



DTE Energy®

2nd Quarter 2016 Earnings Conference Call

July 26, 2016






Safe Harbor Statement

Many factors impact forward-looking statements including, but not limited to, the following: impact of regulation by the EPA, FERC, MPSC, NRC, and 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, terrorism or cyber attacks; 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 2015 Form 10-K and 2016 Forms 10-Q (which sections are 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**
- **2nd Quarter 2016 Financial Update**
- **Summary**

We continue to make progress on many fronts



Financial performance

Strong year-to-date financial results

2016 operating EPS guidance raised*

7th consecutive year with a dividend increase



Regulatory framework

New commissioner appointed to MPSC

Regulatory proceedings progressing in a constructive manner, including a supportive position regarding NEXUS



Operations

*DTE Electric ranked 2nd in Midwest for residential customer satisfaction***

Year to date safety performance best in company's history

NEXUS project on track for 4th quarter 2017 in-service

* Reconciliation to GAAP reported earnings included in the appendix

** J.D. Power 2016 Electric Utility Residential Customer Satisfaction Study(sm)(large providers). Visit jdpower.com

Achieved strong results in the 2nd quarter and are increasing operating EPS* guidance for the year

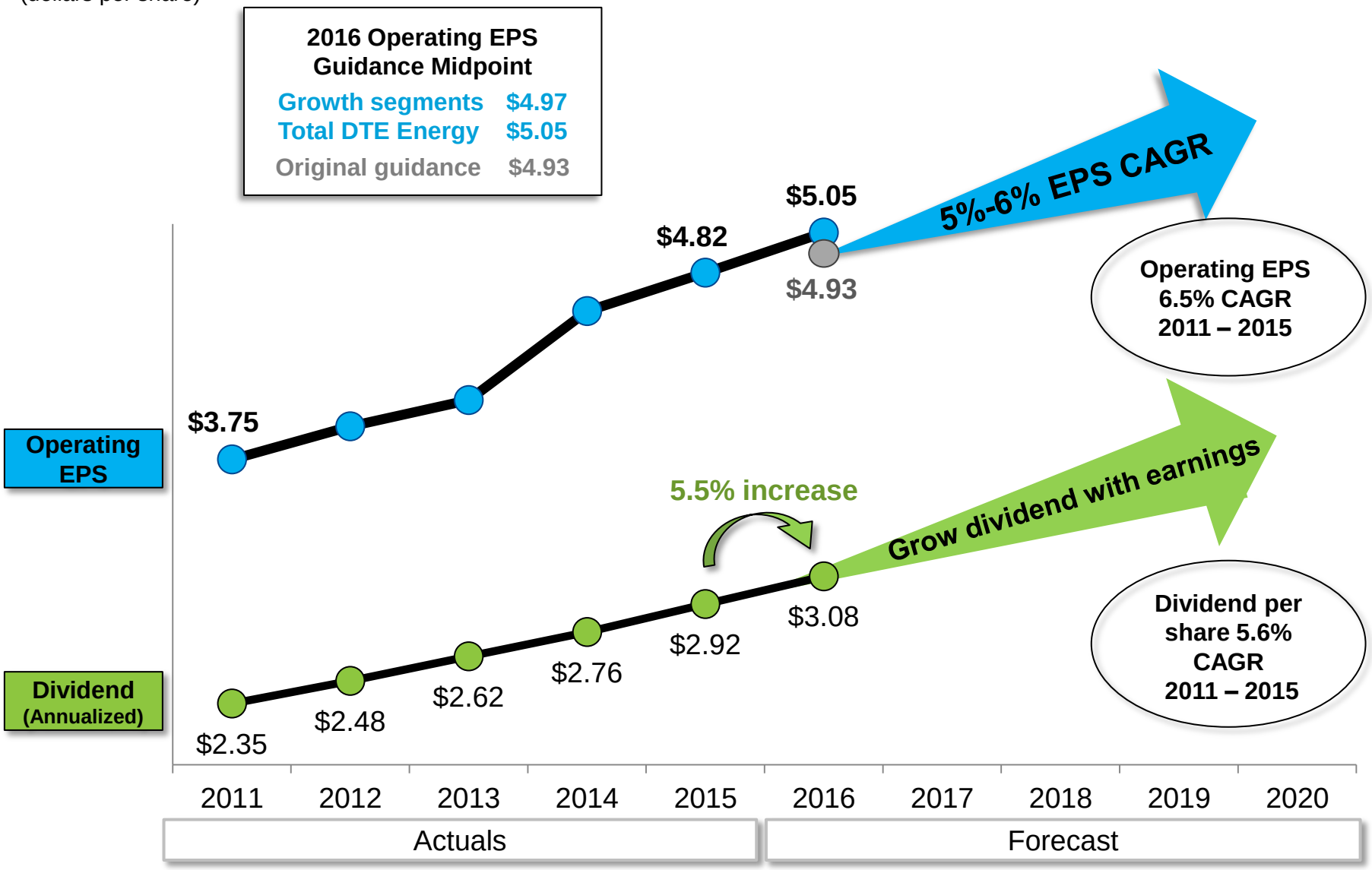


- 2nd quarter 2016 operating EPS* of $0.98, up $0.22 from last year
- 2016 operating EPS guidance range raised to $4.91 - $5.19
  - Guidance midpoint raised by $0.12
- Annualized dividend increased $0.16 to $3.08 per share
  - 5.5% increase
  - 7th consecutive year with a dividend increase
- Continuing significant investment to improve customer reliability
- Balance sheet remains strong

* Reconciliation to GAAP reported earnings included in the appendix

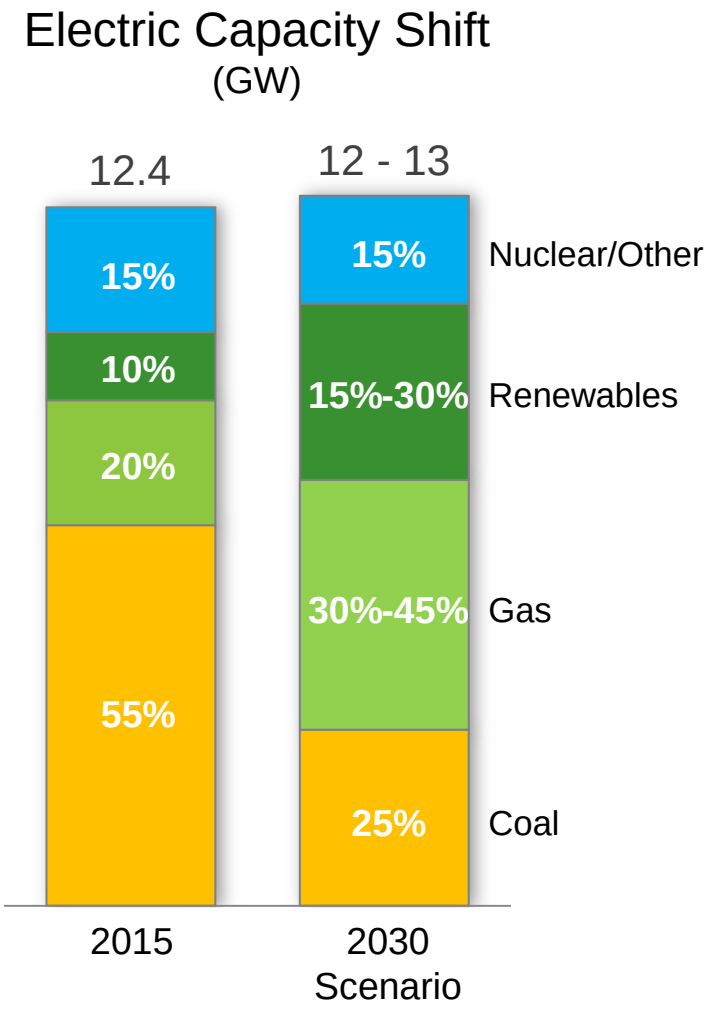
Raising 2016 operating EPS* guidance to a midpoint of $5.05

(dollars per share)



