



DTE Energy®

Year End 2016 Earnings Conference Call

February 9, 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 (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**

- **2016 Accomplishments**
- **Long-Term Growth Update**
- **Financial Update**

Focus on our employees and customers has been the foundation of our success

Employee Engagement



- Best employee safety rate in company history
- 4th consecutive Gallup Great Workplace award; only utility to be recognized

Customer Satisfaction



- Top quartile customer satisfaction for both electric and gas residential customers in latest J.D. Power studies*
- Utility infrastructure reliability enhanced

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

Our growth plans for the utilities and non-utilities are well supported for the long-term

Political & Regulatory Environment



- Constructive electric and gas rate orders
- Michigan energy legislation signed into law
  - ✓ Capacity requirements
  - ✓ 10% ROA cap
  - ✓ 10-month rate case cycle
  - ✓ 15% renewables by 2021

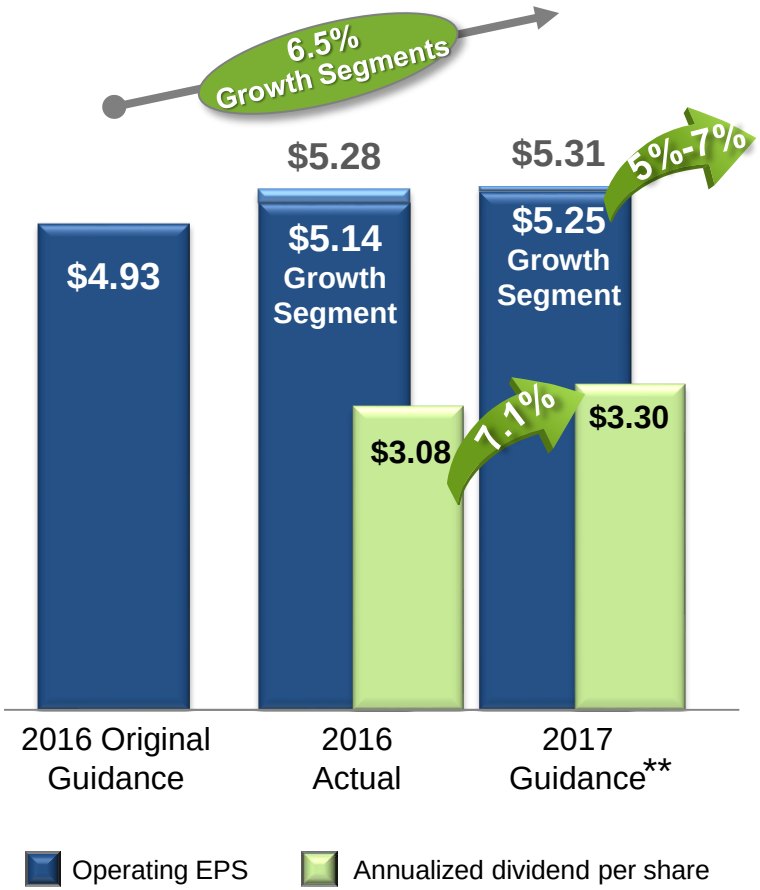
Growth / Value



- Combined cycle gas plant build announced
- Major acquisition at Gas Storage & Pipelines
- Significant progress on NEXUS pipeline

DTE achieved strong financial performance in 2016

(dollars per share)



