

DTE Energy[®]



**1st Quarter 2012
Earnings Conference Call**

April 27, 2012



Safe Harbor Statement

The information contained herein is as of the date of this presentation. Many factors may impact forward-looking statements including, but not limited to, the following: impact of regulation by the FERC, MPSC, NRC and 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; impact of electric and gas utility restructuring in Michigan, including legislative amendments and Customer Choice programs; economic conditions and population changes in our geographic area resulting in changes in demand, customer conservation, increased thefts of electricity and gas and high levels of uncollectible accounts receivable; 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; 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 losses on investments, including nuclear decommissioning and benefit plan assets and the related increases in future expense and contributions; the potential for increased costs or delays in completion of significant construction projects; the uncertainties of successful exploration of unconventional gas and oil resources and challenges in estimating gas and oil reserves with certainty; 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 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; 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 our results to differ materially from those contained in any forward-looking statement. Any forward-looking statements refer 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" sections in each of DTE Energy's and Detroit Edison's 2011 Forms 10-K (which sections are incorporated herein by reference), and in conjunction with other SEC reports filed by DTE Energy and Detroit Edison.

Cautionary Note – The Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation such as "probable reserves" that the SEC's guidelines strictly prohibit us from including in filings with the SEC. You are urged to consider closely the disclosure in DTE Energy's 2011 Form 10-K, File No. 1-11607, available from our offices or from our website at www.dteenergy.com. You can also obtain this Forms from the SEC by accessing its website at www.sec.gov or by calling 1-800-SEC-0330.

- **Dave Meador, Executive Vice President and CFO**
- **Peter Oleksiak, Vice President, Controller & Investor Relations**
- **Nick Khouri, Vice President and Treasurer**
- **Mark Rolling, Director of Investor Relations**



- **Overview**
- **First Quarter 2012 Earnings Results**
- **Cash Flow and Capital Expenditures**
- **Summary**



Investment Thesis

DTE Energy has a plan it believes will provide 5% - 6% long-term operating EPS growth, an attractive dividend yield and a strong balance sheet

- Utility growth plan driven by mandated investments
- Constructive regulatory structure and continued cost savings enable utilities to earn their authorized returns
- Plans in place to achieve operational excellence and customer satisfaction that are distinctive in our industry, with a focus on customer affordability
- Meaningful, low-risk growth opportunities in non-utility businesses continue to provide diversity in earnings and geography



5%-6% Average Annual EPS Growth



Attractive Dividend





Overview

DTE Energy 1Q 2012 operating earnings per share* of \$0.91 vs. \$1.11 in 1Q 2011; maintaining 2012 operating earnings guidance of \$3.65 - \$3.95

- **Detroit Edison** results are flat year over year
- **MichCon** experienced unusually warm weather in 1Q 2012; working to offset weather impact
 - Rate case filed April 20, 2012 for \$77 million
- **Energy Trading** had a slight 1Q 2012 loss from unprecedented mild weather

Will leverage opportunities across portfolio of businesses to help offset unfavorable 1Q 2012 weather

Balance sheet remains strong

- Generated \$620 million in cash from operations 1Q 2012
- On pace to hit balance sheet targets in 2012



2012 Operating Earnings Guidance*

(\$ millions, except EPS)	2011 Actual*	2012 Guidance	2012 Drivers
Detroit Edison	\$443	\$438 - \$448	Full year rate order impact at lower ROE, increased earnings from renewable investments, and one-time tax items in 2011
MichCon	110	110 - 115	Continued cost control to offset 1Q unfavorable weather; 2Q rate case filing
Gas Storage & Pipelines	57	57 - 60	Modest incremental earnings from existing projects; more significant growth begins in 2013 from new projects
Unconventional Gas Production	(6)	0	Targeting monetization
Power & Industrial Projects	38	45 - 55	Incremental earnings from reduced emissions fuel (REF)
Energy Trading	52	30 - 50	Unprecedented 1Q warm weather pressuring 2012 earnings; balance of year assumed at historical levels
Corporate & Other	(61)	(54)	Primarily lower interest expense
DTE Energy	\$633	\$626 - \$674	
Operating EPS	\$3.73	\$3.65 - \$3.95	
Avg. Shares Outstanding	170	171	

