



DTE Energy®

Business Update

August 16, 2017






Safe Harbor Statement

Many factors impact forward-looking statements including, but not limited to, the following: impact of regulation by the EPA, the FERC, the MPSC, the NRC, and for DTE Energy, the CFTC, as well as 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, related appeals, or new legislation, including legislative amendments and retail access programs; economic conditions and population changes in our geographic area resulting in changes in demand, customer conservation, and thefts of electricity and, for DTE Energy, natural gas; 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; 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 related to DTE Energy; impact of volatility of prices in the oil and gas markets on DTE Energy's gas storage and pipelines operations; impact of volatility in prices in the international steel markets on DTE Energy's power and industrial projects operations; volatility in commodity markets, deviations in weather, and related risks impacting the results of DTE Energy's energy trading operations; changes in the financial condition of DTE Energy's significant customers and strategic partners; the potential for losses on investments, including nuclear decommissioning and benefit plan assets and the related increases in future expense and contributions; 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 increased costs or delays in completion of significant capital projects; 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; the effects of weather and other natural phenomena on operations and sales to customers, and purchases from suppliers; unplanned outages; the cost of protecting assets against, or damage due to, cyber crime and terrorism; employee relations and the impact of collective bargaining agreements; the risk of a major safety incident at an electric distribution or generation facility and, for DTE Energy, a gas storage, transmission, or distribution facility; the availability, cost, coverage, and terms of insurance and stability of insurance providers; cost reduction efforts and the maximization of plant and distribution system performance; the effects of competition; 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; contract disputes, binding arbitration, litigation, and related appeals; implementation of new information systems; and the risks discussed in our public filings with the Securities and Exchange Commission. New factors emerge from time to time. We cannot predict what factors may arise or how such factors may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statements speak 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 section of the joint DTE Energy and DTE Electric 2016 Form 10-K and 2017 Forms 10-Q (which section is incorporated by reference herein), and in conjunction with other SEC reports filed by DTE Energy and DTE Electric.

- **Overview**
- Long-Term Growth Update
- Summary

Growth is driven by strong, stable utilities and complementary non-utility businesses

75%-80% Utility

Growth driven by infrastructure investments aimed at improving customer reliability



DTE Electric

- *Electric generation and distribution*
- *2.2 million customers*
- *Fully regulated*



DTE Gas

- *Natural gas transmission, storage and distribution*
- *1.3 million customers*
- *Fully regulated*

20%-25% Non-Utility

Growth driven by strategic opportunities



Gas Storage & Pipelines

- *Transport, store and gather natural gas*
- *5 pipelines, 91 Bcf of storage*



Power & Industrial Projects

- *Own and operate energy related assets*
- *68 sites, 17 states*



Energy Trading

- *Active physical and financial gas and power marketing company*

DTE earnings are 90-95% regulated or contracted

Our business strategy is fundamental to creating value for investors

- ✓ Infrastructure investments drive regulated utility growth
- ✓ Strategic and transparent growth opportunities in non-utility businesses provide diversity in earnings and geography
- ✓ Constructive regulatory structure and continued cost savings enable utilities to earn their authorized returns
- ✓ Distinctive operational excellence and customer satisfaction deliver service integrity
- ✓ Strong BBB credit rating supports dividend and EPS growth

5%-7%
Operating EPS* growth target

~7% dividend growth targeted in 2018 and 2019

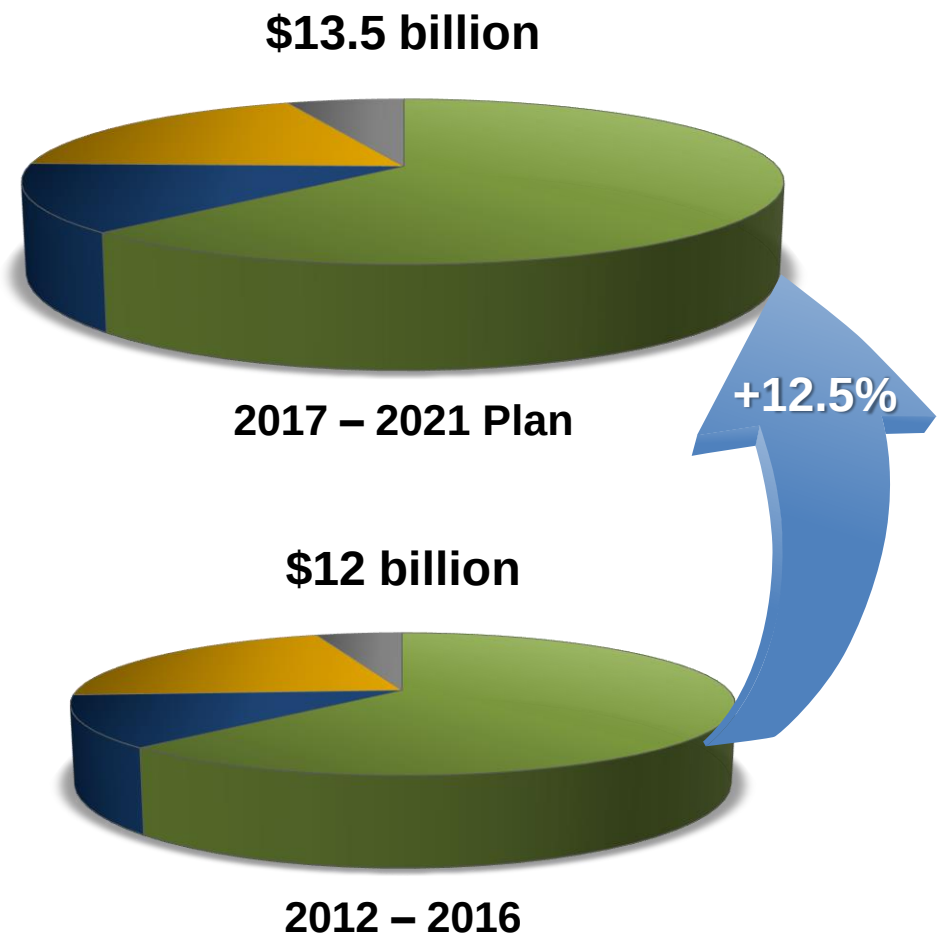
Premium
total shareholder return

Strong
balance sheet

* Reconciliation of operating earnings (non-GAAP) to reported earnings included in the appendix