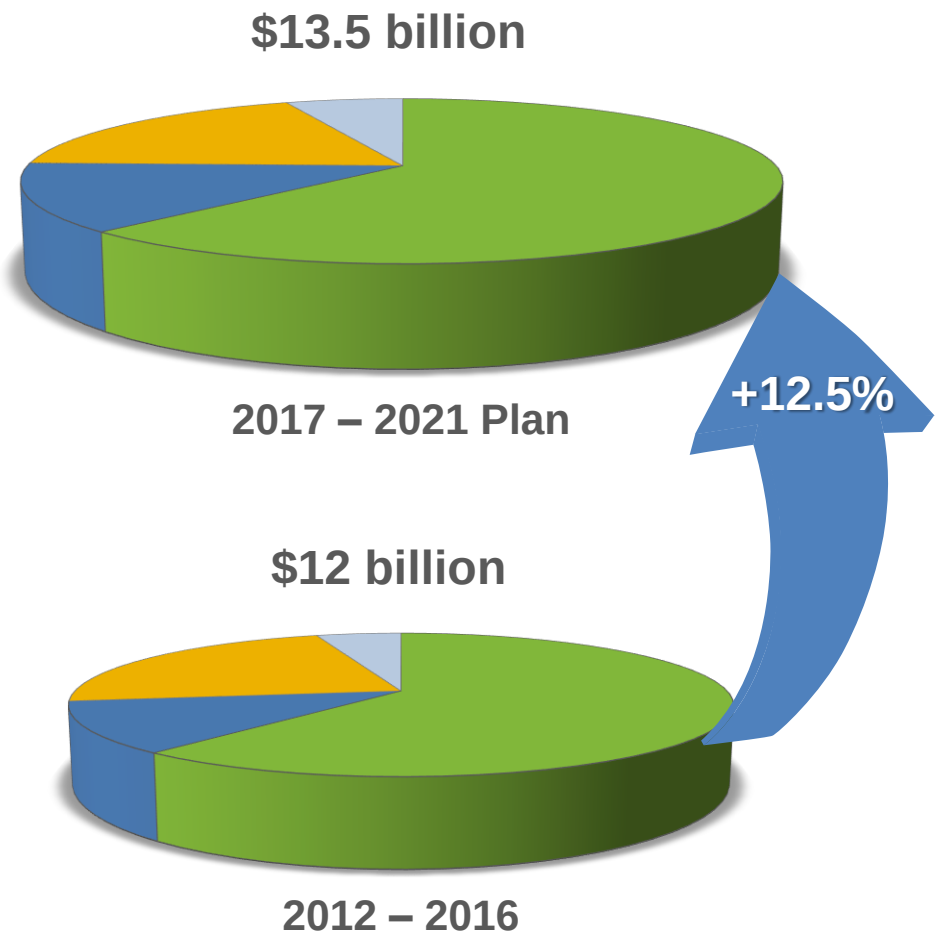
- ✓ Achieved operating EPS* of $5.28
- ✓ Exceeded original guidance for 10th consecutive year
- ✓ Increased operating EPS growth target to 5% - 7% from 5% - 6%
- ✓ Increased 2017 annualized dividend by 7.1%; targeting ~7% dividend increases in 2018 and 2019
- ✓ Delivered total shareholder return at top quartile of S&P 500 Utilities for 3, 5, and 10 year periods

* Reconciliation to GAAP reported earnings included in the appendix

** Growth segments midpoint (excludes Energy Trading)

- **2016 Accomplishments**
- **Long-Term Growth Update**
- **Financial Update**

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, maintenance, new generation
- **Gas** ..... **$1.8 billion**
  Base investments, infrastructure renewal, NEXUS related
- **GSP** ..... **$2.2 to $2.8 billion**
  Expansions, NEXUS
- **P&I** ..... **$0.6 to $1.0 billion**
  Cogeneration, on-site energy

DTE Electric distribution investments continue to drive reliability and increase customer satisfaction

Infrastructure Resilience



Upgraded nearly 20% of circuits since 2013; impact 33% of circuits by the end of 2020, improving reliability on impacted circuits by up to 70%

Infrastructure Redesign



Major investments planned at 20-25 substations by 2021 to address load growth and aging infrastructure

Technology Enhancements



Remote monitoring capability more than doubled from 2015 to 2016 with 100% capability planned by 2019

Tree Trimming



Enhanced program has resulted in a 70% reliability improvement on trimmed circuits

Replacing aging infrastructure achieves a fundamental shift in performance, cost and productivity at DTE Gas

Main Replacement



Systematically replaces poor performing unprotected main - minimizing leaks and improving customer satisfaction

Pipeline Integrity



Strengthens the system - decreasing the potential for system failures

Meter Move Out



Drives productivity - reducing manual meter reading costs

Pipeline and gathering platforms provide unique opportunities and synergies for long-term growth

NEXUS



- FERC certificate of construction expected 1H17
- In-service 4Q17
- Ohio interconnect agreements provide 1.75 Bcf/d of market access
- Mainline expandable up to 2.0 Bcf/d

Link Lateral & Gathering*



- Initial shipper demand greater than anticipated
  - Firming up near-term growth plans
- Strong tie with existing markets; new market access to Gulf and Mid-Atlantic / LNG exports
- Expansion potential over 1.0 Bcf/d