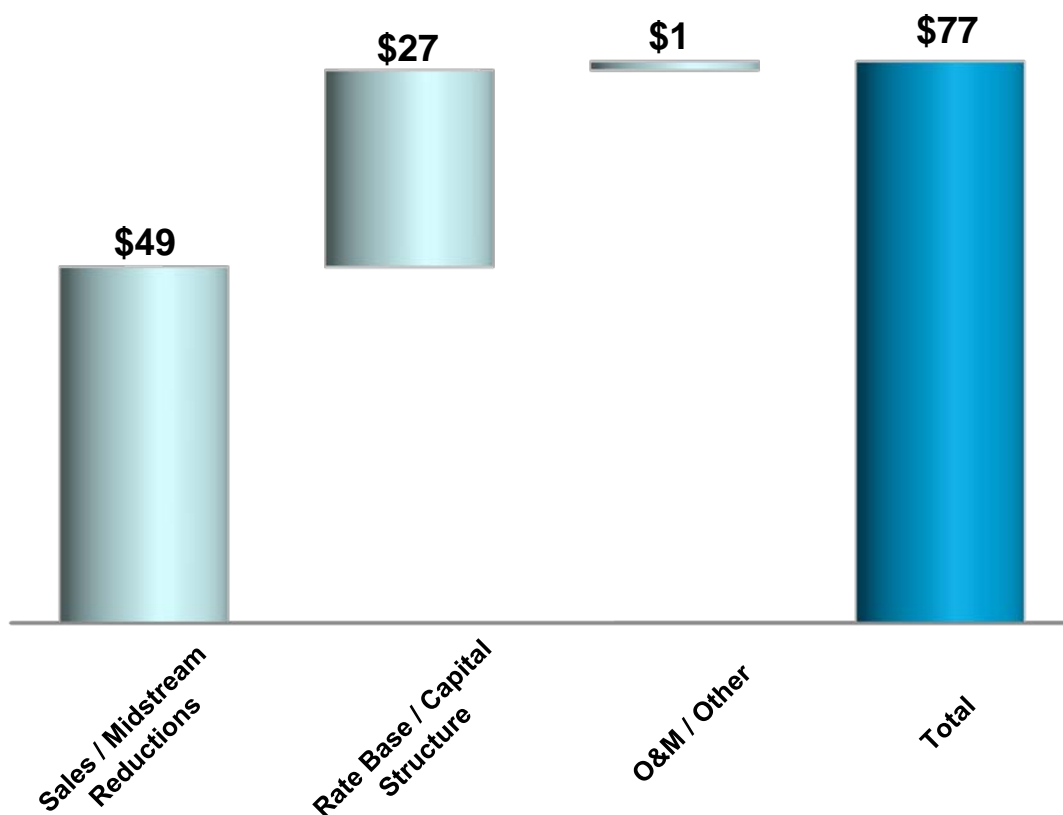
* Reconciliation to GAAP reported earnings included in the appendix



MichCon Rate Case Filing (U-16999)

Estimated Net Rate Request

(\$ millions)



Rate Case Highlights

Represents annual base rate growth of ~4%* since last rate increase; combined with declining gas prices, annual bills decreasing ~5%*

- Lower sales due to customer conservation and lower midstream revenues
- \$377 million increase in rate base
- Other highlights
 - 11% return on equity
 - Modified revenue decoupling mechanism
 - Infrastructure recovery mechanism for main renewal, meter move-out and pipeline integrity
- Timing
 - Filed: April 2012
 - Self-implement: November 2012
 - Final Order: By April 2013

