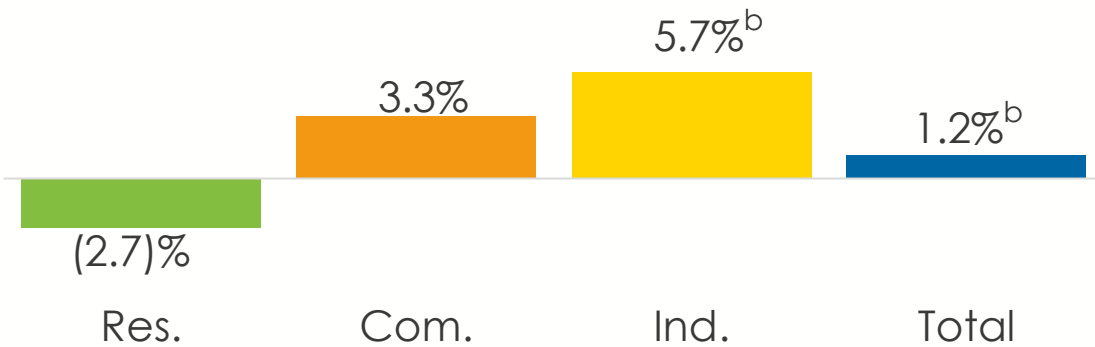
. . . at solid investment-grade levels.



# Utility Sales Continue to Recover . . .

## Weather-Normalized Electric Deliveries<sup>a</sup>

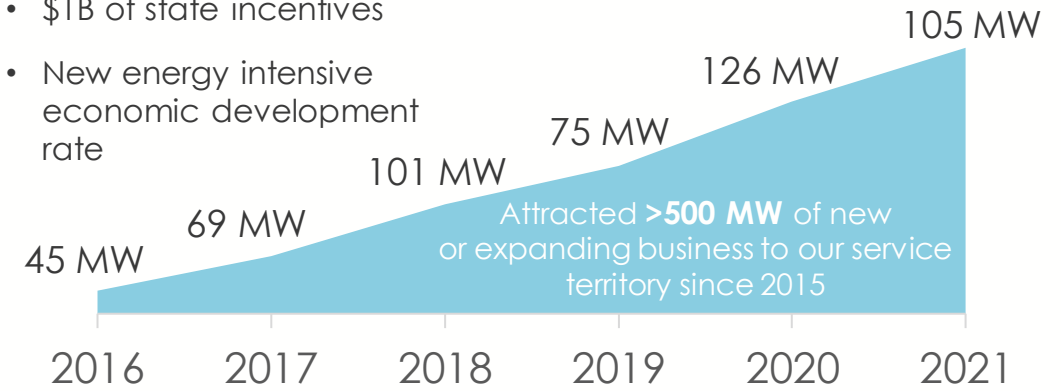
(2021 vs. 2020)



## Economic Development

### Legislative Support

- \$1B of state incentives
- New energy intensive economic development rate



## Residential Customer Growth

(5-Yr Avg. Customer Count)

2016-2021

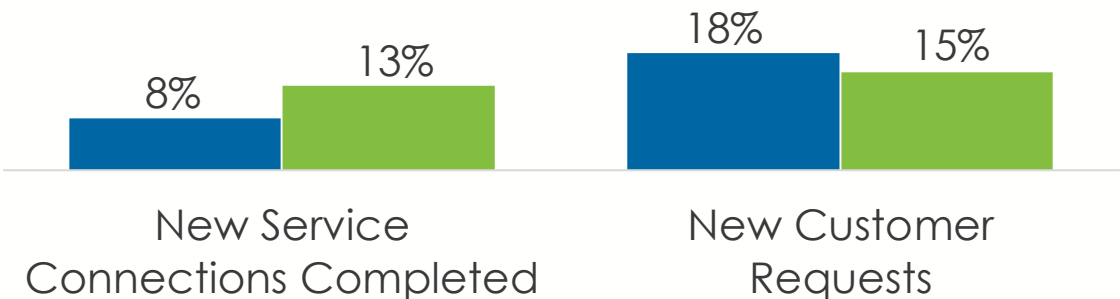
Electric Customers	~1%
Gas Customers	~1%

## Full Year New Service Connections

(Electric & Gas)

■ 2021 vs. 2019

■ 2021 vs. 2020



Presentation endnotes are included after the appendix.

. . . with supportive economic backdrop in Michigan.

# IRP

# Proposed IRP Objectives . . .

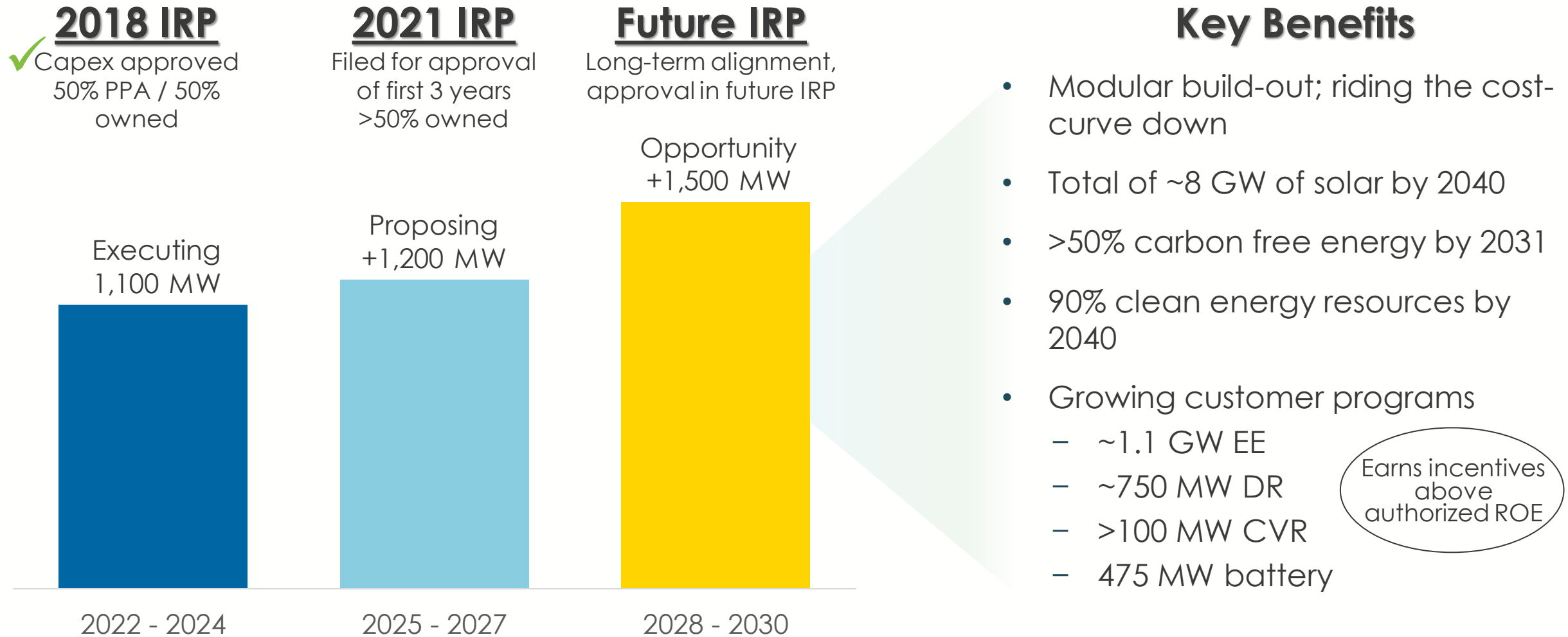


<u>Key Objectives</u>	<u>Current Plan</u>	<u>2021 IRP</u>	
<ul style="list-style-type: none"> <li><b>Accelerates Decarbonization</b></li> </ul>	Exit coal by 2040	Exit coal by 2025	~(60)% carbon emissions reduction by 2025 <sup>a</sup>
<b>Retire</b> Karn 3&4 (oil) Campbell 1&2 / Campbell 3	2031 2031/2039	2023 2025	
<ul style="list-style-type: none"> <li><b>Ensures Reliability, Resilience &amp; Affordability</b></li> </ul>	No new dispatchable units	Purchase >2 GW of existing gas units	~\$650M in customer savings <sup>b</sup>
<ul style="list-style-type: none"> <li><b>Increases Renewables &amp; Customer Programs</b></li> </ul>	~6 GW of solar 1.1 GW EE	~8 GW of solar 1.1 GW EE	
<ul style="list-style-type: none"> <li><b>Maintains Strong Balance Sheet</b></li> </ul>	Securitization of retired units	Regulatory asset treatment for retired units	

Presentation endnotes are included after the appendix.

. . . provide near-term action to deliver on our net-zero goals.

# Increasing Renewables & Customer Programs . . .

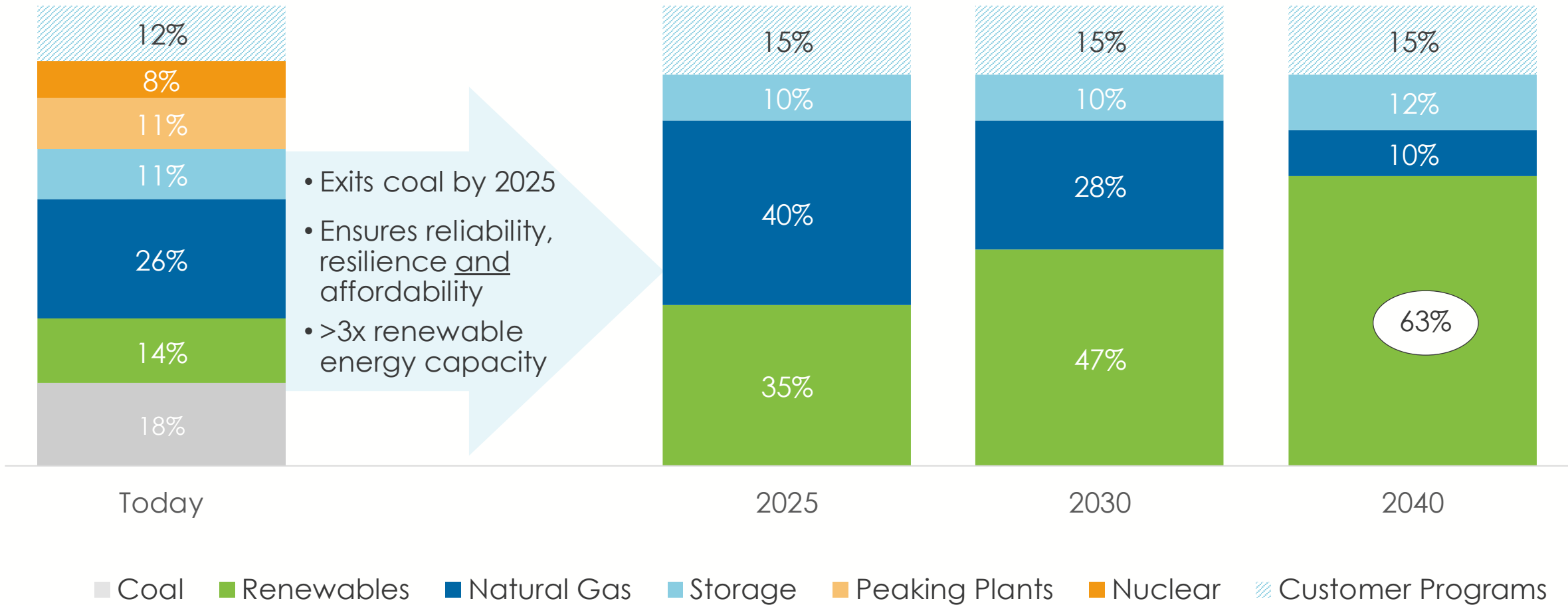


. . . help achieve >50% carbon free energy by 2031.