* Reconciliation to GAAP reported earnings included in the appendix

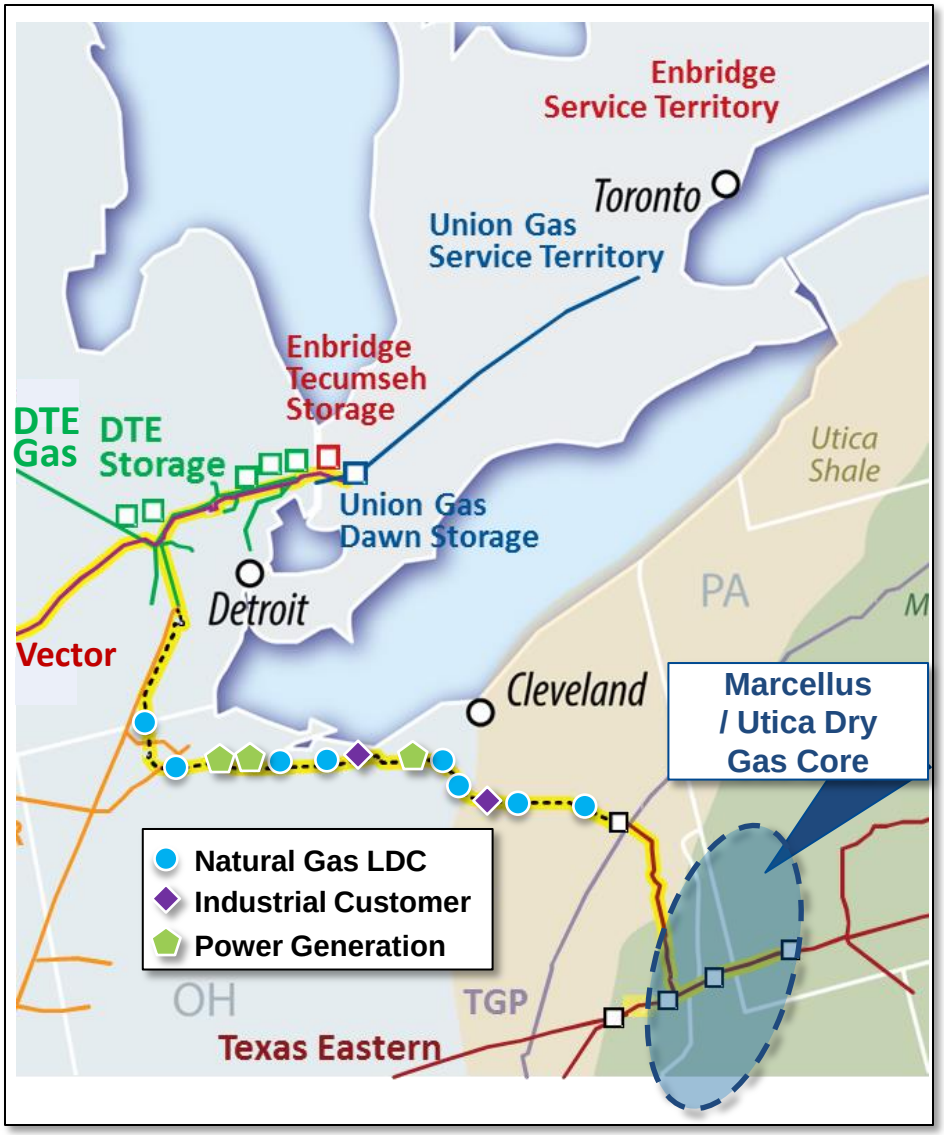
Paving the way to cleaner energy for our customers



- Announced retirement of 2.5 GW of less-efficient coal-fired generation
  - Capacity will be retired by 2023
  - Combination of baseload gas and solar/wind renewables replace retired generation
  - ~$3 billion of expected investment
- Will retire additional 1.0 GW by 2030
  - Coal generation reduced by more than half
- Reducing CO_2 and conventional emissions significantly through 2030

Note: Estimated amounts. Timing and mix of generation impacted by MISO capacity requirements and Michigan and EPA policies

NEXUS project is progressing and originates in the most economical geology in the country



- Project on track for 4th quarter 2017 in-service
- FERC Notice of Schedule issued 2nd quarter 2016
- Draft Environmental Impact Statement (EIS) received on July 8, 2016
- Final EIS expected by November 30, 2016
- FERC certificate of construction expected within 90 days of final EIS
- Right of way acquisitions and detailed engineering progressing
- Constructive work with FERC and other regulatory agencies continues

- **Overview**
- **2nd Quarter 2016 Financial Update**
- **Summary**

2nd Quarter 2016 Operating Earnings* Variance

(millions, except EPS)

Operating Earnings

	2Q 2015	2Q 2016	Change
DTE Electric	$ 111	$ 135	$ 24
DTE Gas	(7)	13	20
Gas Storage & Pipelines	25	35	10
Power & Industrial Projects	18	17	(1)
Corporate & Other	(13)	(23)	(10)
Growth segments**	**$ 134**	**$ 177**	**$ 43**
Growth segments operating EPS	**$ 0.75**	**$ 0.98**	**$ 0.23**
Energy Trading	3	-	(3)
DTE Energy	**$ 137**	**$ 177**	**$ 40**
Operating EPS	**$ 0.76**	**$ 0.98**	**$ 0.22**
Avg. Shares Outstanding	179	180	

Drivers

DTE Electric

- Warmer weather in May and June and rate implementation partially offset by 2015 revenue decoupler amortization

DTE Gas

- Cooler April weather, main replacement surcharge and planned initiatives in response to warm 1Q weather

Non-Utility

- Gas Storage & Pipelines: higher earnings across all platforms
- Power & Industrial Projects: lower steel related earnings offset by REF favorability primarily due to project in-service 4Q 2015

Corporate & Other

- Timing of taxes

Energy Trading

- Primarily lower realized power results

* Reconciliation to GAAP reported earnings included in the appendix
** Total DTE Energy excluding Energy Trading

Increasing our 2016 operating EPS* guidance

(millions, except EPS)