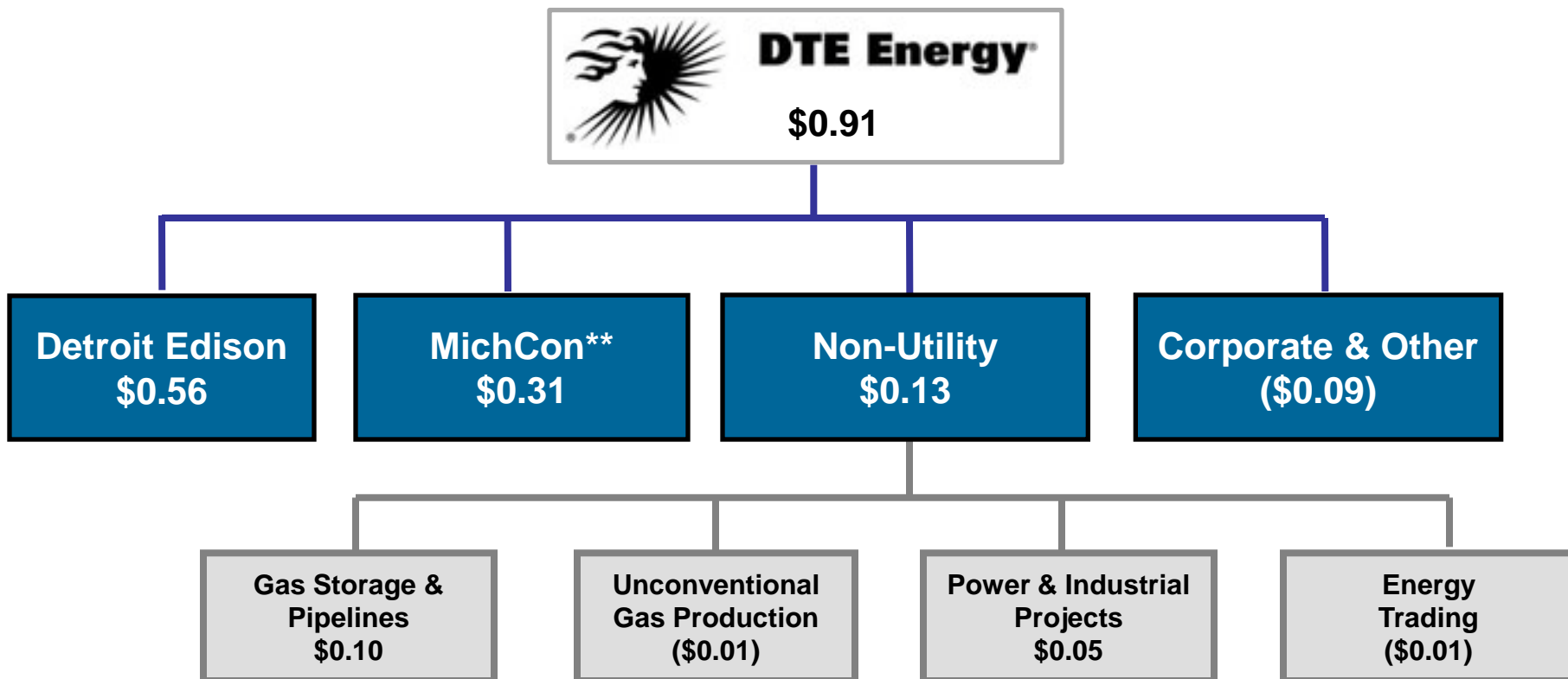
*Projected annualized residential change from 2010 to 2013 (weather normalized)



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First Quarter 2012 Operating Earnings Per Share*



* Reconciliation to GAAP reported earnings included in the appendix

** Includes Citizens Gas Utility



First Quarter 2012 Operating Earnings Variance

Operating Earnings*

(\$ millions, except EPS)

	<u>1Q 2011</u>	<u>1Q 2012</u>	<u>Change</u>
Detroit Edison	\$ 97	\$ 96	\$ (1)
MichCon	83	52	(31)
Gas Storage and Pipelines	15	17	2
Unconventional Gas Production	(2)	(1)	1
Power & Industrial Projects	10	8	(2)
Energy Trading	2	(2)	(4)
Corporate & Other	(17)	(14)	3
DTE Energy	\$ 188	\$ 156	\$ (32)
Operating EPS	\$ 1.11	\$ 0.91	\$ (0.20)
Avg. Shares Outstanding	170.0	170.3	

