1st Quarter 2018 Earnings Conference Call

April 25, 2018



DTE Energy®

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; the cost of protecting assets against, or damage due to, cyber crime and terrorism; 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 cost and availability of coal and other raw materials, purchased power, and natural gas; advances in technology that produce power or reduce power consumption; 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; 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; 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 2017 Form 10-K and 2018 Forms 10-Q (which section is incorporated by reference herein), and in conjunction with other SEC reports filed by DTE Energy and DTE Electric.

Participants

- Gerry Anderson – Chairman and CEO
- Jerry Norcia – President and COO
- Peter Oleksiak – Senior Vice President and CFO
- Barbara Tuckfield – Director, Investor Relations

- **Overview**

- Financial Update

- Long-Term Growth Update

2018 has started out strong and we remain confident in delivering on our financial plan



- On track to achieve 2018 operating EPS* guidance range of $5.57 to $5.99
- Targeting 5% - 7% operating EPS growth from 2018 guidance base through 2022
- Filed plan to double renewable energy capacity by early 2020s
- Business update
  - DTE Electric received rate order
  - DTE Gas is proposing to increase the pace of main renewal
  - Gas Storage & Pipelines and Power & Industrial Projects continue to progress on their growth plans and are starting the year off strong

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

Launched initiative that will provide renewable resources that exceed the required 15% renewable portfolio standard

DTE Energy

Proposed

plan to add 1,000 MW of carbon-free electricity from new wind and solar projects in Michigan

Doubling

renewable energy capacity from 1,000 MW to 2,000 MW

Targeting

completion date of 2022



- Overview
- **Financial Update**
- Long-Term Growth Update

1st quarter 2018 operating earnings* variance

(millions, except EPS)

Operating Earnings

	1Q 2017	1Q 2018	Change
DTE Electric	$ 106	$ 142	$ 36
DTE Gas	107	111	4
Gas Storage & Pipelines	45	62	17
Power & Industrial Projects	30	42	12
Corporate & Other	16	(16)	(32)
Growth segments**	**$ 304**	**$ 341**	**$ 37**
Growth segments operating EPS	**$ 1.70**	**$ 1.91**	**$ 0.21**
Energy Trading	18	1	(17)
DTE Energy	**$ 322**	**$ 342**	**$ 20**
Operating EPS	**$ 1.79**	**$ 1.91**	**$ 0.12**
Avg. Shares Outstanding	179	180	

Primary Drivers

DTE Electric

- Lower storm expenses, return to normal weather and rate implementation

DTE Gas

- Return to normal weather offset by higher O&M

Gas Storage & Pipelines

- Lower tax rate and increased gathering and transport volumes

Power & Industrial Projects

- Higher REF volumes, steel related earnings and lower tax rate

Corporate & Other

- Lower benefit for stock based compensation, lower tax rate and timing of taxes

Energy Trading

- Power portfolio performance

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

** Growth segments exclude Energy Trading

Solid 1st quarter results support operating EPS* guidance

(millions, except EPS)

	1Q 2018 Actuals	2018 Guidance	
DTE Electric	$142	$648 - $662	↓
DTE Gas	111	152 - 160	
Gas Storage & Pipelines	62	185 - 195	↑
Power & Industrial Projects	42	115 - 135	↑
Corporate & Other	(16)	(100) - (90)	
Growth segments**	**$341**	**$1,000 - $1,062**	
Growth segments operating EPS	**$1.91**	**$5.54 - $5.88**	
Energy Trading	$1	$5 - $20	
DTE Energy	**$342**	**$1,005 - $1,082**	
Operating EPS	**$1.91**	**$5.57 - $5.99**	✓
Avg. Shares Outstanding	180	181	

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

** Growth segments exclude Energy Trading

- Overview
- Financial Update
- **Long-Term Growth Update**

Reliability investments at utilities support long-term growth and increase customer satisfaction

DTE Electric



- Received electric rate order and will file future cases to incorporate impact of tax reform benefit on customers
- Filed 5-year distribution plan
- Expect Certificate of Necessity order April 27

Capital investment
2018 - 2022
$10.4 billion

DTE Gas



- Filed rate case in November 2017
  - Included proposal to increase the pace of main renewal
- Filed plan to reduce rates to incorporate impact of tax reform benefit on customers

