

DTE Energy[®]



Third Quarter 2011
Earnings Conference Call

November 4, 2011

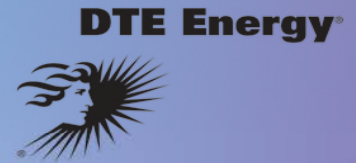


Safe Harbor Statement

The information contained herein is as of the date of this presentation. Many factors may impact forward-looking statements including, but not limited to, the following: economic conditions and population changes in our geographic area resulting in changes in demand, customer conservation, increased thefts of electricity and gas and high levels of uncollectible accounts receivable; changes in the economic and financial viability of suppliers and trading counterparties, and the continued ability of such parties to perform their obligations to the Company; access to capital markets and the results of other financing efforts which can be affected by credit agency ratings; instability in capital markets which could impact availability of short and long-term financing; the timing and extent of changes in interest rates; the level of borrowings; the potential for losses on investments, including nuclear decommissioning and benefit plan assets and the related increases in future expense and contributions; impact of regulation by the FERC, MPSC, NRC and other applicable governmental proceedings and regulations, including any associated impact on rate structures; the amount and timing of cost recovery allowed as a result of regulatory proceedings; the potential for increased costs or delays in completion of significant construction projects; the effects of weather and other natural phenomena on operations and sales to customers, and purchases from suppliers; environmental issues, laws, regulations, and the increasing costs of remediation and compliance, including actual and potential new federal and state requirements; health, safety, financial, environmental and regulatory risks associated with ownership and operation of nuclear facilities; impact of electric and gas utility restructuring in Michigan, including legislative amendments and Customer Choice programs; employee relations and the impact of collective bargaining agreements; unplanned outages; changes in the cost and availability of coal and other raw materials, purchased power and natural gas; volatility in the short-term natural gas storage markets impacting third-party storage revenues; cost reduction efforts and the maximization of plant and distribution system performance; the effects of competition; the uncertainties of successful exploration of unconventional gas resources and challenges in estimating gas and oil reserves with certainty; changes in and application of federal, state and local tax laws and their interpretations, including the Internal Revenue Code, regulations, rulings, court proceedings and audits, related appeals or new legislation; the cost of protecting assets against, or damage due to, terrorism or cyber attacks; the availability, cost, coverage and terms of insurance and stability of insurance providers; changes in and application of accounting standards and financial reporting regulations; changes in federal or state laws and their interpretation with respect to regulation, energy policy and other business issues; binding arbitration, litigation and related appeals; and risks discussed in public filings with the SEC. New factors emerge from time to time. We cannot predict what factors may arise or how such factors may cause our results to differ materially from those contained in any forward-looking statement. Any forward-looking statements refer only as of the date on which such statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. This presentation should also be read in conjunction with the "Forward-Looking Statements" sections in each of DTE Energy's and Detroit Edison's 2010 Forms 10-K and 2011 Forms 10-Q (which sections are incorporated herein by reference), and in conjunction with other SEC reports filed by DTE Energy and Detroit Edison.

Cautionary Note – The Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation such as "probable reserves" that the SEC's guidelines strictly prohibit us from including in filings with the SEC. You are urged to consider closely the disclosure in DTE Energy's 2010 Form 10-K and 2011 Forms 10-Q, File No. 1-11607, available from our offices or from our website at www.dteenergy.com. You can also obtain these Forms from the SEC by accessing its website at www.sec.gov or by calling 1-800-SEC-0330.

Participants



- **Dave Meador, Executive Vice President and CFO**
- **Peter Oleksiak, Vice President, Controller & Investor Relations**
- **Nick Khouri, Vice President and Treasurer**
- **Mark Rolling, Director of Investor Relations**



- **Overview**
- **Third Quarter 2011 Earnings Results**
- **Cash Flow and Capital Expenditures**
- **Summary**



Investment Thesis

DTE Energy has a plan it believes will provide 5% - 6% long-term operating EPS growth, an attractive dividend yield and a strong balance sheet