- Overview
- **Long-Term Growth Update**
- Summary

Growth through 2021 fueled by investment in utility infrastructure and generation along with midstream opportunities



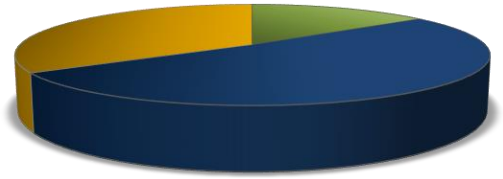
2017 – 2021 Capital Plan

- **Electric** ..... **$8.4 billion**
  Distribution infrastructure, new generation, replacement
- **Gas** ..... **$1.8 billion**
  Base infrastructure, NEXUS related, main replacement
- **GSP** ..... **$2.2 to $2.8 billion**
  Expansions, NEXUS
- **P&I** ..... **$0.6 to $1.0 billion**
  Cogeneration, on-site energy

DTE Electric's generation and distribution infrastructure replacement will continue to improve service to customers over the next 10 years

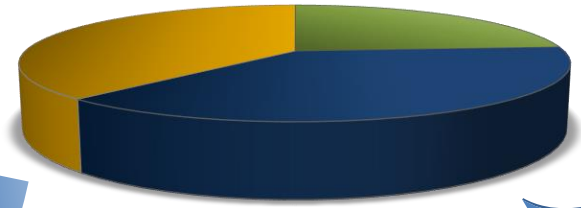
DTE Electric Investment

$7.4 billion



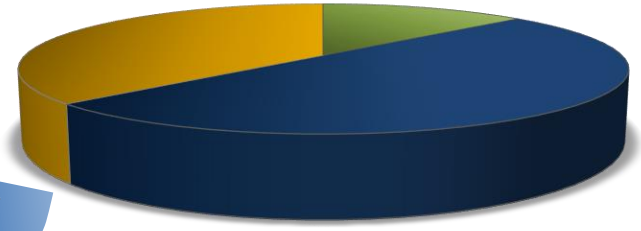
2012 – 2016

$8.4 billion



2017 – 2021

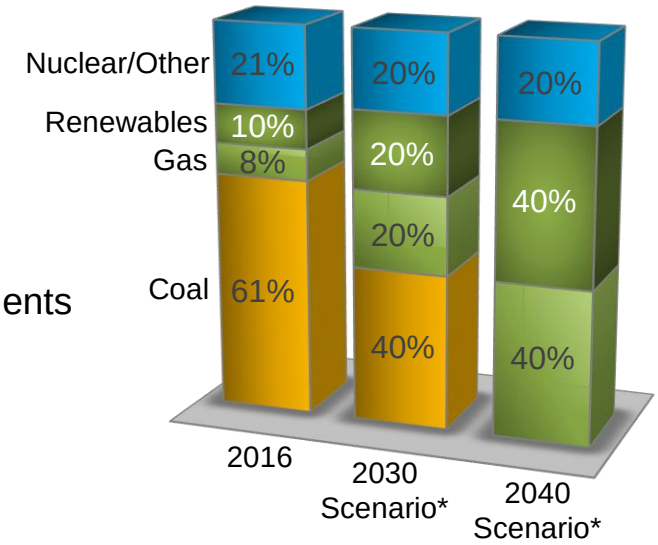
$9.8 billion



2022 – 2026

- New generation
  - Replace remaining coal with cleaner energy
- Distribution infrastructure
  - Move electric reliability to 1st quartile
- Replacement and other
  - Reduce costs through productivity and efficiency improvements

Electric Generation Shift
(% of GWh)

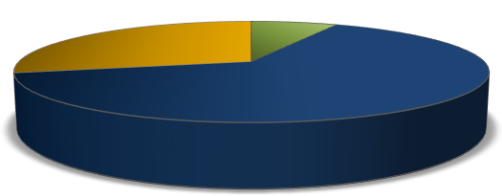


* Timing and mix subject to change

DTE Gas' infrastructure renewal and replacement improves service to customers over the next 10 years