# Our Clean Energy Transformation . . .



## Capacity Mix<sup>a</sup>

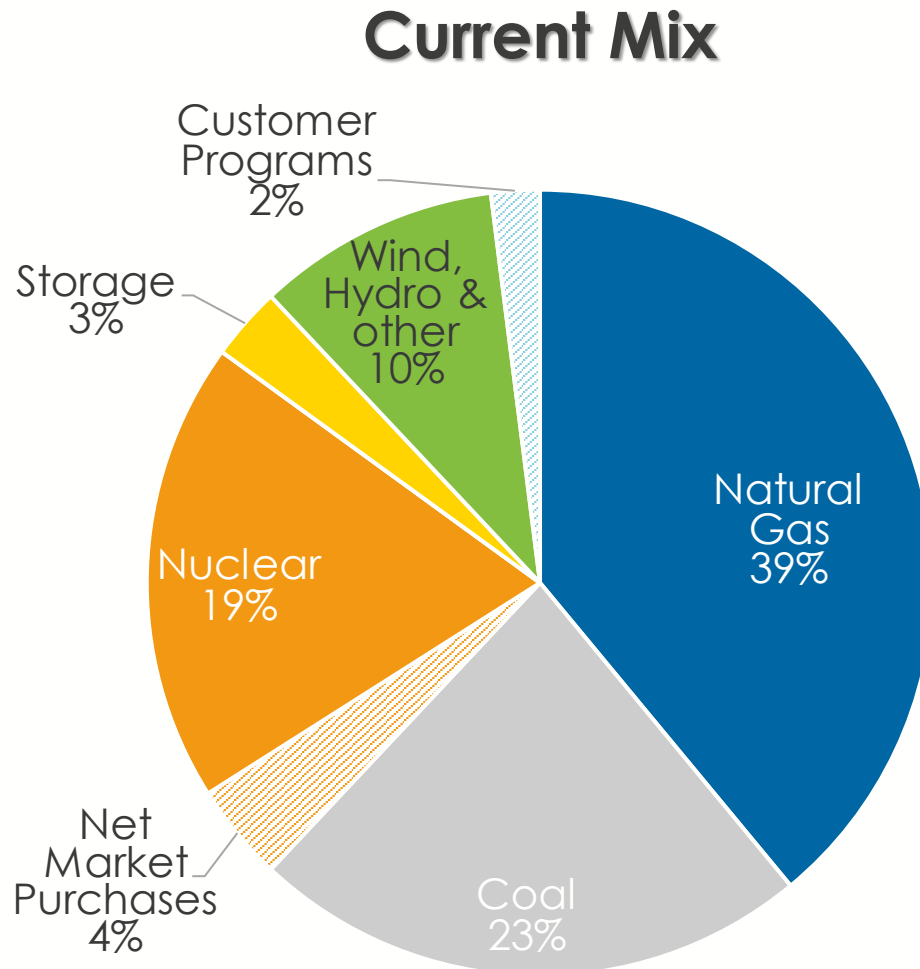


Presentation endnotes are included after the appendix.

. . . results in 90% clean energy resources by 2040.

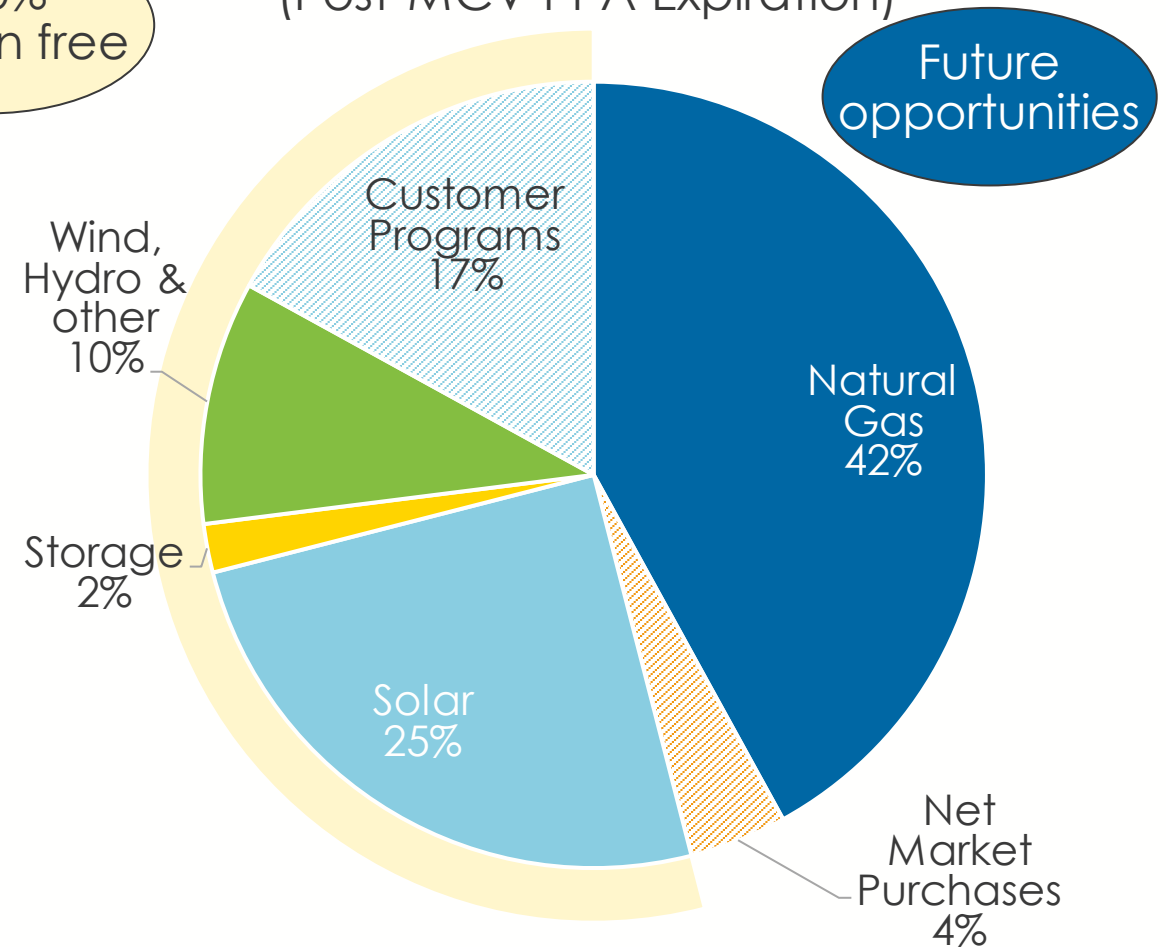


# Our Energy Supply<sup>a</sup> Will Be Cleaner . . .



>50%  
Carbon free

**Future Mix (2031)**  
(Post-MCV PPA Expiration)



Presentation endnotes are included after the appendix.

. . . and more reliable with further opportunities to decarbonize.

**ESG**

# ESG Disclosures . . .



- [CMS Energy & Consumers Energy Websites](#)
- SEC Filings ([10-K](#) & [Proxy](#))
- Carbon Disclosure Project
  - [Report Scope 1, 2 & 3 Emissions](#)
  - [Water](#)
- [Climate Assessment Report](#)
  - Considers TCFD Guidelines
- [DE&I Website](#)
- [SASB Index \(Electric Utilities & Power Generation\)](#)
- [SASB Index \(Gas Utilities & Distributors\)](#)
- [TCFD Index](#)
- [UNSDG Index](#)
- [Civic & Political Engagement](#)



. . . are transparent and aligned with SASB, TCFD and CDP reporting frameworks.