- Utility growth plan driven by mandated investments
- Constructive regulatory structure and continued cost savings enable utilities to earn their authorized returns
- Plans in place to achieve operational excellence and customer satisfaction that are distinctive in our industry, with a focus on customer affordability
- Meaningful, low-risk growth opportunities in non-utility businesses continue to provide diversity in earnings and geography



5%-6% Average Annual EPS Growth



Attractive Dividend





Overview

DTE Energy 3Q 2011 operating earnings per share* of \$1.07 vs. \$0.96 in 3Q 2010;

- **Detroit Edison** results lower due primarily to higher O&M
- **Power & Industrial** earnings down following non-repeating earnings in 2010
- **Gas Storage & Pipelines** continues to provide solid earnings stream
- **Energy Trading** earnings higher driven by improved 3Q economic performance

Narrowing DTE 2011 operating EPS guidance to \$3.50 - \$3.70 from \$3.40 - \$3.70

Balance sheet remains strong

- Generated \$1.5 billion in cash from operations YTD 2011
- On pace to hit balance sheet targets in 2011
- Closed on \$1.8 billion 5-year credit facilities in October 2011

Final order in Detroit Edison rate case

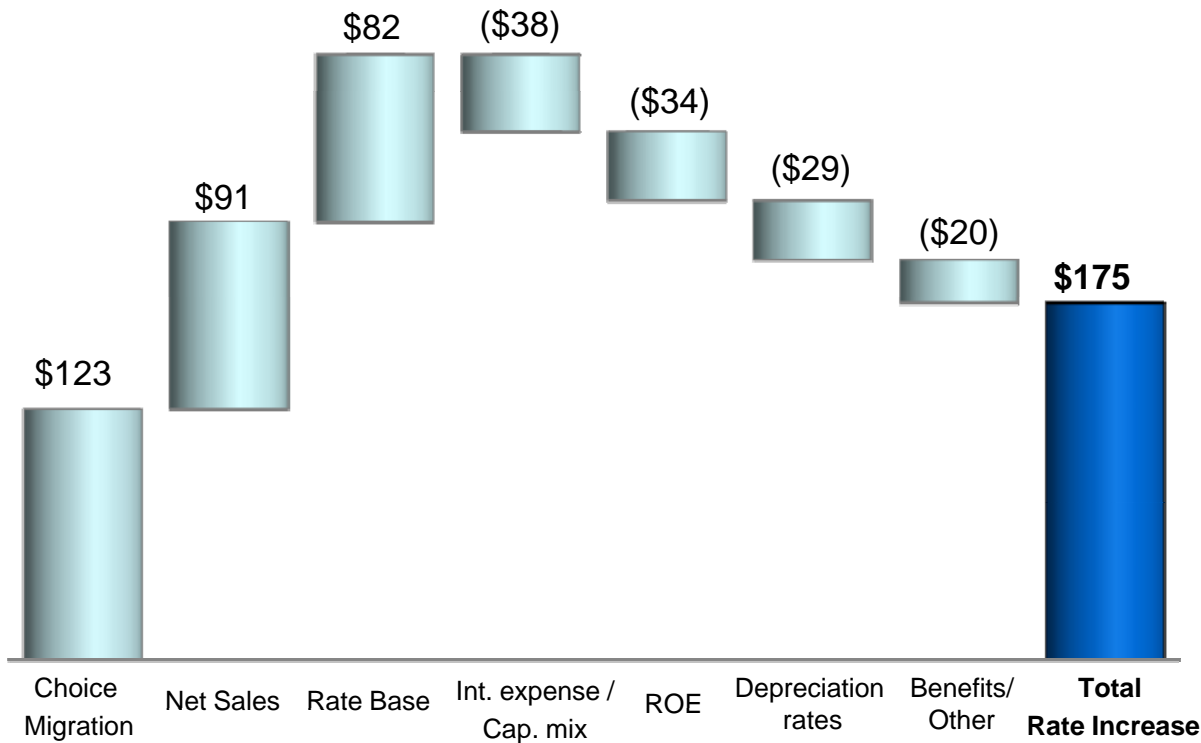
- Enables Detroit Edison to earn its new 10.5% authorized ROE
- Provides for full recovery of projected capital investments



Detroit Edison Rate Order Summary

Base Rate Increase

(millions)



