

We share common ground

DTE Energy is in the midst of a transformation. Over the last several years we've worked hard to grow shareholder returns by improving our utility financial results, creating value, and strengthening our balance sheet.

Thanks to the dedication of DTE Energy's approximately 10,500 employees, we produced outstanding results in 2006. Our utilities, Detroit Edison and MichCon, improved customer reliability, continued environmental initiatives at our coal-fired power plants, reduced operating costs and introduced innovative business practices.

We invested \$329 million in 2006 to grow our three non-utility segments. Late in the year, we refocused our non-utility strategy and announced a plan to restructure business lines, including our merchant power assets. This action to our merchant power assets resulted in a one-time charge to earnings of \$49 million and is expected to improve earnings \$.07 per share going forward.

We also announced plans to monetize some of our mature non-utility businesses. This should raise more than \$800 million that will be used for stock repurchase and debt repayment. It will also create a more simple and transparent structure for our non-utility businesses. In 2007 we expect to invest up to \$400 million in our most promising business lines.

Cash flow from operations was extremely strong in 2006, at \$1.5 billion. This should continue into 2007, driven by improved operations and higher synfuel cash flow.

My commitment to growing the company while maintaining a strong balance sheet has not wavered. Likewise, we are managing the company's financial risk and maintaining an environment that promotes a system of strong internal controls.



Dave Meador, executive vice president and chief financial officer at the Detroit Institute of Arts where he serves on the board of trustees.

I am pleased that late in the year we rewarded shareholders with a 3 percent dividend increase. As our earnings grow, we will consider periodic increases.

A commitment that is not as easily traced to our company's bottom line, but one to which I am devoted, is community involvement. We can't have a strong company without strong ties to the community and I try to get involved where I can. When our communities thrive, so does our company.

Sincerely,

David E. Meador
Executive Vice President and
Chief Financial Officer