Drivers

Detroit Edison

- Higher customer restoration costs and 2011 true-up of EE incentives offset by increased margin and growth in renewables

MichCon

- Unusually warm weather in 1Q 2012 and colder than normal weather in 1Q 2011

Non-Utility

- Gas Storage & Pipelines due to higher transportation revenue
- Power & Industrial driven by one time items offset by REF growth
- Energy Trading lower performance due to 1Q 2012 weather

Corporate & Other

- Primarily lower interest expense

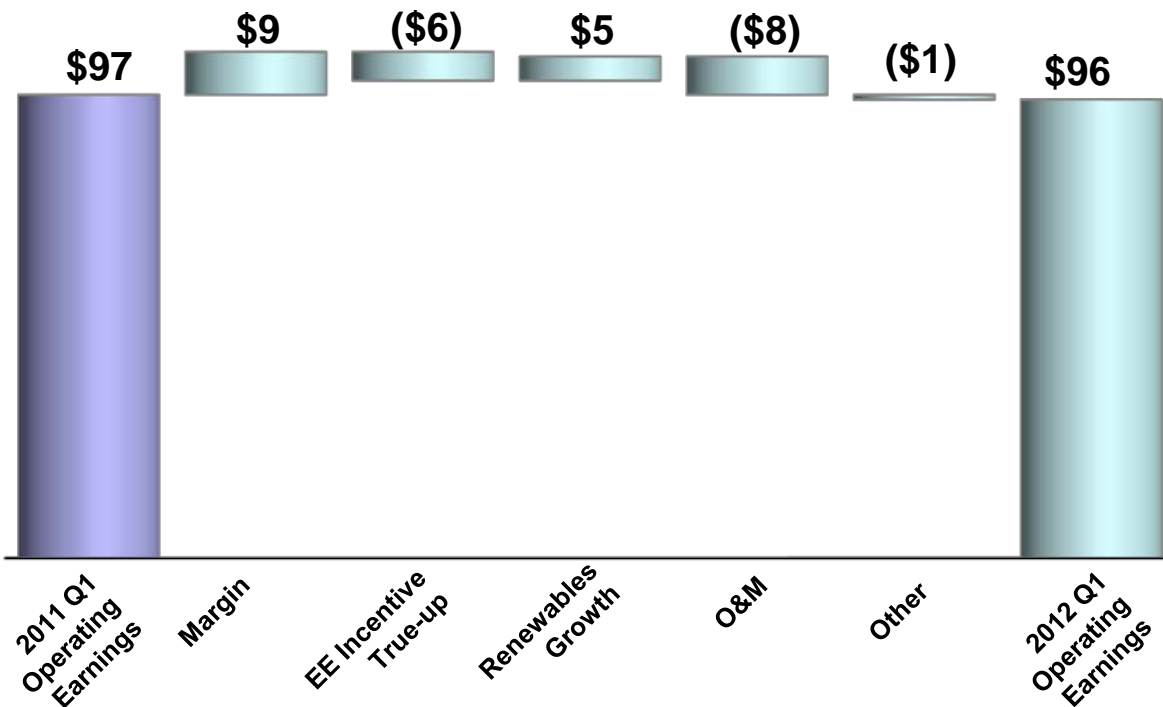
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Detroit Edison Variance Analysis

Detroit Edison Operating Earnings* Variance

(\$ millions)



Drivers

- Margin reflects rate increase partially offset by warmer weather
- Two year true-up of EE incentives recorded in 2011
- Growth in earnings on renewable energy investments
- O&M primarily driven by increased customer restoration activity and higher benefit costs