- 10.5% allowed ROE
- Modified revenue decoupling mechanism
- Discontinuation of uncollectible, restoration, line clearance and choice trackers
- Choice fully recovered in base rates



2011 Operating Earnings* Guidance

(millions, except EPS)	YTD Actual	Prior Guidance	Revised Guidance
Detroit Edison	\$354	\$435 - \$445	\$430 - \$440
MichCon	69	110 - 115	110 - 115
Gas Storage & Pipelines	42	53	53
Unconventional Gas Production	(5)	0	(3)
Power & Industrial Projects	27	30 - 40	30 - 40
Energy Trading	36	10 - 40	35 - 45
Corporate & Other	(41)	(62)	(62)
DTE Energy	\$482	\$576 - \$631	\$593 - \$628
Operating EPS	\$2.83	\$3.40 - \$3.70	\$3.50 - \$3.70
Avg. Shares Outstanding	170	170	170

Drivers

- Raising lower end of guidance range; increasing midpoint to \$3.60
- Lower authorized ROE at Detroit Edison
- Strong YTD economic performance at Energy Trading

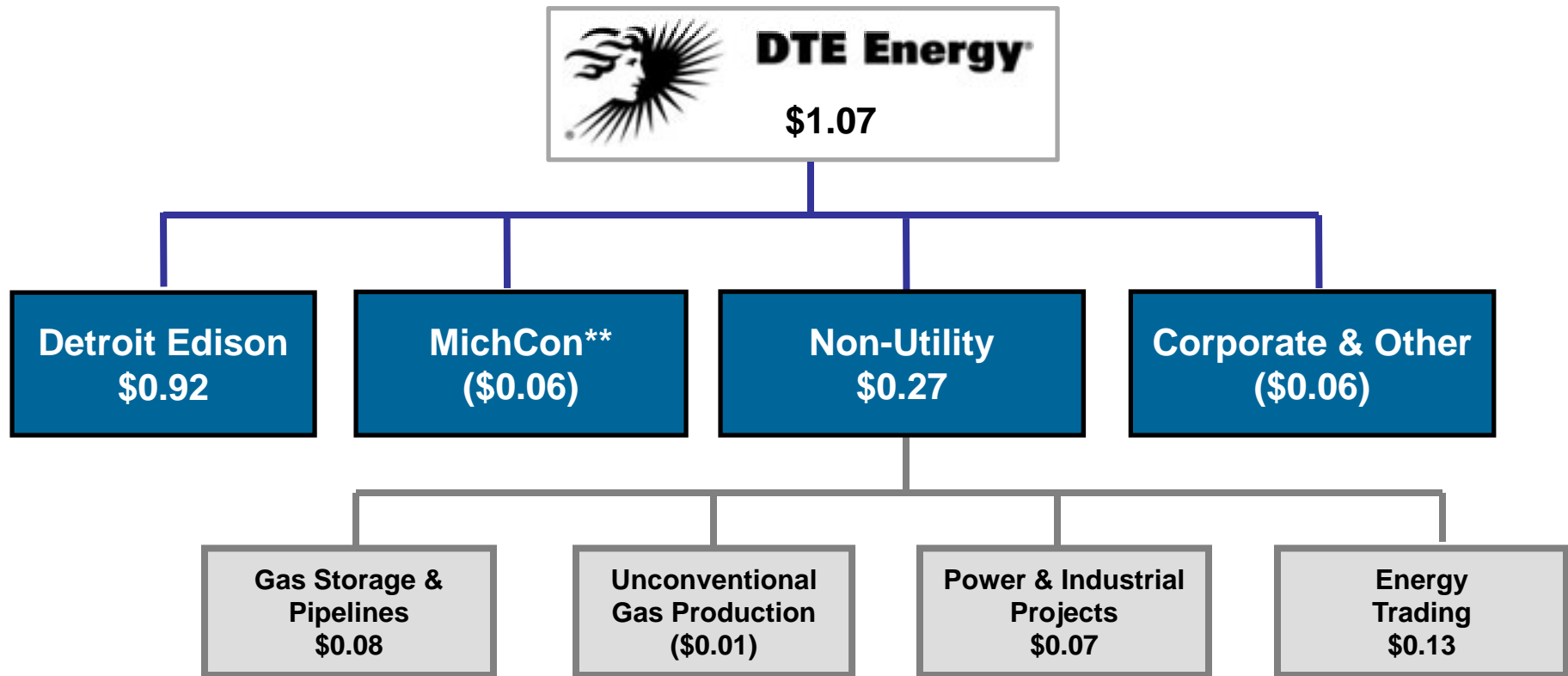
* Reconciliation to GAAP reported earnings included in the appendix



