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SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 10-K ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 1999

Commission File Number	Registrants; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
1-11607	DTE Energy Company (a Michigan corporation) 2000 2nd Avenue Detroit, Michigan 48226-1279 313-235-4000	38-3217752
1-2198	The Detroit Edison Company (a Michigan corporation) 2000 2nd Avenue Detroit, Michigan 48226-1279 313-235-8000	38-0478650

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

DTE Energy Company

Common Stock, without par value, with contingent preferred
stock purchase rights

New York and Chicago Stock Exchanges

The Detroit Edison Company

Quarterly Income Debt Securities (QUIDS) (Junior Subordinated
Deferrable Interest Debentures - 7.625%, 7.54% and 7.375%
Series)

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. **Yes X No** ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **[X]**

At January 31, 2000, 145,036,824 shares of DTE Energy's Common Stock, substantially all held by non-affiliates, were outstanding, with an aggregate market value of approximately \$5.04 billion based upon the closing price on the New York Stock Exchange.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information in DTE Energy Company's definitive Proxy Statement for its 2000 Annual Meeting of Common Shareholders to be held April 14, 2000, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the Registrants' fiscal year covered by this report on Form 10-K, is incorporated herein by reference to Part III (Items 10, 11, 12 and 13) of this Form 10-K.

**DTE Energy Company
and
The Detroit Edison Company
FORM 10-K
Year Ended December 31, 1999**

This document contains the Annual Reports on Form 10-K for the fiscal year ended December 31, 1999 for each of DTE Energy Company and The Detroit Edison Company. Information contained herein relating to an individual registrant is filed by such registrant on its own behalf. Accordingly, except for its subsidiaries, The Detroit Edison Company makes no representation as to information relating to DTE Energy Company or any other companies affiliated with DTE Energy Company.

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DEFINITIONS

Company	DTE Energy Company and Subsidiary Companies
Consumers	Consumers Energy Company (a wholly owned subsidiary of CMS Energy Corporation)
Detroit Edison	The Detroit Edison Company (a wholly owned subsidiary of DTE Energy Company) and Subsidiary Companies
DTE Capital	DTE Capital Corporation (a wholly owned subsidiary of DTE Energy Company)
Electric Choice	Gives all retail customers equal opportunity to utilize the transmission system which results in access to competitive generation resources
EPA	United States Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
kWh	Kilowatthour
Ludington	Ludington Hydroelectric Pumped Storage Plant (owned jointly with Consumers)
MCN	MCN Energy Group Inc.
MDEQ	Michigan Department of Environmental Quality
MPSC	Michigan Public Service Commission
MW	Megawatt
MWh	Megawatt hour
Note(s)	Note(s) to Consolidated Financial Statements of the Company and Detroit Edison
NRC	Nuclear Regulatory Commission
PSCR	Power Supply Cost Recovery
Registrant	Company or Detroit Edison, as the case may be
SALP	Systematic Assessment of Licensee Performance
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards

Annual Report on Form 10-K for DTE Energy Company PART I

Item 1 — Business.

General

The Company, a Michigan corporation incorporated in 1995, is an exempt holding company under the Public Utility Holding Company Act. The Company has no operations of its own, holding instead directly or indirectly, the stock of Detroit Edison and other subsidiaries engaged in energy-related businesses. Detroit Edison is the Company's principal operating subsidiary, representing approximately 90% and 86% of the Company's assets and revenues, respectively, at December 31, 1999. The Company has no employees. Detroit Edison has 8,523 employees and other Company affiliates have 363 employees.

See Note 2 for information regarding the Company's pending merger with MCN.

Non-Regulated Operations

Affiliates of the Company are engaged in non-regulated businesses, including energy-related services and products. Such services and products include the operation of a pulverized coal facility and coke oven batteries, coal sourcing, blending and transportation, landfill gas-to-energy facilities, providing expertise in the application of new energy technologies, real estate development, power marketing and trading, specialty engineering services and retail marketing of energy and other convenience products. Another affiliate, DTE Capital Corporation, has approximately \$400 million of outstanding debt; the Company has decided to merge DTE Capital's operations into its own; DTE Capital will transfer all of its assets and liabilities to the Company.

Non-regulated operating revenues of \$681 million for 1999 were earned primarily from projects related to the steel industry and from energy trading activities.

Utility Operations

Detroit Edison, incorporated in Michigan since 1967, is a public utility subject to regulation by the MPSC and FERC and is engaged in the generation, purchase, transmission, distribution and sale of electric energy in a 7,600 square mile area in Southeastern Michigan. Detroit Edison's service area includes about 13% of Michigan's total land area and about half of its population (approximately five million people). Detroit Edison's residential customers reside in urban and rural areas, including an extensive shoreline along the Great Lakes and connecting waters. 3,887 of Detroit Edison's 8,523 employees are represented by unions under two collective bargaining agreements. One agreement expires in June 2004 for 3,307 employees and the other agreement expires in August 2000 for 580 employees.

Operating revenues, sales and customer data by rate class are as follows:

	1999	1998	1997
Operating Revenues (Millions)			
Electric			
Residential	\$ 1,300	\$ 1,253	\$ 1,179
Commercial	1,629	1,553	1,501
Industrial	809	753	726
Other	309	343	251
Total	\$ 4,047	\$ 3,902	\$ 3,657
Sales (Millions of kWh)			
Electric			
Residential	14,064	13,752	12,898
Commercial	19,546	18,897	17,997
Industrial	15,647	14,700	14,345
Other	2,595	2,357	1,855
Total System	51,852	49,706	47,095
Interconnection	3,672	5,207	3,547
Total	55,524	54,913	50,642
Electric Customers at Year-End (Thousands)			
Electric			
Residential	1,904	1,884	1,870
Commercial	182	181	178
Industrial	1	1	1
Other	2	2	2
Total	2,089	2,068	2,051

Detroit Edison generally experiences its peak load and highest total system sales during the third quarter of the year as a result of air conditioning and cooling-related loads.

During 1999, sales to automotive and automotive-related customers accounted for approximately 9% of total Detroit Edison operating revenues. Detroit Edison's 30 largest industrial customers accounted for approximately 17% of total operating revenues in 1999, 1998 and 1997, and no one customer accounted for more than 4% of total operating revenues.

Detroit Edison's generating capability is primarily dependent upon coal. Detroit Edison expects to obtain the majority of its coal requirements through long-term contracts and the balance through short-term agreements and spot purchases. Detroit Edison has contracts with four coal suppliers for a total purchase of up to 38 million tons of low-sulfur western coal to be delivered during the period from 2000 through 2005. It also has four contracts for the purchase of approximately 3.5 million tons of Appalachian coal to be delivered during the period from 2000 through 2001. These existing long-term coal contracts include provisions for price escalation as well as de-escalation.

Certain Factors Affecting Public Utilities

The electric utility industry is changing as the transition to competition occurs. MPSC orders issued in 1997 through 1999 form the beginning of the restructuring of the Michigan electric public utility industry. The implementation of restructuring creates uncertainty as Electric Choice and the unbundling of utility products and services continues. While Detroit Edison is implementing MPSC orders pertaining to competition, Federal and Michigan legislation regarding competition is under discussion and pending.

Restructuring presents serious issues, such as planning for peak sales and defining the scope of the public utility obligation. The introduction of Electric Choice has created uncertainty regarding the timing and level of customer load that may move to other suppliers.

Detroit Edison is subject to extensive environmental regulation. Additional costs may result as the effects of various chemicals on the environment (including nuclear waste) are studied and governmental regulations are developed and implemented. The costs of future nuclear decommissioning activities are the subject of increased regulatory attention, and recovery of environmental costs through traditional ratemaking is the subject of considerable uncertainty.

Regulation and Rates

Michigan Public Service Commission. Detroit Edison is subject to the general regulatory jurisdiction of the MPSC, which, from time to time, issues its orders pertaining to Detroit Edison's conditions of service, rates and recovery of certain costs, accounting and various other matters.

As discussed in Notes 1 and 3, MPSC orders issued in 1997 through 1999 have provided the beginning of the restructuring of the Michigan electric utility industry. Other restructuring and regulatory matters are discussed below.

In July 1998, Detroit Edison filed a required review of its current depreciation expense with the MPSC. The application requested an effective increase in annual depreciation expenses of \$66 million; an adjustment in rates was not requested. An order from the MPSC is expected in 2000.

In an order issued December 28, 1998 related to the 1988 Settlement Agreement regarding Fermi 2, the MPSC requested parties to file briefs discussing whether the past MPSC orders surrounding Fermi 2 (including the June 1995 order regarding the retail wheeling experiment, the November 1997 order that reflected the net effect of the \$53 million reduction associated with the Fermi 2 phase in for 1998 and a two-year amortization of incremental storm damage costs, and the December 1998 order regarding the accelerated amortization of Fermi 2) have fully accounted for the reductions in the Fermi 2 cost of service and, if not, what additional actions should be taken, as well as what actions are needed to revert to non-phase-in ratemaking in 2000. In March 1999, the MPSC ruled that no further action needed to be taken at this time.

In March 1999, Detroit Edison filed for reconciliation of its MPSC jurisdictional PSCR revenues and expenses. Detroit Edison indicated that an underrecovery of \$42.6 million, including interest, existed, and when offset by a Fermi 2 performance standard credit of \$34 million, a net amount of \$8.6 million remains to be collected from PSCR customers. An order could be issued by the MPSC in the first quarter 2000. In September 1999, Detroit Edison filed its 2000 PSCR plan case. Fuel and purchased power costs for 2000 are projected to increase by up to 6 percent, on average, over the corresponding forecast for 1999. Detroit Edison is seeking a corresponding increase in its PSCR Factor for 2000. An order is expected in the third quarter of 2000.

In March 1999, the MPSC initiated new dockets to 1) evaluate the need to expedite the supplier licensing program as an alternative for suppliers to obtain local franchises and Certificates of Public Convenience and Necessity from the MPSC, and 2) to establish guidelines for transactions between affiliates. The MPSC has not yet issued orders on these issues.

In September 1999, the MPSC approved an interim code of conduct filed by Detroit Edison. The interim code allows DTE Energy affiliated companies to participate in the Electric Choice program. The MPSC also opened a proceeding to develop a permanent code of conduct. An order from the MPSC is expected in the third quarter of 2000.

Detroit Edison is under an obligation to solicit capacity from external suppliers, whenever it determines that additional capacity is required. In October 1999, Detroit Edison filed to use an alternative capacity solicitation process. Detroit Edison is proposing that if it decides to meet its capacity requirements by executing contracts with a term longer than one year, it will utilize a Request for Proposal (RFP) to solicit offers. Otherwise, as long as Detroit Edison has a need to procure summer capacity to serve native load customers, Detroit Edison will file an annual report with the MPSC outlining its expected summer generating needs and the method by which it expects to meet those needs. In December 1999, the MPSC asked interested parties to file comments on the revised capacity solicitation process in January 2000. Comments opposing the proposal, including the demand for a contested case hearing process, have been filed.

Proceedings are pending before the MPSC concerning claims that Detroit Edison's service is lacking in reliability in certain aspects. Detroit Edison must file with the MPSC its plan to address reliability concerns. The MPSC Staff will meet with Detroit Edison, other utilities, customer groups and other relevant parties to formulate recommendations to improve reliability. The MPSC Staff must file a report with the MPSC by March 31, 2000.