	2016 YTD 2Q Actuals	2016 Original Guidance	2016 Revised Guidance	
DTE Electric	$262	$584 - $600	$589 - $605	↑
DTE Gas	100	135 - 141	135 - 141	
Gas Storage & Pipelines	65	105 - 115	110 - 115	↑
Power & Industrial Projects	38	90 - 100	90 - 100	
Corporate & Other	(30)	(50) - (46)	(50) - (46)	
Growth segments**	**$435**	**$864 - $910**	**$874 - $915**	
Growth segments operating EPS	**$2.42**	**$4.80 - $5.05**	**$4.85 - $5.08**	↑
Energy Trading	16	0	10 - 20	↑
DTE Energy	**$451**	**$864 - $910**	**$884 - $935**	
Operating EPS	**$2.51**	**$4.80 - $5.05**	**$4.91 - $5.19**	↑
Avg. Shares Outstanding	180	180	180	

* Reconciliation to GAAP reported earnings included in the appendix
** Total DTE Energy excluding Energy Trading

June YTD 2016 Cash Flow and Capital Expenditures

(billions)

Cash Flow Summary

	YTD 2015	YTD 2016
Cash From Operations*	$1.2	$1.3
Capital Spending	(1.2)	(1.0)
Free Cash Flow	**$0.0**	**$0.3**
Asset Sales & Other	0.1	-
Dividends	(0.2)	(0.3)
Net Cash	**($0.1)**	**$0.0**
Debt Financing:		
Issuances	$0.8	$0.6
Redemptions	(0.5)	(0.6)
Change in Debt	**$0.3**	**$0.0**

(millions)

Capital Expenditures Summary

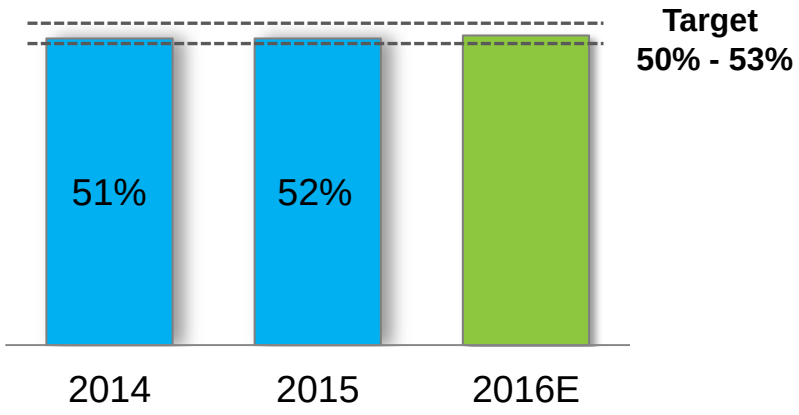
	YTD 2015	YTD 2016
DTE Electric		
Distribution Infrastructure	$288	$224
New Generation	253	55
Maintenance & Other	364	361
	$905	$640
DTE Gas		
Base Infrastructure	$82	$93
Nexus Related	-	14
Main Replacement**	35	50
	$117	$157
Non-Utility	$146	$184
Total	**$1,168**	**$981**

* Includes ~$0.2b and $0 of equity issued for employee benefit programs in 2015 and 2016, respectively

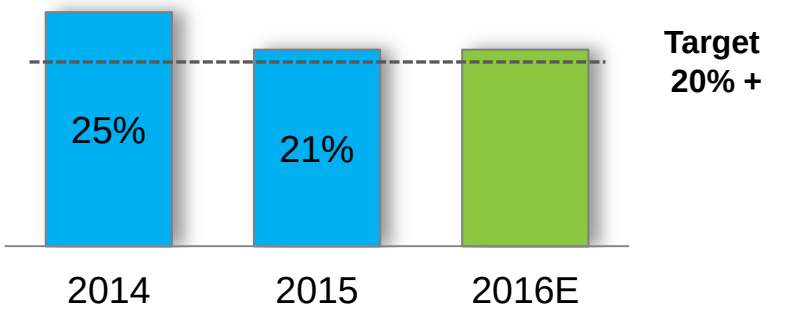
** Includes Main Renewal / Meter Move-out / Pipeline Integrity

Strong balance sheet remains a key priority and supports growth

Leverage*



Funds from Operations** / Debt*



- Strong year-to-date cash performance; 2016 financing plan is on track
  - $100 million equity issuance possible, but may not be necessary
  - Issued $300 million of 60-year, 5.375% junior subordinated debentures at DTE Energy
  - Issued $300 million of 30-year, 3.70% long-term debt at DTE Electric
- $1.8 billion of available liquidity
- Successfully extended the existing $1.9 billion credit facilities to 2021

