

Report of Management's Responsibility for Financial Statements and Internal Control over Financial Reporting

Financial Statements

We have reviewed this annual report to shareholders, and based on our knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report. Also, based on our knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of DTE Energy as of, and for, the periods presented.

Internal Control Over Financial Reporting

The management of DTE Energy Company is responsible for establishing and maintaining adequate internal control over financial reporting. DTE Energy Company's internal control system was designed to provide reasonable assurance to the company's management and board of directors regarding the preparation and fair presentation of published financial statements.

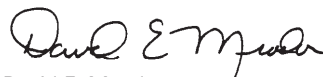
All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of the effectiveness to future periods are subject to the risks that control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

DTE Energy Company management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2005. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework*. Based on our assessment, management believes that, as of December 31, 2005, DTE Energy Company's internal control over financial reporting was effective based on those criteria.

Our management's assessment of the effectiveness of the company's internal control over financial reporting has been audited by DTE Energy's independent registered public accounting firm, as stated in their report which is included herein.



Anthony F. Earley Jr.
Chairman and Chief Executive Officer



David E. Meador
Executive Vice President and Chief Financial Officer

Reports of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of DTE Energy Company:

We have audited management's assessment, included in the accompanying Management's report on internal control over financial reporting, that DTE Energy Company and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of December 31, 2005 and for the year then ended; and our report dated March 7, 2006 expressed an unqualified opinion on those consolidated financial statements.

Deloitte & Touche LLP

Detroit, Michigan
March 7, 2006

Deloitte.

Deloitte & Touche LLP
Suite 900, 600 Renaissance Center
Detroit, Michigan 48243-1704

To the Board of Directors and Shareholders of DTE Energy Company:

We have audited the consolidated statement of financial position of DTE Energy Company and subsidiaries (the "Company") as of December 31, 2005 and 2004, and the related consolidated statements of operations, cash flows, and changes in shareholders' equity and comprehensive income for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of DTE Energy Company and subsidiaries at December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005

in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, in connection with the required adoption of certain new accounting principles, in 2005 the Company changed its method of accounting for asset retirement obligations and in 2003 the Company changed its method of accounting for asset retirement obligations, energy trading contracts and gas inventories.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 7, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Deloitte & Touche LLP

Detroit, Michigan
March 7, 2006

Deloitte.

Deloitte & Touche LLP
Suite 900, 600 Renaissance Center
Detroit, Michigan 48243-1704

Consolidated Statement of Operations

<i>(in Millions, Except per Share Amounts)</i>	Year Ended December 31		
	2005	2004	2003
Operating Revenues	\$ 9,022	\$ 7,071	\$ 7,005
Operating Expenses			
Fuel, purchased power and gas	3,530	2,007	2,241
Operation and maintenance	3,793	3,355	3,055
Depreciation, depletion and amortization	869	742	685
Taxes other than income	274	312	334
Asset (gains) and losses, net	(390)	(215)	(77)
	8,076	6,201	6,238
Operating Income	946	870	767
Other (Income) and Deductions			
Interest expense	519	516	545
Interest income	(57)	(55)	(37)
Other income	(68)	(81)	(110)
Other expenses	55	67	82
	449	447	480
Income Before Income Taxes and Minority Interest	497	423	287
Income Tax Provision (Benefit) (Note 7)	202	174	(116)
Minority Interest	(281)	(212)	(91)
Income from Continuing Operations	576	461	494
Income (Loss) from Discontinued Operations, net of tax (Note 3)	(36)	(30)	54
Cumulative Effect of Accounting Changes, net of tax (Note 2)	(3)	-	(27)
Net Income	\$ 537	\$ 431	\$ 521
Basic Earnings per Common Share (Note 8)			
Income from continuing operations	\$ 3.29	\$ 2.67	\$ 2.95
Discontinued operations	(.20)	(.17)	.33
Cumulative effect of accounting changes	(.02)	-	(.17)
Total	\$ 3.07	\$ 2.50	\$ 3.11
Diluted Earnings per Common Share (Note 8)			
Income from continuing operations	\$ 3.27	\$ 2.66	\$ 2.93
Discontinued operations	(.20)	(.17)	.32
Cumulative effect of accounting changes	(.02)	-	(.16)
Total	\$ 3.05	\$ 2.49	\$ 3.09
Average Common Shares			
Basic	175	173	168
Diluted	176	173	168
Dividends Declared per Common Share	\$ 2.06	\$ 2.06	\$ 2.06