DTE Gas Investment

$1.4 billion



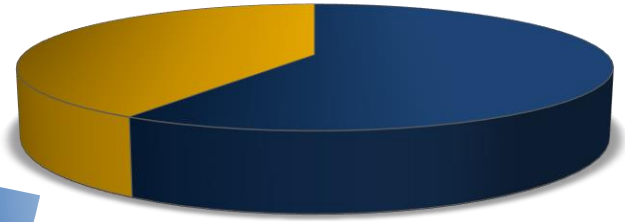
2012 – 2016

$1.8 billion



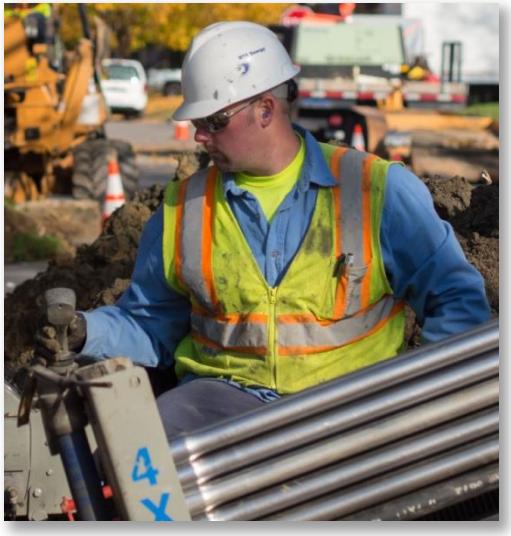
2017 – 2021

$1.7 billion

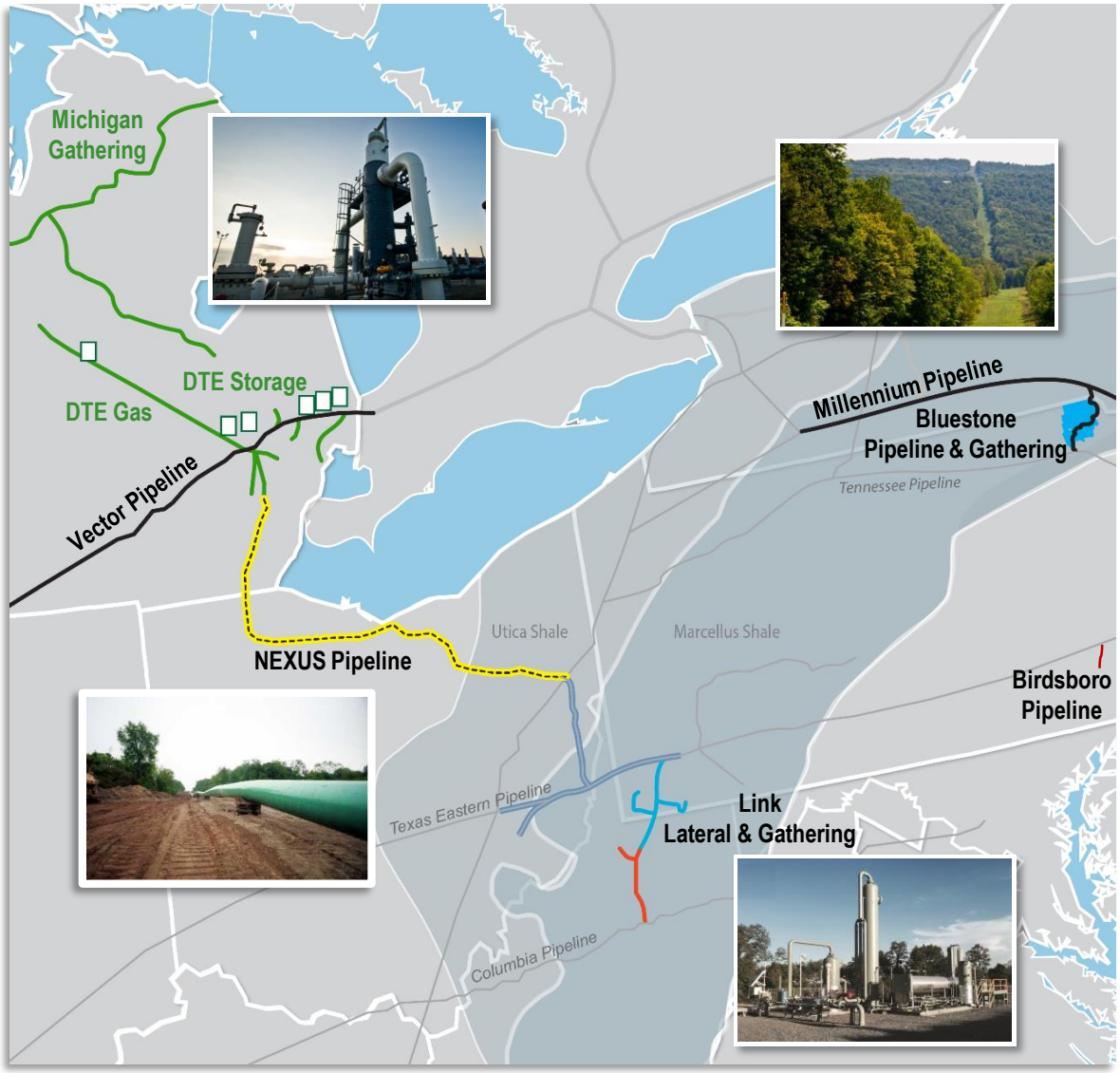


2022 – 2026

- NEXUS related
- Main replacement
  - Strengthen gas infrastructure by reducing planned main replacement cycle by half
- Base infrastructure
  - Transmission, compression, distribution, storage



Gas Storage & Pipelines (GSP) has an asset portfolio with multiple growth platforms



Growth Platforms

- ✓ Purposefully located in the best geology in North America
  - Millennium Pipeline
  - Bluestone Pipeline & Gathering
  - Link* Lateral & Gathering
  - NEXUS Pipeline

Michigan Assets

- ✓ Strategically located between Chicago and Ontario, Canada trading hubs
  - Vector Pipeline
  - Storage
  - Gathering

* Includes Appalachia Gathering System (AGS) and 55% of Stonewall Gas Gathering (SGG)

Power & Industrial Projects (P&I) operates three distinct business lines across the United States

Renewable Energy



- Wood-fired power plants
- Landfill gas to energy conversion

Typical contract
10-25 years

Contract duration
14 years

Industrial Energy Services



- On-site utility services for industrial and commercial customers
- Coke and pulverized coal for steel customers

Typical contract
5-20 years

Contract duration
6 years

Reduced Emissions Fuel (REF)



- Projects to reduce emissions from coal-fired plants
- Utility contracted

Contract duration
4.5 years

- Overview
- Long-Term Growth Update
- **Summary**

Summary

- On track to achieve 2017 operating EPS* guidance given strong first-half financial performance
- Driving utility growth through infrastructure investments focused on improving reliability and the customer experience
- Transforming generation fleet to reduce carbon emissions by more than 80 percent and provide cleaner energy to customers
- Continuing strategic and sustainable growth in non-utility businesses
- Delivering strong EPS and dividend growth that drive premium total shareholder returns

* Reconciliation of operating earnings (non-GAAP) to reported earnings included in the appendix

Appendix

Increased 2017 operating EPS* guidance midpoint 11 cents to $5.42 per share

(millions, except EPS)