On January 19, 2000, the MPSC ordered Detroit Edison to file a plan assessing its generation and transmission capacity for the upcoming summer and identifying their plans for meeting the electric demand of all electric customers. In addition, the MPSC asked Detroit Edison to include an assessment of the impact of the actions of their affiliates on its plan. The plan is to be filed with the Commission by February 8, 2000.

On February 3, 2000, the MPSC approved Detroit Edison's request to transfer River Rouge 1 assets to its affiliate, DTE River Rouge. The transfer price is set at \$6.6

million, or two times the book value of the assets. The MPSC also found that 1) the transfer will benefit consumers, 2) is in the public interest and, 3) does not violate state law. The FERC requires that state commissions make these findings before it will accept an application for determination of Exempt Wholesale Generator (EWG) status. EWG status will allow the unit to sell power into the wholesale market. The MPSC conditioned its approval by requiring Detroit Edison to apply any proceeds above the current book balance to stranded costs, to offer the plant output first to retail marketers participating in Electric Choice, and to file reports with the MPSC detailing the prices, terms and conditions of its offers.

Nuclear Regulatory Commission. The NRC has regulatory jurisdiction over all phases of the operation, construction (including plant modifications), licensing and decommissioning of Fermi 2.

Federal Energy Regulatory Commission. In 1996, the FERC issued Order 888, which requires public utilities to file open access transmission tariffs for wholesale transmission services in accordance with non-discriminatory terms and conditions, and Order 889, which requires public utilities and others to obtain transmission information for wholesale transactions through a system on the Internet. In addition, Order 889 requires public utilities to separate transmission operations from wholesale marketing functions.

In July 1996, Detroit Edison filed its Pro Forma Open Access Transmission Tariff in compliance with FERC Order 888. During 1997, Detroit Edison negotiated a partial settlement regarding the price and terms and conditions of certain services provided as part of the tariff. Several issues were litigated and an Order was issued in July 1999. Detroit Edison's request for rehearing was denied by the FERC. Detroit Edison has filed a claim of appeal with the Federal Court of Appeals for the Sixth Circuit.

Detroit Edison has a power pooling agreement with Consumers. In March 1997, a joint transmission tariff, filed by Detroit Edison and Consumers, became effective. In compliance with FERC Order 888, the tariff modified the pooling agreement to permit third-party access to transmission facilities utilized for pooled operations under non-discriminatory terms and conditions. As Detroit Edison and Consumers were unable to agree on other modifications to the pooling agreement, Detroit Edison has requested that the FERC approve its termination. Consumers has requested that the pooling agreement be continued. The FERC has not ruled on either of these requests.

In February 1999, Detroit Edison submitted a request to the FERC for authorization to use certain plant accounts to recognize the impairment loss of Detroit Edison's Fermi 2 plant and associated assets in accordance with generally accepted accounting principles. In March 1999, the Michigan Attorney General filed a protest with the FERC and requested that the FERC set the issue for hearing. In April 1999, Detroit Edison filed its response with the FERC, requesting that the FERC reject the Michigan Attorney General's protest as an improper collateral attack on MPSC orders. The FERC has not made a ruling on these matters.

Environmental Matters

Detroit Edison

Detroit Edison, in common with other electric utilities, is subject to applicable permit and associated record keeping requirements, and to increasingly stringent federal, state and local standards covering, among other things, particulate and gaseous stack emission limitations, the discharge of effluents (including heated cooling water) into lakes and streams and the handling and disposal of waste material.

Air. During 1997 and 1998, the EPA issued ozone transport regulations and final new air quality standards relating to ozone and particulate air pollution. The new rules will lead to additional controls on fossil-fueled power plants to reduce nitrogen oxides, sulfur dioxide, carbon dioxide and particulate emissions. See "Item 7 — Environmental Matters" for further discussion.

Water. Detroit Edison is required to demonstrate that the cooling water intake structures at all of its facilities reflect the “best technology available for minimizing adverse environmental impact.” Detroit Edison filed such demonstrations and the MDEQ Staff accepted all of them except those relating to the St. Clair and Monroe Power Plants for which it requested further information. Detroit Edison subsequently submitted the information. In the event of a final adverse decision, Detroit Edison may be required to install additional control technologies to further minimize the impact.

Wastes and Toxic Substances. The Michigan Solid Waste and Hazardous Waste Management Acts, the Michigan Environmental Response Act, the Federal Resource Conservation and Recovery Act, Toxic Substances Control Act, and the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 regulate Detroit Edison’s handling, storage and disposal of its waste materials.

The EPA and the MDEQ have aggressive programs regarding the clean-up of contaminated property. Detroit Edison has extensive land holdings and, from time to time, must investigate claims of improperly disposed of contaminants. Detroit Edison anticipates that it will be periodically included in these types of environmental proceedings.

Conners Creek. The Conners Creek Power Plant was in reserve status from 1988 to 1998. In April, 1998 the MPSC issued an order granting Detroit Edison’s request to waive competitive bidding for Conners Creek and restart the plant. Although Detroit Edison believed that the plant complied with all applicable environmental requirements, the Michigan Department of Natural Resources and the Wayne County Air Quality Management Division issued notices of violation contending that Detroit Edison was required to obtain a series of new permits prior to plant operation. Subsequently the EPA issued a similar notice of violation.

In August 1998, Detroit Edison filed suit seeking a review of determinations asserted by the state and local agencies that Detroit Edison’s activities in reactivating the Conners Creek power plant were in violation of certain environmental regulations.

In January 1999, the Department of Justice (DOJ) on behalf of the EPA sent Detroit Edison a Demand Letter requiring the payment of \$2.3 million in civil penalties and an unconditional commitment to abandon the use of the facility as a coal plant. Detroit Edison rejected the DOJ/EPA demand and the DOJ/EPA filed suit. In March 1999, the United States District Court for the Eastern District of Michigan issued an Interim Remedial Order which allowed the company to convert the plant and operate it as a gas-fired facility. This was accomplished in time for the Conners Creek Power Plant to help meet record electricity demand in the summer of 1999. Detroit Edison is presently trying to resolve the remaining outstanding issues through settlement discussions. It is impossible to predict what impact, if any, the outcome of this will have upon Detroit Edison.

Non-Regulated

The Company’s non-regulated affiliates are subject to a number of environmental laws and regulations dealing with the protection of the environment from various pollutants. These non-regulated affiliates are in substantial compliance with all environmental requirements.

Executive Officers of the Registrant

Name	Age(a)	Present Position	Present Position Held Since
Anthony F. Earley, Jr.	50	Chairman of the Board, Chief Executive Officer, President, Chief Operating Officer, and Member of the Office of the President	8-1-98
Larry G. Garberding	61	Executive Vice President and Chief Financial Officer	1-26-95
Gerard M. Anderson	41	Member of the Office of the President since December 1998	
		President and Chief Operating Officer – DTE Energy Resources, and Member of the Office of the President	8-1-98
Robert J. Buckler	50	President and Chief Operating Officer – DTE Energy Distribution, and Member of the Office of the President	8-1-98
Michael E. Champley	51	Senior Vice President	4-1-97
S. Martin Taylor	59	Senior Vice President	4-28-99
Susan M. Beale	51	Vice President and Corporate Secretary	12-11-95
Leslie L. Loomans	56	Vice President and Treasurer	1-26-95
David E. Meador	42	Vice President	4-28-99
Christopher C. Nern	55	Vice President and General Counsel	1-26-95

(a) As of December 31, 1999

Under the Company’s By-Laws, the officers of the Company are elected annually by the Board of Directors at a meeting held for such purpose, each to serve until the next annual meeting of directors or until their respective successors are chosen and qualified.

Pursuant to Article VI of the Company's Articles of Incorporation, directors of the Company will not be personally liable to the Company or its shareholders in the performance of their duties to the full extent permitted by law.

Article VII of the Company's Articles of Incorporation provides that each person who is or was or had agreed to become a director or officer of the Company, or each such person who is or was serving or who had agreed to serve at the request of the Board of Directors as an employee or agent of the Company or as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including the heirs, executors, administrators or estate of such person), shall be indemnified by the Company to the full extent permitted by the Michigan Business Corporation Act or any other applicable laws as presently or hereafter in effect. In addition, the Company has entered into indemnification agreements with all of its officers and directors, which agreements set forth procedures for claims for indemnification as well as contractually obligating the Company to provide indemnification to the maximum extent permissible by law.

The Company and its directors and officers in their capacities as such are insured against liability for alleged wrongful acts (to the extent defined) under three insurance policies providing aggregate coverage in the amount of \$100 million.

Other Information. Pursuant to the provisions of the Company's By-Laws, the Board of Directors has by resolution set the number of directors comprising the full Board at 12.

The MCN merger agreement provides that at the completion of the merger, the Company will promptly increase the size of its board of directors or exercise its best efforts to secure the resignation of its present directors in order to cause Mr. Alfred R. Glancy III and two additional persons selected by MCN after consultation with the Company from among MCN's directors as of the date of the merger agreement to be appointed to the Company's board of directors.

After the merger, Stephen E. Ewing, currently President and Chief Operating Officer of MCN, is expected to be added as a Member of the Office of the President.

Item 2 — Properties.

Detroit Edison

The summer net rated capability of Detroit Edison's generating units is as follows:

Plant Name	Location By Michigan County	Summer Net Rated Capability (1) (2)		Year in Service
		(MW)		
Fossil-fueled Steam-Electric				
Belle River (3)	St. Clair	1,026	9.3%	1984 and 1985
Conners Creek	Wayne	167	1.5	1999
Greenwood	St. Clair	785	7.1	1979
Harbor Beach	Huron	103	0.9	1968
Marysville	St. Clair	167	1.5	1930, 1943 and 1947
Monroe (4)	Monroe	3,000	27.3	1971, 1973 and 1974
River Rouge	Wayne	510	4.6	1957 and 1958
St. Clair	St. Clair	1,402	12.8	1953, 1954, 1961 and 1969
Trenton Channel	Wayne	725	6.6	1949, 1950 and 1968
		7,885	71.6%	
Oil or Gas-fueled Peaking Units	Various	1,102	10.0	1966-1971, 1981 and 1999
Nuclear-fueled Steam-Electric Fermi 2 (5)	Monroe	1,101	10.0	1988
Hydroelectric Pumped Storage Ludington (6)	Mason	917	8.4	1973
		11,005	100.0%	

- (1) Summer net rated capabilities of generating units in service are based on periodic load tests and are changed depending on operating experience, the physical condition of units, environmental control limitations and customer requirements for steam, which otherwise would be used for electric generation.

- (2) Excludes two oil-fueled units, River Rouge Unit No. 1 (206 MW) and St. Clair Unit No. 5 (250 MW), in economy reserve status.
 - (3) The Belle River capability represents Detroit Edison's entitlement to 81.39% of the capacity and energy of the plant. See Note 5.
 - (4) The Monroe Power Plant provided 33.7% of Detroit Edison's total 1999 power plant generation.
 - (5) Fermi 2 has a design electrical rating (net) of 1,150 MW.
 - (6) Represents Detroit Edison's 49% interest in Ludington with a total capability of 1,872 MW. Detroit Edison is leasing 306 MW to First Energy for the six-year period June 1, 1996 through May 31, 2002.
-

Detroit Edison and Consumers are parties to an Electric Coordination Agreement providing for emergency assistance, coordination of operations and planning for bulk power supply, with energy interchanged at nine interconnections. Detroit Edison and Consumers also have interchange agreements to exchange electric energy through 12 interconnections with FirstEnergy, Indiana Michigan Power Company, Northern Indiana Public Service Company and Ontario Hydro. In addition, Detroit Edison has interchange

agreements for the exchange of electric energy with Michigan South Central Power Agency, Rouge Steel Company and the City of Wyandotte.