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Third Quarter 2011 Operating Earnings Per Share*



* Reconciliation to GAAP reported earnings included in the appendix

** Includes Citizens Gas Utility



Third Quarter 2011 Operating Earnings Variance

Operating Earnings*

(\$ millions, except EPS)

	<u>3Q 2011</u>	<u>3Q 2010</u>	<u>Change</u>
Detroit Edison	\$ 157	\$ 165	\$ (8)
MichCon	(11)	(6)	(5)
Gas Storage and Pipelines	13	12	1
Unconventional Gas Production	(2)	(4)	2
Power & Industrial Projects	12	26	(14)
Energy Trading	22	(12)	34
Corporate & Other	(8)	(18)	10
DTE Energy	\$ 183	\$ 163	\$ 20
Operating EPS	\$ 1.07	\$ 0.96	\$ 0.11
Avg. Shares Outstanding	169.8	169.3	

Drivers

Detroit Edison

- Higher planned O&M

MichCon

- True-up of final rate order in 2010 and lower storage revenues in 2011

Non-Utility

- Power & Industrial due to non-repeating 2010 earnings
- Energy Trading due to improved economic performance in 3Q 2011
- Corporate & Other primarily driven by lower interest expense in 2011

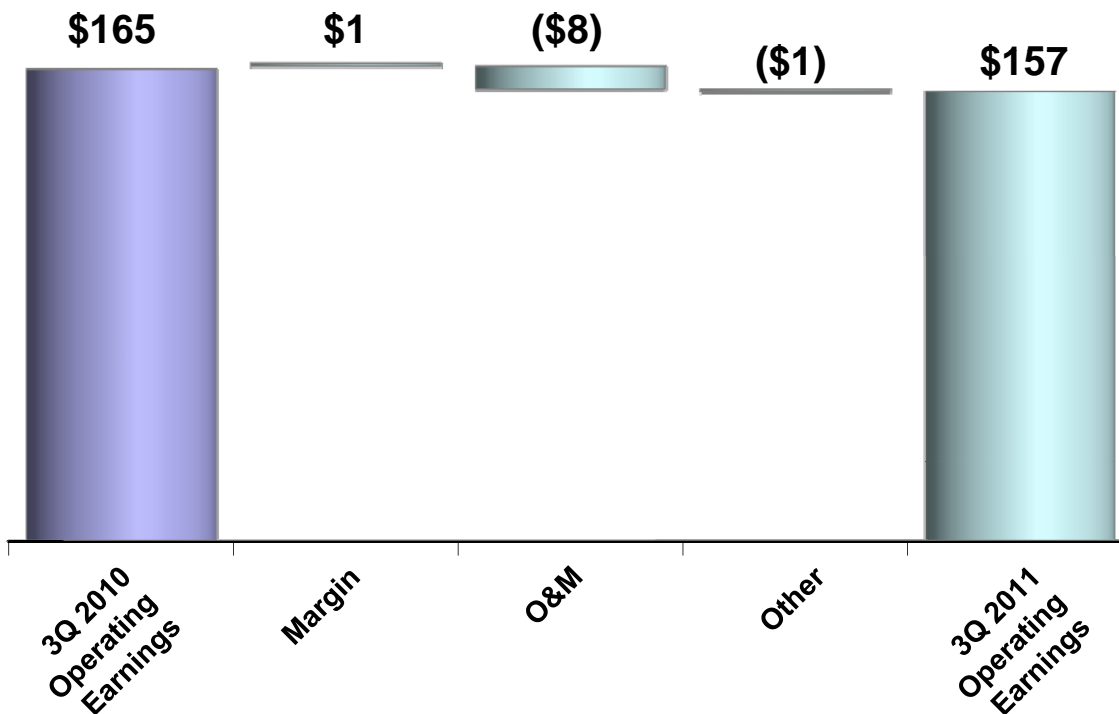
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Detroit Edison Variance Analysis