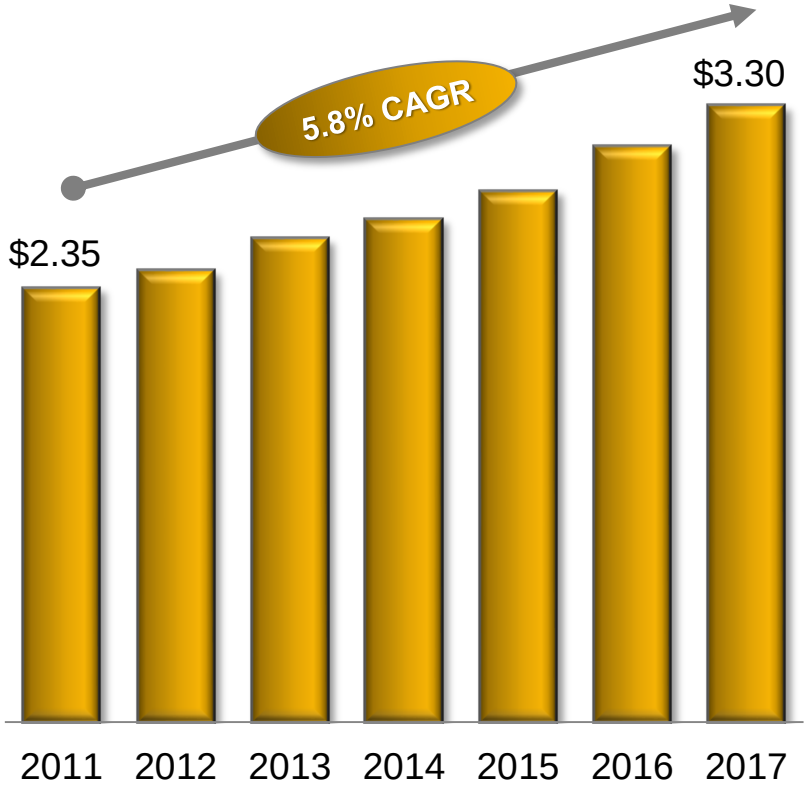
	Original Guidance	Revised Guidance	
DTE Electric	$610 - $624	$610 - $624	
DTE Gas	143 - 151	143 - 151	
Gas Storage & Pipelines	140 - 150	145 - 155	↑
Power & Industrial Projects	90 - 100	100 - 110	↑
Corporate & Other	(64) - (60)	(64) - (60)	
Growth segments**	**$919 - $965**	**$934 - $980**	
Growth segments operating EPS	**$5.12 - $5.38**	**$5.21 - $5.46**	↑
Energy Trading	$5 - $15	$10 - $20	↑
DTE Energy	**$924 - $980**	**$944 - $1,000**	
Operating EPS*	**$5.15 - $5.46**	**$5.26 - $5.57**	↑
Avg. Shares Outstanding	179.5	179.5	

* Reconciliation of operating earnings (non-GAAP) to reported earnings included in the appendix
** Total DTE Energy excluding Energy Trading

Consistently provide value to shareholders

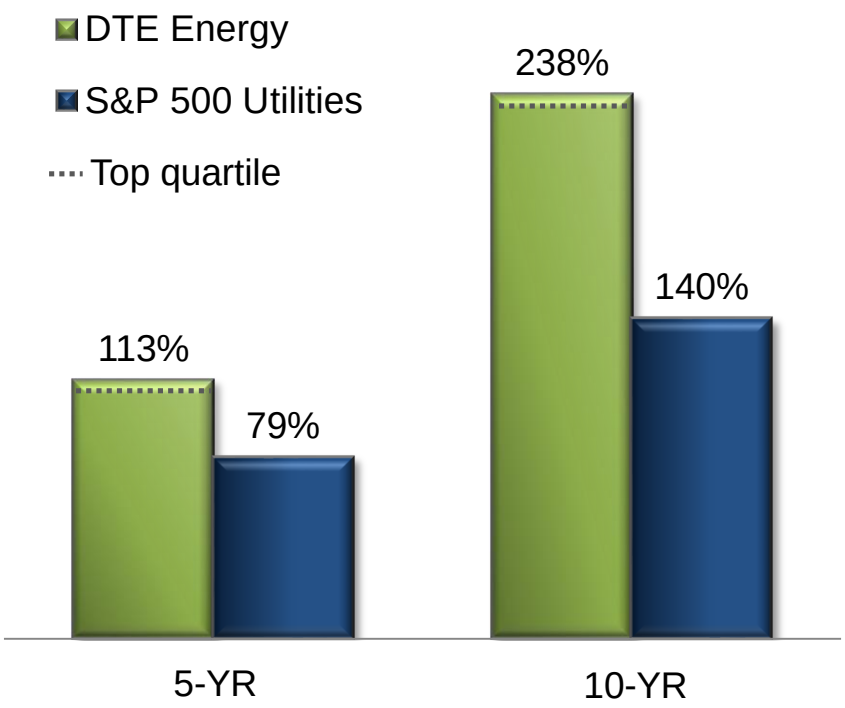
Annualized Dividend per Share

(dollars per share)