Detroit Edison also purchases energy from cogeneration facilities and other small power producers. Energy purchased from cogeneration facilities and small power producers amounted to \$34 million, \$31 million and \$31 million for 1999, 1998 and 1997, respectively, and is currently estimated at \$43 million for 2000.

Detroit Edison's electric generating plants are interconnected by a transmission system operating at up to 345 kilovolts through 37 transmission stations. As of December 31, 1999, electric energy was being distributed in Detroit Edison's service area through 616 substations over 3,682 distribution circuits.

Because Detroit Edison must currently import power to meet peak loads in the summer, transmission capacity is a necessary requirement to serve customers reliably during peak load periods. As a result of certain transmission procedures, there continues to be uncertainty surrounding the ability of Detroit Edison to import power reliably into Michigan. To relieve this uncertainty, additional efforts to secure firm transmission rights continue to be necessary, as well as additional in-state generating capability.

Detroit Edison acquired significant additional commitments in 1999 from other utilities, and modified operating practices to provide flexibility to respond to increasing uncertainties of load and market conditions. Detroit Edison also added 550 MW of gas-fired combustion turbine peakers, and completed the conversion of the Conners Creek Plant to natural gas fuel.

Non-Regulated

Non-regulated property primarily consists of a coke oven battery facility and a coal processing facility located in River Rouge, Michigan, and a coke oven battery facility in Burns Harbor, Indiana, along with 22 landfill gas projects located throughout the United States.

Item 3 — Legal Proceedings.

Detroit Edison, in the ordinary course of its business, is involved in a number of suits and controversies including claims for personal injuries and property damage and matters involving zoning ordinances and other regulatory matters. As of December 31, 1999, Detroit Edison was named as defendant in 164 lawsuits involving claims for personal injuries and property damage and had been advised of 29 other potential claims not evidenced by lawsuits.

From time to time, Detroit Edison has paid nominal penalties which were administratively assessed by the United States Coast Guard, United States Department of Transportation under the Federal Water Pollution Control Act, as amended, with respect to minor accidental oil spills at Detroit Edison's power plants into navigable waters

of the United States. Payment of such penalties represents full disposition of these matters.

See "Note 12 — Commitments and Contingencies" and "Environmental Matters, Detroit Edison, Conners Creek" herein for additional information.

Item 4 — Submission of Matters to a Vote of Security Holders.

(a) At a special meeting of the holders of Common Stock of the Company held on December 20, 1999, a proposal to approve the issuance of shares of common stock, without par value, of the Company pursuant to the Agreement and Plan of Merger, dated as of October 4, 1999, as amended, among the Company, MCN, and DTE Enterprises, Inc., a wholly owned subsidiary of the Company, pursuant to which MCN will be merged with and into DTE Enterprises and will become a wholly owned subsidiary of the Company was ratified with the votes shown:

For	Against	Abstain
99,767,427	4,621,731	1,671,678

PART II**Item 5 — Market for Registrant's Common Equity and Related Stockholder Matters.**

The Company's Common Stock is listed on the New York Stock Exchange, which is the principal market for such stock, and the Chicago Stock Exchange. The following table indicates the reported high and low sales prices of the Company's Common Stock on the Composite Tape of the New York Stock Exchange and dividends paid per share for each quarterly period during the past two years:

		Price Range		Dividends Paid
Calendar Quarter		High	Low	Per Share
1998	First	39-5/8	33-1/2	\$ 0.515
	Second	42	37-11/16	0.515
	Third	45-5/16	39-3/16	0.515
	Fourth	49-1/4	41-7/16	0.515
1999	First	43-3/4	37-15/16	\$ 0.515
	Second	44-11/16	38-1/4	0.515
	Third	41-7/8	35-3/16	0.515
	Fourth	37-5/16	31-1/16	0.515

At December 31, 1999, there were 145,041,324 shares of the Company's Common Stock outstanding. These shares were held by a total of 103,858 shareholders of record.

The Company's By-Laws provide that Chapter 7B of the Michigan Business Corporation Act ("Act") does not apply to the Company. The Act regulates shareholder rights when an individual's stock ownership reaches at least 20 percent of a Michigan corporation's outstanding shares. A shareholder seeking control of the Company cannot require the Company's Board of Directors to call a meeting to vote on issues related to

corporate control within 10 days, as stipulated by the Act. See "Note 7 — Shareholders' Equity" for additional information, including information concerning the Rights Agreement, dated as of September 23, 1997.

The amount of future dividends will depend on the Company's earnings, financial condition and other factors, including the effects of utility restructuring and the transition to competition, each of which is periodically reviewed by the Company's Board of Directors and the successful completion of the pending merger with MCN.

Pursuant to Article I, Section 8. (c) and Article II, Section 3.(c) of the Company's By-laws, as amended through May 1, 1999, notice is given that the 2001 Annual Meeting of the Company's Common Shareholders will be held on Wednesday, April 25, 2001.

Item 6 — Selected Financial Data.

	Year Ended December 31				
	1999	1998	1997	1996	1995
	(Millions, except per share amounts)				
Operating Revenues	\$ 4,728	\$ 4,221	\$ 3,764	\$ 3,645	\$ 3,636
Net Income	\$ 483	\$ 443	\$ 417	\$ 309	\$ 406
Earnings Per Common Share —					

Basic and Diluted Dividends Declared Per Share of Common Stock	\$ 3.33	\$ 3.05	\$ 2.88	\$ 2.13	\$ 2.80
At year end:					
Total Assets	\$12,316	\$12,088	\$11,223	\$11,015	\$11,131
Long-Term Debt Obligations (including capital leases) and Redeemable Preferred and Preference Stock Outstanding	\$ 4,052	\$ 4,323	\$ 4,058	\$ 4,038	\$ 4,004

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Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations.

GROWTH

To sustain long-term earnings growth of 6% annually, DTE Energy Company (Company) has developed a business strategy focused on its core competencies, consisting of expertise in developing, managing and operating energy assets, including coal sourcing, blending and transportation skills. As part of this strategy, it was expected that one new line of business would be developed in 1999 through acquisition or start-up.

As discussed in Note 2, the Company and MCN Energy Group Inc. (MCN) have entered into a merger agreement. Subject to the receipt of all regulatory approvals, and the satisfaction of other agreed upon conditions, the merger is expected to be completed in the first half of 2000. The Company expects that completion of the merger will result in the issuance of approximately 30 million additional shares of its common stock and approximately \$1.4 billion in external financing. The merger is expected to create a fully integrated electric and natural gas company that would be able to achieve an average of \$60 million in after-tax cost savings per year during the first 10 years of the merger due to anticipated cost reductions. This business combination is also expected to be accretive by \$0.05 to the Company's earnings per share for the year 2001, and is expected to strongly support the Company's commitment to a long-term earnings growth rate of 6%. The merger is expected to permit the Company to be responsive to competitive pressures. The external financing needs of the merger may create a sensitivity to interest rate changes; and the Company will need to successfully integrate the two operations in order to be able to service the expected debt requirements and achieve aggregate operating cost reductions.

The Company is building a portfolio of growth businesses that leverage its skills and build upon key customer relationships. These growth businesses include on-site energy projects and services, coal transportation and processing, and energy marketing and trading. These businesses contributed \$69 million to Company earnings in 1999; the earnings contribution is expected to increase in the future.

The Company's long-term growth strategy recognizes the fact that competition, new technologies and environmental concerns will have a significant impact on reshaping the electric utility industry. As a result, the Company is investing in new energy-related technologies such as distributed generation, including fuel cells, and renewable sources of energy.

The Company believes that its financial and technological resources, experience in the energy field and strategic growth plan position it well to compete in the changing energy markets, as competition is introduced in Michigan and across the United States.

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ELECTRIC INDUSTRY RESTRUCTURING

The Detroit Edison Company (Detroit Edison), the principal operating subsidiary of the Company, is subject to regulation by the Michigan Public Service Commission (MPSC) and the Federal Energy Regulatory Commission (FERC). Michigan legislators and regulators have focused on competition and Electric Choice in the Michigan electric public utility industry. Electric Choice would give all retail customers the opportunity to access competitive generation resources. The MPSC is committed to opening the electric generation market in Michigan to competition and as a result has issued several Orders relating to restructuring and competition.

Various bills have been introduced and proposed for introduction at the federal level and in the Michigan Legislature addressing competition in the electric markets. The Company and Detroit Edison are reviewing these bills and continue to work with the parties involved to develop proposals that are fair for the Company and its shareholders. While the impacts of the adoption and implementation of one or more of these legislative proposals are unknown, they may include generation divestiture, securitization, and possible reductions in earnings. In the meantime, Detroit Edison is voluntarily proceeding with the implementation of Electric Choice as provided for in MPSC Orders and pursuing the recovery of stranded costs.

Michigan Public Service Commission

Background

Details on restructuring the electric generation market began to emerge in 1996 with the issuance of a MPSC Staff Report on Electric Industry Restructuring. MPSC Orders issued since that time have stated that Michigan utilities should recover stranded costs during a transition period ending December 31, 2007.

Restructuring Orders

MPSC Orders issued in 1997 facilitated restructuring, but left several issues unresolved. Due to the uncertainty regarding the future price of electricity, the MPSC indicated a true-up mechanism should be established to ensure that Detroit Edison did not over-recover its stranded costs. The MPSC also established that during the transition period, affiliates of out-of-state utilities could not be alternative suppliers without reciprocal arrangements, but unaffiliated marketers could be an alternative supplier without providing reciprocal service in another service territory.

MPSC Orders issued in 1998 identified a phased-in approach to restructuring, whereby Detroit Edison would implement Electric Choice in 225 megawatt (MW) blocks of power through the transition period, with 1,125 MW, or approximately 12.5% of total load, made available at the end of the transition period, with all remaining load available for direct access on January 1, 2002. Detroit Edison has received MPSC approval of accelerated amortization of the Fermi 2 nuclear plant. As discussed in Note 3, the December 28, 1998 MPSC Order, while granting Detroit Edison's request, imposed several conditions for the recovery of Fermi 2 costs.

In March 1999, Detroit Edison filed an application with the MPSC for a review of its stranded costs, including Electric Choice implementation costs. MPSC staff and intervenors have made filings in opposition to certain of Detroit Edison's proposals for the recovery of stranded costs. A final order is not expected before the end of the first quarter of 2000. While uncertainties exist regarding the ultimate amount of costs to be recovered, including potential disallowances for the recovery of recorded regulatory assets, recovery of costs to be incurred to implement Electric Choice, and recovery of other stranded costs, the MPSC has ruled that stranded costs are recoverable.