# Growing Utility Renewables . . .



## Renewable Portfolio Standard

Project	Treatment	COD	Investment (\$M)	Capacity (MW)
Lake Winds	10.7% ROE	2012	~\$1.1B Rate Base <sup>a</sup>	100
Cross Winds I	10.7% ROE	2014		111
Cross Winds II	10.7% ROE	2018		44
Cross Winds III	10.7% ROE	2019		76
Gratiot Wind	10.7% ROE	2020		150
Crescent Wind	10.7% ROE	2021	\$325 <sup>b</sup>	166
Heartland Wind	10.7% ROE, BTA	Before 2024		201
River Fork Solar	PPA	2022		100

~1 GW

## 2018 Integrated Resource Plan

Project	Treatment	COD	Investment (\$M)	Capacity (MW)
Mustang Mile Solar	Prevailing ROE, BTA	'23/'24	\$260	150
Calhoun Solar Energy	PPA w/ FCM	2022	N/A	140
PURPA	PPA w/ FCM	2022	N/A	10
Heathlands Solar	PPA w/ FCM	2022	N/A	30
Washtenaw Solar	Prevailing ROE, BTA	'23/'24	\$230	150
Cereal City Solar	PPA w/ FCM	2023	N/A	100
Jackson County Solar	PPA w/ FCM	2023	N/A	125
Tranche 3 of 2018 IRP	Own	2024	TBD	250
Tranche 3 of 2018 IRP	PPA w/ FCM	2024	N/A	250

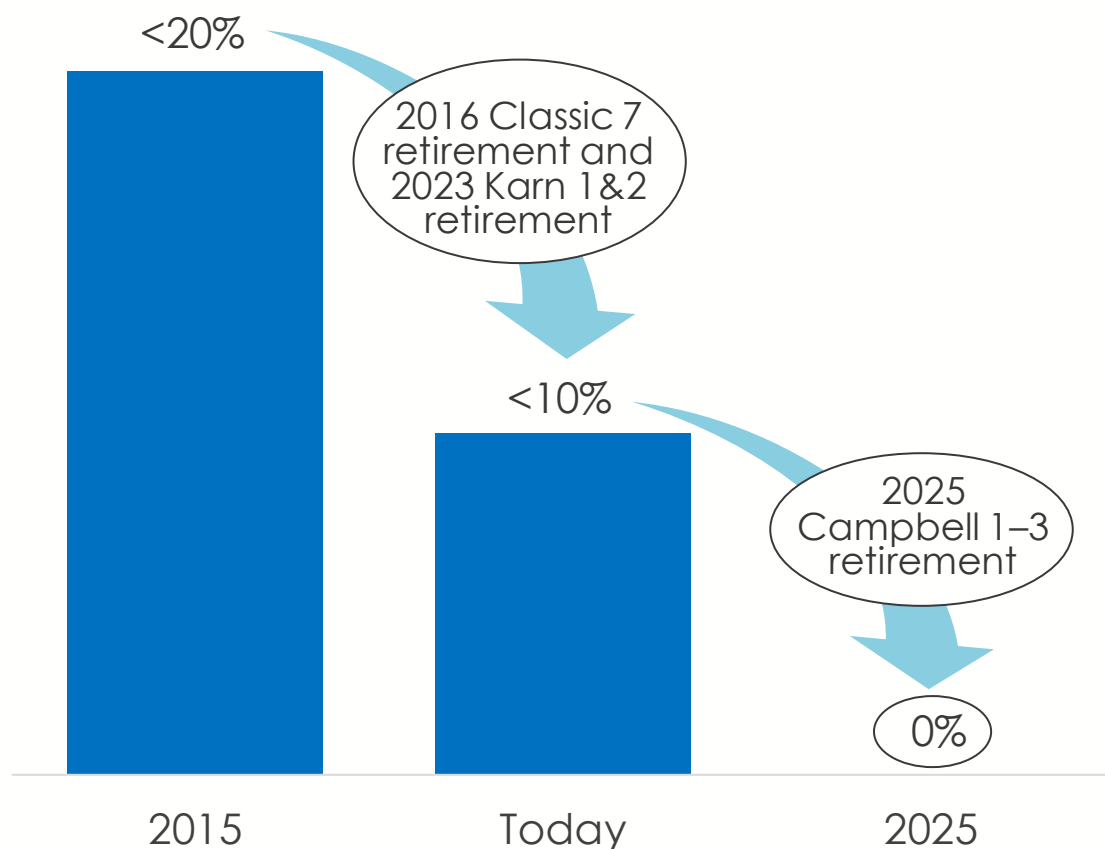
~1.2 GW

Presentation endnotes are included after the appendix.

. . . supported by state RPS and approved 2018 IRP.

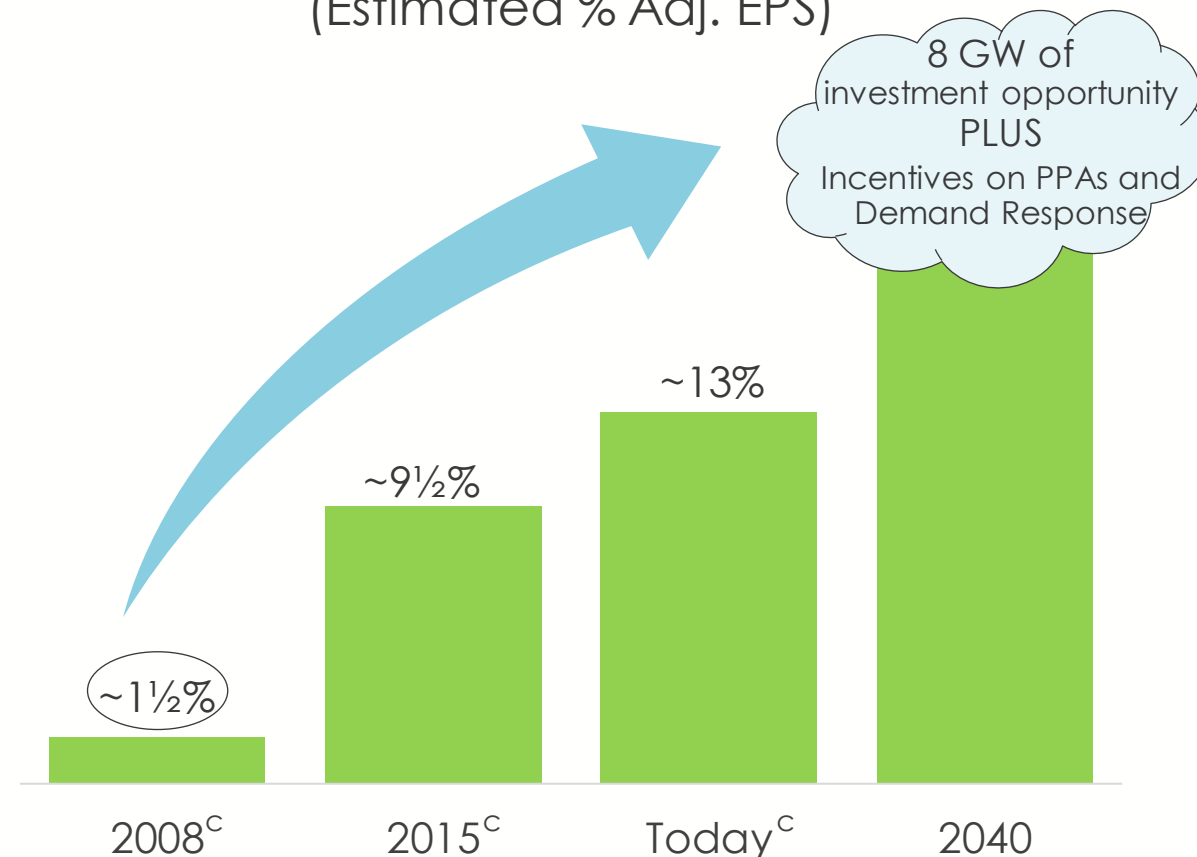
# Exiting Coal Completely by 2025 . . .

## Coal % of PP&E<sup>a</sup>



## Growing Utility Renewables

(Estimated % Adj. EPS)



Presentation endnotes are included after the appendix.

. . . and growing utility renewables to 8 GW by 2040.



# Net Zero Methane Emissions by 2030<sup>a</sup> . . .

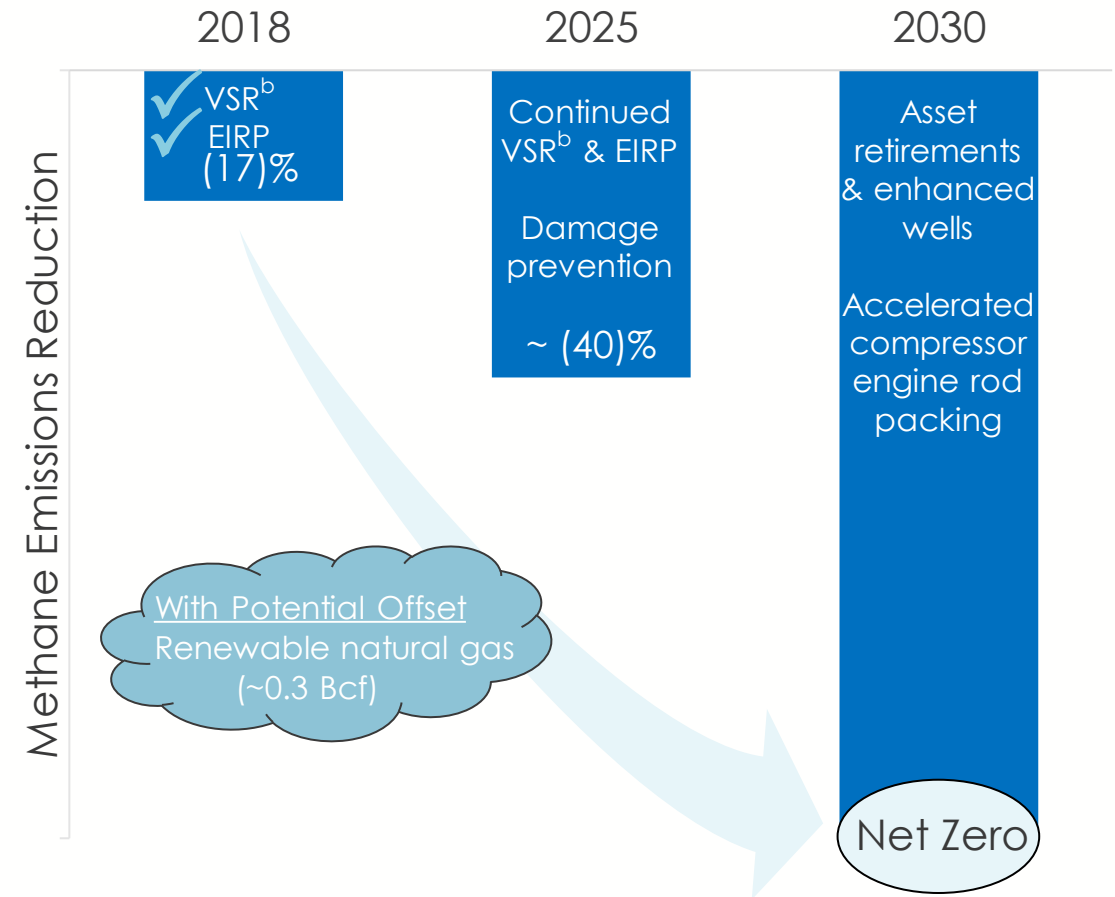


## Careful Planning to Reach Goals

- Accelerating completion of Vintage Service Replacement (VSR) and Enhanced Infrastructure Replacement Program (EIRP) by 2030
- Continued energy efficiency of up to 1%
- Retirement or replacement and enhancement of existing wells
- In discussions with EPRI and utilities across the world to study the expansion of RNG and hydrogen
- Focused on cleaner gas options (vs. electrification) given Michigan's climate and customer cost implications

## Methane Emissions<sup>a</sup>

(Gas Delivery System)



Presentation endnotes are included after the appendix.