See Notes to Consolidated Financial Statements

Consolidated Statement of Financial Position

<i>(in Millions)</i>	December 31	
	2005	2004
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 88	\$ 56
Restricted cash (Note 1)	122	126
Accounts receivable		
Customer (less allowance for doubtful accounts of \$136 and \$129, respectively)	1,288	865
Accrued unbilled revenues	458	378
Collateral held by others	286	44
Other	549	354
Inventories		
Fuel and gas	522	509
Materials and supplies	146	159
Deferred income taxes	257	94
Assets from risk management and trading activities	806	296
Other	160	115
	4,682	2,996
Investments		
Nuclear decommissioning trust funds	646	590
Other	530	558
	1,176	1,148
Property		
Property, plant and equipment	18,660	18,011
Less accumulated depreciation and depletion (Notes 1 and 2)	(7,830)	(7,520)
	10,830	10,491
Other Assets		
Goodwill	2,057	2,067
Regulatory assets (Note 4)	2,074	2,119
Securitized regulatory assets (Note 4)	1,340	1,438
Notes receivable	409	529
Assets from risk management and trading activities	316	125
Prepaid pension assets	186	184
Other	265	200
	6,647	6,662
Total Assets	\$ 23,335	\$ 21,297

See Notes to Consolidated Financial Statements

Consolidated Statement of Financial Position

<i>(in Millions, Except Shares)</i>	December 31	
	2005	2004
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1,187	\$ 892
Accrued interest	115	111
Dividends payable	92	90
Accrued payroll	34	33
Income taxes	-	16
Short-term borrowings	943	403
Current portion long-term debt, including capital leases	691	514
Liabilities from risk management and trading activities	1,089	369
Other	769	581
	4,920	3,009
Other Liabilities		
Deferred income taxes	1,396	1,124
Regulatory liabilities (Notes 2 and 4)	715	817
Asset retirement obligations (Note 2)	1,091	916
Unamortized investment tax credit	131	143
Liabilities from risk management and trading activities	527	224
Liabilities from transportation and storage contracts	317	387
Accrued pension liability	284	265
Deferred gains from asset sales	188	414
Minority interest	92	132
Nuclear decommissioning (Notes 2 and 5)	85	77
Other	740	635
	5,566	5,134
Long-Term Debt (net of current portion) (Note 9)		
Mortgage bonds, notes and other	5,234	5,673
Securitization bonds	1,295	1,400
Equity-linked securities	175	178
Trust preferred-linked securities	289	289
Capital lease obligations	87	66
	7,080	7,606
Commitments and Contingencies (Notes 4, 5 and 13)		
Shareholders' Equity		
Common stock, without par value, 400,000,000 shares authorized, 177,814,429 and 174,209,034 shares issue and outstanding, respectively	3,483	3,323
Retained earnings	2,557	2,383
Accumulated other comprehensive loss	(271)	(158)
	5,769	5,548
Total Liabilities and Shareholders' Equity	\$ 23,335	\$ 21,297