In July 1999, the Association of Businesses Advocating Tariff Equity (ABATE) made a filing with the MPSC indicating that Detroit Edison's retail rates produce approximately \$333 million of excess revenues. Of this amount, approximately \$202 million is related to ABATE's proposed reversal of the December 28, 1998 MPSC Order authorizing the accelerated amortization of Fermi 2. Detroit Edison supports a revenue deficiency of \$33 million. The MPSC staff concluded that no revenue sufficiency exists when Detroit Edison's pending required review of its depreciation rates is taken into account. Detroit Edison requested an increase of \$66 million in annual depreciation expense with no corresponding increase in rates. The Michigan Attorney General proposes the reversal of the December 28, 1998 Fermi 2 Amortization Order. A final MPSC order is not expected until the end of the first quarter of 2000. Detroit Edison is unable to predict the outcome of this proceeding.

Electric Choice

On June 29, 1999, the Michigan Supreme Court, on a 4-3 vote, issued an opinion determining that the MPSC lacked authority to order experimental retail wheeling in the context of an Electric Choice program. The court reversed an earlier Michigan Court of Appeals opinion finding such authority and vacated two MPSC orders directing implementation of the experimental program. The court held that the MPSC possesses no common law powers and may only exercise authority clearly conferred upon it by the Legislature. It stated that retail wheeling issues involve many policy concerns and stated that the Legislature, not the court, is the body that must consider and weigh the economic and social costs, and benefits of electric restructuring.

In September 1999, Detroit Edison filed a letter with the MPSC reaffirming the decision to expeditiously move ahead with the voluntary implementation of Electric Choice. In September 1999, the bidding on 225 MW was fully subscribed. The second and third bid periods that ended in November 1999 and January 2000, respectively, were also fully subscribed. Two additional bidding phases are contemplated, with 225 MW each closing in March and November 2000.

The Electric Choice Program began in December 1999, when Detroit Edison delivered energy from an alternate supplier in the 90 MW portion of the program. However, several technical issues still remain to be resolved before Electric Choice can be fully implemented. Detroit Edison has spent approximately \$29 million through December 31, 1999 and estimates that expenditures of up to \$120 million may be required through 2001 to fully implement the program, and is currently deferring the costs as a regulatory asset.

Detroit Edison anticipates that Electric Choice will result in a decrease in annual sales as well as a decrease in peak demand over the next five years. These decreases are not expected to have a significant impact on the Company's net income due to the opportunity for non-regulated sales outside of Detroit Edison's service territory.

Federal Energy Regulatory Commission

Detroit Edison is regulated at the federal level by the FERC with respect to accounting, sales for resale in interstate commerce, certain transmission services, issuances of securities, licensing of hydro and pumping stations and other matters. The FERC, as a policy matter, believes that transmission should be made available on a non-discriminatory basis.

In a Final Rule issued in December 1999, the FERC required that all public utilities that own, operate or control interstate transmission file by October 15, 2000, a proposal for a Regional Transmission Organization (RTO) or, alternatively, a description of any efforts made by the utility to participate in an existing RTO or the reasons for not participating and any obstacles to such participation, and any plans for further work toward participation. Any proposed RTO is to be operational by December 15, 2001. The FERC said it wants RTOs in place nationwide to facilitate the development of an open and more competitive market in bulk power sales of electricity. A public utility that is a member of an existing transmission entity that conforms to Independent System Operator (ISO) principles identified by the FERC would have until

January 15, 2001 to explain the extent to which the organization meets the minimum standards for a RTO.

In June 1999, Detroit Edison, along with Consumers Energy Co., the American Electric Power Service Corp., FirstEnergy Corp., and Virginia Electric and Power Co., filed applications with FERC requesting approval of the Alliance RTO (Alliance). If approved by the FERC, the Alliance would operate over 43,000 miles of transmission lines in nine states. The Alliance companies hope to have the RTO begin operations in about 12 to 18 months after FERC approval.

The Alliance indicated it will ensure independent and nondiscriminatory operation of the regional grid, and provide flexibility to current and potential future members to allow them to divest their transmission assets if they so desire. The Alliance indicated that a separate for-profit transmission company, or transco, is a possible end-state and could be an attractive business model for independent management of transmission assets.

On December 20, 1999, the FERC issued an order conditionally approving the Alliance proposal, but indicated that certain elements needed modification or further development. The FERC also indicated that it would address the proposed tariff in a future order, but indicated in this order that the existing tariff included inappropriate multiple rates unacceptable to the FERC. It also indicated concerns with the governance structure and the regional configuration, believing that it may have created a potential barrier to east-west power transactions.

The FERC directed the Alliance to make a compliance filing, but did not include a deadline for this filing.

LIQUIDITY AND CAPITAL RESOURCES

Cash From Operating Activities

Net cash from operating activities, which is the Company's primary source of liquidity, was \$1,097 million in 1999, \$834 million in 1998 and \$905 million in 1997. Net cash from operating activities increased in 1999 due primarily to higher net income and non-cash items and lower cash used for current assets and liabilities. Net cash from operating activities decreased in 1998 compared to 1997 due primarily to increased accounts receivable and other non-cash items.

Cash Used for Investing Activities

Net cash used for investing activities was lower in 1999 due to lower investments in non-regulated businesses partially offset by increased plant and equipment expenditures by Detroit Edison. Net cash used for investing activities was higher in 1998 due to increased plant and equipment expenditures and non-regulated investments in coke oven batteries.

Cash requirements for 1999 Detroit Edison capital expenditures were \$638 million. Detroit Edison's cash requirements for capital expenditures are expected to be approximately \$2.5 billion for the period 2000 through 2004, and are expected to be financed from operating cash flows.

Cash requirements for 1999 non-regulated investments and capital expenditures were \$130 million. Excluding the effects of the planned merger with MCN, cash requirements for non-regulated investments and capital expenditures are expected to be approximately \$1.1 billion for the period 2000 through 2004. Significant non-regulated investments are expected to be externally financed.

In February 2000, the Company's board of directors authorized the repurchase of up to 10 million common shares. Stock purchases will be made from time to time on the open market or through negotiated transactions. The current program's timeframe will depend on market conditions and is tentatively set to not exceed \$100 million. Consistent with prior Company commitments to repurchase shares when funds were available, the Company has reduced its 2000 capital commitment by \$100 million.

Cash (Used for) From Financing Activities

Net cash used for Company financing activities was \$426 million in 1999 due to higher redemptions and reduced issuances of long-term debt.

Net cash from Company financing activities was higher in 1998 due to increases in long- and short-term borrowings, partially offset by redemptions of preferred stock and long-term debt.

The following securities were issued and redeemed in 1999:

Securities Issued

Mortgage Bonds

	(Millions)
1999 Series A 5.55% issued in September	\$ 118
1999 Series B 4.7% (variable) issued in August	40
1999 Series C 4.73% issued in September	67
1999 Series D floating rate issued in August	40

Total Issued	\$ 265
Securities Redeemed	
Mandatory Redemptions	
Mortgage Bonds	
1990 Series A, B, C 7.9%-8.4% redeemed in March	\$ 19
1993 Series D 6.45% redeemed in April	100
1993 Series B 6.83% redeemed in December	50
1993 Series E 6.83% redeemed in December	50
Non-Recourse Debt	80
Early Redemptions	
Mortgage Bonds	
Series KKP 7.3% - 7.5% redeemed in September	40
1992 Series D 8.3% redeemed in November	24
1989 Series CC 7.5% redeemed in December	67
Unsecured Installment Sales Contracts	
Series A 1989 7.75% redeemed in December	100
Series A 1989B 7.875% redeemed in December	18
Total Redeemed	\$ 548

YEAR 2000

The Company spent approximately \$85 million on the Year 2000 program through December 31, 1999. Year 2000 modification costs had no material impact on operating results or cash flows. No significant additional spending is anticipated since the Company and Detroit Edison experienced no Year 2000 related failures of mission critical systems during the rollover to the new millennium. Though there can be no assurances that Year 2000 issues can be totally eliminated, the Company and Detroit Edison anticipate no further impact on financial position, liquidity or results of operations resulting from Year 2000 issues. In addition, no assurances can be given that the systems of vendors, interconnected utilities and customers will not result in Year 2000 problems.

ENVIRONMENTAL MATTERS

Protecting the environment from damage, as well as correcting past environmental damage, continues to be a focus of state and federal regulators. Legislation and/or rulemaking could further impact the electric utility industry including Detroit Edison. The U.S. Environmental Protection Agency (EPA) and the Michigan Department of Environmental Quality have aggressive programs regarding the clean-up of contaminated property. Detroit Edison anticipates that it will be periodically included in these types of environmental proceedings.

The EPA has issued ozone transport regulations and final new air quality standards relating to ozone and particulate air pollution. In September 1998, the EPA issued a State Implementation Plan (SIP) call, giving states a year to develop new regulations to limit nitrogen oxide emissions because of their contribution to ozone formation. The EPA draft proposal suggests most emission reductions should come from utilities. If Michigan follows the EPA's recommendations, it is estimated that Detroit Edison will incur \$300 million of capital expenditures to comply. Both the ozone transport regulations and the new air quality standards have been upheld in legal challenges in the U.S. Court of Appeals. Michigan has proposed regulations to address the ozone transport issue that would result in capital expenditures of approximately \$100 million less than the EPA's recommendations. Until the legal issues are resolved and the state issues its regulations, it is impossible to predict the full impact of the SIP call. Detroit Edison is unable to predict what effect, if any, restructuring of the electric utility industry would have on recoverability of such environmental costs.

MARKET RISK

Detroit Edison had investments valued at market of \$361 million and \$309 million in three nuclear decommissioning trust funds at December 31, 1999 and 1998, respectively. At December 31, 1999, these investments consisted of approximately 37% in fixed debt instruments, 59% in publicly traded equity securities and 4% in cash equivalents. At December 31, 1998, these investments consisted of approximately 33% in fixed debt instruments, 63% in publicly traded equity securities and 4% in cash equivalents. A hypothetical 10% increase in interest rates and a 10% decrease in equity prices quoted by stock exchanges would result in an \$11 million and \$9 million reduction in the fair value of debt and a \$21 million and \$20 million reduction in the fair value of equity securities held by the trusts at December 31, 1999 and 1998, respectively.

A hypothetical 10% decrease in interest rates would increase the fair value of long-term debt from \$4 billion to \$4.5 billion at December 31, 1999 and from \$4.8 billion to \$5.3 billion at December 31, 1998.

DTE Energy Trading, Inc. (DTE ET), an indirect wholly owned subsidiary of the Company, provides price risk management services utilizing energy commodity derivative instruments. The Company measures the risk inherent in DTE ET's portfolio utilizing Value at Risk (VaR) analysis and other methodologies, which simulate forward price curves in electric power markets to quantify estimates of the magnitude and probability of

potential future losses related to open contract positions. The Company reports VaR as a percentage of its earnings, based on a 95% confidence interval, utilizing 10-day holding periods. At December 31, 1999 and 1998, DTE ET's VaR from its power marketing and trading activities was less than 1% of the Company's consolidated "Income Before Income Taxes" for the years ended December 31, 1999 and 1998. The VaR model uses the variance-covariance statistical modeling technique, and implied and historical volatilities and correlations over the past 20-day period. The estimated market prices used to value these transactions for VaR purposes reflect the use of established pricing models and various factors including quotations from exchanges and over-the-counter markets, price volatility factors, the time value of money, and location differentials. For further information, see Notes 1 and 11.

RESULTS OF OPERATIONS

Net income for 1999 was up \$40 million over 1998 earnings due primarily to lower income taxes resulting from tax credits generated by non-regulated businesses and the effects of the end of the Fermi 2 phase-in plan in 1998.