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

- **2016 Accomplishments**
- **Long-Term Growth Update**
- **Financial Update**

DTE Energy
2016 Operating Earnings* Variance

(millions, except EPS)

Operating Earnings

	2015	2016	Change
DTE Electric	$ 562	$ 622	$ 60
DTE Gas	132	138	6
Gas Storage & Pipelines	107	127	20
Power & Industrial Projects	95	95	-
Corporate & Other	(48)	(59)	(11)
Growth segments**	**$ 848**	**$ 923**	**$ 75**
Growth segments operating EPS	**$ 4.73**	**$ 5.14**	**$ 0.41**
Energy Trading	15	25	10
DTE Energy	**$ 863**	**$ 948**	**$ 85**
Operating EPS	**$ 4.82**	**$ 5.28**	**$ 0.46**
Avg. Shares Outstanding	179.0	179.5	

Primary Drivers

DTE Electric

- Weather and rate implementation offset by 2015 RDM*** amortization and O&M initiatives to enhance customer reliability

DTE Gas

- Rate implementation and main replacement surcharge offset by warmer weather

Gas Storage & Pipelines

- Higher pipeline and storage platform earnings

Corporate & Other

- State tax adjustment related to Link acquisition and early debt redemption fees

Energy Trading

- Higher realized power and gas results

* Reconciliation to GAAP reported earnings included in the appendix

** Total DTE Energy excluding Energy Trading

*** Revenue decoupler mechanism

2017 operating EPS* guidance supports 5% - 7% growth

(millions, except EPS)

	2016 Actuals	2017 Guidance
DTE Electric	$622	$610 - $624
DTE Gas	138	143 - 151
Gas Storage & Pipelines	127	140 - 150
Power & Industrial Projects	95	90 - 100
Corporate & Other	(59)	(64) - (60)
Growth segments**	**$923**	**$919 - $965**
Growth segments operating EPS	**$5.14**	**$5.12 - $5.38**
Energy Trading	$25	$5 - $15
DTE Energy	**$948**	**$924 - $980**
Operating EPS	**$5.28**	**$5.15 - $5.46**
Avg. Shares Outstanding	179.5	179.5

- 2017 operating EPS growth segment guidance midpoint growing 6.5% from 2016 original guidance of $4.93
- 2017 guidance assumes return to normal weather
  - 2016 included significant weather favorability at DTE Electric

* Reconciliation to GAAP reported earnings included in the appendix

** Total DTE Energy excluding Energy Trading

With tax reform, DTE is uniquely situated to maximize customer and shareholder value

Assumptions	+ Utilities	+ Non-utilities	- Holding Company
• **Corporate tax rate reduction to 20%**	• Reduces customers rates • Allows acceleration of customer centric reliability projects • Increases earnings • Reduces cash flow	• Increases earnings	• Reduces earnings
• **Loss of interest expense deductibility on all debt**	• Permanent loss of value for customers • Increases cash flow	• Reduces earnings	• Reduces earnings
• **100% capital expensing**	• Deferred benefit	• Deferred benefit	• No impact

= Consolidated DTE Impact is Manageable

✓ Customer savings allow for potential additional reliability investment

✓ Increased earnings at non-utilities offset loss of interest deductions at holding company

✓ Operating EPS growth target remains at 5%-7%

Summary

- Engaged employees create a safe work environment and drive great operational results
- Value driven utility investments provide an excellent customer experience while ensuring affordable rates
- Constructive regulatory environment and continued cost savings enable utilities to earn authorized returns
- Strategic and transparent growth opportunities in non-utility businesses offer diversity in earnings and geography

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= Strong EPS and dividend growth that deliver premium total shareholder returns