Targeting ~7% dividend increases in 2018 and 2019

Total Shareholder Return*

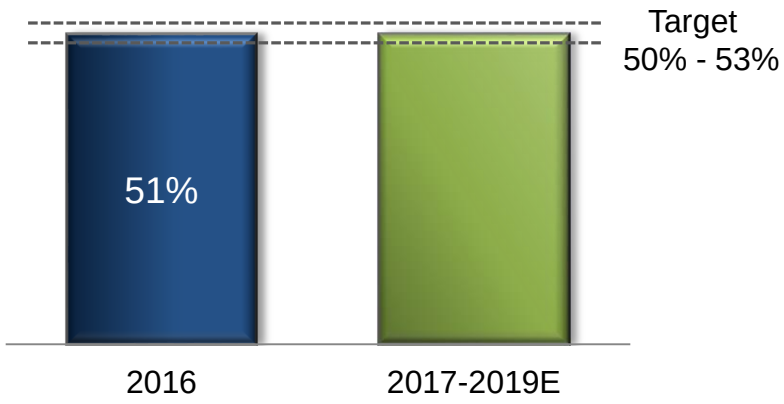


Top quartile of S&P 500 Utilities for 5 and 10 year periods

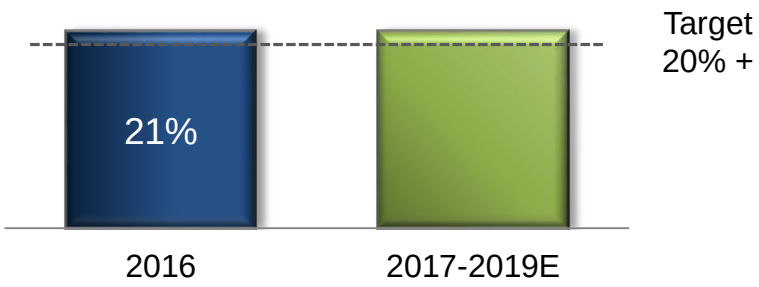
* Source: Bloomberg (as of 6/30/2017)

Cash flow and balance sheet remain strong

Leverage*



Funds from Operations** / Debt*



- Update on equity issuances:
  - No equity issuances planned for 2017
  - Acquisition related equity of $675 million in late 2019 (through convertible equity units)
  - No additional equity planned through 2019
- $1.7 billion of available liquidity at June 2017
- Successfully extended the existing $1.9 billion credit facilities to 2022

* Debt excludes a portion of DTE Gas' short-term debt and considers 50% of the junior subordinated notes and 100% of the convertible equity units as equity

** Funds from Operations (FFO) is calculated using operating earnings

Cash flow and capital expenditures guidance support growth target

(billions)

Cash Flow

	2016 Actual	2017 Guidance
Cash from operations	$2.1	$1.9
Capital expenditures	(3.4)	(3.0)
Free cash flow	**($1.3)**	**($1.1)**
Asset sales & other	$0.0	$0.0
Dividends	(0.5)	(0.6)
Net cash	**($1.8)**	**($1.7)**
Debt financing:		
Issuances	$2.7	$2.0
Redemptions	(0.9)	(0.3)
Change in debt	**$1.8**	**$1.7**

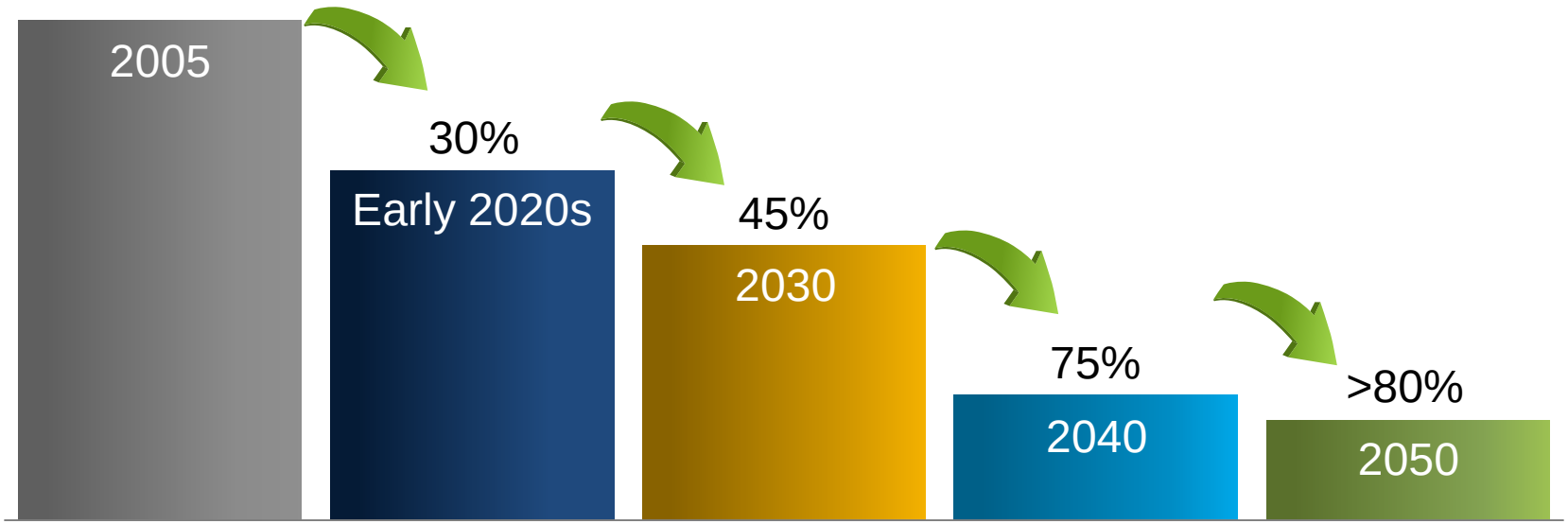
(millions)

Capital Expenditures

	2016 Actual	2017 Guidance
DTE Electric		
Distribution infrastructure	$567	$690
New generation	131	45
Replacement & other	805	725
	$1,503	$1,460
DTE Gas		
Base infrastructure	$177	$200
NEXUS related	94	90
Main replacement	124	145
	$395	$435
Non-Utility	$1,533	$900 - $1,100
Total	**$3,431**	**$2,795 - $2,995**

