

TREND: Volatile Energy Prices

Energy is the lifeblood of our economy and when fuel prices soar, everyone is impacted. Commodity prices are up dramatically. Natural gas – which heats more than half of all American homes – has quadrupled in price since 2000.

Customers across the country are caught in a pinch between high demand and flat or declining natural gas production.

Hurricanes Katrina and Rita further constrained supplies this winter. These storms devastated the Gulf of Mexico, where more than 20 percent of our nation's natural gas is produced.

While energy conservation and a mild winter have helped mitigate these high prices in the short term, over the long term our nation must increase supply. That means:

- Expanding natural gas exploration, drilling, production and storage;
- Expanding the nation's natural gas pipeline system;
- Mainstreaming alternative fuel sources that are not dependent on foreign supply; and
- Increasing our reliance on coal in the near term.



Detroit Edison's Fermi 2 nuclear power plant.

Foundation, Focus, Future

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(continued)

We're increasing natural gas production.

"In the long term, supplies of natural gas must increase if we are to reduce customers' bills meaningfully," according to Steve Ewing, DTE Energy vice chairman and 2006 chairman of the American Gas Association. In testimony before Congress last fall, Ewing urged our nation's policy-makers to take decisive action now to solve the supply problem.

At DTE Energy we're doing our part. Our company is the most active gas producer in northern Michigan's Antrim Shale formation. With more than 2,000 producing wells spanning approximately 300,000 acres, we produce enough gas from this formation to heat 183,000 homes for a full year. We drill about 125 new wells per year and expect the Antrim basin to keep producing for another 30 years. We're also tapping into previously inaccessible areas of the Antrim Shale with horizontal drilling technology.

Through our strong position in Antrim Shale we have expanded our efforts in unconventional gas to a second formation, the Barnett Shale, near Fort Worth, Texas. We currently have nearly 75,000 leasehold acres with plans to expand. We have approximately 60 producing wells in the Barnett Shale, and plan to drill an additional 55 wells in 2006.



**DTE Energy Vice Chairman
Steve Ewing.**



**Test drilling in the Barnett Shale
near Fort Worth, Texas. James
Frame (left), and Mike Luster.**

We're increasing gas storage and pipeline capacity.

We are the second largest gas storage provider in the Midwest. We store gas for our own utility, MichCon, as well as for energy providers across the Midwest and Northeast. A \$45 million expansion of our Washington 10 storage field north of Detroit, will help us move gas supply to the growing Northeast market. We're planning to expand a second storage field in 2007 and open a new field by 2008. This will give us additional opportunities to store gas for third parties.

We're investing \$25 million to expand the Vector pipeline, which moves natural gas from Chicago through Michigan to Dawn, Ontario, and is connected to Washington 10.

We're also partners in developing the Millennium pipeline which, when built, will move gas from Michigan's storage fields through Ontario into Western New York and New York City. Construction should begin in late 2006, with the pipeline operational by November 2007.

Both the storage and pipeline expansion projects will help strengthen our gas distribution business.

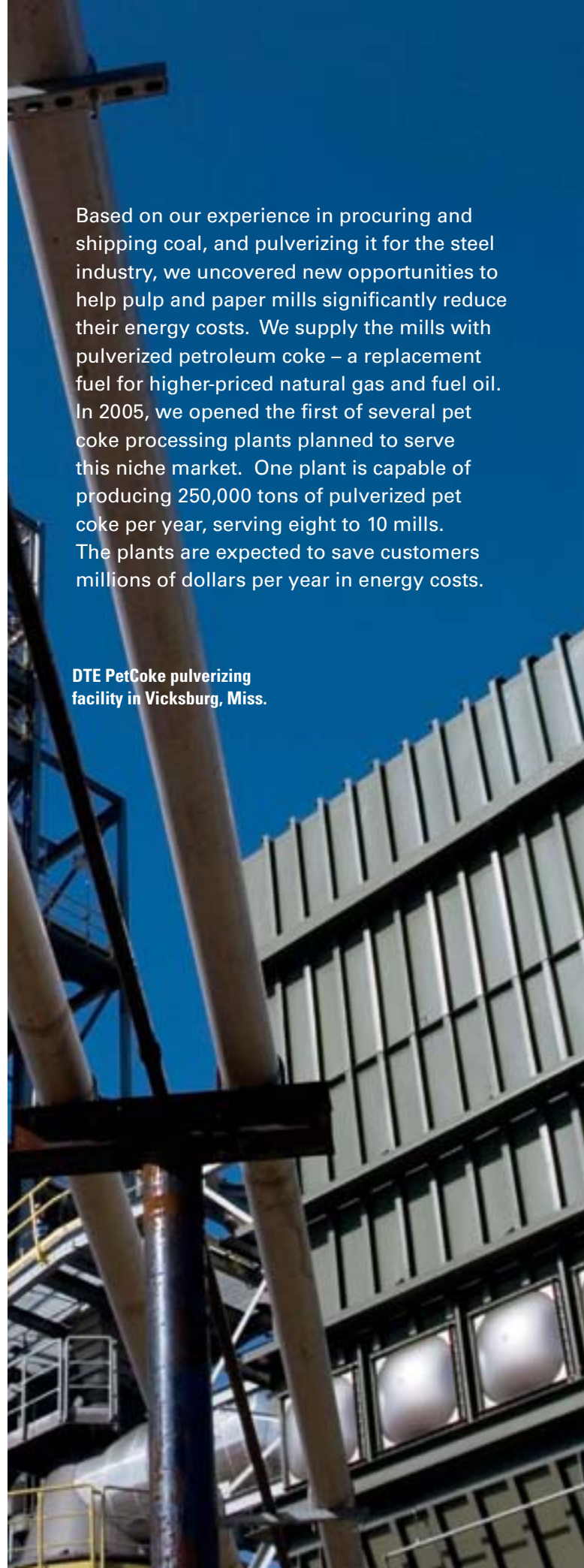
Coal powers more than half the nation's electric supply.