* Reconciliation to GAAP reported earnings included in the appendix

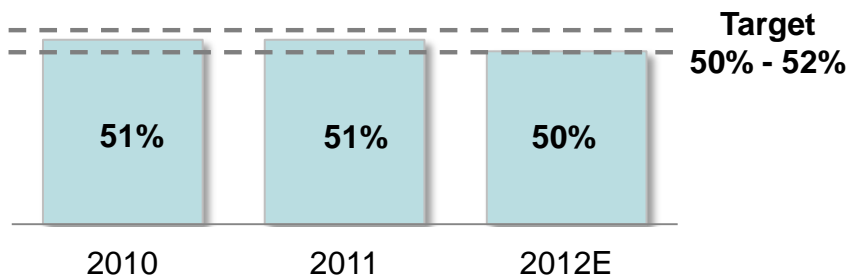


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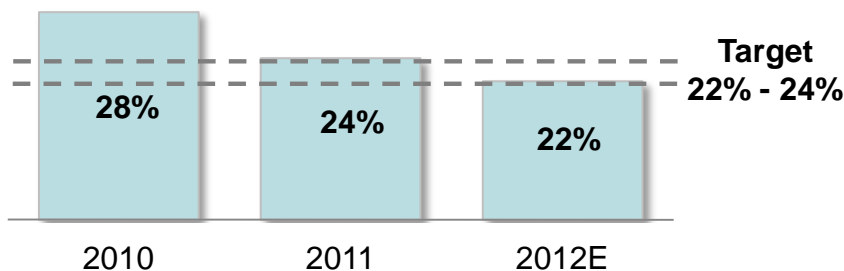
Strong Balance Sheet Supports Growth

Leverage*



- A strong balance sheet remains a key DTE priority
- Series of credit improvements in 2012
 - Fitch upgraded Detroit Edison and MichCon
 - Moody’s raised its outlook to Positive
- Leverage and cash flow metrics within targeted ranges
- \$1.4 billion of available liquidity as of March 31, 2012

Funds from Operations / Debt*



*Debt excludes securitization, a portion of MichCon’s short-term debt, and considers 50% of the Trust Preferreds/Junior Subordinated Notes as equity



First Quarter 2012 Cash Flow

DTE Energy Cash Flow*

(\$ billions)

	<u>1Q 2011</u>	<u>1Q 2012</u>
Cash From Operations	\$0.7	\$0.6
Capital Spending	<u>(0.3)</u>	<u>(0.4)</u>
Free Cash Flow	\$0.4	\$0.2
Asset Sales	-	-
Dividends	<u>(0.1)</u>	<u>(0.1)</u>
Net Cash	<u><u>\$0.3</u></u>	<u><u>\$0.1</u></u>

Drivers

- Cash flow remains strong this year
- Cash from operations down slightly from near historical levels last year, mainly due to federal taxes
- Even with higher investment spending, net cash was positive in the first quarter
- Reconfirming full year cash and capital 2012 guidance



First Quarter 2012 Capital Expenditures

DTE Energy Capital Expenditures

(\$ millions)

	<u>1Q 2011</u>	<u>1Q 2012</u>
Detroit Edison		
Operational	\$177	\$238
Environmental	39	29
Renewables / EE	3	17
	<u>\$219</u>	<u>\$284</u>
MichCon		
Operational	\$31	\$42
Expansion	3	3
	<u>\$34</u>	<u>\$45</u>
Non-Utility		
Gas Storage and Pipelines	2	25
Unconventional Gas	8	9
Power & Industrial	26	41
Energy Trading	-	-
	<u>\$36</u>	<u>\$75</u>
Corporate & Other	\$1	-
Total	<u><u>\$290</u></u>	<u><u>\$404</u></u>

Drivers

- Capital spending is higher than last year for all DTE businesses
- Detroit Edison investments are up year over year driven by increased spending for renewables and Fermi refueling outage
- Increased investments in the non-utility businesses reflect higher spending in Gas Storage and Pipelines and Power & Industrial



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Summary

- **1Q 2012 operating EPS* of \$0.91 impacted by unusually warm weather**
- **Leverage portfolio of businesses to achieve current EPS guidance of \$3.65 - \$3.95**
- **Mandated utility investments and meaningful, low-risk growth opportunities in our non-utility businesses expected to provide 5% - 6% annual EPS growth going forward**
- **Balance sheet and cash flow metrics remain strong**