Capital investment
2018 - 2022
$2.1 billion

Non-utilities continue to focus on growth projects to fuel long-term growth

Gas Storage & Pipelines



- Completing NEXUS pipeline construction milestones; active contract negotiations with additional shippers
- Continuing to add investment in Link
- Millennium expansions under way
- Increasing 2022 operating earnings by $35 million due to tax reform

Operating earnings*
2022 target
$280 - $290 million

Capital investment
2018 - 2022
$2.8 - $3.4 billion

Power & Industrial Projects



- Advancing discussions on new CHP plant
  - Beginning stages of construction on Ford Motor Company complex
- Finalizing agreement on new RNG project
- Pursuing strong pipeline of additional CHP and RNG development initiatives
- Increasing 2022 operating earnings by $5 million due to tax reform

Operating earnings*
2022 target
$65 - $75 million

Capital investment
2018 - 2022
$0.8 - $1.2 billion

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

Summary

- Delivered solid first quarter results and remain confident in achieving our 2018 operating EPS* guidance
- Driving utility growth through infrastructure investments focused on improving reliability and the customer experience
- Expanding non-utility businesses through strategic and sustainable growth
- Continuing to deliver strong EPS and dividend growth that drive premium total shareholder return

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

Contact us

DTE Energy Investor Relations

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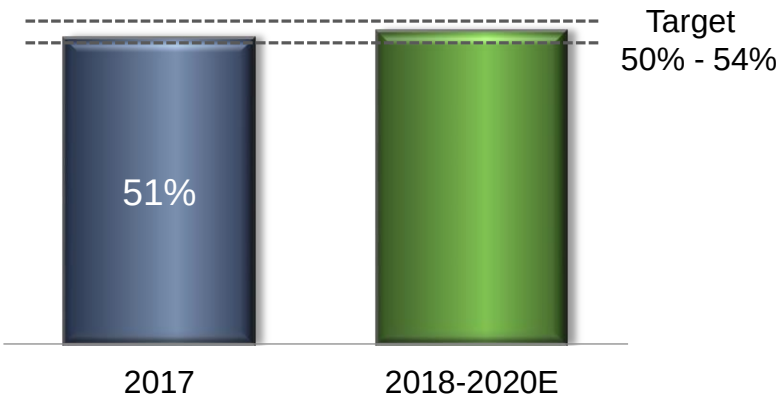
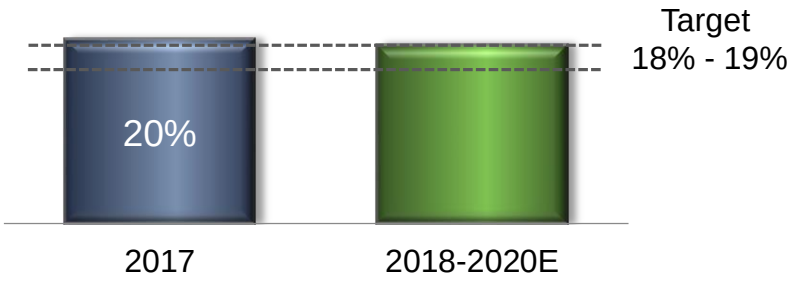
Appendix

Issuing $300 million of equity in 2018 while maintaining strong cash flow and balance sheet

Leverage**



Funds from Operations*** / Debt**



- Issue incremental equity of $300 million* 2018-2020 due to tax reform
- Issue $300 million in 2018 using internal mechanisms
  - Approximately $200 million issued in 1Q
- $1.4 billion of available liquidity at March 31, 2018
- Maintain strong BBB credit rating