Detroit Edison Operating Earnings* Variance

(\$ millions)



Drivers

- Margin driven by higher rates offset by true-up of final rate order
- O&M reflects higher planned maintenance activities

* Reconciliation to GAAP reported earnings included in the appendix

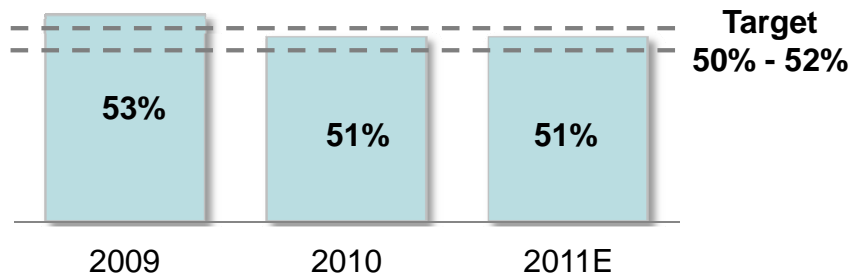


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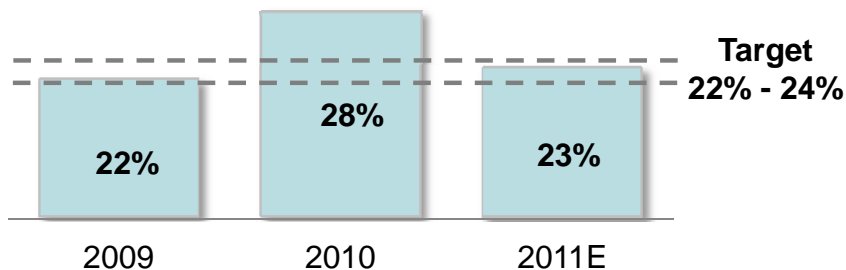
Targeted Financial Metrics

Leverage*



- A strong balance sheet continues to be a key priority
- Leverage and cash flow metrics within targeted ranges, without new equity in 2011
- Issued over \$1 billion of new or refinanced debt this year, generating annual interest savings of nearly \$25 million

Funds from Operations / Debt*



- Closed on \$1.8 billion 5-year credit facilities in October 2011
 - \$1.6 billion of available liquidity at end of 3Q 2011

*Debt excludes securitization, a portion of MichCon's short-term debt, and considers 50% of the trust preferreds as equity



YTD 2011 Cash Flow

DTE Energy Cash Flow*

(billions)

	<u>YTD 2011</u>	<u>YTD 2010</u>
Cash From Operations	\$1.5	\$1.5
Capital Spending	<u>(1.1)</u>	<u>(0.9)</u>
Free Cash Flow	\$0.4	\$0.6
Asset Sales	-	-
Dividends	<u>(0.3)</u>	<u>(0.3)</u>
Net Cash	<u>\$0.1</u>	<u>\$0.3</u>

Drivers

- Cash from operations comparable to strong levels achieved in 2010
- Increased capital spend reflects higher renewable energy and environmental investments at Detroit Edison
- Positive YTD net cash after capital and dividends

* Includes securitization



YTD 2011 Capital Expenditures

DTE Energy Capital Expenditures

(millions)

	<u>YTD 2011</u>	<u>YTD 2010</u>
Detroit Edison		
Operational	493	578
Environmental	120	54
Renewable Energy	229	9
	<u>\$842</u>	<u>\$641</u>
MichCon		
Operational	109	94
Expansion	14	9
	<u>\$123</u>	<u>\$103</u>
Non-Utility		
Gas Storage & Pipelines	8	45
Unconventional Gas	23	22
Power & Industrial	64	67
Energy Trading	1	1
	<u>\$96</u>	<u>\$135</u>
Corporate & Other	5	5
Total	<u><u>\$1,066</u></u>	<u><u>\$884</u></u>