Contact Us

DTE Energy Investor Relations

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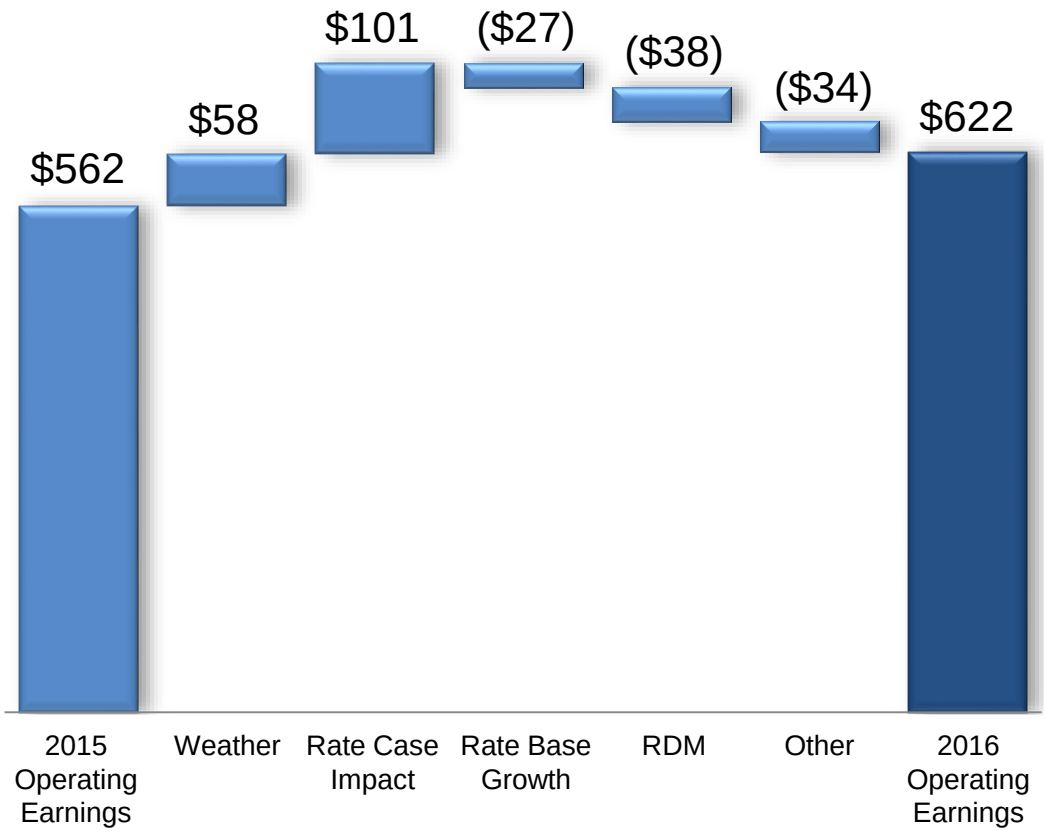
Appendix

DTE Electric Variance Analysis

(millions)

Operating Earnings* Variance



Primary Drivers

- Warmer weather

  Variance to normal weather
  - 2015: $1
  - 2016: $59

- Rates supporting infrastructure improvements to enhance customer reliability
- Rate base growth (depreciation, property tax and interest)
- Other is primarily reliability related spend

* Reconciliation to GAAP reported earnings included in the appendix

Weather and DTE Electric Weather Normal Sales

Cooling degree days

DTE Electric service territory

	YTD 2015	YTD 2016	% change
Actuals	836	1,123	34%
Normal	803	803	0%
Deviation from normal	4%	40%	

Earnings impact of weather – DTE Electric

Variance from normal weather

($ millions, after-tax)	4Q	YTD
2015	($11)	$1
2016	$0	$59

($ per share)	4Q	YTD
2015	($0.06)	$0.01
2016	$0.00	$0.33

Weather Normal Electric Sales – DTE Electric Service Area

(Includes Electric Choice) (GWh)

	YTD 2015	YTD 2016	% change
Residential	15,055	15,182	1%
Commercial	20,033	20,219	1%
Industrial*	11,940	11,886	0%
Other	291	264	(9%)
TOTAL SALES**	**47,319**	**47,551**	**0.5%**

* 2015 includes sales adjusted for steel resolution

** Includes choice of 4,870 YTD 2015 and 4,892 YTD 2016

Heating degree days

DTE Gas service territory

	4Q 2015	4Q 2016	% change
Actuals	1,719	2,010	17%
Normal	2,238	2,185	(2%)
Deviation from normal	(23%)	(8%)	

	YTD 2015	YTD 2016	% change
Actuals	6,283	5,812	(7%)
Normal	6,376	6,405	0%
Deviation from normal	(1%)	(9%)	