* In addition to equity issuances of $500 million disclosed at EEI

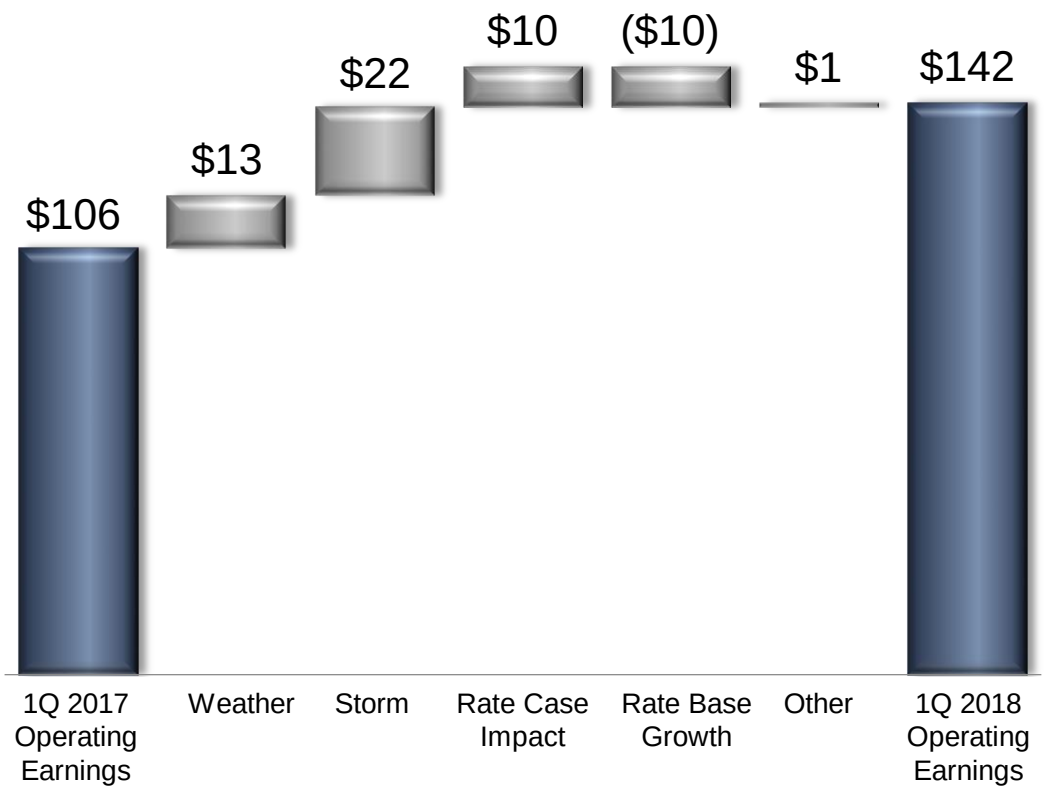
** Debt excludes a portion of DTE Gas' short-term debt and considers 50% of the junior subordinated notes and 100% of the convertible equity units as equity

*** Funds from Operations (FFO) is calculated using operating earnings, reconciliation of operating earnings (non-GAAP) to reported earnings included in the appendix

DTE Electric variance analysis

(millions)

Operating Earnings* Variance



Primary Drivers

- Return to normal weather

Variance to normal weather

- 2017: ($13)
- 2018: $0

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

Weather and DTE Electric weather normal sales

Cooling degree days

DTE Electric service territory

	1Q 2017	1Q 2018	% change
Actuals	-	-	0%
Normal	-	-	0%
Deviation from normal	0%	0%	

Heating degree days

DTE Gas service territory

	1Q 2017	1Q 2018	% change
Actuals	2,793	3,187	14%
Normal	3,263	3,251	(0%)
Deviation from normal	(14%)	(2%)	

Earnings impact of weather – DTE Electric

Variance from normal weather

($ millions, after-tax)	1Q
2017	($13)
2018	$0

($ per share)	1Q
2017	($0.07)
2018	$0.00

Earnings impact of weather – DTE Gas

Variance from normal weather

($ millions, after-tax)	1Q
2017	($21)
2018	($4)

($ per share)	1Q
2017	($0.12)
2018	($0.02)

Weather normal sales – DTE Electric service area

(GWh)

	1Q 2017	1Q 2018	% change
Residential	3,690	3,677	(0%)
Business & Other*	7,813	7,828	0%
TOTAL SALES	**11,503**	**11,505**	**0%**

* Includes choice of 1,204 1Q 2017 and 1,142 1Q 2018

2018 cash flow and capital expenditures actuals

(billions)

Cash Flow

	1Q 2017	1Q 2018
Cash From Operations*	$0.8	$0.8
Capital Expenditures	(0.7)	(0.6)
Free Cash Flow	**$0.1**	**$0.2**
Asset Sales & Other	-	-
Dividends	(0.1)	(0.2)
Net Cash	**$0.0**	**$0.0**
Debt Financing:		
Issuances	$0.5	$0.0
Redemptions	(0.5)	0.0
Change in Debt	**$0.0**	**$0.0**

(millions)