***AGA conference presentation is May 7 at 2:15 PM MST with
Gerry Anderson – Chairman, President & CEO***

DTE Energy Investor Relations

www.dteenergy.com/investors

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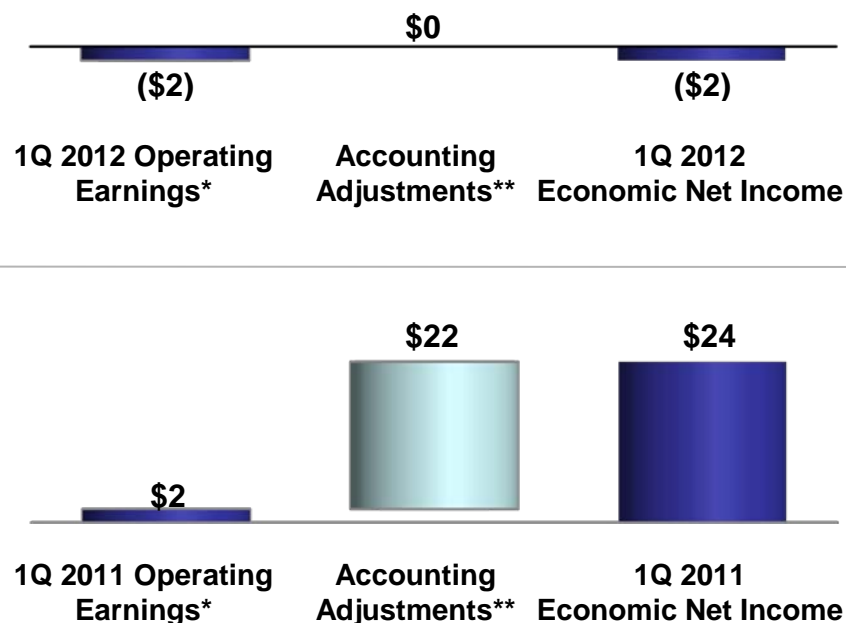
Appendix

DTE Energy Trading Reconciliation of Operating Earnings* to Economic Net Income



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

Energy Trading Operating Earnings*

(\$ millions, after-tax)

	1Q 2011	1Q 2012
Realized	\$16	\$20
Unrealized	-	(11)
O&M / Other	<u>(14)</u>	<u>(11)</u>
	\$2	(\$2)

* Reconciliation to GAAP reported earnings included in the appendix

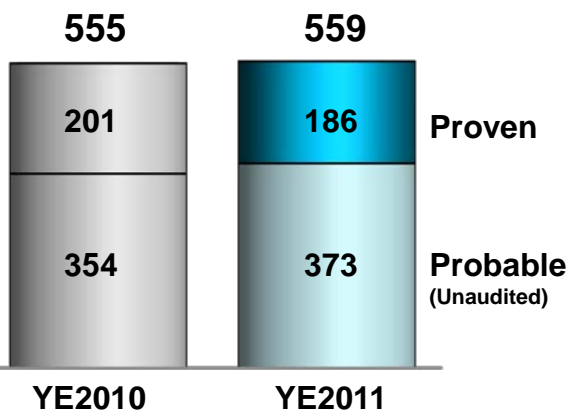
** Consists of the income statement effect of not recognizing changes in the fair market value of certain non-derivative contracts including physical inventory and capacity contracts for transportation, transmission and storage. These contracts are not MTM, instead are recognized for accounting purposes on an accrual basis

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

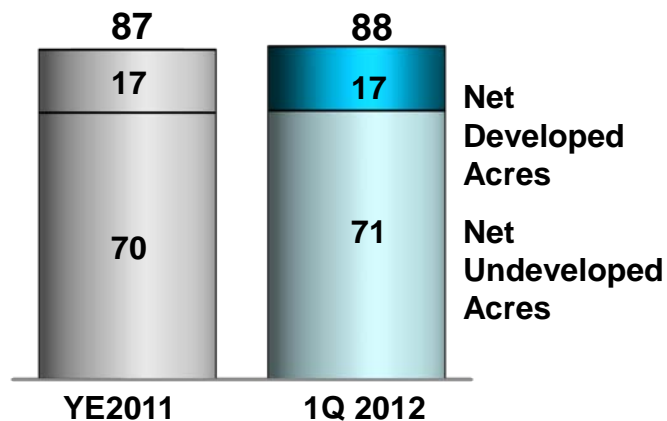


Barnett Shale Operating Metrics

Reserves (Bcfe)