Net income for 1998 was up \$26 million over 1997 earnings due to lower income taxes resulting from tax credits generated by non-regulated businesses.

Operating Revenues

Operating revenue was \$4.7 billion, up 12% from 1998 operating revenue of \$4.2 billion. Operating revenues increased (decreased) due to the following:

	1999	1998
	(Millions)	
Detroit Edison Rate change	\$ (25)	\$ (8)
System sales volume and mix	151	220
Wholesale sales	(19)	51
Fermi 2 performance disallowances	34	(11)
Other — net	4	(7)
Total Detroit Edison	145	245
Non-regulated DTE Energy Resources	147	163
DTE Energy Trading	209	43
Other — net	6	6
Total Non-Regulated	362	212
Total	\$ 507	\$ 457

Detroit Edison kilowatt-hour (kWh) sales for 1999 and the percentage change by year were as follows:

	1999	1999	1998
	(Billions of kWh) Sales		
Residential	14.1	2.3%	6.6%
Commercial	19.5	3.4	5.0
Industrial	15.6	6.4	2.5
Other (primarily sales for resale)	2.6	10.1	27.1
Total System	51.8	4.3	5.5
Wholesale sales	3.7	(29.5)	46.8
Total	55.5	1.1	8.4

In 1999, residential sales increased due to more heating demand, increased usage, and growth in the customer base. Commercial and industrial sales increased due to favorable economic conditions. In addition, industrial sales increased due to sales of replacement energy to the Ford Rouge plant. Wholesale sales decreased due to lower demand for energy and decreased availability of energy for sale over native load.

In 1998, residential sales increased due to more cooling demand and growth in the customer base. Commercial sales increased due to more cooling demand and favorable economic conditions. Industrial sales increased due to higher usage. Wholesale sales increased due to greater demand for energy and increased availability of energy for sale.

Non-regulated revenues were higher due to an increased level of operations, primarily DTE Energy Trading, and the addition of new businesses.

Operating Expenses

Fuel and Purchased Power

Net system output and average fuel and purchased power unit costs per megawatthour (MWh) for Detroit Edison were as follows:

	1999	1998	1997
	(Thousands of MWh)		
Power plant generation			
Fossil	43,016	44,091	42,162
Nuclear	9,484	7,130	5,523
Purchased power	6,959	7,216	6,146
Net system output	59,459	58,437	53,831
Average unit cost (\$/MWh)			
Generation	\$ 12.51	\$ 12.76	\$ 12.94
Purchased Power	\$ 54.80	\$ 42.26	\$ 26.98

In 1999, fuel and purchased power expense increased due to higher purchased power unit costs and a 1.7% increase in net system output. The increase was partially offset by lower fuel unit costs primarily resulting from increased usage of low-cost nuclear fuel.

In 1998, fuel and purchased power expense increased for Detroit Edison due to higher purchased power unit costs as a result of price volatility during periods of unseasonably warm summer weather and an 8.6% increase in system output. These increases were partially offset by lower unit costs as a result of increased usage of low-cost nuclear fuel.

In 1999 and 1998, non-regulated purchased power expense increased due to the operations of DTE Energy Trading.

Operation and Maintenance

In 1999, operation and maintenance expenses increased \$192 million. Higher non-regulated expenses of \$162 million were due to an increased level of operations and the addition of new businesses. Higher Detroit Edison expenses of \$30 million were due to increased system and customer enhancements (\$22 million), higher Year 2000 expenses (\$10 million), higher employee benefit costs (\$9 million), and generation reliability and maintenance work to address unplanned outages (\$8 million), partially offset by lower storm expense (\$19 million).

In 1998, operation and maintenance expenses increased \$287 million. Higher non-regulated subsidiary expenses of \$184 million were due to the increased level of non-regulated operations and the addition of new businesses. Higher Detroit Edison expenses of \$103 million were due to higher Year 2000 expenses (\$32 million), the 1997 storm

expense deferral (\$30 million), 1998 storm expense (\$21 million), a 1997 insurance recovery (\$15 million), 1997 storm amortization (\$14 million), and the Conners Creek Power Plant restart (\$13 million), partially offset by cost reductions (\$22 million).

Depreciation and Amortization

In 1999, depreciation and amortization expense was higher due to higher levels of plant in service, the accelerated amortization of unamortized nuclear costs, the adjustment recording one-half of utility earnings in excess of the allowed 11.6% return on equity sharing

threshold as additional nuclear cost amortization, and increased Fermi 2 decommissioning funding due to higher revenues.

In 1998, depreciation and amortization expense increased due primarily to increases in property, plant and equipment. These increases were almost entirely offset by lower Detroit Edison amortization of regulatory assets.

Interest Expense

In 1999, interest expense increased due to the write-off of unamortized bond issuance expense for early redemption of securities and higher short-term borrowing costs.

Interest expense increased in 1998 due primarily to the issuance of debt to finance asset acquisitions of non-regulated subsidiaries and the issuance of debt to redeem Detroit Edison's preferred stock.

Income Taxes

Income tax expense for the Company decreased in 1999 and 1998 due primarily to increased utilization of alternate fuel credits generated from non-regulated businesses. The majority of alternate fuel credits are available through 2002, while others have been extended through 2007. The end of the Fermi 2 phase-in plan also contributed to the decrease in income tax expense for 1999.

FORWARD-LOOKING STATEMENTS

Certain information presented herein is based on the expectations of the Company and Detroit Edison, and, as such, is forward-looking. The Private Securities Litigation Reform Act of 1995 encourages reporting companies to provide analyses and estimates of future prospects and also permits reporting companies to point out that actual results may differ from those anticipated.

Actual results for the Company and Detroit Edison may differ from those expected due to a number of variables including, but not limited to, interest rates, the level of borrowings, weather, actual sales, the effects of competition and the phased-in implementation of Electric Choice, the implementation of utility restructuring in Michigan (which involves pending and proposed regulatory and legislative proceedings, the recovery of stranded costs, and possible reductions in earnings), environmental and nuclear requirements, the impact of FERC proceedings and regulations, and the success of non-regulated lines of business. In addition, expected results will be affected by the Company's pending merger with MCN.

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While the Company and Detroit Edison believe that estimates given accurately measure the expected outcome, actual results could vary materially due to the variables mentioned, as well as others.

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Item 8 — Financial Statements and Supplementary Data.

The following consolidated financial statements and schedules are included herein.

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Note: Detroit Edison's financial statements are presented here for ease of reference and are not considered to be part of Part II — Item 8 of the Company's report.

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INDEPENDENT AUDITORS' REPORT

To the Boards of Directors and Shareholders of
DTE Energy Company and

The Detroit Edison Company

We have audited the consolidated balance sheets of DTE Energy Company and subsidiaries and of The Detroit Edison Company and subsidiaries (together, the "Companies") as of December 31, 1999 and 1998, and the related consolidated statements of income, cash flows, and changes in shareholders' equity for each of the three years in the period ended December 31, 1999. Our audits also included the financial statement schedules listed in the Index at Item 8. These financial statements and financial statement schedules are the responsibility of the Companies' management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 referred to above present fairly, in all material respects, the financial position of DTE Energy Company and subsidiaries and of The Detroit Edison Company and subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements of the Companies taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Detroit, Michigan
January 26, 2000

DTE Energy Company
Consolidated Statement of Income
(Millions, Except Per Share Amounts)

	Year Ended December 31		
	1999	1998	1997
Operating Revenues	\$ 4,728	\$ 4,221	\$ 3,764
Operating Expenses			
Fuel and purchased power	1,335	1,063	837
Operation and maintenance	1,480	1,288	1,001
Depreciation and amortization	735	661	660
Taxes other than income	277	272	265
Total Operating Expenses	3,827	3,284	2,763
Operating Income	901	937	1,001
Interest Expense and Other			
Interest expense	340	319	297
Preferred stock dividends of subsidiary	—	6	12
Other — net	18	15	18
Total Interest Expense and Other	358	340	327
Income Before Income Taxes	543	597	674
Income Taxes	60	154	257
Net Income	\$ 483	\$ 443	\$ 417
Average Common Shares Outstanding	145	145	145
Earnings per Common Share — Basic and Diluted	\$ 3.33	\$ 3.05	\$ 2.88

(See Notes to Consolidated Financial Statements.)

DTE Energy Company
Consolidated Statement of Cash Flows
(Millions)

	Year Ended December 31		
	1999	1998	1997
Operating Activities			
Net Income	\$ 483	\$ 443	\$ 417
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	735	661	660
Other	(90)	(146)	(75)
Changes in current assets and liabilities:			
Restricted cash	(10)	(67)	(54)
Accounts receivable	(94)	(84)	(36)
Inventories	(5)	(35)	(39)
Payables	30	99	(3)
Other	48	(37)	35
Net cash from operating activities	1,097	834	905
Investing Activities			
Plant and equipment expenditures	(739)	(589)	(484)
Investment in non-regulated businesses	(29)	(408)	(216)
Net cash used for investing activities	(768)	(997)	(700)
Financing Activities			
Issuance of long-term debt	265	763	250
Increase in short-term borrowings	156	189	32
Redemption of long-term debt	(548)	(255)	(196)
Redemption of preferred stock	—	(150)	—
Dividends on common stock	(299)	(299)	(299)
Net cash (used for) from financing activities	(426)	248	(213)
Net (Decrease) Increase in Cash and Cash Equivalents	(97)	85	(8)
Cash and Cash Equivalents at Beginning of the Year	130	45	53
Cash and Cash Equivalents at End of the Year	\$ 33	\$ 130	\$ 45
Supplementary Cash Flow Information			
Interest paid (excluding interest capitalized)	\$ 340	\$ 309	\$ 290
Income taxes paid	152	160	243
New capital lease obligations	3	52	34

(See Notes to Consolidated Financial Statements.)

DTE Energy Company
Consolidated Balance Sheet
(Millions, Except Per Share Amounts and Shares)

	December 31	
	1999	1998
ASSETS		
Current Assets		

Cash and cash equivalents	\$ 33	\$ 130
Restricted cash	131	121
Accounts receivable		
Customer (less allowance for doubtful accounts of \$21 and \$20, respectively)	388	320
Accrued unbilled revenues	166	153
Other	144	131
Inventories (at average cost)		
Fuel	175	171
Materials and supplies	168	167
Other	105	39
	<u>1,310</u>	<u>1,232</u>
Investments		
Nuclear decommissioning trust funds	361	309
Other	274	261
	<u>635</u>	<u>570</u>
Property		
Property, plant and equipment	11,755	11,121
Property under capital leases	222	242
Nuclear fuel under capital lease	663	659
Construction work in progress	106	156
	<u>12,746</u>	<u>12,178</u>
Less accumulated depreciation and amortization	<u>5,598</u>	<u>5,235</u>
	<u>7,148</u>	<u>6,943</u>
Regulatory Assets	<u>2,935</u>	<u>3,091</u>
Other Assets	<u>288</u>	<u>252</u>
Total Assets	<u>\$ 12,316</u>	<u>\$ 12,088</u>

(See Notes to Consolidated Financial Statements.)