* Debt excludes securitization, a portion of DTE Gas' short-term debt, and considers 50% of the Junior Subordinated Notes as equity
** Funds from Operations (FFO) is calculated using operating earnings

- **Overview**
- **2nd Quarter 2016 Financial Update**
- **Summary**

Summary

- Raising 2016 operating EPS* guidance by $0.12**...**
  ...in light of strong year-to-date performance

- Increasing dividend for 7th consecutive year**...**
  ...as we continue to grow dividends with earnings

- Investing in utilities and strategic growth opportunities in our non-utility businesses...
  ...*providing consistent 5% to 6% annual EPS growth*

- Retiring coal plants and replacing with a combination of gas and renewables...
  ...paving the way to cleaner energy by significantly reducing emissions

- Maintaining strong cash flow and balance sheet...
  ...supporting our future growth opportunities

* Reconciliation to GAAP reported earnings included in the appendix

Contact Us

DTE Energy Investor Relations

www.dteenergy.com/investors

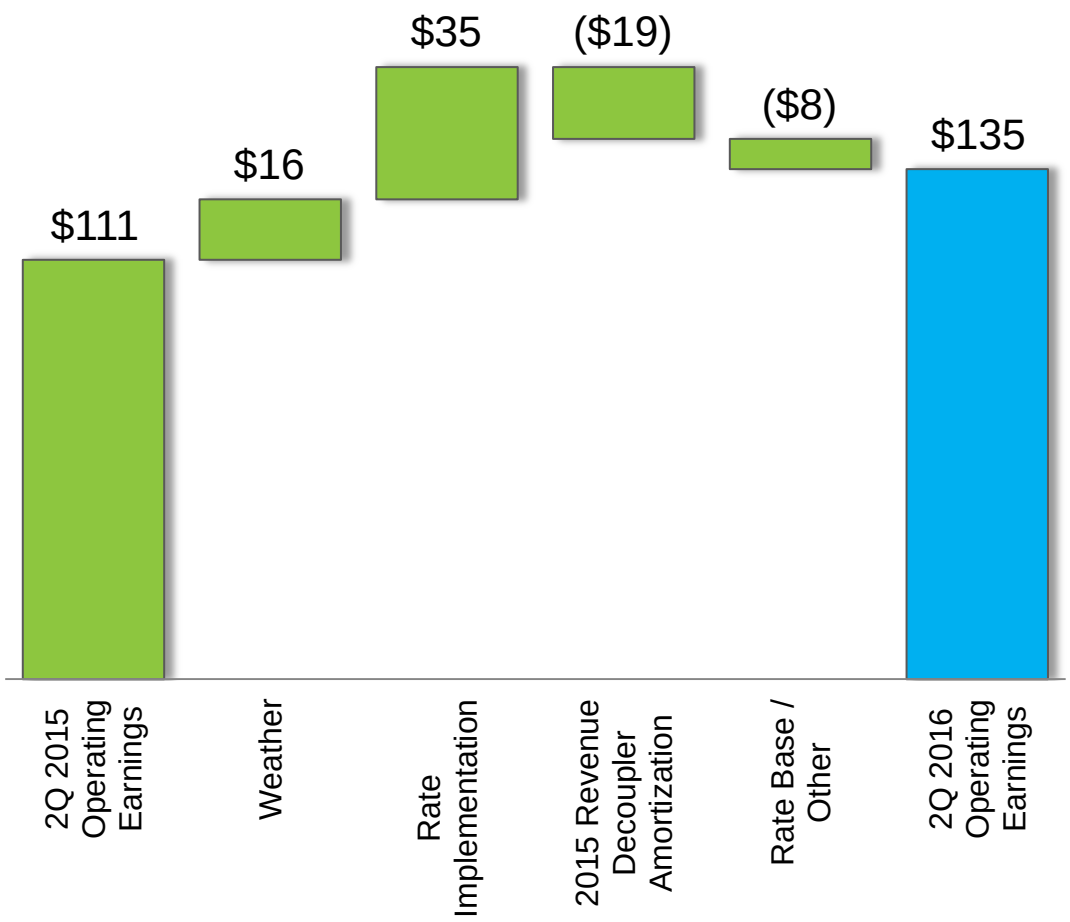
(313) 235-8030

Appendix

DTE Electric Variance Analysis

(millions)

Operating Earnings* Variance



Drivers

- Warmer weather in May and June 2016

  Variance to normal weather
  - 2Q 2015: ($2)
  - 2Q 2016: $14

- July 1st 2015 rate implementation supporting infrastructure improvements to enhance reliability for our customers

* Reconciliation to GAAP reported earnings included in the appendix

2016 Cash Flow and Capital Guidance

(billions)