Capital Expenditures

	1Q 2017	1Q 2018
DTE Electric		
Base Infrastructure	$243	$193
New Generation	9	2
Distribution Infrastructure	156	172
	$408	$367
DTE Gas		
Base Infrastructure	$75	$65
NEXUS Related	22	5
Main Renewal	28	29
	$125	$99
Non-Utility	$134	$125
Total	**$667**	**$591**

* Includes $0 and $0.2 billion of equity issued for employee benefit programs in 1Q 2017 and 1Q 2018, respectively

2018 cash flow and capital expenditures guidance

(billions)

Cash Flow

	2018 Guidance
Cash From Operations*	$2.0
Capital Expenditures	(3.6)
Free Cash Flow	**($1.6)**
Asset Sales & Other	-
Dividends	(0.6)
Net Cash	**($2.2)**
Debt Financing:	
Issuances	$2.3
Redemptions	(0.1)
Change in Debt	**$2.2**

(millions)

Capital Expenditures

	2018 Guidance
DTE Electric	
Base Infrastructure	$750
New Generation	340
Distribution Infrastructure	810
	$1,900
DTE Gas	
Base Infrastructure	$257
NEXUS Related	13
Main Renewal	190
	$460
Non-Utility	$1,100-$1,300
Total	**$3,460-$3,660**

* Includes $0 and $0.3 billion of equity issued for employee benefit programs in 2017 and 2018, respectively

DTE Electric and DTE Gas regulatory update

DTE Electric

- General rate order - April 2018 (U-18255)
  - Effective: May 1
  - Rate recovery: $65 million
  - ROE: 10%
  - Capital structure: 50% debt, 50% equity
  - Rate base: $15 billion
- Capacity charge case - April 2017 (U-18248)
  - March 2018 MPSC staff report indicated adequate capacity
  - Local clearing requirements determined 2H 2018
- 5 year draft electric distribution plan - June 2017 (U-18014)
  - Final plan filed January 2018
- Certificate of Necessity filing - July 2017 (U-18419)
  - Expect order April 27
- Next rate case filing 2H 2018

DTE Gas

- General rate case - November 2017 (U-18999)
  - Prior to tax reform, requested rate recovery: $85 million ($57 million net of infrastructure recovery mechanism)
  - Final order: September 2018
- Expect to file rate cases every ~2 years



1st quarter 2018 Energy Trading reconciliation of operating earnings* to economic net income

1Q	2017	2018
Operating Earnings	$18	$1
Accounting Adjustments**	1	7
Economic Net Income	$19	$8

- 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

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

** Consists of 1) 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 marked-to-market, instead are recognized for accounting purposes on an accrual basis; and 2) operating adjustments for unrealized marked-to-market changes of certain derivative contracts

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

1st quarter 2018 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.

Net Income (millions)*

1Q 2018 After tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$140	$104	$62	$45	($21)	$330	$31	$361
Deferred tax remeasurement true-up	8	8			5	21		21
System implementation costs	1	1				2		2
Benefits expense reimbursement	(7)	(2)		(3)		(12)		(12)
Certain mark-to-market transactions							(30)	(30)
Operating Earnings	$142	$111	$62	$42	($16)	$341	$1	$342

EPS

1Q 2018 After tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$0.78	$0.58	$0.34	$0.25	($0.12)	$1.83	$0.17	$2.00
Deferred tax remeasurement true-up	0.04	0.04			0.05	0.13		0.13
System implementation costs	0.01	0.01				0.02		0.02
Benefits expense reimbursement	(0.04)	(0.01)		(0.02)		(0.07)		(0.07)
Certain mark-to-market transactions							(0.17)	(0.17)
Operating Earnings	$0.79	$0.62	$0.34	$0.23	($0.07)	$1.91	-	$1.91

* Total tax impact of adjustments to reported earnings: ($13 million)

1st quarter 2017 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.

Net Income (millions)*

1Q 2017 After tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$106	$107	$45	$30	$16	$304	$96	$400
Certain mark-to-market transactions							(78)	(78)
Operating Earnings	$106	$107	$45	$30	$16	$304	$18	$322

EPS

1Q 2017 After tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$0.59	$0.60	$0.25	$0.17	$0.09	$1.70	$0.53	$2.23
Certain mark-to-market transactions							(0.44)	(0.44)
Operating Earnings	$0.59	$0.60	$0.25	$0.17	$0.09	$1.70	$0.09	$1.79

* Total tax impact of adjustments to reported earnings: ($50 million)

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.