	December 31	
	1999	1998
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 273	\$ 239
Accrued interest	57	57
Dividends payable	75	75
Accrued payroll	97	101
Short-term borrowings	387	231
Income taxes	61	69
Current portion long-term debt	270	294
Current portion capital leases	75	118
Other	309	208
	<u>1,604</u>	<u>1,392</u>
Other Liabilities		
Deferred income taxes	1,925	1,888
Capital leases	114	126
Regulatory liabilities	262	294

Other	564	493
	<u>2,865</u>	<u>2,801</u>
Long-Term Debt	3,938	4,197
Shareholders' Equity		
Common stock, without par value, 400,000,000 shares authorized, 145,041,324 and 145,071,317 issued and outstanding, respectively	1,950	1,951
Retained earnings	1,959	1,747
	<u>3,909</u>	<u>3,698</u>
Commitments and Contingencies (Notes 1, 2, 3, 4, 10, 11, 12 and 13)		
Total Liabilities and Shareholders' Equity	\$12,316	\$12,088

(See Notes to Consolidated Financial Statements.)

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DTE Energy Company
Consolidated Statement of Changes in Shareholders' Equity
(Millions, Except Per Share Amounts; Shares in Thousands)

	1999		1998		1997	
	Shares	Amount	Shares	Amount	Shares	Amount
Detroit Edison Cumulative Preferred Stock						
Balance at beginning of year	—	\$ —	1,501	\$ 144	1,501	\$ 144
Redemption of Cumulative Preferred Stock	—	—	(1,501)	(150)	—	—
Preferred stock expense	—	—	—	6	—	—
Balance at end of year	—	\$ —	—	\$ —	1,501	\$ 144
Common Stock						
Balance at beginning of year	145,071	\$ 1,951	145,098	\$ 1,951	145,120	\$ 1,951
Repurchase and retirement of common stock	(30)	(1)	(27)	—	(22)	—
Balance at end of year	145,041	\$ 1,950	145,071	\$ 1,951	145,098	\$ 1,951
Retained Earnings						
Balance at beginning of year		\$ 1,747		\$ 1,611		\$ 1,493
Net income		483		443		417
Dividends declared on common stock (\$2.06 per share)		(299)		(299)		(299)
Preferred stock expense		—		(6)		—
Other		28		(2)		—
Balance at end of year		\$ 1,959		\$ 1,747		\$ 1,611
Total Shareholders' Equity		\$ 3,909		\$ 3,698		\$ 3,706

(See Notes to Consolidated Financial Statements.)

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The Detroit Edison Company
Consolidated Statement of Income
(Millions)

	Year Ended December 31		
	1999	1998	1997
Operating Revenues	\$ 4,047	\$3,902	\$ 3,657
Operating Expenses			
Fuel and purchased power	1,106	1,021	837
Operation and maintenance	1,028	998	895
Depreciation and amortization	703	643	658
Taxes other than income	275	270	264
Total Operating Expenses	3,112	2,932	2,654
Operating Income	935	970	1,003
Interest Expense and Other			
Interest expense	284	277	282
Other — net	6	15	16
Total Interest Expense and Other	290	292	298
Income Before Income Taxes	645	678	705
Income Taxes	211	260	288
Net Income	434	418	417
Preferred Stock Dividends	—	6	12
Net Income Available for Common Stock	\$ 434	\$ 412	\$ 405

(See Notes to Consolidated Financial Statements.)

The Detroit Edison Company
Consolidated Statement of Cash Flows
(Millions)

	Year Ended December 31		
	1999	1998	1997
Operating Activities			
Net Income	\$ 434	\$ 418	\$ 417
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	703	643	658
Other	2	(217)	(62)
Changes in current assets and liabilities:			
Accounts receivable	(70)	(51)	(18)
Inventories	(6)	(28)	(16)
Payables	17	64	(14)
Other	(52)	(25)	41
Net cash from operating activities	1,028	804	1,006
Investing Activities			

Plant and equipment expenditures	(638)	(548)	(467)
Net cash used for investing activities	(638)	(548)	(467)
Financing Activities			
Issuance of long-term debt	265	200	—
Increase (decrease) in short-term borrowings	131	231	(10)
Redemption of long-term debt	(468)	(219)	(185)
Redemption of preferred stock	—	(150)	—
Dividends on common and preferred stock	(319)	(328)	(331)
Net cash used for financing activities	(391)	(266)	(526)
Net (Decrease) Increase in Cash and Cash Equivalents	(1)	(10)	13
Cash and Cash Equivalents at Beginning of the Period	5	15	2
Cash and Cash Equivalents at End of the Period	\$ 4	\$ 5	\$ 15
Supplementary Cash Flow Information			
Interest paid (excluding interest capitalized)	\$ 284	\$ 269	\$ 277
Income taxes paid	276	292	277
New capital lease obligations	3	52	34

(See Notes to Consolidated Financial Statements.)

The Detroit Edison Company
Consolidated Balance Sheet
(Millions, Except Per Share Amounts and Shares)

	December 31	
	1999	1998
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4	\$ 5
Accounts receivable		
Customer (less allowance for doubtful accounts of \$20 for 1999 and 1998)	316	307
Accrued unbilled revenues	166	153
Other	138	90
Inventories (at average cost)		
Fuel	175	171
Materials and supplies	140	138
Other	29	21
	<u>968</u>	<u>885</u>
Investments		
Nuclear decommissioning trust funds	361	309
Other	34	74
	<u>395</u>	<u>383</u>
Property		
Property, plant and equipment	11,204	10,610
Property under capital leases	221	242
Nuclear fuel under capital lease	663	659
Construction work in progress	4	118
	<u>12,092</u>	<u>11,629</u>
Less accumulated depreciation and amortization	<u>5,526</u>	<u>5,201</u>

	<u>6,566</u>	<u>6,428</u>
Regulatory Assets	<u>2,935</u>	<u>3,091</u>
Other Assets	<u>187</u>	<u>200</u>
Total Assets	<u>\$ 11,051</u>	<u>\$10,987</u>

(See Notes to Consolidated Financial Statements.)

	December 31	
	<u>1999</u>	<u>1998</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 224	\$ 211
Accrued interest	54	54
Dividends payable	80	80
Accrued payroll	90	86
Short-term borrowings	362	231
Income taxes	84	60
Current portion long-term debt	194	219
Current portion capital leases	75	118
Other	159	203
	<u>1,322</u>	<u>1,262</u>
Other Liabilities		
Deferred income taxes	1,879	1,846
Capital leases	114	126
Regulatory liabilities	262	294
Other	562	484
	<u>2,817</u>	<u>2,750</u>
Long-Term Debt	<u>3,284</u>	<u>3,462</u>
Shareholders' Equity		
Common stock, \$10 par value, 400,000,000 shares authorized, 145,119,875 issued and outstanding	1,451	1,451
Premium on common stock	548	548
Common stock expense	(48)	(48)
Retained earnings	1,677	1,562
	<u>3,628</u>	<u>3,513</u>
Commitments and Contingencies (Notes 1, 2, 3, 9, 10, 11 and 12)		
Total Liabilities and Shareholders' Equity	<u>\$ 11,051</u>	<u>\$10,987</u>

(See Notes to Consolidated Financial Statements.)

	1999		1998		1997	
	Shares	Amount	Shares	Amount	Shares	Amount
Cumulative Preferred Stock						
Balance at beginning of year	—	\$ —	1,501	\$ 144	1,501	\$ 144
Redemption of Cumulative Preferred Stock	—	—	(1,501)	(150)	—	—
Preferred stock expense	—	—	—	6	—	—
Balance at end of year	—	\$ —	—	\$ —	1,501	\$ 144
Common Stock	145,120	\$ 1,451	145,120	\$ 1,451	145,120	\$ 1,451
Premium on Common Stock		\$ 548		\$ 548		\$ 548
Common Stock Expense		\$ (48)		\$ (48)		\$ (48)
Retained Earnings						
Balance at beginning of year		\$ 1,562		\$ 1,478		\$ 1,392
Net income		434		418		417
Dividends declared						
Common stock (\$2.20 per share)		(319)		(319)		(319)
Cumulative Preferred Stock*		—		(6)		(12)
Preferred stock expense		—		(6)		—
Other		—		(3)		—
Balance at end of year		\$ 1,677		\$ 1,562		\$ 1,478
Total Shareholders' Equity		\$ 3,628		\$ 3,513		\$ 3,573

* At established rate for each series.

(See Notes to Consolidated Financial Statements.)

DTE Energy Company and The Detroit Edison Company Notes to Consolidated Financial Statements

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES

Corporate Structure and Principles of Consolidation

DTE Energy Company (Company), a Michigan corporation incorporated in 1995, is an exempt holding company under the Public Utility Holding Company Act. The Company has no significant operations of its own, holding instead the stock of its principal operating subsidiary, The Detroit Edison Company (Detroit Edison), an electric public utility regulated by the Michigan Public Service Commission (MPSC) and the Federal Energy Regulatory Commission (FERC), and other energy-related businesses.

All majority owned subsidiaries are consolidated. Non-majority owned investments, including investments in limited liability companies, partnerships and joint ventures are accounted for using the equity method. All significant inter-company balances and transactions have been eliminated.

In October 1999, the Company's investee, Plug Power Inc., completed its initial public offering (IPO) of shares of common stock at \$15 per share. After the IPO, the Company owned approximately 32% of Plug Power's outstanding common stock. As a result of Plug Power's IPO, the Company recognized its proportionate share of Plug Power's net assets immediately after the IPO and recorded an increase of \$44 million in its investment and an after-tax increase of \$28 million to retained earnings with no earnings impact in 1999.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those

estimates.

Regulation and Regulatory Assets and Liabilities

Detroit Edison's transmission and distribution business meets the criteria of Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." This accounting standard recognizes the cost based ratemaking process which results in differences in the application of generally accepted accounting principles between regulated and non-regulated businesses. SFAS No. 71 requires the recording of regulatory assets and liabilities for certain transactions that would have been treated as revenue and expense in non-regulated businesses. Detroit Edison's regulatory assets and liabilities are being amortized to revenue and expense as they are included in rates. Continued applicability of SFAS No. 71 requires that rates be designed to recover specific costs of providing regulated services and products, and that it be reasonable to

assume that rates are set at levels that will recover a utility's costs and can be charged to and collected from customers.

MPSC Orders issued in 1997 and 1998 altered the regulatory process in Michigan and provided a plan for transition to competition for the generation business of Detroit Edison. Therefore, effective December 31, 1998, Detroit Edison's generation business no longer met the criteria of SFAS No. 71. Detroit Edison did not write off any regulatory assets as a result of the discontinuation of SFAS No. 71 for its generation business, since accounting guidance issued by the Financial Accounting Standards Board and its Emerging Issues Task Force permits the recording of regulatory assets which are expected to be recovered through regulated rates. A December 1998 MPSC Order authorized the recovery of an additional regulatory asset equal to the net book value of Fermi 2 at December 31, 1998, which includes recoverable income taxes, deferred tax credits and deferred amortization. See the following table of regulatory assets and liabilities, and Note 3 for further details.

Detroit Edison has recorded the following regulatory assets and liabilities at December 31:

	1999	1998
	(Millions)	
Assets		
Unamortized nuclear costs	\$2,570	\$2,808
Unamortized loss on reacquired debt	85	94
Recoverable income taxes	201	107
Power supply cost recovery	39	49
1997 storm damage costs	—	15
Electric Choice implementation costs	29	7
Other	11	11
Total Assets	\$2,935	\$3,091
Liabilities		
Unamortized deferred investment tax credits	\$ 177	\$ 188
Fermi 2 capacity factor performance standard	63	86
Other	22	20
Total Liabilities	\$ 262	\$ 294

Unamortized nuclear costs — See Note 3.