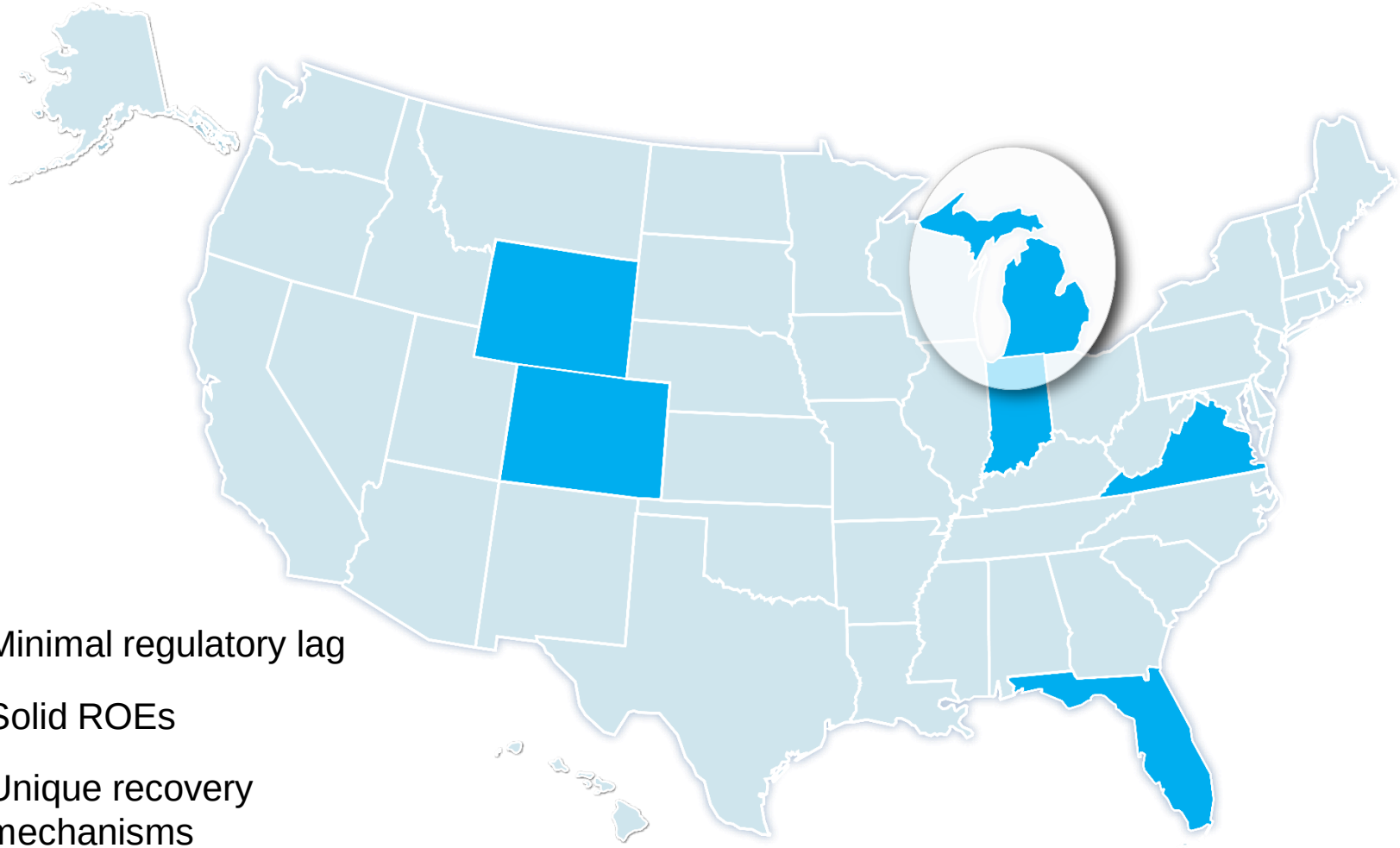
Committed to providing cleaner energy to customers and reducing carbon emissions by over 80%

Carbon emissions reduction goals



- Retiring aging coal-fired plants - ending use of coal by 2040
- Adding 3,500 megawatts of natural gas-fired energy capacity to supply 24/7 power and ensure reliability
- Constructing up to 4,000 megawatts of additional renewable energy capacity

Michigan's regulatory environment is one of the most constructive in the United States



- ✓ Minimal regulatory lag
- ✓ Solid ROEs
- ✓ Unique recovery mechanisms

Source: Barclays, February 2017

Regulatory update

DTE Electric

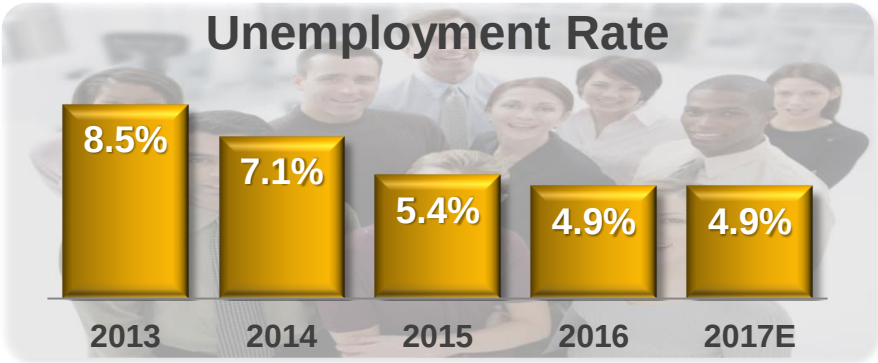
- General rate case - April 2017 (U-18255)
  - Requested rate recovery: $231 million; 10.5% ROE
    - Staff testimony: August 2017
    - Cross examination: October 2017
    - Self implementation: November 2017
    - Briefs: November 2017
    - Final order: by April 2018
- Capacity charge case - April 2017 (U-18248)
- 5 year draft electric distribution plan - June 2017 (U-18014)
- Certificate of Necessity filing - July 2017
- Annual rate cases 2018+

