Year End 2017 Earnings Conference Call

February 16, 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 (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

Focus on employees and customers resulted in a successful year in 2017

Highly engaged employees



- Employee engagement in Gallup's top 4% worldwide
- Gallup's Great Workplace Award for 5th consecutive year
- AGA's Safety Achievement Award for 2nd consecutive year

Customer satisfaction*



- Ranked 1st in Midwest for business (electric and gas companies)
- Ranked 2nd for residential (electric and gas companies)

Distinctive continuous improvement



- EEI's Emergency Recovery Award for windstorm service restoration
- Reducing costs through productivity and efficiency to keep rates affordable

* J.D. Power 2017 Electric and Gas Utility Customer Satisfaction Study for Midwest utilities. Visit jdpower.com

Growth plans are well supported and deliver results for DTE and Michigan

Force for growth in communities



- Ranked 1st in Midwest for corporate citizenship*
- Significant investor in Michigan economy
- Industry-leading initiative to transform energy portfolio; reducing carbon emissions by 80%+

Clear growth and value creation strategy



- Substantial reliability investments at both utilities
- Significant progress for non-utility growth agenda

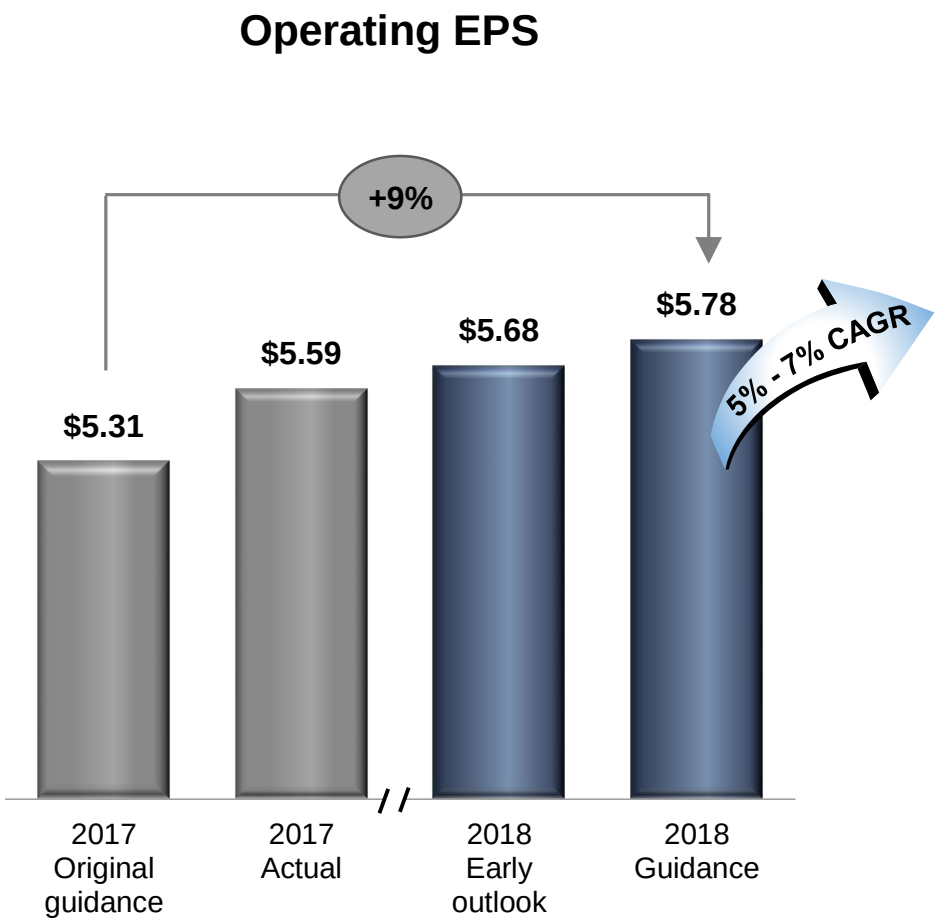
Strong political and regulatory context



- Energy legislation implementation progressing
- Tax reform supports affordability agenda
- Rate cases progressing at both utilities

* J.D. Power 2017 Electric and Gas Utility Residential Customer Satisfaction Study for Midwest utilities. Visit jdpower.com

Delivered strong 2017 financial results, raising 2018 operating EPS* guidance midpoint by $0.10