Unamortized loss on reacquired debt

In accordance with MPSC regulations applicable to Detroit Edison, the discount, premium and expense related to debt redeemed with a refinancing are amortized over the life of the replacement issue, or if related to the generation business, beginning in 2002 they will be amortized through 2007. See Note 3. Discount, premium and expense on early redemptions of debt subsequent to December 31, 1998 are charged to earnings if they relate to the generation business of Detroit Edison.

Recoverable income taxes

In 1993, the Company was required to adopt SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires that deferred income taxes be recorded at the current income tax rate for all temporary differences between the book and tax basis of assets and liabilities. Prior to 1993, only those deferred taxes that were authorized by the MPSC were recorded. Upon adoption of SFAS No. 109, the MPSC authorized the Company to record a regulatory asset providing assurance of future revenue recovery from customers for all deferred income taxes.

Power supply cost recovery (PSCR)

State legislation provides Detroit Edison a mechanism for recovery of changes in power supply costs for purchased power and generation based on a reconciliation of actual costs and usage which is subject to MPSC approval.

1997 storm damage costs

The costs of major storms in 1997 were deferred, as authorized by the MPSC, and were amortized into expense in 1998 and 1999 as they were recovered through rates.

Electric Choice implementation costs

Costs incurred to implement the Electric Choice Program are being deferred, with amortization planned to begin coincident with full implementation of the program.

Unamortized deferred investment tax credits

Investment tax credits utilized, which relate to utility property, were deferred and are amortized over the estimated composite service life of the related property.

Fermi 2 capacity factor performance standard

The MPSC has established a mechanism which provides for the disallowance of net incremental replacement power cost if Fermi 2 does not perform to certain operating criteria. A disallowance is imposed for the amount by which the Fermi 2 three-year rolling average capacity factor is less than the greater of either the average of the top 50% of U.S. boiling water reactors or 50%. An estimate of the incremental cost of replacement

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power is required in computing the reserve for amounts due customers under this performance standard.

Cash Equivalents

For purposes of the Consolidated Statement of Cash Flows, the Company considers investments purchased with a maturity of three months or less to be cash equivalents.

Restricted Cash

Cash maintained for debt service requirements and other contractual obligations is classified as restricted cash.

Revenues

Detroit Edison records unbilled revenues for electric and steam heating services provided after cycle billings through month-end.

Property, Retirement and Maintenance, Depreciation and Amortization

A summary of property by classification at December 31 is as follows:

	1999	1998
	(Millions)	
Transmission and distribution		
Property	\$ 5,598	\$ 5,354
Construction work in progress	1	3
Property under capital leases	4	5
Less accumulated depreciation	(2,180)	(2,063)
	<u>3,423</u>	<u>3,299</u>
Generation		
Property	5,606	5,256
Construction work in progress	3	115
Property under capital leases	217	237
Less accumulated depreciation	(2,747)	(2,587)
	<u>3,079</u>	<u>3,021</u>
Nuclear fuel under capital lease	663	659

Less accumulated amortization	(599)	(551)
	<u>64</u>	<u>108</u>

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Non-utility		
Property	551	511
Construction work in progress	102	38
Property under capital leases	1	—
Less accumulated depreciation	(72)	(34)
	<u>582</u>	<u>515</u>
Total property	<u>\$7,148</u>	<u>\$6,943</u>

Utility properties are stated at original cost less regulatory disallowances and impairment losses. In general, the cost of properties retired in the normal course of business is charged to accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred, and the cost of new property installed, which replaces property retired, is charged to property accounts. Detroit Edison recognizes a provision for incremental costs of Fermi 2 refueling outages, including maintenance activities, anticipated to be incurred during the next scheduled Fermi 2 refueling outage. The annual provision for utility property depreciation is calculated on the straight-line remaining life method by applying annual rates approved by the MPSC to the average of year-beginning and year-ending balances of depreciable property by primary plant accounts. Provision for depreciation of utility plant, as a percent of average depreciable property, was 3.33%, 3.32% and 3.29% for 1999, 1998 and 1997, respectively.

Non-utility property is stated at original cost. Depreciation is computed over the estimated useful lives using straight-line and declining-balance methods.

Long-Lived Assets

Long-lived assets held and used by the Company are reviewed based on market factors and operational considerations for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Software Costs

The Company capitalizes the cost of software developed for internal use. These costs are amortized on a straight-line basis over a five-year period beginning with the project's completion.

Debt Issue Costs

The costs related to the issuance of long-term debt are amortized over the life of each issue.

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Stock-Based Compensation

The Company accounts for stock-based compensation using the intrinsic value method. Compensation expense is not recorded for stock options granted with an exercise price equal to the fair market value at the date of grant. For grants of restricted stock, compensation equal to the market value of the shares at the date of grant is deferred and amortized to expense over the vesting period.

Accounting for Risk Management Activities

Trading activities of DTE Energy Trading, Inc. (DTE ET), an indirect wholly owned subsidiary of the Company, are accounted for using the mark-to-market method of accounting. Under such method, DTE ET's energy trading contracts, including both transactions for physical delivery and financial instruments, are recorded at market value. The resulting unrealized gains and losses from changes in market value of open positions are recorded as other current assets or liabilities. Current period changes in the trading assets or liabilities are recognized as net gains or losses in operating revenues. The market prices used to value these transactions reflect management's best estimate considering various factors, including closing exchange and over-the-counter quotations, time value and volatility factors underlying the commitments. Realized gains and losses from transactions settled with cash are also recognized in operating revenues. Transactions settled by physical delivery of power are recorded gross in operating revenues and fuel and purchased power expense.

Detroit Edison continues to account for its forward purchase and sale commitments and over-the-counter options on a settlement basis.

New Accounting Standard

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires companies to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. In June 1999, SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133" was issued. SFAS No. 137 amends the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000, with earlier adoption encouraged. The Company will adopt this accounting standard as required by January 1, 2001, but has not yet determined the impact of this new pronouncement on the consolidated financial statements.

Reclassifications

Certain prior year balances have been reclassified to conform to the 1999 presentation.

NOTE 2 — MERGER AGREEMENT

On October 4, 1999, the Company entered into a definitive merger agreement with MCN Energy Group Inc. (MCN). MCN, a Michigan corporation, is primarily involved in natural gas production, gathering, processing, transmission, storage and distribution, electric power generation and energy marketing. MCN's largest subsidiary is Michigan Consolidated Gas Company, a natural gas utility serving 1.2 million customers in more than 500 communities throughout Michigan. Shareholders of the Company have approved the issuance of the necessary shares of common stock to complete the merger and shareholders of MCN have approved the Agreement and Plan of Merger. The merger, which is also subject to a number of regulatory approvals and other agreed upon conditions, is expected to be completed in the first half of 2000. The merger agreement provides that the Company will acquire all outstanding shares of MCN for \$28.50 per share in cash or 0.775 shares of Company common stock for each share of MCN common stock, subject to certain allocation procedures requiring that the aggregate number of shares of MCN common stock that will be converted into cash and the Company's common stock will be equal to 55% and 45%, respectively, of the total number of shares of MCN common stock outstanding immediately prior to the merger. The transaction was preliminarily valued at \$4.6 billion, which includes the assumption of approximately \$2 billion of MCN's debt. The Company expects to continue as an exempt public utility holding company after the completion of the merger.

NOTE 3 — REGULATORY MATTERS

Detroit Edison is subject to the primary regulatory jurisdiction of the MPSC, which, from time to time, issues its Orders pertaining to Detroit Edison's conditions of service, rates and recovery of certain costs including the costs of generating facilities. MPSC Orders issued December 1988, January 1994, November 1997, December 1998 and March 1999, are currently in effect with respect to Detroit Edison's rates and certain other revenue, accounting and operating-related matters.

Electric Industry Restructuring

There are ongoing proceedings for the restructuring of the Michigan electric public utility industry and the implementation of Electric Choice. During the period from 1997 through 1999, the MPSC issued several Orders relating to Electric Choice and competition.

In a December 28, 1998 Order, as clarified March 8, 1999, the MPSC authorized the accelerated amortization of the remaining net book balances (as of December 31, 1998) of Fermi 2 and its associated regulatory assets in a manner that will provide an opportunity for full recovery under current rates from bundled customers and through transition surcharges from future retail access customers, taking into account the related tax consequences of those assets, by December 31, 2007.

The December 28, 1998 Order, as clarified March 8, 1999, imposed conditions for the recovery by Detroit Edison of accelerated amortization of Fermi 2 and on March 8,

1999, the MPSC issued Orders clarifying several issues related to Electric Choice. As a result of the Order, as clarified, Detroit Edison:

- Reduced its base rates by approximately \$94 million annually, effective January 1, 1999 and effective January 1, 2000, by an additional \$15 million to reflect the expiration of the two-year extraordinary storm damage surcharge;
- Indicated it will reduce its jurisdictional retail rates by removing the Fermi 2 regulatory asset, referred to in Note 1 as unamortized nuclear costs, from rate base on a pro rata jurisdictional rate basis when such asset reaches zero, which is currently anticipated to occur January 1, 2008;
- Indicated that while it has no plans to sell Fermi 2, should such a sale occur, it will return to customers the difference between Fermi 2's net book value (currently recorded as a regulatory asset) at the time of sale and the actual sale price; and the MPSC will be advised of a purchase of Detroit Edison during the accelerated amortization period so that the MPSC may determine whether the proposed transaction is in the public interest

and properly balances the interests of investors and customers;

- Agreed that should Detroit Edison seek to abandon Fermi 2 (which Detroit Edison has no plans to do) during the accelerated amortization period, and only if electric generation has not been deregulated by either Michigan state or federal action, Detroit Edison will initiate a contested case proceeding before the MPSC seeking approval of the abandonment;
- Indicated that if its earned rate of return exceeds its authorized rate of return during the period of time that amortization of Fermi 2 is being accelerated, it will apply 50% of the excess earnings to reduce its stranded investment in Fermi 2;
- Indicated it will implement a 90 megawatt (MW) Electric Choice pilot program and will also begin the phase-in of full Electric Choice commencing in 1999, with full Electric Choice effective January 1, 2002; and
- Indicated it will use its "best efforts" to provide standby service to Electric Choice customers. Best efforts means that Detroit Edison must make the service available to Electric Choice customers who request it, but Detroit Edison does not have to build or purchase new capacity or interrupt firm customers to provide the service. Standby service is to be priced at Detroit Edison's top incremental cost plus 1 cent.

Several parties have filed petitions for rehearing or clarification; the MPSC has not ruled on these petitions. The Association of Businesses Advocating Tariff Equity in Michigan (ABATE) has also filed an appeal with the Michigan Court of Appeals. Detroit Edison is unable to determine the timing or outcome of these proceedings.

Accounting Implications

Detroit Edison accounts for its transmission and distribution business in accordance with SFAS No. 71. Continued application of SFAS No. 71 by Detroit Edison requires: 1) third party regulation of rates, 2) cost-based rates, and 3) a reasonable assumption that all costs will be recoverable from customers through rates.