Acreage Position (000's Acres)



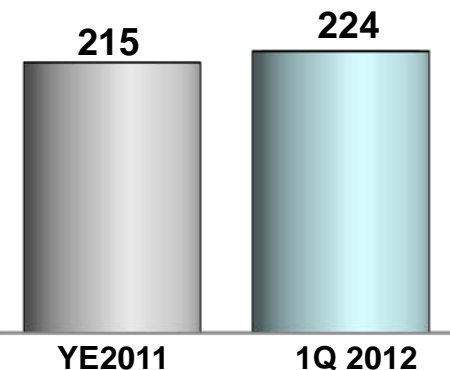
1Q 2012 Results

- 9 new wells on-line, 6 in progress
- Production of 1.3 Bcfe (60% liquids)
- 58% increase in oil sales volume year-over-year

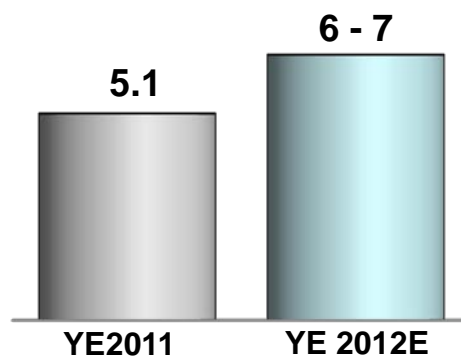
2012 Goals

- Prudently manage Barnett assets and focus on developing liquids production
- Pursue monetization opportunities

Gross Producing Wells



Net Production (Bcfe)

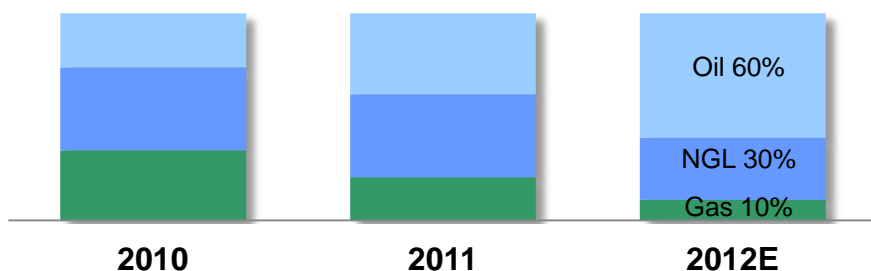




Unconventional Gas: Barnett Shale Assets Focused on Marble Falls Oil Play

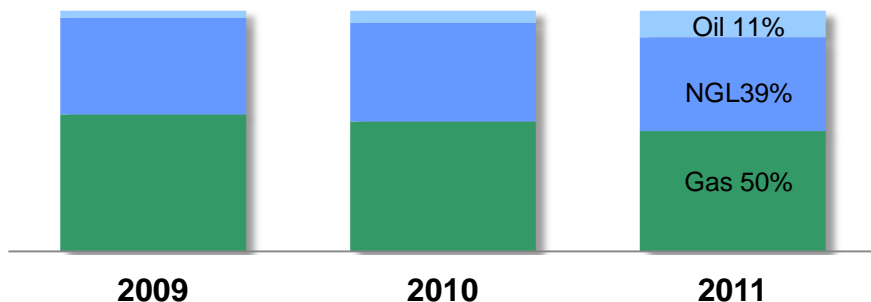
Oil and NGLs* driving value

Revenue by product (%)



- Focus on maturing Marble Falls oil play
- Wells confirming resource play
 - Vertical wells initial production up to 250 bbls oil per day plus liquids rich gas
 - Potential upside with horizontal wells
 - ~65,000 net acre Marble Falls position
- Well payback period of 6-24 months at current prices
 - Vertical well costs of \$800k
 - Attractive economics at current prices