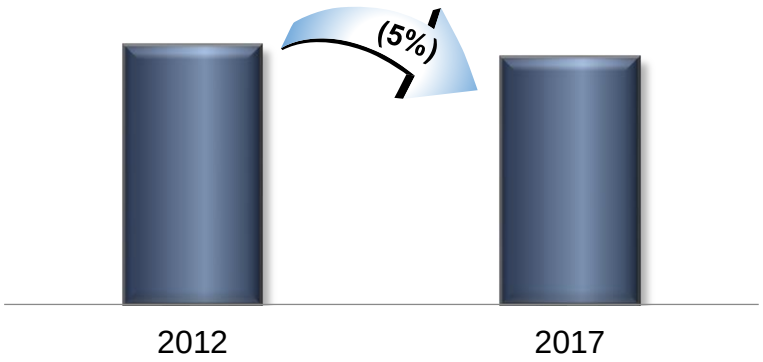
- ✓ 2017 operating EPS
  - Surpassed revised guidance
  - 9th consecutive year of exceeding original guidance
  - Exceeded $1 billion in operating earnings
- ✓ Tax reform increases 2018 operating EPS guidance by $0.10 to a midpoint of $5.78
  - EPS accretion is $0.13 by 2022
- ✓ Growing dividend 7% through 2020**

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

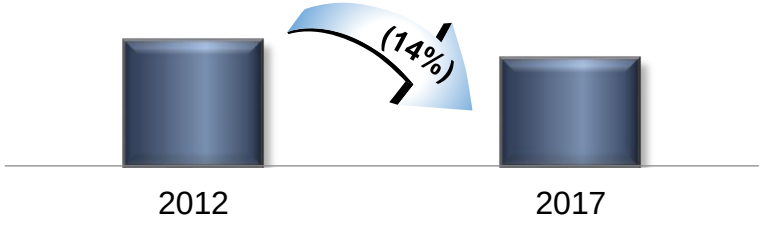
** Subject to Board approval

Maintaining customer affordability while investing in our utilities

DTE Electric

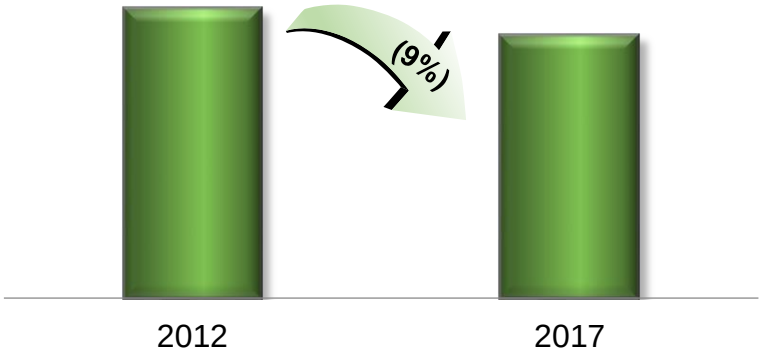


Average annual residential bill



Average industrial rate

DTE Gas



Average annual residential bill



Average industrial rate

Tax reform benefits customers and is operating EPS* accretive

✓ Good for utility customers

- Near-term rates ~3% lower driven by changes in current tax rates
- Future rates decline from the deferred tax re-measurement

✓ Good for DTE

2018 impact

- Non-utility businesses are clear winners with higher earnings
- Earnings increase drives additional $0.10 operating EPS

2019 - 2022 impact

- 5% - 7% operating EPS growth target from increased 2018 guidance
- Operating earnings at utilities increase over time
- Existing non-utility projects have de minimis exposure to lower FERC recourse rates ($1-$2 million)
- Improvement in the economics of future non-utility projects may be shared with customers
- Additional segment details to be provided on 1Q 2018 earnings call



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

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

2017 operating earnings* variance

(millions, except EPS)

Operating Earnings

	2016	2017	Change
DTE Electric	$ 622	$ 617	$ (5)
DTE Gas	138	149	11
Gas Storage & Pipelines	127	160	33
Power & Industrial Projects	95	124	29
Corporate & Other	(59)	(69)	(10)
Growth segments**	**$ 923**	**$ 981**	**$ 58**
Growth segments operating EPS	**$ 5.14**	**$ 5.48**	**$ 0.34**
Energy Trading	25	20	(5)
DTE Energy	**$ 948**	**$ 1,001**	**$ 53**
Operating EPS	**$ 5.28**	**$ 5.59**	**$ 0.31**
Avg. Shares Outstanding	180	180	