The National Energy Information Center forecasts coal demand will increase 38 percent over the next two decades, with more than 90 percent of that coal sold to utilities.

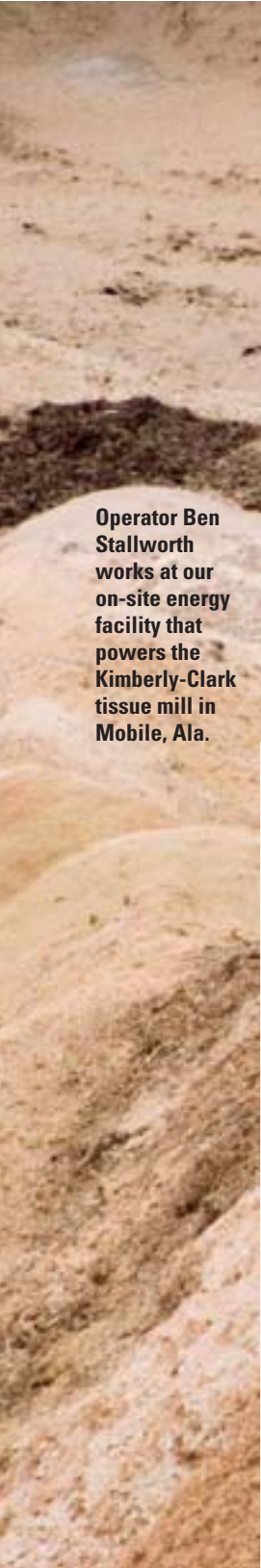
DTE Energy is among the nation's top three North American coal marketers and transporters. We specialize in efficient management of coal supply and transportation, moving nearly 40 million tons of coal across the country, in addition to Detroit Edison's 21 million tons. We're looking at opportunities to expand this position.

Based on our experience in procuring and shipping coal, and pulverizing it for the steel industry, we uncovered new opportunities to help pulp and paper mills significantly reduce their energy costs. We supply the mills with pulverized petroleum coke – a replacement fuel for higher-priced natural gas and fuel oil. In 2005, we opened the first of several pet coke processing plants planned to serve this niche market. One plant is capable of producing 250,000 tons of pulverized pet coke per year, serving eight to 10 mills. The plants are expected to save customers millions of dollars per year in energy costs.

DTE PetCoke pulverizing facility in Vicksburg, Miss.



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Operator Ben Stallworth works at our on-site energy facility that powers the Kimberly-Clark tissue mill in Mobile, Ala.



TREND: Volatile Prices *(continued)*

We help large industrial customers conserve energy and cut costs.

Heavy energy users served by our electric utility, Detroit Edison, can take advantage of a program called DTE Energy Partnership and Services. Certified energy managers help customers materially improve all-around efficiency and achieve bottom-line results.

We also develop, own and operate a variety of on-site energy projects through one of our non-utility subsidiaries. It serves customers at 24 sites across the country in the auto, steel, pulp and paper, food processing and airport segments. These projects include operating powerhouses, backup generation, heating and cooling systems, and waste-water



Chipped wood waste is one of several fuels used by DTE Energy to power a Kimberly-Clark tissue mill.



DTE Energy is among the nation's top three coal marketers and transporters.

treatment systems. The goal of every on-site project is to provide efficient energy management so our customers can concentrate on their core businesses.