Proved reserves by product (%)



* Natural gas liquids



2012 Capital Expenditures & Cash Flow Guidance

Capital Expenditures

(\$ millions)	2011	2012
	Actual	Guidance
Detroit Edison		
Operational	\$688	\$785
Environmental	186	255
Renewables / EO	328	235
	<u>\$1,202</u>	<u>\$1,275</u>
MichCon		
Operational	\$155	\$155
Expansion	25	60
	<u>\$180</u>	<u>\$215</u>
Non-Utility / Corporate & Other	\$146	\$430
Total	<u><u>\$1,528</u></u>	<u><u>\$1,920</u></u>

Cash Flow Summary

(\$ billions)	2011	2012
	Actual	Guidance
Cash From Operations	\$2.0	\$1.9
Capital Spending	(1.5)	(1.9)
Free Cash Flow	<u>\$0.5</u>	<u>\$0.0</u>
Asset Sales	-	0.3
Dividends	(0.4)	(0.4)
Net Cash	<u>\$0.1</u>	<u>(\$0.1)</u>
Debt	(\$0.1)	\$0.1

Equity issued for employee benefit programs is considered non-cash and not included in financing activities



Reconciliation of 1Q 2011 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.

1Q 2011

Net Income (\$ millions)

	DTE Energy	Electric Utility	Gas Utility	Gas Storage & Pipelines	Unc. Gas Prod.	Power & Indust. Projects	Energy Trading	Corporate & Other
Reported Earnings	\$176	\$85	\$83	\$15	(\$2)	\$10	\$2	(\$17)
Fermi 1 Asset Retirement Obligation	12	12	-	-	-	-	-	-
Operating Earnings	\$188	\$97	\$83	\$15	(\$2)	\$10	\$2	(\$17)

1Q 2011

\$EPS

	DTE Energy	Electric Utility	Gas Utility	Gas Storage & Pipelines	Unc. Gas Prod.	Power & Indust. Projects	Energy Trading	Corporate & Other
Reported Earnings	\$1.04	\$0.50	\$0.49	\$0.09	(\$0.01)	\$0.06	\$0.01	(\$0.10)
Fermi 1 Asset Retirement Obligation	0.07	0.07	-	-	-	-	-	-
Operating Earnings	\$1.11	\$0.57	\$0.49	\$0.09	(\$0.01)	\$0.06	\$0.01	(\$0.10)



Reconciliation of 2011 Reported to Operating Earnings

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2011

Net Income (\$ millions)

	DTE Energy	Electric Utility	Gas Utility	Gas Storage & Pipelines	Unc. Gas Prod.	Power & Indust. Projects	Energy Trading	Corporate & Other
Reported Earnings	\$711	\$434	\$110	\$57	(\$6)	\$38	\$52	\$26
Michigan Corporate Income Tax Adjustment	(87)	-	-	-	-	-	-	(87)
Fermi 1 Asset Retirement Obligation	9	9	-	-	-	-	-	-
Operating Earnings	<u>\$633</u>	<u>\$443</u>	<u>\$110</u>	<u>\$57</u>	<u>(\$6)</u>	<u>\$38</u>	<u>\$52</u>	<u>(\$61)</u>

2011

\$EPS

	DTE Energy	Electric Utility	Gas Utility	Gas Storage & Pipelines	Unc. Gas Prod.	Power & Indust. Projects	Energy Trading	Corporate & Other
Reported Earnings	\$4.18	\$2.55	\$0.65	\$0.34	(\$0.04)	\$0.22	\$0.31	\$0.15
Michigan Corporate Income Tax Adjustment	(0.50)	-	-	-	-	-	-	(0.50)
Fermi 1 Asset Retirement Obligation	0.05	0.05	-	-	-	-	-	-
Operating Earnings	<u>\$3.73</u>	<u>\$2.60</u>	<u>\$0.65</u>	<u>\$0.34</u>	<u>(\$0.04)</u>	<u>\$0.22</u>	<u>\$0.31</u>	<u>(\$0.35)</u>



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.

There were no reported to operating earnings adjustments in 1Q 2012.