Earnings impact of weather – DTE Gas

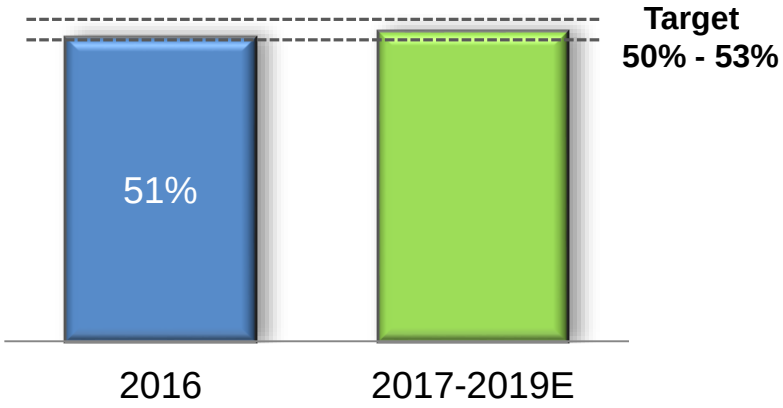
Variance from normal weather

($ millions, after-tax)	4Q	YTD
2015	($20)	($3)
2016	($4)	($16)

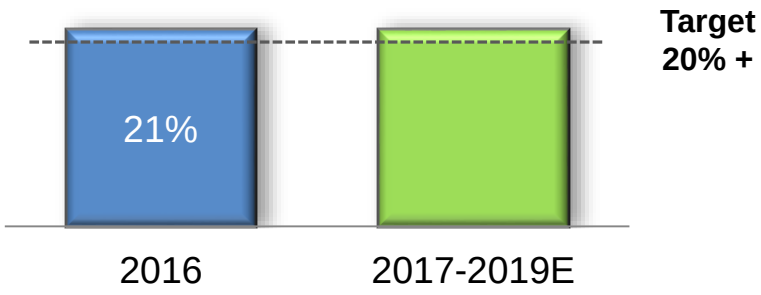
($ per share)	4Q	YTD
2015	($0.11)	($0.02)
2016	($0.02)	($0.09)

Strong balance sheet supports growth

Leverage*



Funds from Operations** / Debt*



- Cash flow and balance sheet strength are a key priority
- No equity issuances in 2016
  - Acquisition related equity of $675 million in late 2019 (through convertible equity units)
  - No additional equity planned through 2019
- Issued $2.7 billion of long-term debt to fund growth
- $1.5 billion of available liquidity at December 31, 2016

* 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

DTE Energy
2016 Cash Flow and Capital Expenditures Actuals

(billions)

Cash Flow

	2015 Actual	2016 Actual
Cash From Operations*	$1.9	$2.1
Capital Expenditures	(2.3)	(3.4)
Free Cash Flow	**($0.4)**	**($1.3)**
Asset Sales & Other	0.1	-
Dividends	(0.5)	(0.5)
Net Cash	**($0.8)**	**($1.8)**
Debt Financing:		
Issuances	$1.1	$2.7
Redemptions	(0.3)	(0.9)
Change in Debt	**$0.8**	**$1.8**

(millions)

Capital Expenditures

	2015 Actual	2016 Actual
DTE Electric		
Distribution Infrastructure	$579	$567
New Generation	316	131
Maintenance & Other	892	805
	$1,787	$1,503
DTE Gas		
Base Infrastructure	$184	$177
NEXUS Related	2	94
Main Replacement**	87	124
	$273	$395
Non-Utility* **	$299	$1,533
Total	**$2,359**	**$3,431**

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

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

*** Non-utility capital is higher driven by Gas Storage & Pipelines acquisition

DTE Energy
2017 Cash Flow and Capital Expenditures Guidance

(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	-	-
Dividends	(0.5)	(0.6)
Net Cash	**($1.8)**	**($1.7)**
Debt Financing:		
Issuances	$2.7	$1.7
Redemptions	(0.9)	-
Change in Debt	**$1.8**	**$1.7**

(millions)

Capital Expenditures

	2016 Actual	2017 Guidance
DTE Electric		
Distribution Infrastructure	$567	$690
New Generation	131	45
Maintenance & 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**

