

one strategy, many options

chief financial officer's letter

Executive Vice President
and Chief Financial Officer
Dave Meador



real
possibilities

I believe we have turned the corner. With our electric and natural gas rate cases behind us, we expect the financial health of our two utilities to improve considerably in 2005. We anticipate cash flows will improve dramatically, providing significant financial flexibility. And we plan to continue to grow our non-utility businesses.

You've already read about our opportunity to reinvest approximately \$1.65 billion in cash, expected primarily from synfuel over the next four years. Included in the total is an additional \$400 million from growth of our other non-utility businesses.

As we evaluate our options for redeploying this cash, we will seek investments that create value and are consistent with our strategy. At the same time, we will remain disciplined. We plan to build on our company's unique strengths and pursue closely related business lines.

Our plans include investing where the competition is manageable, while focusing on cash flow first, scale second. The objective is to test business proposals with limited capital before making significant investments. And if we can't find opportunities that meet our stringent criteria, we intend to return the cash to our shareholders through stock repurchases.

We are proud of our track record of delivering shareholder value. The long-term success of our company can be attributed to a solid strategy from which we do not waver.

Likewise, our financial objectives have remained constant:

- Focus on value creation (achieve returns that exceed our cost of capital).
- Maintain a strong balance sheet and solid investment grade rating.
- Generate future earnings growth.
- Maintain our dividend at \$2.06 per share while our utilities improve their health.
- Continue to communicate openly and transparently about our performance.

Remaining true to these objectives has helped us yield strong performance for our shareholders over the last five and 10 years. The exception was 2004, when uncertainty surrounding Detroit Edison's electric rate case slowed our momentum. Despite this challenge, we maintained the growth of our non-utility businesses as we focused on rebuilding our utilities.

I am deeply committed to achieving our financial objectives. I do not intend to let you down.

David E. Meador
Executive Vice President and Chief Financial Officer

Above: DTE Energy Headquarters, Detroit, Mich.