Cash Flow Summary

	2015 Actual	2016 Guidance
Cash From Operations*	$1.9	$1.8
Capital Spending	(2.3)	(2.7)
Free Cash Flow	($0.4)	($0.9)
Asset Sales & Other	0.1	-
Dividends	(0.5)	(0.5)
Net Cash	($0.8)	($1.4)
Debt Financing:		
Issuances	$1.1	$1.9
Redemptions	(0.3)	(0.5)
Change in Debt	$0.8	$1.4

(millions)

Capital Expenditures Summary

	2015 Actual	2016 Guidance
DTE Electric		
Distribution Infrastructure	$579	$610
New Generation	316	150
Maintenance & Other	892	790
	$1,787	$1,550
DTE Gas		
Base Infrastructure	$184	$220
NEXUS Related	2	110
Main Replacement**	87	100
	$273	$430
Non-Utility	$299	$520 – 720
Total	$2,359	$2,500 - 2,700

* Includes ~$0.2b and ~$0.1b of equity issued for employee benefit programs in 2015 actuals and 2016 guidance, respectively

** Includes Main Renewal / Meter Move-out / Pipeline Integrity

Weather and DTE Electric Weather Normal Sales

Cooling degree days

DTE Electric service territory

	2Q 2015	2Q 2016	% change
Actuals	230	274	19%
Normal	215	215	0%
Deviation from normal	7%	27%	

	YTD 2015	YTD 2016	% change
Actuals	230	274	19%
Normal	215	215	0%
Deviation from normal	7%	27%	

Heating degree days

DTE Gas service territory

	2Q 2015	2Q 2016	% change
Actuals	699	838	20%
Normal	780	774	-1%
Deviation from normal	-10%	8%	

	YTD 2015	YTD 2016	% change
Actuals	4,490	3,755	-16%
Normal	4,004	4,095	2%
Deviation from normal	12%	-8%	

Earnings impact of weather - DTE Electric

Variance from normal weather

($millions, after-tax)	2Q	YTD
2015	($2)	$8
2016	$14	$6

($ per share)	2Q	YTD
2015	($0.01)	$0.04
2016	$0.08	$0.03

Earnings impact of weather - DTE Gas

Variance from normal weather

($millions, after-tax)	2Q	YTD
2015	($2)	$18
2016	$3	($11)

($ per share)	2Q	YTD
2015	($0.01)	$0.10
2016	$0.02	($0.06)

Weather Normal Electric Sales* - DTE Electric Service Area

(Includes Electric Choice) (GWh)

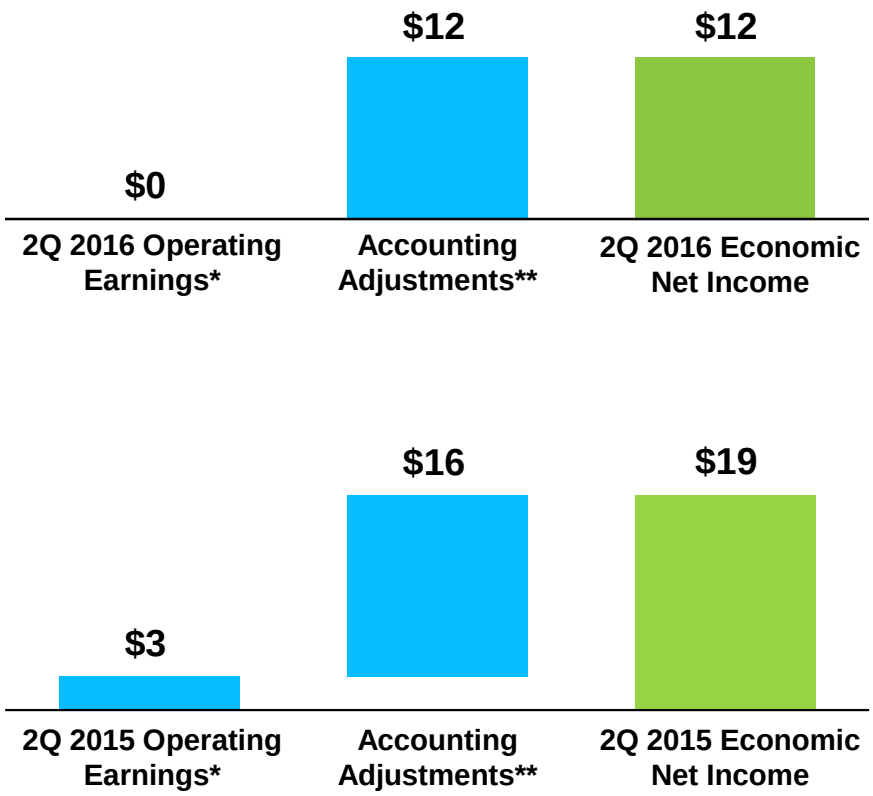
	YTD 2015	YTD 2016	% change
Residential	7,097	7,112	0%
Commercial	9,813	9,825	0%
Industrial	5,997	5,957	-1%
Other	147	136	-7%
TOTAL SALES**	**23,054**	**23,030**	**0%**