Primary Drivers

DTE Electric

- Cooler weather and higher storm expenses in 2017 offset by rate implementation

DTE Gas

- Rate implementation offset by higher depreciation expense and property taxes

Gas Storage & Pipelines

- Link acquisition, higher pipeline and gathering earnings

Power & Industrial Projects

- Incremental REF sites and higher steel related earnings

Corporate & Other

- Interest expense and one-time items

Energy Trading

- Slightly lower power/gas margins

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

** Total DTE Energy excluding Energy Trading

Raising 2018 operating EPS* guidance midpoint by $0.10 from early outlook, driven by tax reform benefit

(millions, except EPS)

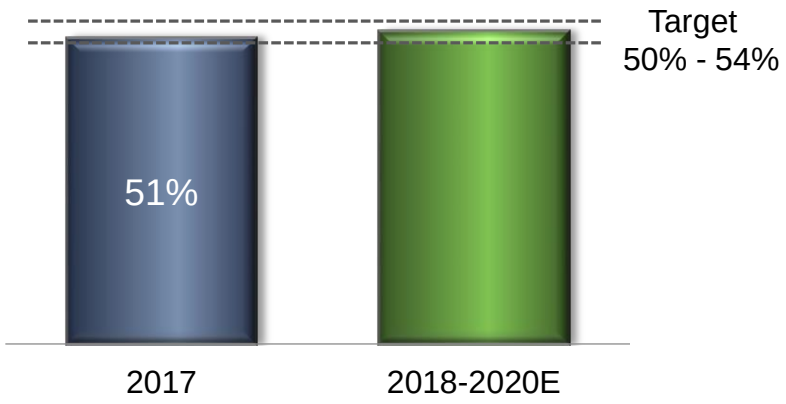
	2018 Early Outlook	2018 Guidance	
DTE Electric	$648 - $662	$648 - $662	
DTE Gas	152 - 160	152 - 160	
Gas Storage & Pipelines	155 - 165	185 - 195	↑
Power & Industrial Projects	100 - 120	115 - 135	↑
Corporate & Other	(74) - (64)	(100) - (90)	↓
Growth segments**	**$981 - $1,043**	**$1,000 - $1,062**	
Growth segments operating EPS	**$5.45 - $5.79**	**$5.54 - $5.88**	↑
Energy Trading	$5 - $15	$5 - $20	↑
DTE Energy	**$986 - $1,058**	**$1,005 - $1,082**	
Operating EPS	**$5.48 - $5.88**	**$5.57 - $5.99**	↑
Avg. Shares Outstanding	180	181	

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

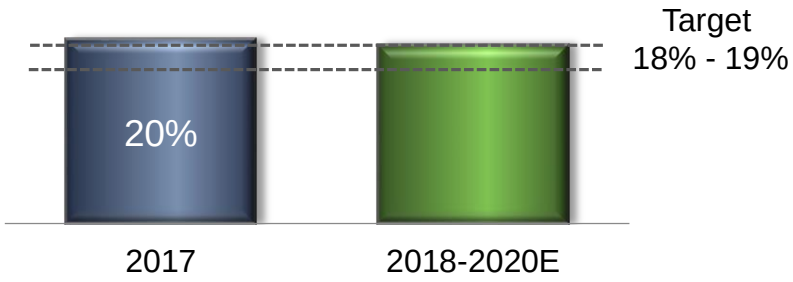
** Growth segments exclude Energy Trading

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 total in 2018 using internal mechanisms
- ✓ Target 18% - 19% FFO/Debt
- ✓ $1.4 billion of available liquidity at December 31, 2017
- ✓ 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

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

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

DTE Electric



- Progressing on new 1,100 MW natural gas power plant
- Breaking ground on new wind park in 1H 2018
- Modernizing grid to improve reliability for customers

DTE Gas



- Accelerating the replacement of aging cast-iron and unprotected steel pipe
- Strengthening and renewing gas infrastructure

Gas Storage & Pipelines continues to expand its portfolio in the most prolific geology in the country

2017 Accomplishments



- NEXUS pipeline construction is advancing in Michigan and on track for late 3Q in-service date
  - Right-of-way clearing and compressor station work is well underway
- Bluestone pipeline and gathering achieved a 1.0 Bcf/d delivery milestone

2018 Growth



- NEXUS finalizing agreements with two new industrial customers
- Link executed gathering and transport agreement with a producer, doubling its capacity
- Precedent agreement signed with APV Renaissance for lateral pipeline to connect to new power plant
- Expanding Bluestone pipeline by 0.1 Bcf/d

Power & Industrial Projects continues growing industrial energy and renewables businesses