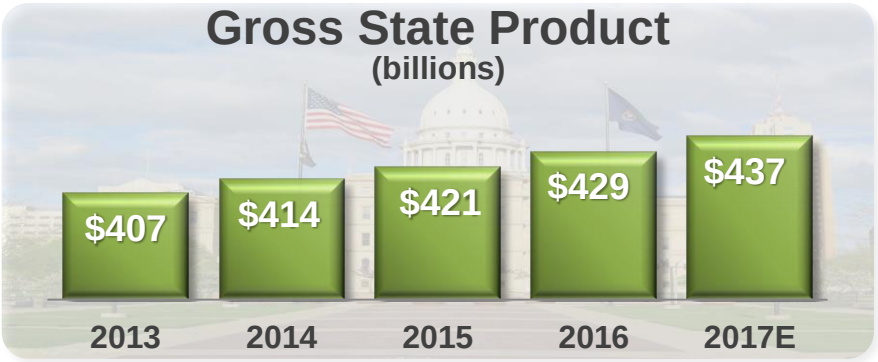
DTE Gas

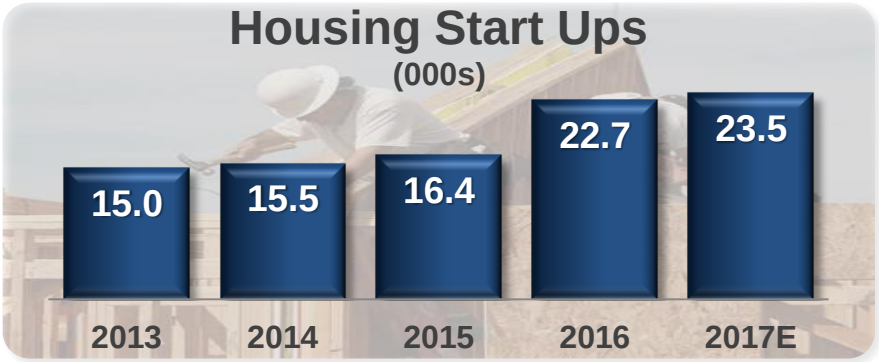
- Expect to file late 2017 / early 2018



Positive trends continue with Michigan's economy







Source: IHS

Lowest unemployment in Michigan since 2000

7th top state for business*

Michigan has the **highest** number of manufacturing jobs since 2007**

7th best state to make a living in 2016***

* Source: CNBC

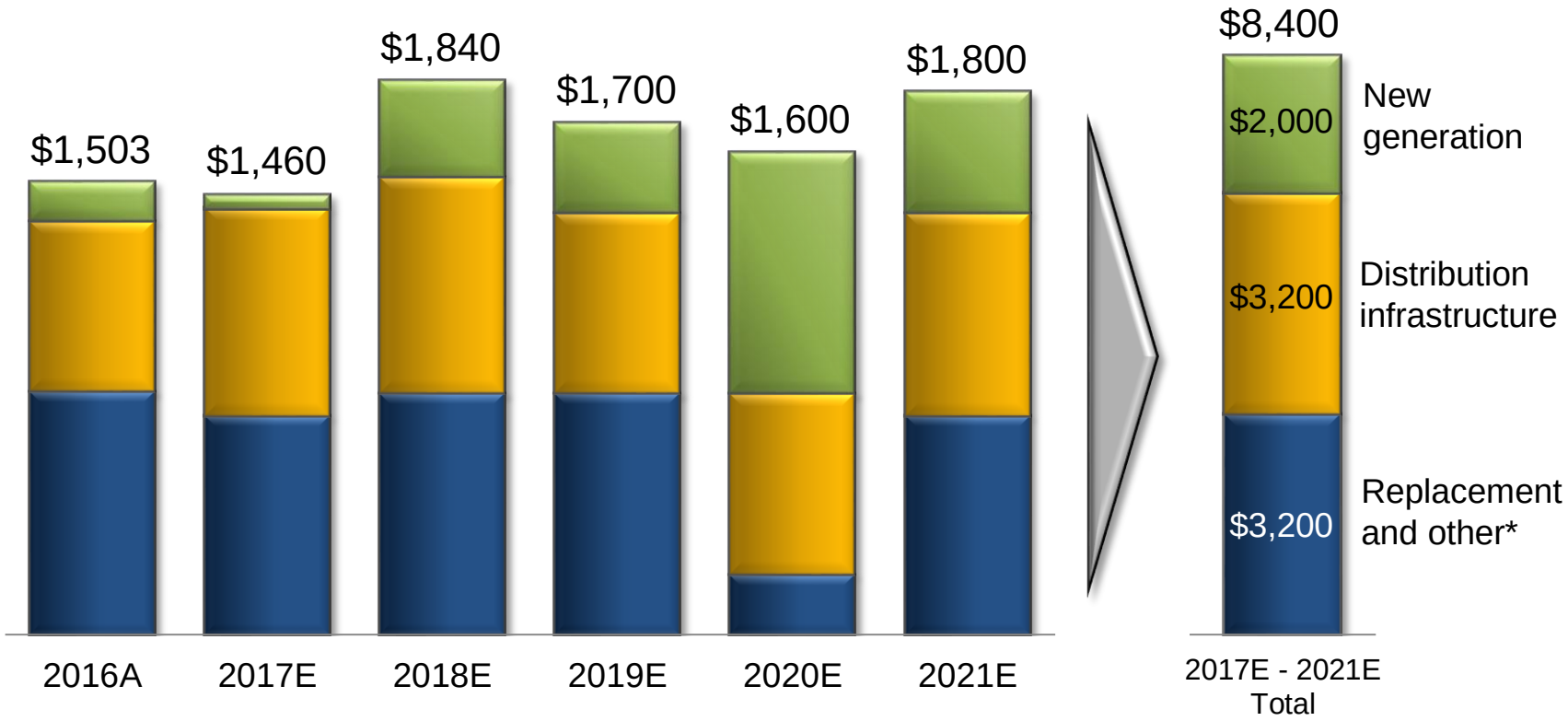
** Source: U.S. Department of Labor

*** Source: Forbes

DTE Electric plans $8.4 billion of investments over the next 5 years with a focus on increasing customer reliability

(millions)