Drivers

- Detroit Edison primarily driven by increased spending on wind projects and higher environmental spend at Monroe Power Plant, offset partially by 2010 nuclear fuel cost related to outage cycle
- MichCon spending increased due to mainline renewal and meter relocation projects
- Gas Storage & Pipelines lower due to equity contribution for Millennium pipeline in 2010



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Summary

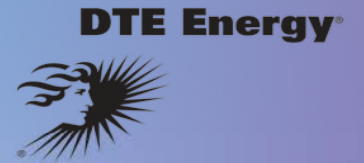
- **Solid YTD earnings results**
- **Narrowing 2011 operating EPS* guidance to \$3.50 - \$3.70**
- **Final order in Detroit Edison rate case**
- **Growth investments on track**
- **Balance sheet and cash flow metrics remain strong**

EEI Financial Conference presentation - November 8, 9:45AM EST

Gerry Anderson - Chairman, President and CEO

Dave Meador - Executive Vice President and CFO

Contact Us



DTE Energy Investor Relations

www.dteenergy.com/investors

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Appendix



2011 Capital Expenditures & Cash Flow Guidance

Cash Flow Summary*

(billions)

	<u>2011 Guidance</u>
Cash From Operations	\$1.9
Capital Spending	(1.7)
Free Cash Flow	<u>\$0.2</u>
Asset Sales	\$0.1
Dividends	(0.4)
Net Cash	<u>(\$0.1)</u>
Debt	\$0.1

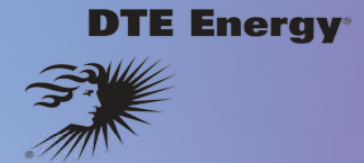
Capital Expenditures

(millions)

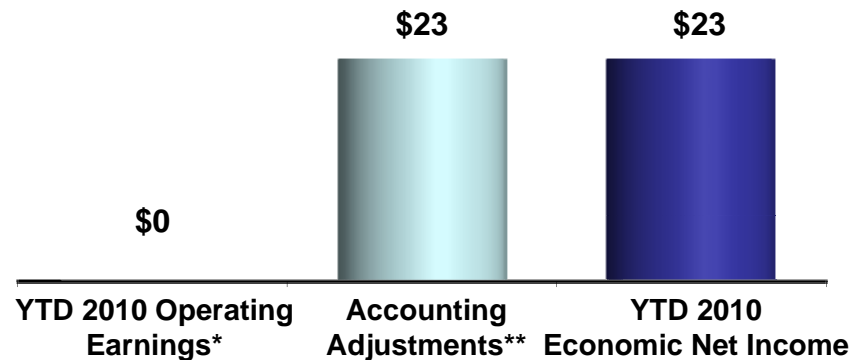
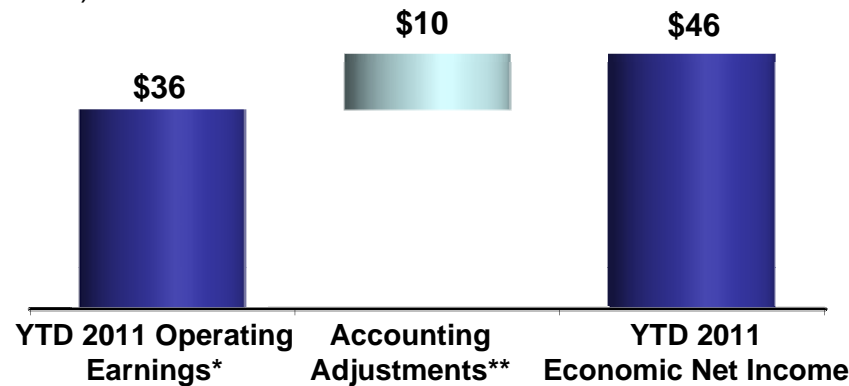
	<u>2011 Guidance</u>
Detroit Edison	
Operational	\$720
Environmental	230
Renewables / EE	350
	<u>\$1,300</u>
MichCon	
Operational	\$155
Expansion	25
	<u>\$180</u>
Non-Utility / Corporate & Other	<u>\$250</u>
Total	<u>\$1,730</u>

* Includes securitization

DTE Energy Trading Reconciliation of Operating Earnings* to Economic Net Income



(millions)



- Economic net income equals economic gross margin*** minus O&M expenses and taxes.
- DTE Energy management uses economic net income as one of the performance measures for external communications with analysts and investors.
- Internally, DTE Energy uses economic net income as one of the measures to review performance against financial targets and budget.