2017 Accomplishments



- Incremental earnings of ~$15 million from new projects achieves one-third of the 5-year goal
  - Completed agreement with Ford Motor Company to build, own, and operate large-scale central energy plant
  - Acquired two RNG (renewable natural gas) projects

2018 Growth



- Late stage negotiations on large scale cogeneration project
  - Advancing discussion on five additional opportunities
- Finalizing agreement on new RNG project
  - Four additional projects in advanced development
- Continuing strong progress toward long-term growth goal

Summary

- Strong 2017 results continue track record of 9th consecutive year of exceeding original guidance
- Tax reform is good for customers, accretive for shareholders
  - Provides lower rates for customers of ~3%
  - Increases 2018 operating EPS* guidance midpoint by $0.10, serving as new base for 5% - 7% growth target through 2022
- Investment in utility and non-utilities fuel future growth
- A strong BBB balance sheet remains a mainstay
- Our dividend growth target is 7% annually through 2020**
- Total shareholder return has outpaced utility indices on strong stock performance and a growing dividend

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

** Subject to Board approval

Contact us

DTE Energy Investor Relations

www.dteenergy.com/investors

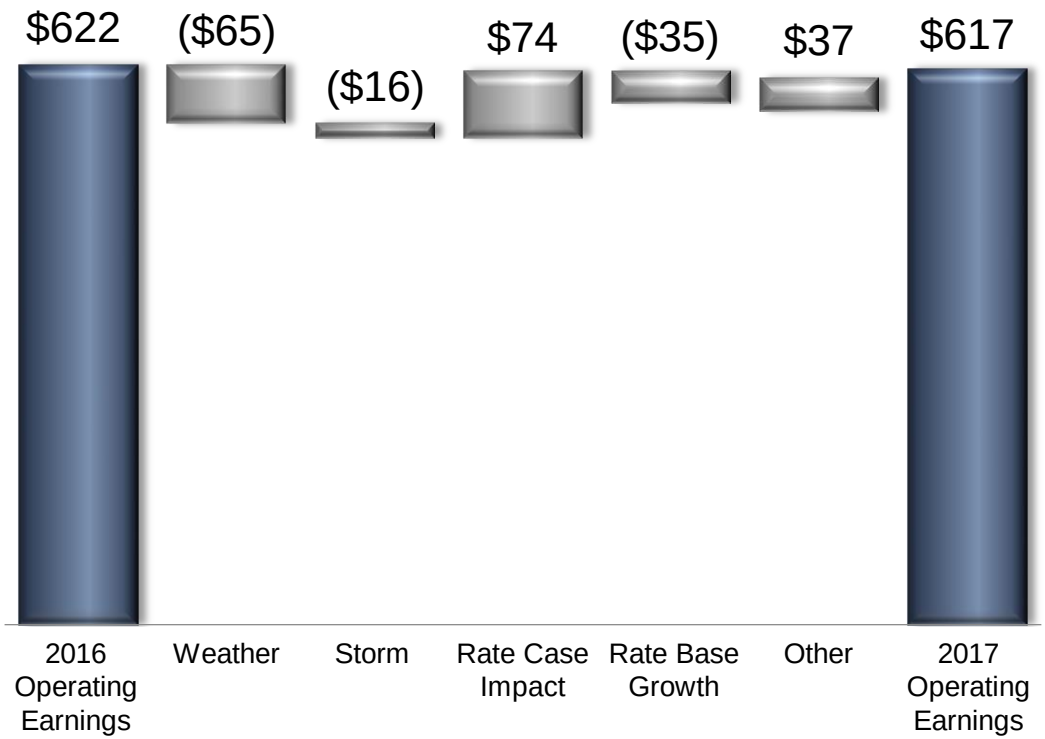
(313) 235-8030

Appendix

DTE Electric variance analysis

(millions)

Operating Earnings* Variance



Primary Drivers

- Cooler weather

  Variance to normal weather
  - 2016: $59
  - 2017: ($6)

- Rates supporting infrastructure improvements to enhance customer reliability
- Rate base growth (depreciation, property tax and interest)
- Other is primarily reliability related spend in 2016

* 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

	YTD 2016	YTD 2017	% change
Actuals	1,123	849	(24%)
Normal	803	803	0%
Deviation from normal	40%	6%	

Earnings impact of weather – DTE Electric

Variance from normal weather

($ millions, after-tax)	4Q	YTD
2016	$0	$59
2017	$5	($6)

($ per share)	4Q	YTD
2016	$0.00	$0.33
2017	$0.03	($0.03)

Weather Normal Electric Sales – DTE Electric Service Area

(Includes Electric Choice) (GWh)