* Includes adjustments for temperature normalization and customer outages due to weather

** Includes choice of 2,469 YTD 2015 and 2,486 YTD 2016

2nd Quarter 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

Operating Earnings*

(millions, after-tax)

	2Q 2016	2Q 2015
Realized	$4	$12
Unrealized	8	2
O&M / Other	(12)	(11)
	$0	$3

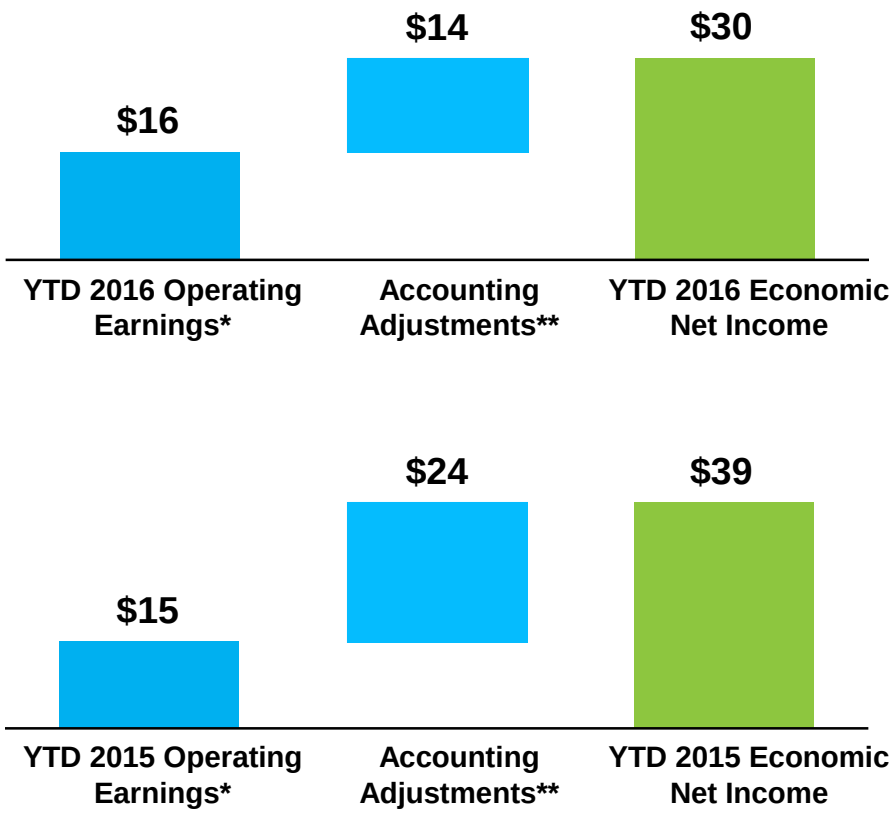
* Reconciliation to GAAP reported earnings included in the appendix

** 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

June YTD 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

Operating Earnings*

(millions, after-tax)

	YTD 2016	YTD 2015
Realized	$31	$28
Unrealized	8	10
O&M / Other	(23)	(23)
	$16	$15

* Reconciliation to GAAP reported earnings 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

2nd Quarter 2016 Reconciliation of 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. 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.

2Q 2016 **Net Income (millions)**

	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 135	$ 13	$ 35	$ 15	$ (23)	$ 175	$ (23)	$ 152
Plant closure	-	-	-	2	-	2	-	2
Certain mark-to-market transactions	-	-	-	-	-	-	23	23
Operating Earnings	$ 135	$ 13	$ 35	$ 17	$ (23)	$ 177	$ -	$ 177

2Q 2016 **EPS**

	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 0.75	$ 0.07	$ 0.20	$ 0.08	$ (0.13)	$ 0.97	$ (0.13)	$ 0.84
Plant closure	-	-	-	0.01	-	0.01	-	0.01
Certain mark-to-market transactions	-	-	-	-	-	-	0.13	0.13
Operating Earnings	$ 0.75	$ 0.07	$ 0.20	$ 0.09	$ (0.13)	$ 0.98	$ -	$ 0.98

June YTD 2016 Reconciliation of Reported to Operating Earnings

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YTD 2016 — **Net Income (millions)**

	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 262	$ 100	$ 65	$ 32	$ (30)	$ 429	$ (30)	$ 399
Plant closure	-	-	-	6	-	6	-	6
Certain mark-to-market transactions	-	-	-	-	-	-	46	46
Operating Earnings	$ 262	$ 100	$ 65	$ 38	$ (30)	$ 435	$ 16	$ 451