. . . reducing leaks, enhancing energy efficiency and using cleaner fuels.

# Cyber and Physical Security Program . . .



## Program Focus & Approach

- Physical and cyber security are integrated
- Protect critical infrastructure, customer data and employee safety
- Focus more stringent security on most critical assets
- Security assessed in all initiatives
- Teams focused on detecting and responding to threats with close coordination with state and federal partners
- Security is an independent organization outside of IT to ensure a balance between technology delivery and risk

### Robust corporate governance of security

- Board oversight of safety programs
- Company-wide phishing tests & department updates
- 2 Board members with security experience



**Myrna Soto**

20 years of IT  
& security experience



**Deborah Butler**

Retired CIO from  
Norfolk Southern

<2½%  
click rate  
on internal  
phishing tests  
company-wide

. . . protects Michigan's critical infrastructure and customer data.

# DE&I is Embedded in Our Company Culture . . .



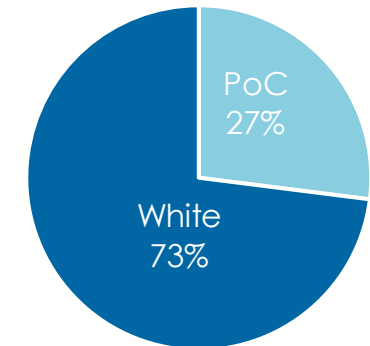
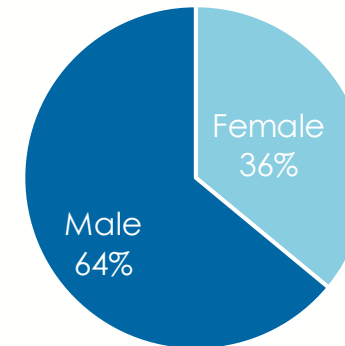
Unconscious bias training for all leaders in 2021 and 100% of workforce in 2022

Garrick Rochow, President & CEO

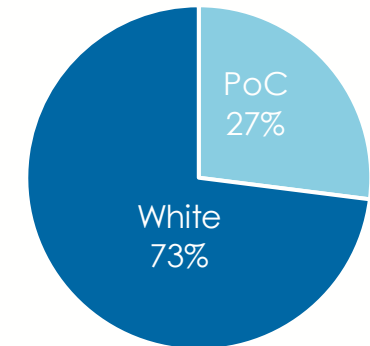
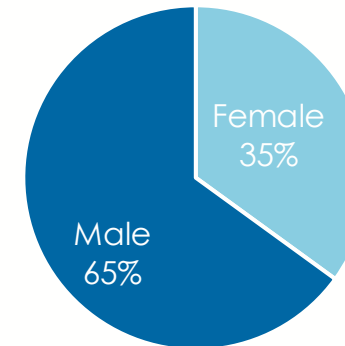
"I stand for a diverse workforce where the ideas of all are heard and valued. Where everyone feels they belong. Where we practice respect, listen, and learn. Everyone has a unique background, perspective, and diverse views, that's what makes this team able to deliver on our purpose for the people of Michigan."

## Diversity by the Numbers

Board of Directors



Executive Leadership Consumers Energy



The company and our foundation donated \$1.2M in 2019 and 2020 to diverse associations impacting communities of color

. . . for the betterment of our co-workers, customers and communities.

# Supplier Diversity Initiatives . . .



## Focus & Approach

- Expanding diverse supplier network, validating certification of diverse vendors and Enhanced Tier II reporting for suppliers of our suppliers
- Actively engaging with diverse-supplier organizations nationally and in Michigan
- Supporting and developing minority-, women-, LGBTQ-, disability-, and veteran-owned suppliers
- Increasing competition, sparks innovation and drives economic prosperity

Supports our plans to double our spending with diverse suppliers<sup>a</sup>

Presentation endnotes are included after the appendix.

. . . foster relationships with diverse suppliers across all areas of our business.



# Exceptional Governance . . .



11 Members

91% Independent



. . . led by an independent Chair and highly skilled, diverse Board.



# Diverse, Engaged and Experienced Board . . .

## Diversity

61 Average age

36% Female

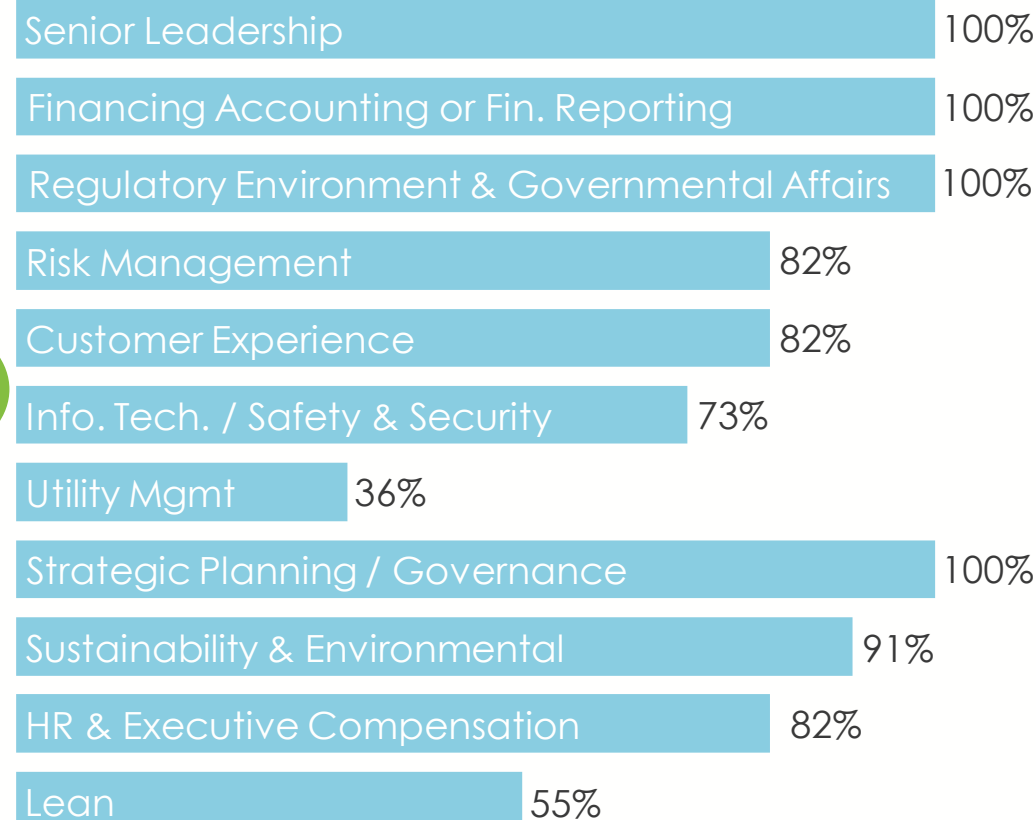
Compared to  
26% for the  
S&P 500<sup>a</sup>

27% People of color

45% Gender, racial &  
ethnic diversity

Compared to  
19% for the  
S&P 500<sup>a</sup>

## Experience



Presentation endnotes are included after the appendix.

. . . enhances the quality of governance.

# Year-End 2021 Earnings Call

# 2021 Financial Results & Outlook . . .



## 2021 Results

	Amount	Commentary
Adjusted EPS	\$2.65	High end of guidance
Adjusted OCF (\$M)	\$1,843	Up >\$80M vs. Plan <sup>a</sup>

## 2022 Full-Year

Adjusted EPS Guidance	\$2.85 – \$2.89	Raised guidance
Annual Dividend Per Share	\$1.84	Up 10¢

## Long-Term

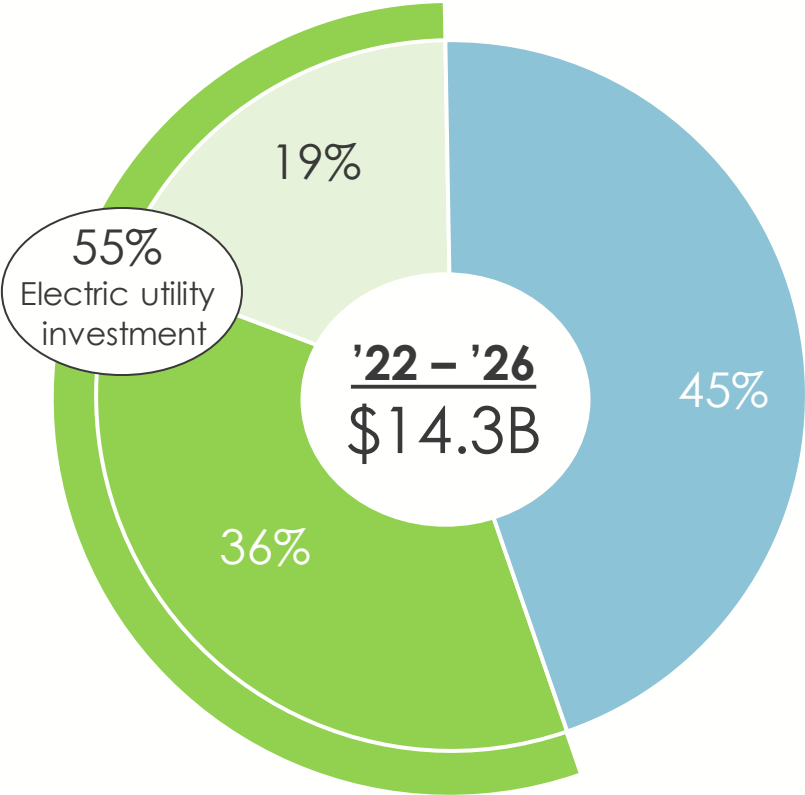
Adjusted EPS Growth	+6% to +8%	Toward the high end
Dividend Per Share Growth	+6% to +8%	Committed to growth
5-yr Capital Plan (\$B)	\$14.3	Up >\$1B

. . . reflect strong growth and build momentum for 2022 and beyond.