	YTD 2016	YTD 2017	% change
Residential	15,182	14,982	(1%)
Commercial	20,219	19,939	(1%)
Industrial	11,886	12,027	1%
Other	264	258	(2%)
TOTAL SALES*	**47,551**	**47,206**	**(1%)**

Heating degree days

DTE Gas service territory

	4Q 2016	4Q 2017	% change
Actuals	2,010	2,273	13%
Normal	2,185	2,190	0%
Deviation from normal	(8%)	4%	

	YTD 2016	YTD 2017	% change
Actuals	5,812	5,834	0%
Normal	6,405	6,354	(1%)
Deviation from normal	(9%)	(8%)	

Earnings impact of weather – DTE Gas

Variance from normal weather

($ millions, after-tax)	4Q	YTD
2016	($4)	($16)
2017	$6	($20)

($ per share)	4Q	YTD
2016	($0.02)	($0.09)
2017	$0.03	($0.11)

* Includes choice of 4,892 YTD 2016 and 4,809 YTD 2017

2017 cash flow and capital expenditures actuals

(billions)

Cash Flow

	2016 Actual	2017 Actual
Cash From Operations	$2.1	$2.1
Capital Expenditures	(3.4)	(2.6)
Free Cash Flow	**($1.3)**	**($0.5)**
Asset Sales & Other	-	-
Dividends	(0.5)	(0.6)
Net Cash	**($1.8)**	**($1.1)**
Debt Financing:		
Issuances	$2.7	$1.5
Redemptions	(0.9)	(0.4)
Change in Debt	**$1.8**	**$1.1**

(millions)

Capital Expenditures

	2016 Actual	2017 Actual
DTE Electric		
Base Infrastructure	$805	$831
New Generation	131	69
Distribution Infrastructure	567	674
	$1,503	$1,574
DTE Gas		
Base Infrastructure	$177	$214
NEXUS Related	94	88
Main Renewal	124	161
	$395	$463
Non-Utility	$1,533	$572
Total	**$3,431**	**$2,609**

2018 cash flow and capital expenditures guidance

(billions)

Cash Flow

	2017 Actual	2018 Guidance
Cash From Operations*	$2.1	$2.0
Capital Expenditures	(2.6)	(3.6)
Free Cash Flow	**($0.5)**	**($1.6)**
Asset Sales & Other	-	-
Dividends	(0.6)	(0.6)
Net Cash	**($1.1)**	**($2.2)**
Debt Financing:		
Issuances	$1.5	$2.3
Redemptions	(0.4)	(0.1)
Change in Debt	**$1.1**	**$2.2**

(millions)

Capital Expenditures

	2017 Actual	2018 Guidance
DTE Electric		
Base Infrastructure	$831	$750
New Generation	69	340
Distribution Infrastructure	674	810
	$1,574	$1,900
DTE Gas		
Base Infrastructure	$214	$257
NEXUS Related	88	13
Main Renewal	161	190
	$463	$460
Non-Utility	$572	$1,100-$1,300
Total	**$2,609**	**$3,460-$3,660**

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

2017 Energy Trading reconciliation of operating earnings* to economic net income

2017

	2016	2017
Operating Earnings	$25	$20
Accounting Adjustments**	15	9
Economic Net Income	$40	$29

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

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

Reconciliation of 2017 reported to operating earnings

DTE Energy

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)*

2017 After tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$606	$146	$275	$138	($103)	$1,062	$72	$1,134
PSCR disallowance	10					10		10
System implementation costs	6	3				9		9
Deferred tax remeasurement	(5)		(115)	(21)	34	(107)	2	(105)
Impairment				7		7		7
Certain mark-to-market transactions							(54)	(54)
Operating Earnings	$617	$149	$160	$124	($69)	$981	$20	$1,001

EPS**

2017 After tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$3.38	$0.81	$1.53	$0.77	($0.57)	$5.92	$0.40	$6.32
PSCR disallowance	0.06					0.06		0.06
System implementation costs	0.03	0.02				0.05		0.05
Deferred tax remeasurement	(0.03)		(0.64)	(0.12)	0.20	(0.59)	0.01	(0.58)
Impairment				0.04		0.04		0.04
Certain mark-to-market transactions							(0.30)	(0.30)
Operating Earnings	$3.44	$0.83	$0.89	$0.69	($0.37)	$5.48	$0.11	$5.59

* Total tax impact of adjustments to reported earnings: ($17 million)

Reconciliation of 2016 reported to operating earnings

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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
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
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: ($38 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.