See Notes to Consolidated Financial Statements

Consolidated Statement of Cash Flows

<i>(in Millions)</i>	Year Ended December 31		
	2005	2004	2003
Operating Activities			
Net income	\$ 537	\$ 431	\$ 521
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation, depletion and amortization	872	744	691
Deferred income taxes	147	129	(220)
Gain on sale of interests in synfuel projects	(367)	(219)	(83)
Gain on sale of ITC and other assets, net	(38)	(17)	(145)
Partners' share of synfuel project losses	(318)	(223)	(78)
Restructuring charges	33	-	-
Contributions from synfuel partners	243	141	65
Cumulative effect of accounting changes	3	-	27
Changes in assets and liabilities, exclusive of changes shown separately (Note 1)	(111)	9	172
Net cash from operating activities	1,001	995	950
Investing Activities			
Plant and equipment expenditures - utility	(850)	(815)	(679)
Plant and equipment expenditures - non-utility	(215)	(89)	(72)
Acquisitions, net of cash acquired	(50)	-	-
Proceeds from sale of interests in synfuel projects	349	221	89
Proceeds from sale of ITC and other assets, net of cash divested	60	104	669
Restricted cash for debt redemptions	4	5	106
Proceeds from sale of nuclear decommissioning trust fund assets	201	254	199
Investment in nuclear decommissioning trust funds	(235)	(287)	(231)
Other investments	(66)	(74)	(71)
Net cash from (used for) investing activities	(802)	(681)	10
Financing Activities			
Issuance of long-term debt	869	736	527
Redemption of long-term debt	(1,266)	(759)	(1,208)
Short-term borrowings, net	437	33	(44)
Issuance of common stock	172	41	44
Repurchase of common stock	(13)	-	-
Dividends on common stock	(360)	(354)	(346)
Other	(6)	(9)	(12)
Net cash used for financing activities	(167)	(312)	(1,039)
Net Increase (Decrease) in Cash and Cash Equivalents	32	2	(79)
Cash and Cash Equivalents at Beginning of Period	56	54	133
Cash and Cash Equivalents at End of Period	\$ 88	\$ 56	\$ 54

See Notes to Consolidated Financial Statements

Consolidated Statement of Changes in Shareholders' Equity and Comprehensive Income

<i>(Dollars in Millions, Shares in Thousands)</i>	Common Stock Shares	Common Stock Amounts	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2002	167,462	\$ 3,052	\$ 2,132	\$ (619)	\$ 4,565
Net income	-	-	521	-	521
Issuance of new shares	1,225	57	-	-	57
Dividends declared on common stock	-	-	(348)	-	(348)
Repurchase and retirement of common stock	(80)	(1)	-	-	(1)
Pension obligations (Note 14)	-	-	-	420	420
Net change in unrealized losses on derivatives, net of tax	-	-	-	17	17
Net change in unrealized gains on investments, net of tax	-	-	-	52	52
Unearned stock compensation and other	-	1	3	-	4
Balance, December 31, 2003	168,607	3,109	2,308	(130)	5,287
Net income	-	-	431	-	431
Issuance of new shares	5,671	223	-	-	223
Dividends declared on common stock	-	-	(357)	-	(357)
Repurchase and retirement of common stock	(69)	(3)	-	-	(3)
Pension obligations (Note 14)	-	-	-	7	7
Net change in unrealized losses on derivatives, net of tax	-	-	-	(15)	(15)
Net change in unrealized losses on investments, net of tax	-	-	-	(20)	(20)
Unearned stock compensation and other	-	(6)	1	-	(5)
Balance, December 31, 2004	174,209	3,323	2,383	(158)	5,548
Net income	-	-	537	-	537
Issuance of new shares	3,686	172	-	-	172
Dividends declared on common stock	-	-	(363)	-	(363)
Repurchase and retirement of common stock	(288)	(13)	-	-	(13)
Pension obligations (Note 14)	-	-	-	4	4
Net change in unrealized losses on derivatives, net of tax	-	-	-	(106)	(106)
Net change in unrealized losses on investments, net of tax	-	-	-	(11)	(11)
Unearned stock compensation and other	207	1	-	-	1
Balance, December 31, 2005	177,814	\$ 3,483	\$ 2,557	\$ (271)	\$ 5,769

The following table displays comprehensive income (loss):

<i>(in Millions)</i>	2005	2004	2003
Net income	\$ 537	\$ 431	\$ 521
Other comprehensive income (loss), net of tax:			
Pension obligations, net of taxes of \$2, \$4 and \$226 (Notes 4 and 14)	4	7	420
Net unrealized losses on derivatives:			
Gains (losses) arising during the period, net of taxes of \$(78), \$(26) and \$8	(145)	(49)	16
Amounts reclassified to income, net of taxes of \$21, \$18 and \$-	39	34	1
	(106)	(15)	17
Net unrealized gains (losses) on investments:			
Gains (losses) arising during the period, net of taxes of \$(3), \$(3) and \$28	(6)	(5)	52
Amounts reclassified to income, net of taxes of \$(2), \$(8) and \$-	(5)	(15)	-
	(11)	(20)	52
Comprehensive income	\$ 424	\$ 403	\$ 1,010

See Notes to Consolidated Financial Statements