# Updated Customer Investment Plan . . .



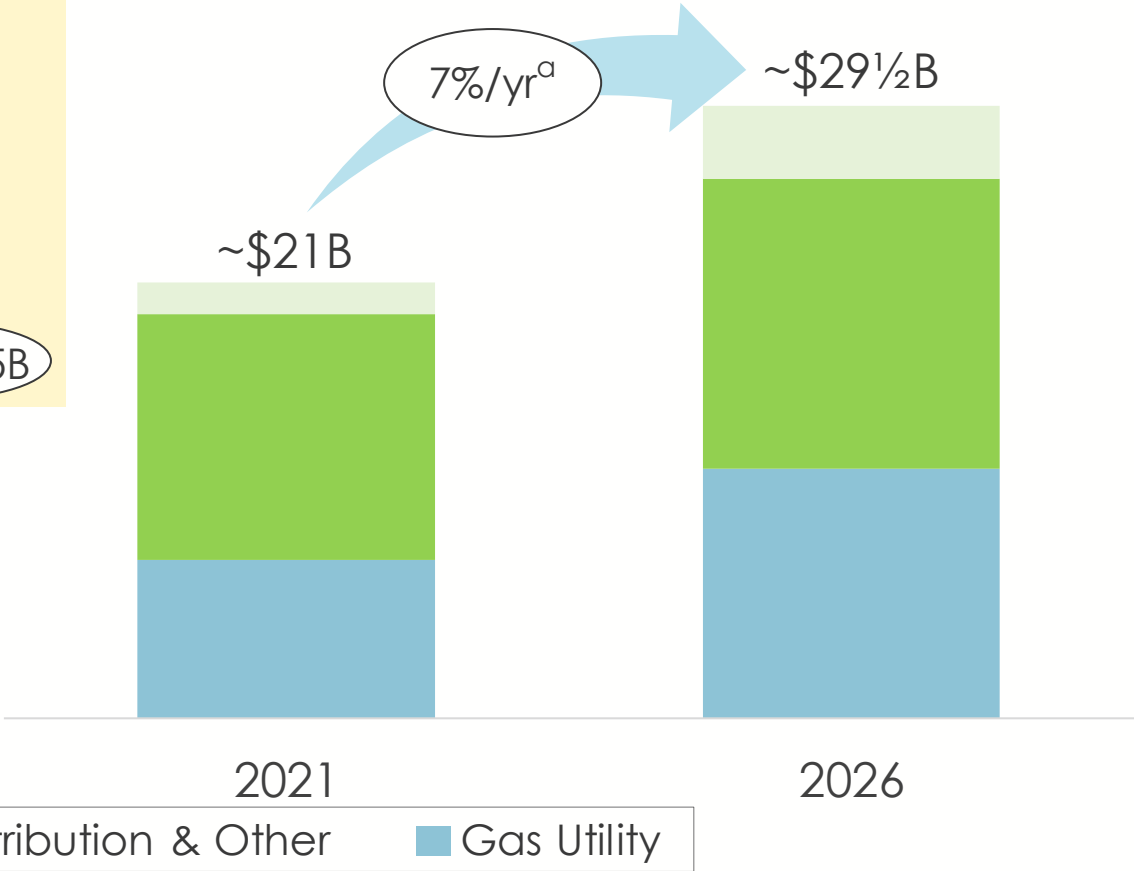
## New Utility Investment Plan



### Upside Potential

<u>Opps:</u>	<u>Amount</u> (\$B)
IRP	~\$1.3
VGP	~ 1.0
Electric	~ 1 – 1½
Gas	~ 1 – 1½
	<b>~\$4B - \$5B</b>

## Rate Base Growth



Presentation endnotes are included after the appendix.

. . . reflects \$1B increase and ~40% investment in Clean Energy Transformation.

# Utility Customer Investment Plan

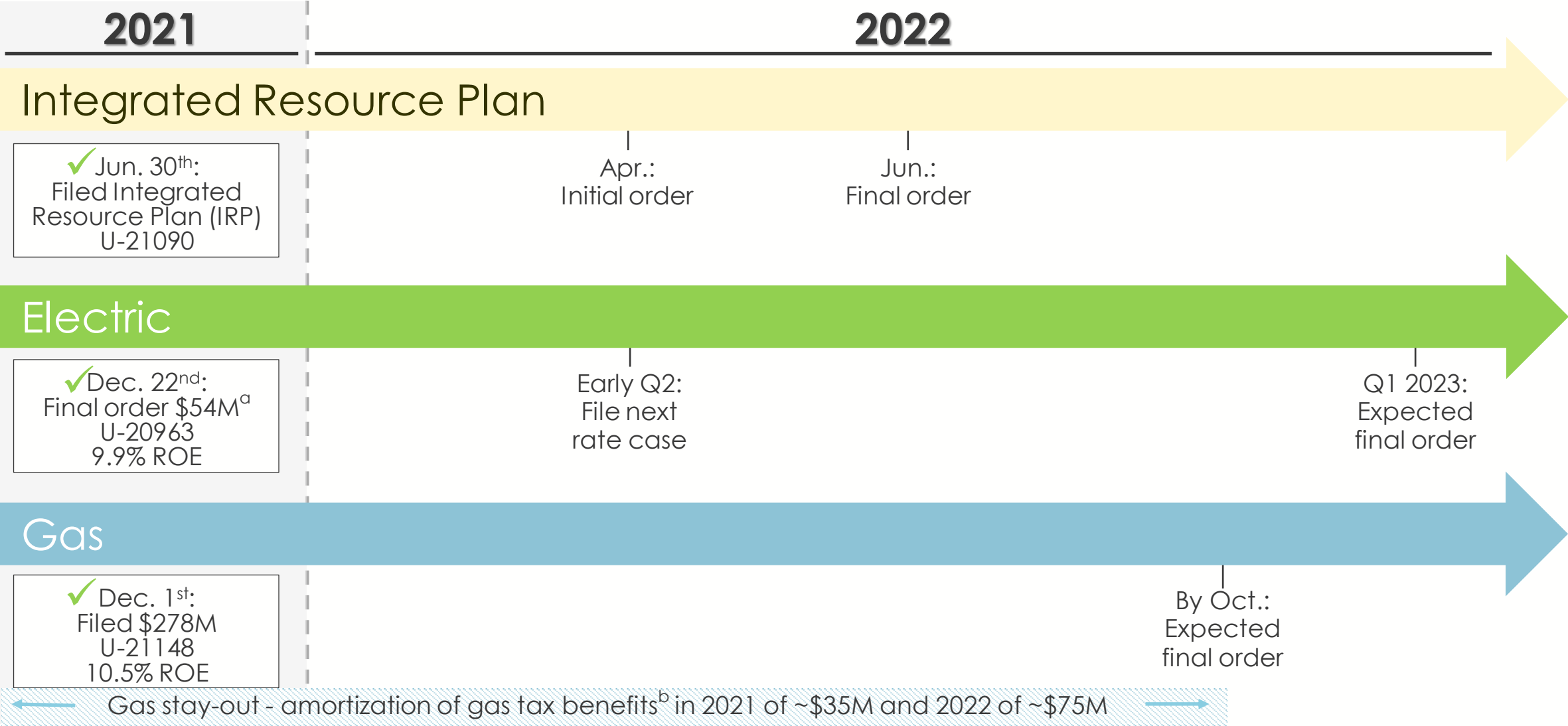


## 5-Year Plan (\$B)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Total</u>
Clean Energy Generation	\$0.7	\$0.6	\$0.6	\$0.5	\$0.4	\$2.8
Electric Distribution & Other	0.8	1.1	1.1	1.0	1.1	5.1
Gas Utility	<u>1.1</u>	<u>1.2</u>	<u>1.3</u>	<u>1.4</u>	<u>1.4</u>	<u>6.4</u>
Total	<u>\$2.6</u>	<u>\$2.9</u>	<u>\$3.0</u>	<u>\$2.9</u>	<u>\$2.9</u>	<u>\$14.3</u>
Depreciation & Amortization	\$1.1	\$1.1	\$1.1	\$1.2	\$1.3	\$5.8



# Michigan's Strong Regulatory Construct . . .



Presentation endnotes are included after the appendix.

. . . ensures forward-looking visibility.

# 2021 Results . . .

## Full Year

	<u>2020</u>	<u>2021</u>
Reported EPS	\$2.64	\$4.66
Adjustments <sup>a</sup>	(0.17)	(2.01)
Adjusted EPS <sup>a</sup>	\$2.47	\$2.65

## Fourth Quarter

	<u>2020</u>	<u>2021</u>
Reported EPS	\$0.55	\$2.20
Adjustments <sup>a</sup>	(0.07)	(1.73)
Adjusted EPS <sup>a</sup>	\$0.48	\$0.47