Energy Trading Operating Earnings* (\$ millions, after-tax)

	YTD 2011	YTD 2010
Realized	\$51	\$30
Unrealized	24	11
O&M / Other	<u>(39)</u>	<u>(41)</u>
	\$36	\$0

* Reconciliation to GAAP reported earnings included in the appendix

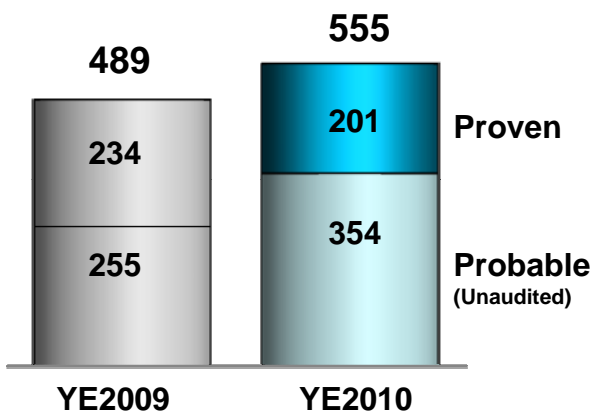
** Consists of the income statement effect of not recognizing changes in the fair market value of certain non-derivative contracts including physical inventory and capacity contracts for transportation, transmission and storage. These contracts are not MTM, instead are recognized for accounting purposes on an accrual basis.

*** Economic gross margin is the change in net fair value of realized and unrealized purchase and sale contracts including certain non-derivative contract costs

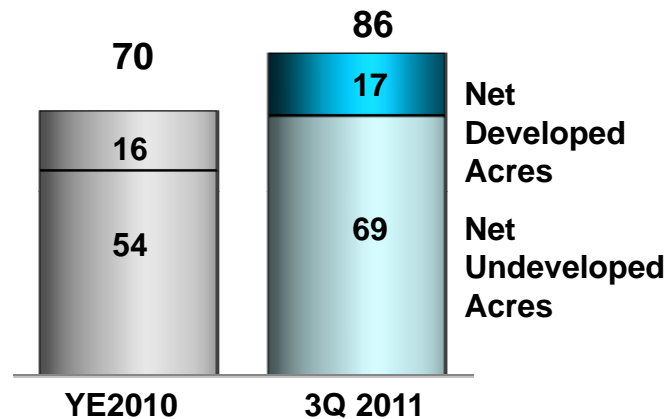


Barnett Shale Operating Metrics

Reserves (Bcfe)



Acreage Position (000's Acres)



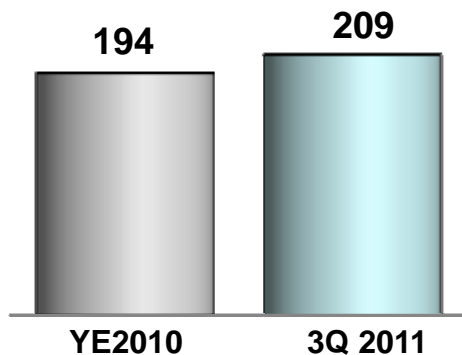
2011 YTD Results

- 15 new wells on-line, 4 in progress
- Production of 3.8 Bcfe
- 56% increase in oil sales volume year-over-year
- Capital expenditures \$23 million
- Acquired 16k acres, net