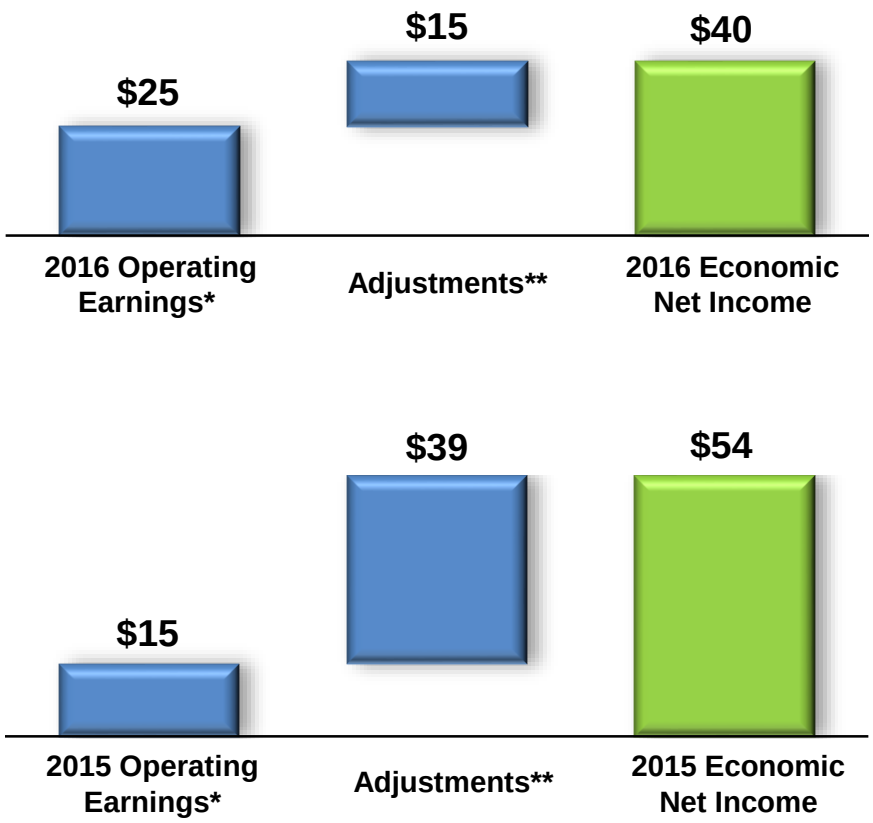
* Includes Main Renewal / Meter Move-out / Pipeline Integrity

Regulatory Update – Electric and Gas

DTE Electric		DTE Gas
• Self implemented general rates 3Q	2016	• Final rate order and IRM ruling 4Q – $122 million rate order – 10.1% ROE
• Final rate order 1Q – $184 million rate order – 10.1% ROE • File rate case 2Q	2017	
• Annual rate cases	2018+	• Expect rate case filing 2018/2019

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

Operating Earnings*

(millions, after-tax)

	2015	2016
Realized	$34	$61
Unrealized	28	23
O&M / Other	(47)	(59)
	$15	$25

* 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; 2) operating adjustments for unrealized marked-to-market changes of certain derivative contracts; and 3) DTE Energy Foundation contributions

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

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.

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

2015 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.

2015 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	$ 542	$ 132	$ 107	$ 16	$ (48)	$ 749	$ (22)	$ 727
PSCR disallowances	12	-	-	-	-	12	-	12
Tree trimming disallowance	8	-	-	-	-	8		8
Plant closure	-	-	-	69	-	69		69
Contract termination	-	-	-	10	-	10	-	10
Natural gas pipeline refund	-	-	-	-	-	-	(10)	(10)
Certain mark-to-market transactions	-	-	-	-	-	-	47	47
Operating Earnings	$ 562	$ 132	$ 107	$ 95	$ (48)	$ 848	$ 15	$ 863

2015 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	$ 3.02	$ 0.73	$ 0.60	$ 0.09	$ (0.27)	$ 4.17	$ (0.12)	$ 4.05
PSCR disallowances	0.07	-	-	-	-	0.07	-	0.07
Tree trimming disallowance	0.05	-	-	-	-	0.05	-	0.05
Plant closure	-	-	-	0.39	-	0.39	-	0.39
Contract termination	-	-	-	0.05	-	0.05	-	0.05
Natural gas pipeline refund	-	-	-	-	-	-	(0.05)	(0.05)
Certain mark-to-market transactions	-	-	-	-	-	-	0.26	0.26
Operating Earnings	$ 3.14	$ 0.73	$ 0.60	$ 0.53	$ (0.27)	$ 4.73	$ 0.09	$ 4.82

* Total tax impact of adjustments to reported earnings: $88m

** Total tax impact of adjustments to reported EPS: $0.49

Reconciliation of Other Reported to Operating Earnings

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