Targeting 6% - 7% growth



Depreciation	$704M	~$923M
YE Rate Base**	$15.6B	~$20.9B

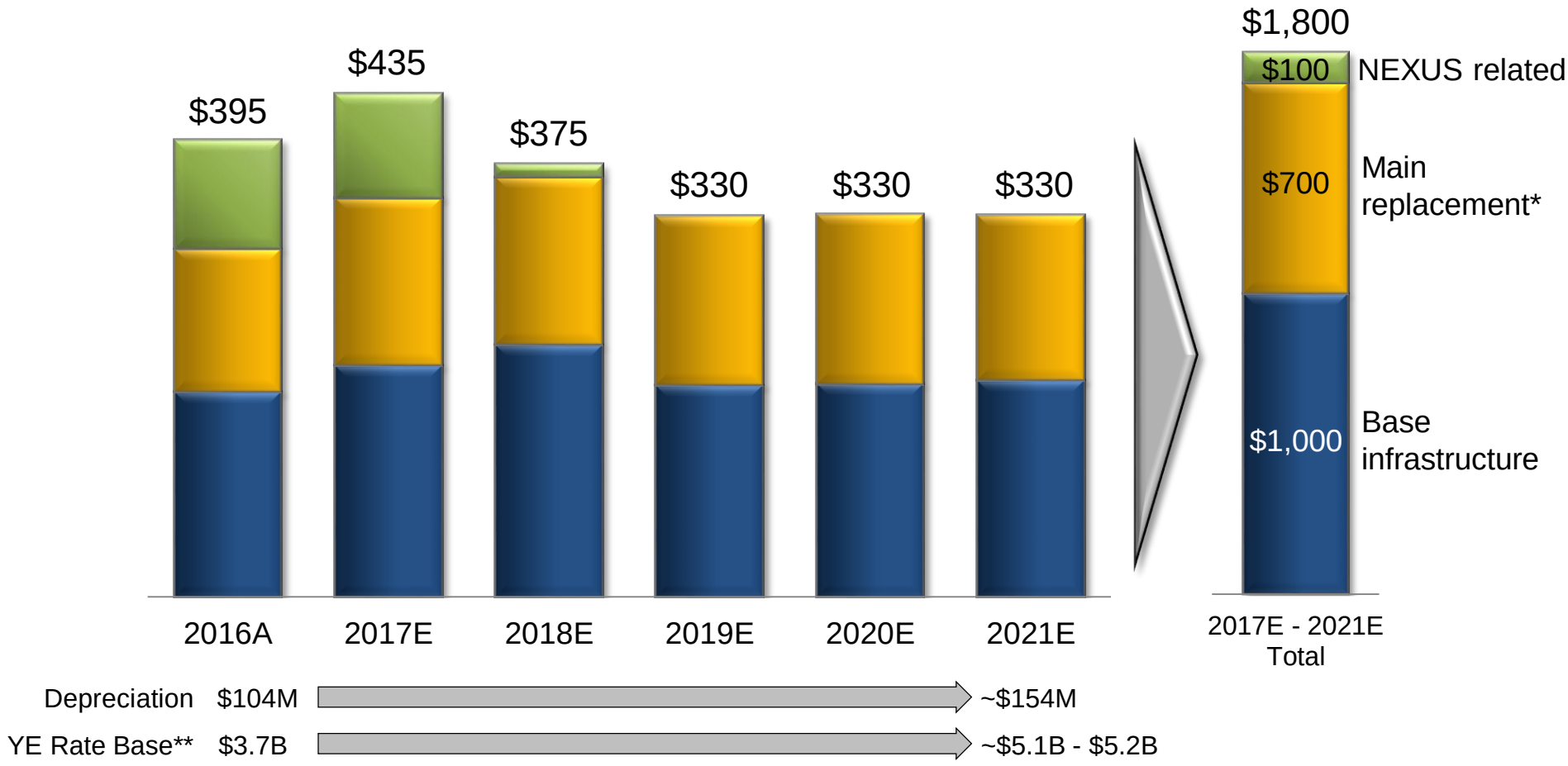
* Includes power reliability, existing generation maintenance, AMI, Ludington expansion and other investments

** Includes working capital and rate base associated with surcharges

Customer reliability will be improved through $1.8 billion of planned investments over the next 5 years at DTE Gas

(millions)

Targeting 7% - 8% growth



* Includes main renewal, meter move-out and pipeline integrity
** Includes working capital

Reconciliation of reported to operating earnings (non-GAAP)

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. Operating earnings are presented both with and without Energy Trading. The term "Growth Segments" refers to DTE Energy without Energy Trading and represents the business segments that management expects to generate earnings growth going forward.

2016 Actual

Net Income (millions)*

After-tax items:	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 622	$ 138	$ 119	$ 95	$ (61)	$ 913	$ (45)	$ 868
Plant closure	-	-	-	-	-	-	-	-
Link	-	-	8	-	2	10	-	10
Certain mark-to-market transactions	-	-	-	-	-	-	70	70
Operating Earnings	$ 622	$ 138	$ 127	$ 95	$ (59)	$ 923	$ 25	$ 948

2016 Actual

EPS**

After-tax items:	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 3.47	$ 0.77	$ 0.66	$ 0.53	$ (0.35)	$ 5.08	$ (0.25)	$ 4.83
Plant closure	-	-	-	-	-	-	-	-
Link			0.05		0.01	0.06		0.06
Certain mark-to-market transactions	-	-	-	-	-	-	0.39	0.39
Operating Earnings	$ 3.47	$ 0.77	$ 0.71	$ 0.53	$ (0.34)	$ 5.14	$ 0.14	$ 5.28

* Total tax impact of adjustments to reported earnings: $51m

** Total tax impact of adjustments to reported EPS: $0.29

Reconciliation of reported to operating earnings (non-GAAP)

Use of Operating Earnings Information – Operating earnings exclude non-recurring items, certain mark-to-market adjustments and discontinued operations. 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.

In this presentation, DTE Energy provides guidance for future period operating earnings. It is likely that certain items that impact the company's future period reported results will be excluded from operating results. A reconciliation to the comparable future period reported earnings is not provided because it is not possible to provide a reliable forecast of specific line items (i.e. future non-recurring items, certain mark-to-market adjustments and discontinued operations). These items may fluctuate significantly from period to period and may have a significant impact on reported earnings.