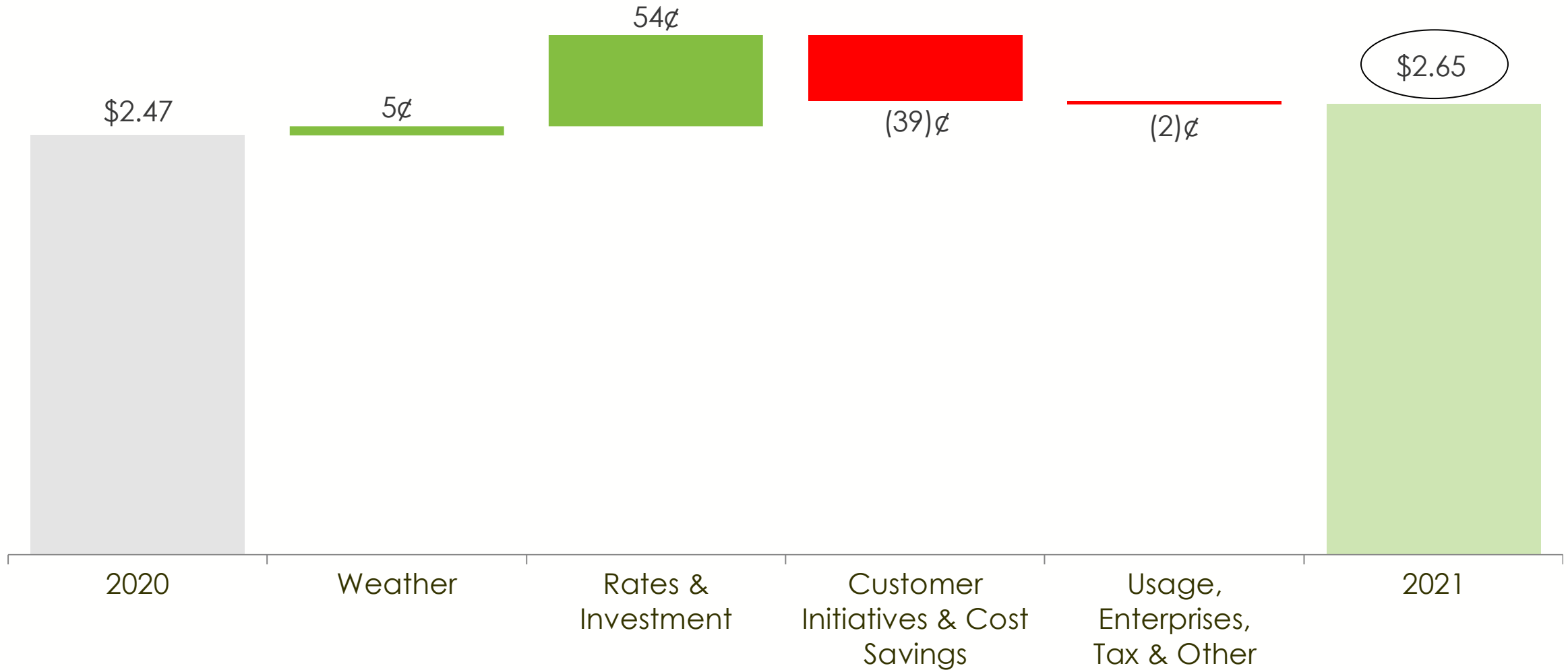
Presentation endnotes are included after the appendix.

## Adj. EPS by Segment

	<u>2021</u>
Utility	\$3.07
Enterprises	0.08
EnerBank	Disc. Ops.
Parent and Other	(0.50)
Total Adjusted EPS	\$2.65

. . . reflect 7% adjusted EPS growth.

# 2021 Adjusted EPS . . .



. . . up 7% vs. prior year.

# 2021 Objectives Achieved . . .

Adjusted EPS

## Objectives

\$2.61 – \$2.65

## Actual

\$2.65



DPS growth

In-line w/ earnings

\$1.84



Adjusted OCF (\$M)

\$1,760

\$1,843



Target credit ratings

Solid  
investment grade

*FFO/Debt Target: Mid-teens<sup>a</sup>*

Solid  
investment grade

*FFO/Debt Target: Mid-teens<sup>a</sup>*



Utility investment (\$B)

\$2.5

\$2.3



Planned equity issuance (\$M)

Up to \$250

None



Presentation endnotes are included after the appendix.

. . . delivering benefits for customers and investors.

# 2022 Guidance Offers Continued Growth . . .



Utility

## Adjusted EPS

\$3.29 – \$3.32

Enterprises

0.12 – 0.14

Parent and Other

(0.56) – (0.57)

Consolidated EPS

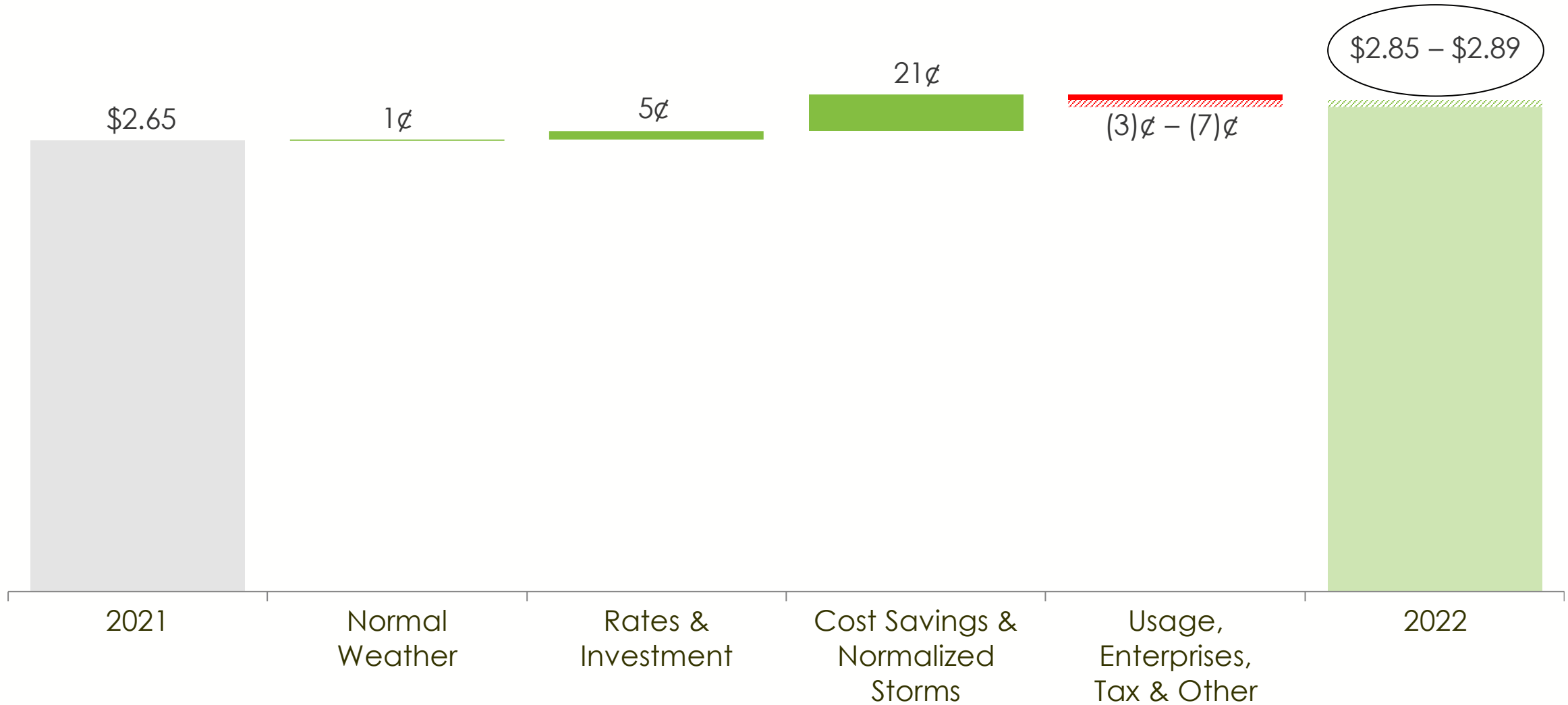
\$2.85 – \$2.89

Premium Growth

. . . off 2021's actual performance.



# 2022 Adjusted EPS . . .



. . . reflects another year of premium growth.

# Near- and Long-Term Objectives . . .

Adjusted EPS guidance

**2022**  
\$2.85 – \$2.89

## **Long-Term Plan**

+6% to +8%  
*Toward the high end*

DPS growth guidance

+6% to +8%

+6% to +8%

Target credit ratings

Solid  
investment grade  
*FFO/Debt Target: Mid-teens<sup>a</sup>*

Solid  
investment grade  
*FFO/Debt Target: Mid-teens<sup>a</sup>*

Utility investment (\$B)

\$2.6

\$14.3  
*2022 - 2026*

Planned equity issuance (\$M)

None

No equity through 2024  
*Up to \$250/yr in 2025 & 2026*

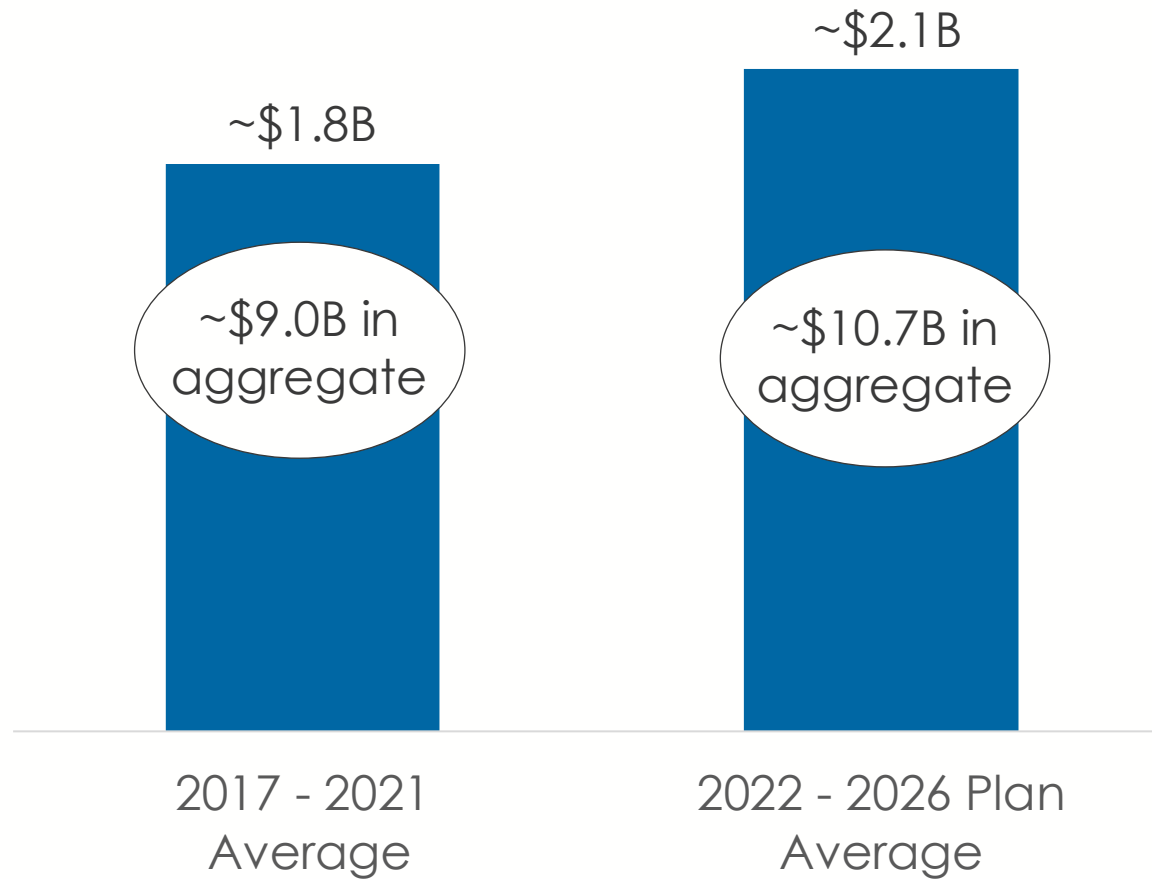
Presentation endnotes are included after the appendix.