YTD 2016 — **EPS**

	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 1.46	$ 0.56	$ 0.36	$ 0.18	$ (0.17)	$ 2.39	$ (0.17)	$ 2.22
Plant closure	-	-	-	0.03	-	0.03	-	0.03
Certain mark-to-market transactions	-	-	-	-	-	-	0.26	0.26
Operating Earnings	$ 1.46	$ 0.56	$ 0.36	$ 0.21	$ (0.17)	$ 2.42	$ 0.09	$ 2.51

2nd Quarter 2015 Reconciliation of Reported to Operating Earnings

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2Q 2015 — **Net Income (millions)**

	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 99	$ (7)	$ 25	$ 8	$ (13)	$ 112	$ (3)	$ 109
2011/2012 PSCR disallowance	12	-	-	-	-	12	-	12
Contract termination	-	-	-	10	-	10	-	10
Certain mark-to-market transactions	-	-	-	-	-	-	6	6
Operating Earnings	$ 111	$ (7)	$ 25	$ 18	$ (13)	$ 134	$ 3	$ 137

2Q 2015 — **EPS**

	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 0.55	$ (0.04)	$ 0.14	$ 0.05	$ (0.07)	$ 0.63	$ (0.02)	$ 0.61
2011/2012 PSCR disallowance	0.07	-	-	-	-	0.07	-	0.07
Contract termination	-	-	-	0.05	-	0.05	-	0.05
Certain mark-to-market transactions	-	-	-	-	-	-	0.03	0.03
Operating Earnings	$ 0.62	$ (0.04)	$ 0.14	$ 0.10	$ (0.07)	$ 0.75	$ 0.01	$ 0.76

June YTD 2015 Reconciliation of Reported to Operating Earnings

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YTD 2015 — **Net Income (millions)**

	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 235	$ 104	$ 52	$ 41	$ (38)	$ 394	$ (12)	$ 382
2011/2012 PSCR disallowance	12	-	-	-	-	12	-	12
Contract termination	-	-	-	10	-	10	-	10
Natural gas pipeline refund	-	-	-	-	-	-	(10)	(10)
Certain mark-to-market transactions	-	-	-	-	-	-	37	37
Operating Earnings	$ 247	$ 104	$ 52	$ 51	$ (38)	$ 416	$ 15	$ 431

YTD 2015 — **EPS**

	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 1.31	$ 0.58	$ 0.29	$ 0.23	$ (0.21)	$ 2.20	$ (0.07)	$ 2.13
2011/2012 PSCR disallowance	0.07	-	-	-	-	0.07	-	0.07
Contract termination	-	-	-	0.05	-	0.05	-	0.05
Natural gas pipeline refund	-	-	-	-	-	-	(0.06)	(0.06)
Certain mark-to-market transactions	-	-	-	-	-	-	0.22	0.22
Operating Earnings	$ 1.38	$ 0.58	$ 0.29	$ 0.28	$ (0.21)	$ 2.32	$ 0.09	$ 2.41

2011 – 2015 Full Year
Reconciliation of 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.

	Net Income (millions)					EPS				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
DTE Energy Reported Earnings	**$ 711**	**$ 610**	**$ 661**	**$ 905**	**$ 727**	**$4.18**	**$3.55**	**$3.76**	**$5.10**	**$4.05**
DTE Electric										
Fermi 1 asset retirement obligation	9					0.05				
2011/2012 PSCR disallowance					12					0.07
Tree trimming disallowance					8					0.05
DTE Gas										
Gas Storage & Pipelines										
Power & Industrial Projects										
Coke oven gas settlement		7					0.04			
Chicago Fuels terminal sale		2					0.01			
Pet coke mill impairment		1					0.01			
Asset impairment			4					0.02		
Contract termination					10					0.05
Plant closure					69					0.39
Energy Trading										
Certain mark-to-market transactions			55	(102)	47			0.31	(0.57)	0.26
Natural gas pipeline refund					(10)					(0.05)
Corporate & Other										
Michigan corporate income tax adj.	(87)					(0.50)				
Investment impairment				5					0.03	
NY state tax law change				8					0.04	
Unconventional Gas										
Discontinued operations	3	56				0.02	0.33			
DTE Energy Operating Earnings	**$ 636**	**$ 676**	**$ 720**	**$ 816**	**$ 863**	**$3.75**	**$3.94**	**$4.09**	**$4.60**	**$4.82**

Reconciliation of Other 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.

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. These items may fluctuate significantly from period to period and may have a significant impact on reported earnings.

For comparative purposes, 2011 and 2012 operating earnings exclude the Unconventional Gas Production segment that was classified as a discontinued operation on 12/31/2012.