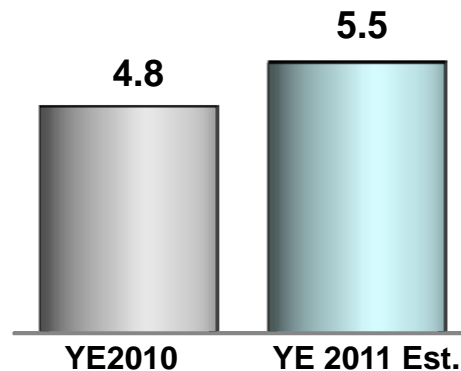
2011 Goals

- Continue to prudently manage and develop Barnett assets
- Invest \$25 - \$30 million
- Drill 20 - 25 wells
- Produce 5.5 Bcfe net, increase oil production
- Develop oil reserves

Gross Producing Wells



Net Production (Bcfe)





Reconciliation of YTD September 30, 2011 Reported to Operating Earnings

Use of Operating Earnings Information – DTE Energy management believes that operating earnings provide a more meaningful representation of the company's earnings from ongoing operations and uses operating earnings as the primary performance measurement for external communications with analysts and investors. Internally, DTE Energy uses operating earnings to measure performance against budget and to report to the Board of Directors.

YTD 2011
Net Income (millions)

	DTE Energy	Electric Utility	Gas Utility	Gas Storage & Pipelines	Unc. Gas Prod.	Power & Indust. Projects	Energy Trading	Corporate & Other
Reported Earnings	\$561	\$345	\$69	\$42	(\$5)	\$27	\$36	\$47
Michigan Corporate Income Tax Adjustment	(88)	-	-	-	-	-	-	(88)
Fermi 1 Asset Retirement Obligation	9	9	-	-	-	-	-	-
Operating Earnings	\$482	\$354	\$69	\$42	(\$5)	\$27	\$36	(\$41)

YTD 2011
EPS

	DTE Energy	Electric Utility	Gas Utility	Gas Storage & Pipelines	Unc. Gas Prod.	Power & Indust. Projects	Energy Trading	Corporate & Other
Reported Earnings	\$3.30	\$2.03	\$0.41	\$0.25	(\$0.03)	\$0.16	\$0.21	\$0.27
Michigan Corporate Income Tax Adjustment	(0.52)	-	-	-	-	-	-	(0.52)
Fermi 1 Asset Retirement Obligation	0.05	0.05	-	-	-	-	-	-
Operating Earnings	\$2.83	\$2.08	\$0.41	\$0.25	(\$0.03)	\$0.16	\$0.21	(\$0.25)



Reconciliation of YTD September 30, 2010 Reported to Operating Earnings

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YTD 2010
Net Income (millions)

	DTE Energy	Electric Utility	Gas Utility	Gas Storage & Pipelines	Unc. Gas Prod.	Power & Indust. Projects	Energy Trading	Corporate & Other
Reported Earnings	\$478	\$343	\$92	\$36	(\$9)	\$66	\$0	(\$50)
Performance Excellence Process - Cost to Achieve Deferral*	(20)	-	(20)	-	-	-	-	-
Operating Earnings	\$458	\$343	\$72	\$36	(\$9)	\$66	\$0	(\$50)

YTD 2010
EPS

	DTE Energy	Electric Utility	Gas Utility	Gas Storage & Pipelines	Unc. Gas Prod.	Power & Indust. Projects	Energy Trading	Corporate & Other
Reported Earnings	\$2.84	\$2.04	\$0.55	\$0.21	(\$0.05)	\$0.39	\$0.00	(\$0.30)
Performance Excellence Process - Cost to Achieve Deferral*	(0.12)	-	(0.12)	-	-	-	-	-
Operating Earnings	\$2.72	\$2.04	\$0.43	\$0.21	(\$0.05)	\$0.39	\$0.00	(\$0.30)

* Deferral of previously expensed cost to achieve as allowed for in June 3, 2010 MPSC order (case - U-15985)



Reconciliation of Full Year 2011, 3Q 2011 and 3Q 2010 Reported to Operating Earnings and

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In this presentation, DTE Energy provides 2011 guidance for operating earnings. It is likely that certain items that impact the company's 2011 reported results will be excluded from operating results. A reconciliation to the comparable 2011 reported earnings/net income guidance is not provided because it is not possible to provide a reliable forecast of specific line items. These items may fluctuate significantly from period to period and may have a significant impact on reported earnings.

There were no reported to operating adjustments in 3Q 2010 or 3Q 2011