. . . provide sustainable benefits for customers AND investors.

# Operating Cash Flow . . .



## Adjusted Operating Cash Flow



## NOLs<sup>a</sup> & Credits

<u>Year</u>	<u>Amount</u> (\$B)
2021	\$0.4
2022	\$0.4
2023	\$0.5
2024	\$0.6
2025	\$0.5
2026	\$0.5

Presentation endnotes are included after the appendix.

. . . remains strong and supports our capital plan.

# 2022 Planned Financings . . .

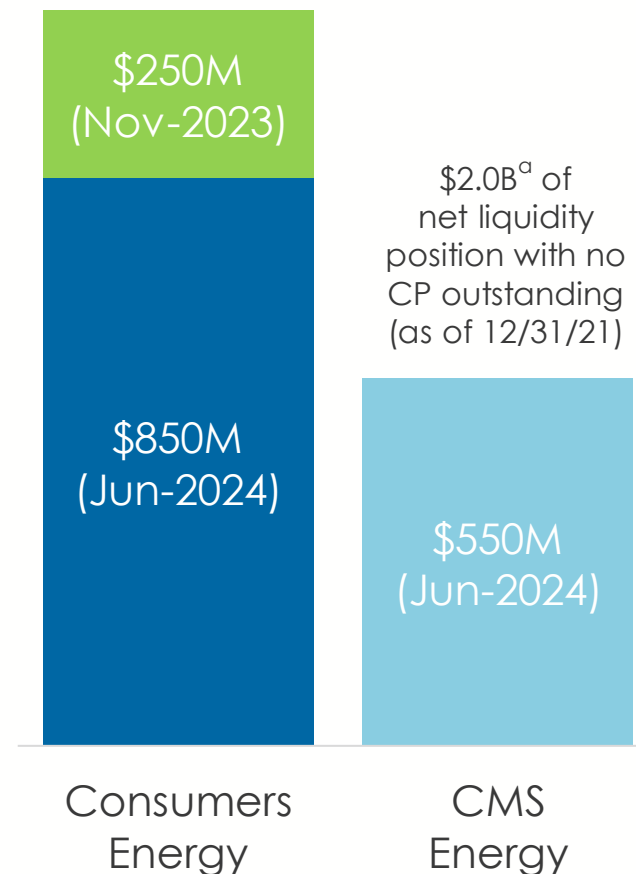
## Financings

### 2022 Plan

(\$M)

Consumers Energy: First Mortgage Bonds	\$800	
CMS Energy: Hybrid / Continuous Preferred	None	
Planned Equity	--	\$56M contracted
Retirements (incl. term loans):		
Consumers Energy	--	
CMS Energy	--	

## Existing Facilities



Presentation endnotes are included after the appendix.

. . . fund customer investment and provide ample liquidity.

# 2022 Sensitivities . . .

	<u>Sensitivity</u>	<u>Full-Year Impact</u> <u>Adj. EPS</u>	<u>OCF</u>	<u>2022 Adj. EPS Sensitivities</u> (1% Full Year $\Delta$ in Volume)		
<b>Sales<sup>a</sup></b>		(¢)	(\$M)		<u>Electric</u>	<u>Gas</u>
Electric (~37,000 GWh)	$\pm 1\%$	$\pm 7$	$\pm 27$	Residential	4¢	2½¢
Gas (~304 Bcf)	$\pm 1$	$\pm 3$	$\pm 13$	Commercial	2½	½
<b>Gas Prices</b>	$\pm 50\text{¢}$	$\pm 0$	$\pm 60$	Industrial	½	½
<b>Utility Earned ROE</b>						
Electric	$\pm 10$ bps	$\pm 2$	$\pm 8$			
Gas	$\pm 10$	$\pm 1$	$\pm 5$			
<b>Interest Rates</b>	$\pm 25$ bps	$\mp <1$	$\mp 1$			
<b>Effective Tax Rate (10%)</b>	$\pm 100$ bps	$\mp 3$	$\mp 0$			

Presentation endnotes are included after the appendix.

. . . reflect effective risk mitigation.



# Appendix

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# Endnotes

# Presentation Endnotes:



**Slide 4:** <sup>a</sup>Excludes seasonal and contract workers <sup>b</sup>Adjusted, (non-GAAP) <sup>c</sup>Dividend per share

**Slide 5:** <sup>a</sup>Methane emissions from our natural gas delivery system and carbon emissions for our electric business

**Slide 6:** <sup>a</sup>By CultureIQ, top quartile for U.S. utilities <sup>b</sup>Source: Data from CXI Forrester Index, top quartile across all industries

**Slide 8:** <sup>a</sup>Methane emissions from our natural gas delivery system and carbon emissions from our electric business <sup>b</sup>UBS Research, 2021 state rankings and D.C

**Slide 8:** <sup>a</sup>UBS Research, 2021 state rankings and D.C.

**Slide 9:** <sup>a</sup>From 2005 baseline including utility-owned generation, PPAs and MISO purchases, post-coal retirement <sup>b</sup>2021 IRP vs. current plan savings

**Slide 10:** <sup>a</sup>\$1.45K of distribution assets per customer, Source: 2020 FERC Form 1, Largest electric regulated utility by customers, includes above ground electric distribution assets

**Slide 11:** <sup>a</sup>UBS Research, 2021 state rankings and D.C.

**Slide 12:** <sup>a</sup>2020 Consumers Energy bill as % of Michigan household income, in current dollars. Source: Fred.stlouisfed.org, Bls.gov <sup>b</sup>Excludes potential fuel savings

**Slide 14:** <sup>a</sup>2021 year over year change in GWh, excludes ROA and other <sup>b</sup>Excludes one large, low-margin industrial customer

**Slide 16:** <sup>a</sup>From 2005 baseline including utility-owned generation, PPAs and MISO purchases, post coal retirements <sup>b</sup>2021 IRP vs. current plan savings

**Slide 18:** <sup>a</sup>Utility-owned and PPAs as of December 31, 2021

**Slide 19:** <sup>a</sup>Utility-owned, PPAs and MISO market purchases

**Slide 22:** <sup>a</sup>\$1.1B renewables through RPS as of 12/31/2021 <sup>b</sup>Subject to change

**Slide 23:** <sup>a</sup>PP&E associated with coal based on calendar year <sup>b</sup>Includes wind, solar, hydro and energy efficiency; 2008: ( $\sim \$100\text{M}$  hydro rate base  $\times$  10.7% ROE  $\times$  42.1% equity ratio)  $\div$  235M O/S  $\div$  \$1.20 Adjusted EPS =  $\sim 1\frac{1}{2}\%$ ; 2015: [ $\sim \$500\text{M}$  RPS renewables rate base  $\times$  10.7% ROE  $\times$  41.1% equity ratio] + ( $\sim \$285\text{M}$  hydro rate base  $\times$  10.3% ROE  $\times$  42.3% equity ratio) + \$13M tax-effected energy efficiency]  $\div$  276.5M O/S  $\div$  \$1.79 Adjusted EPS =  $\sim 9\frac{1}{2}\%$ ; Today/2021: [ $\sim \$1,100\text{M}$  RPS renewables rate base  $\times$  10.7% ROE  $\times$  40.8% equity ratio] + ( $\sim \$400\text{M}$  hydro rate base  $\times$  9.9% ROE  $\times$  41.7% equity ratio) + (10M IRP renewables  $\times$  9.9% ROE  $\times$  41.7% equity ratio) + \$34M tax-effected energy efficiency]  $\div$  289.5M O/S  $\div$  \$2.65 Adjusted EPS =  $\sim 13\%$

# Presentation Endnotes:



**Slide 24:** <sup>a</sup>Methane emissions from our natural gas delivery system since 2012 <sup>b</sup>Vintage service replacement

**Slide 27:** <sup>a</sup>5-year program ending 2023

**Slide 29:** <sup>a</sup>Spencer Stuart - Institutional Investor Focus 2020: Board Composition; people of color (PoC) universe includes top 200 publicly traded companies

**Slide 32:** <sup>a</sup>Assumes \$21B rate base in 2021, \$29½B in 2026, CAGR

**Slide 34:** <sup>a</sup>Includes \$27M of depreciation previously approved <sup>b</sup>Rate relief equivalent

**Slide 35:** <sup>a</sup>See GAAP reconciliation on slide 52

**Slide 37:** <sup>a</sup>Mid-teens, as calculated by rating agencies

**Slide 40:** <sup>a</sup>Mid-teens, as calculated by rating agencies

**Slide 41:** <sup>a</sup>After-tax

**Slide 42:** <sup>a</sup>\$1,606M in available revolvers + \$452M of unrestricted cash - \$21M of cash at Aviator Wind and other; excludes proceeds from the sale of EnerBank

**Slide 43:** <sup>a</sup>Reflects 2022 sales forecast; weather-normalized

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 net income refer to net income available to common stockholders and references to earnings per share are on a diluted basis. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, changes in accounting principles, changes in federal tax policy, regulatory items from prior years, unrealized gains or losses from mark-to-market adjustments recognized in net income related to CMS Enterprises' interest expense, 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. References to earnings guidance refer to such guidance as provided by the company on February 3, 2022.

# GAAP Reconciliation

**CMS ENERGY CORPORATION**  
**Earnings Per Share By Year GAAP Reconciliation**  
**(Unaudited)**



	2008	2015	2021
<b>Reported earnings (loss) per share - GAAP</b>	\$1.20	\$1.89	\$4.66
<b>Pretax items:</b>			
Electric and gas utility	0.08	-	0.10
Tax impact	(0.03)	-	(0.03)
Enterprises	(0.02)	*	(*)
Tax impact	*	(*)	*
Corporate interest and other	0.01	*	(*)
Tax impact	(0.03)	(*)	*
Discontinued operations (income) loss, net	(0.01)	(0.10)	(2.08)
<b>Adjusted earnings per share - non-GAAP</b>	\$1.20	\$1.79	\$2.65

\* Less than \$0.01 per share.



**CMS ENERGY CORPORATION**  
**Reconciliation of GAAP Cash Flows from Operating Activities to**  
**Non-GAAP Adjusted Cash Flows from Operating Activities**  
**(Unaudited)**



	<i>In Millions</i>				
	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021</b></u>
Cash Flows from Operating Activities	\$ 1,705	\$ 1,703	\$ 1,790	\$ 1,276	\$ 1,819
Adjustments - Discretionary Pension Contributions	-	240	-	700	-
Adjustments - EnerBank Operating Cash Flows	(52)	(61)	(89)	(91)	24
Non-GAAP Adjusted Cash Flows from Operating Activities	<u>\$ 1,653</u>	<u>\$ 1,882</u>	<u>\$ 1,701</u>	<u>\$ 1,885</u>	<u>\$ 1,843</u>

**CMS ENERGY CORPORATION**  
**Reconciliation of GAAP EPS to Non-GAAP Adjusted EPS by Segment**  
**(Unaudited)**



	<i>In Millions, Except Per Share Amounts</i>			
	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>12/31/21</b>	<b>12/31/20</b>	<b>12/31/21</b>	<b>12/31/20</b>
<b>Electric Utility</b>				
Reported net income per share available to common stockholders	\$ 0.21	\$ 0.32	\$ 1.95	\$ 1.94
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	-	0.01	-	0.04
Tax impact	-	(*)	-	(0.01)
Loss on fleet impairment	0.07	-	0.07	-
Tax impact	(0.02)	-	(0.02)	-
Voluntary separation program	-	*	-	0.03
Tax impact	-	(*)	-	(0.01)
Adjusted income per share – non-GAAP	<u>\$ 0.26</u>	<u>\$ 0.33</u>	<u>\$ 2.00</u>	<u>\$ 1.99</u>
<b>Gas Utility</b>				
Reported net income per share available to common stockholders	\$ 0.33	\$ 0.34	\$ 1.05	\$ 0.91
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	-	*	-	*
Tax impact	-	(*)	-	(*)
Loss on fleet impairment	0.03	-	0.03	-
Tax impact	(0.01)	-	(0.01)	-
Voluntary separation program	-	-	-	0.01
Tax impact	-	-	-	(*)
Adjusted income per share – non-GAAP	<u>\$ 0.35</u>	<u>\$ 0.34</u>	<u>\$ 1.07</u>	<u>\$ 0.92</u>
<b>Enterprises</b>				
Reported net income (loss) per share available to common stockholders	\$ (0.01)	\$ 0.01	\$ 0.08	\$ 0.13
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	*	(*)	(*)	*
Tax impact	(*)	*	*	(*)
Tax reform	-	-	-	(0.01)
Voluntary separation program	-	*	-	*
Tax impact	-	(*)	-	(*)
Adjusted income (loss) per share – non-GAAP	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ 0.08</u>	<u>\$ 0.12</u>
<b>Corporate Interest and Other</b>				
Reported net loss per share available to common stockholders	\$ (0.13)	\$ (0.20)	\$ (0.50)	\$ (0.54)
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	*	*	(*)	(*)
Tax impact	(*)	(*)	*	*
Tax reform	-	-	-	(0.02)
Adjusted loss per share – non-GAAP	<u>\$ (0.13)</u>	<u>\$ (0.20)</u>	<u>\$ (0.50)</u>	<u>\$ (0.56)</u>
<b>Discontinued Operations</b>				
Reported net income per share available to common stockholders	\$ 1.80	\$ 0.08	\$ 2.08	\$ 0.20
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Adjusted income per share – non-GAAP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Consolidated</b>				
Reported net income per share available to common stockholders	\$ 2.20	\$ 0.55	\$ 4.66	\$ 2.64
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Other exclusions from adjusted earnings	*	0.01	(*)	0.04
Tax impact	(*)	(*)	*	(0.01)
Loss on fleet impairment	0.10	-	0.10	-
Tax impact	(0.03)	-	(0.03)	-
Tax reform	-	-	-	(0.03)
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted income per share – non-GAAP	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 2.65</u>	<u>\$ 2.47</u>
<b>Average Common Shares Outstanding – Diluted</b>	<u>289.7</u>	<u>286.9</u>	<u>289.5</u>	<u>286.3</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>			
	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>12/31/21</b>	<b>12/31/20</b>	<b>12/31/21</b>	<b>12/31/20</b>
<b>Net Income Available to Common Stockholders</b>	\$ 637	\$ 158	\$ 1,348	\$ 755
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(665)	-	(657)	-
Tax impact	145	-	143	-
Discontinued operations income	-	(32)	(115)	(76)
Tax impact	-	8	27	18
Other exclusions from adjusted earnings**	*	2	(1)	13
Tax impact	(*)	(1)	*	(3)
Loss on fleet impairment	29	-	29	-
Tax impact	(7)	-	(7)	-
Tax reform	-	-	-	(9)
Voluntary separation program	-	*	-	11
Tax impact	-	(*)	-	(3)
Adjusted net income – non-GAAP	<u>\$ 139</u>	<u>\$ 135</u>	<u>\$ 767</u>	<u>\$ 706</u>
<b>Average Common Shares Outstanding</b>				
Basic	289.1	285.7	289.0	285.0
Diluted	289.7	286.9	289.5	286.3
<b>Basic Earnings Per Average Common Share</b>				
Reported net income per average common share	\$ 2.20	\$ 0.55	\$ 4.66	\$ 2.65
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Other exclusions from adjusted earnings**	*	0.01	(*)	0.04
Tax impact	(*)	(*)	*	(0.01)
Loss on fleet impairment	0.10	-	0.10	-
Tax impact	(0.03)	-	(0.03)	-
Tax reform	-	-	-	(0.03)
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted net income per average common share – non-GAAP	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 2.65</u>	<u>\$ 2.48</u>
<b>Diluted Earnings Per Average Common Share</b>				
Reported net income per average common share	\$ 2.20	\$ 0.55	\$ 4.66	\$ 2.64
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Other exclusions from adjusted earnings**	*	0.01	(*)	0.04
Tax impact	(*)	(*)	*	(0.01)
Loss on fleet impairment	0.10	-	0.10	-
Tax impact	(0.03)	-	(0.03)	-
Tax reform	-	-	-	(0.03)
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted net income per average common share – non-GAAP	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 2.65</u>	<u>\$ 2.47</u>

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

\*\* Includes restructuring costs and unrealized gains or losses from mark-to-market adjustments recognized in net income related to CMS Enterprises' interest expense.

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, changes in accounting principles, changes in federal tax policy, regulatory items from prior years, unrealized gains or losses from mark-to-market adjustments recognized in net income related to CMS Enterprises' interest expense, or other items. The 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>				
<b>2021</b>				
	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>
<b>Net Income Available to Common Stockholders</b>	\$ 349	\$ 176	\$ 186	\$ 637
<i>Reconciling items:</i>				
Electric utility and gas utility	-	-	-	29
Tax impact	-	-	-	(7)
Enterprises	(1)	*	(*)	*
Tax impact	*	(*)	*	(*)
Corporate interest and other	-	(*)	-	*
Tax impact	-	*	-	(*)
Disposal of discontinued operations (gain) loss	-	5	3	(665)
Tax impact	-	(1)	(1)	145
Discontinued operations income	(43)	(30)	(42)	-
Tax impact	9	8	10	-
<b>Adjusted Net Income – Non-GAAP</b>	<b>\$ 314</b>	<b>\$ 158</b>	<b>\$ 156</b>	<b>\$ 139</b>
<b>Average Common Shares Outstanding – Diluted</b>	289.1	289.4	289.6	289.7
<b>Diluted Earnings Per Average Common Share</b>	\$ 1.21	\$ 0.61	\$ 0.64	\$ 2.20
<i>Reconciling items:</i>				
Electric utility and gas utility	-	-	-	0.10
Tax impact	-	-	-	(0.03)
Enterprises	(*)	*	(*)	*
Tax impact	*	(*)	*	(*)
Corporate interest and other	-	(*)	-	*
Tax impact	-	*	-	(*)
Disposal of discontinued operations (gain) loss	-	0.02	0.01	(2.30)
Tax impact	-	(0.01)	(*)	0.50
Discontinued operations income	(0.15)	(0.10)	(0.14)	-
Tax impact	0.03	0.03	0.03	-
<b>Adjusted Diluted Earnings Per Average Common Share – Non-GAAP</b>	<b>\$ 1.09</b>	<b>\$ 0.55</b>	<b>\$ 0.54</b>	<b>\$ 0.47</b>

<i>In Millions, Except Per Share Amounts</i>				
<b>2020</b>				
	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>
<b>Net Income Available to Common Stockholders</b>	\$ 243	\$ 136	\$ 218	\$ 158
<i>Reconciling items:</i>				
Electric utility and gas utility	15	4	4	2
Tax impact	(4)	(1)	(1)	(1)
Enterprises	1	(*)	*	(*)
Tax impact	(4)	*	(*)	*
Corporate interest and other	(2)	*	(*)	*
Tax impact	(4)	(*)	*	(*)
Discontinued operations income	(17)	(11)	(16)	(32)
Tax impact	3	3	4	8
<b>Adjusted Net Income – Non-GAAP</b>	<b>\$ 231</b>	<b>\$ 131</b>	<b>\$ 209</b>	<b>\$ 135</b>
<b>Average Common Shares Outstanding – Diluted</b>	285.2	286.5	286.9	286.9
<b>Diluted Earnings Per Average Common Share</b>	\$ 0.85	\$ 0.48	\$ 0.76	\$ 0.55
<i>Reconciling items:</i>				
Electric utility and gas utility	0.05	0.02	0.01	0.01
Tax impact	(0.01)	(0.01)	(*)	(*)
Enterprises	*	(*)	*	(*)
Tax impact	(0.01)	*	(*)	*
Corporate interest and other	(*)	*	(*)	*
Tax impact	(0.02)	(*)	*	(*)
Discontinued operations income	(0.06)	(0.04)	(0.05)	(0.11)
Tax impact	0.01	0.01	0.01	0.03
<b>Adjusted Diluted Earnings Per Average Common Share – Non-GAAP</b>	<b>\$ 0.81</b>	<b>\$ 0.46</b>	<b>\$ 0.73</b>	<b>\$ 0.48</b>

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