Due to the restructuring orders which provided sufficient details regarding the transition to competition for its electric generation business, effective December 31, 1998, Detroit

Edison adopted the provisions of SFAS No. 101, "Regulated Enterprises-Accounting for the Discontinuation of Application of FASB Statement No. 71," for its electric generation business. SFAS No. 101 requires an evaluation to be performed to determine whether or not indications of impairment exist for plant assets under SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the elimination of certain effects of rate regulation that have been recognized as assets or liabilities pursuant to SFAS No. 71.

At December 31, 1998, Detroit Edison performed an impairment test of its Fermi 2 nuclear generation plant and related regulatory assets pursuant to SFAS No. 121. The impairment test for Fermi 2 indicated that it was fully impaired. Therefore, the Fermi 2 plant asset and its related regulatory assets were written off. At December 31, 1998, the accumulation of future regulatory recovery for Fermi 2 assets from bundled customers and transition surcharges from future retail access customers was calculated. Since the December 28, 1998 MPSC Order provides for full recovery of Fermi 2 through the regulated transmission and distribution business, a regulatory asset was established which will be amortized through December 31, 2007. There was no impact on income from the write off of the Fermi 2 plant assets and subsequent recording of the regulatory asset for unamortized nuclear costs.

1988 Settlement Agreement

The December 1988 MPSC Order established for the period January 1989 through December 2003: 1) a cap on Fermi 2 capital additions of \$25 million per year, in 1988 dollars adjusted by the Consumers Price Index (CPI), cumulative, 2) a cap on Fermi 2 non-fuel operation and maintenance expenses adjusted by the CPI, and 3) a capacity factor performance standard based on a three-year rolling average commencing in 1991. For a capital investment of \$200 million or more (in 1988 dollars adjusted by the CPI), Detroit Edison must obtain prior MPSC approval to include the investment in rate base. Under the cap on Fermi 2 capital expenditures, the cumulative amount available totals \$76 million (in 1999 dollars) at December 31, 1999. In a 1999 filing on the true-up of stranded costs, Detroit Edison requested continued recovery of Fermi 2 capital additions through 2007, which is the end of the transition period for stranded cost recovery as ordered by the MPSC. The 1999 Fermi 2 capital additions of \$27 million are recorded as a regulatory asset. Under the cap on Fermi 2 non-fuel operation and maintenance expenses, the cumulative amount available totals \$143 million (in 1999 dollars) at December 31, 1999.

Under the December 1988 Order, if nuclear operations at Fermi 2 permanently cease, amortization in rates of a \$513 million investment in Fermi 2 would continue and the remaining net rate base investment amount would be removed from rate base and amortized in rates, without return, over 10 years with such amortization not to exceed \$290 million per year. The December 1988 and January 1994 Orders do not address the costs of decommissioning if the operations at Fermi 2 prematurely cease.

In accordance with a November 1997 MPSC Order, Detroit Edison reduced revenues by \$53 million to reflect the scheduled reduction in the

revenue requirement for Fermi 2, in accordance with the 1988 settlement agreement. The \$53 million decrease is

included in the \$94 million decrease effective January 1, 1999. In addition, the November 1997 MPSC Order authorized the deferral of \$30 million of 1997 storm damage costs and amortization and recovery of the costs over a 24-month period commencing January 1998. In December 1997, ABATE and the Residential Ratepayer Consortium filed a lawsuit in Ingham County Circuit Court contending that Detroit Edison and the MPSC breached the December 1988 MPSC Order but the lawsuit was subsequently dismissed. The Michigan Attorney General has filed an appeal of the November 1997 Order in the Michigan Court of Appeals. In June 1999, in an unpublished opinion, the Michigan Court of Appeals remanded back to the MPSC for hearing the November 1997 Order. Detroit Edison filed a motion for rehearing with the Michigan Court of Appeals in July 1999, but the motion was subsequently dismissed. Detroit Edison is unable to determine the timing or the outcome of the remand.

NOTE 4 — FERMI 2

General

Fermi 2, a nuclear generating unit, began commercial operation in January 1988. The Nuclear Regulatory Commission (NRC) maintains jurisdiction over the licensing and operation of Fermi 2. Fermi 2 has a design electrical rating (net) of 1,150 MW. This unit represents approximately 11% of total operation and maintenance expenses and 10% of summer net rated capability. The net book balance of the Fermi 2 plant was written off at December 31, 1998 and an equivalent regulatory asset was established.

Ownership of an operating nuclear generating unit subjects Detroit Edison to significant additional risks. Fermi 2 is regulated by a number of different governmental agencies concerned with public health, safety and environmental protection. Consequently, Fermi 2 is subjected to greater scrutiny than a conventional fossil-fueled plant. See Note 3.

Insurance

Detroit Edison insures Fermi 2 with property damage insurance provided by Nuclear Electric Insurance Limited (NEIL). The NEIL insurance policies provide \$500 million of composite primary coverage (with a \$1 million deductible) and \$2.25 billion of excess coverage, respectively, for stabilization, decontamination and debris removal costs, repair and/or replacement of property and decommissioning. Accordingly, the combined limits provide total property damage insurance of \$2.75 billion.

Detroit Edison maintains insurance policies with NEIL providing for extra expenses, including certain replacement power costs necessitated by Fermi 2's unavailability due to an insured event. These policies have a 12-week waiting period and provide for three years of coverage.

Under the NEIL policies, Detroit Edison could be liable for maximum retrospective assessments of up to approximately \$20 million per loss if any one loss should exceed the accumulated funds available to NEIL.

As required by federal law, Detroit Edison maintains \$200 million of public liability insurance for a nuclear incident. Further, under the Price-Anderson Amendments Act of 1988, deferred premium charges of \$84 million could be levied against each licensed nuclear facility, but not more than \$10 million per year per facility. On December 31, 1999, there were 106 licensed nuclear facilities in the United States. Thus, deferred premium charges in the aggregate amount of approximately \$8.89 billion could be levied against all owners of licensed nuclear facilities in the event of a nuclear incident at any of these facilities.

Decommissioning

The NRC has jurisdiction over the decommissioning of nuclear power plants and requires decommissioning funding based upon a formula. The MPSC and FERC regulate the recovery of costs of decommissioning nuclear power plants and both require the use of external trust funds to finance the decommissioning of Fermi 2. Base rates approved by the MPSC provide for the decommissioning costs of Fermi 2. Detroit Edison is continuing to fund FERC jurisdictional amounts for decommissioning even though explicit provisions are not included in FERC rates. Detroit Edison believes that the MPSC and FERC collections will be adequate to fund the estimated cost of decommissioning using the NRC formula.

Detroit Edison has established external trust funds to hold decommissioning and low-level radioactive waste disposal funds collected from customers. During 1999, 1998 and 1997 Detroit Edison collected \$38 million, \$36 million and \$36 million, respectively, from customers for decommissioning and low-level radioactive waste disposal. Such amounts were recorded as components of depreciation and amortization expense and in other liabilities. Net unrealized gains of \$4 million and \$37 million in 1999 and 1998, respectively, were recorded as increases to the nuclear decommissioning trust funds and other liabilities. Investments in debt and equity securities held within the external trust funds are classified as "available for sale."

At December 31, 1999, Detroit Edison had a reserve of \$314 million for the future decommissioning of Fermi 2, \$12 million for low-level radioactive waste disposal costs, and \$35 million for the future decommissioning of Fermi 1, an experimental nuclear unit on the Fermi 2 site that has been shut down since 1972. These reserves are included in other liabilities, with a like amount deposited in external trust funds. It is estimated that the cost of decommissioning Fermi 2 when its license expires in the year 2025 will be \$688 million in 1999

dollars and \$3 billion in 2025 dollars using a 6% inflation rate, and the cost of decommissioning Fermi 1 in 2025 is \$34 million in 1999 dollars and \$161 million in 2025 dollars using a 6% inflation rate.

Fermi 2 Phase-In Plan

SFAS No. 92, "Regulated Enterprises — Accounting for Phase-in Plans," permits the capitalization of costs deferred for future recovery under a phase-in plan. Based on a MPSC-authorized phase-in plan, Detroit Edison recorded a receivable totaling \$506.5 million from 1988 through 1992. Beginning in 1993 and ending in 1998, these amounts

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were amortized to operating expense as they were included in rates. Amortization of these amounts totaled \$84 million and \$112 million in 1998 and 1997, respectively.

Capacity Factor Performance Standard

The capacity factor disallowances for 1998 and 1999 have not yet been determined by the MPSC. At December 31, 1999 and 1998, Detroit Edison had accruals of \$63 million and \$86 million, respectively, for the Fermi 2 capacity factor performance standard disallowances that are expected to be imposed by the MPSC for 1998 and 1999, and for the estimated impact on the 2000 capacity factor disallowance resulting from Fermi 2's lower than expected capacity utilization in 1998.

Nuclear Fuel Disposal Costs

In accordance with the Federal Nuclear Waste Policy Act of 1982, Detroit Edison has a contract with the United States Department of Energy (DOE) for the future storage and disposal of spent nuclear fuel from Fermi 2. Detroit Edison is obligated to pay DOE a fee of one mill per net kilowatthour of Fermi 2 electricity generated and sold. The fee is a component of nuclear fuel expense. Delays have occurred in the DOE's program for the acceptance and disposal of spent nuclear fuel at a permanent repository. Until the DOE is able to fulfill its obligation under the contract, Detroit Edison is responsible for the spent nuclear fuel storage and estimates that existing storage capacity will be sufficient until 2001, or until 2015 with expansion of such storage capacity. Plans are currently under way to complete the expansion project by 2001.

NOTE 5 — JOINTLY-OWNED UTILITY PLANT

Detroit Edison's portion of jointly-owned utility plant is as follows:

	Belle River	Ludington Pumped Storage
In-service date	1984-1985	1973
Ownership interest	*	49%
Investment (millions)	\$ 1,031	\$ 190
Accumulated depreciation (millions)	\$ 417	\$ 90

* Detroit Edison's ownership interest is 62.78% in Unit No. 1, 81.39% of the portion of the facilities applicable to Belle River used jointly by the Belle River and St. Clair Power Plants, 49.59% in certain transmission lines and, at December 31, 1999, 75% in facilities used in common with Unit No. 2.

Belle River

The Michigan Public Power Agency (MPPA) has an ownership interest in Belle River Unit No. 1 and certain other related facilities. MPPA is entitled to 18.61% of the capacity and energy of the entire plant and is responsible for the same percentage of the plant's operation and maintenance expenses and capital improvements.

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Ludington Pumped Storage

Operation, maintenance and other expenses of the Ludington Pumped Storage Plant are shared by Detroit Edison and Consumers Energy Company in proportion to their respective ownership interests in the plant.

NOTE 6 — INCOME TAXES

Total income tax expense as a percent of income before tax varied from the statutory federal income tax rate for the following reasons:

1999	1998	1997
------	------	------

Statutory income tax rate	35.0%	35.0%	35.0%
Deferred Fermi 2 depreciation and return	—	3.9	4.6
Investment tax credit	(1.9)	(2.5)	(2.1)
Depreciation	1.5	5.1	4.6
Removal costs	(2.3)	(1.9)	(1.5)
Alternate fuels credit	(21.3)	(13.1)	(3.5)
Other-net	0.1	(1.0)	0.4
Effective income tax rate	11.1%	25.5%	37.5%

Components of income tax expense were as follows:

	1999	1998	1997
	(Millions)		
Current federal income tax expense	\$ 144	\$143	\$267
Deferred federal income tax (benefit) expense — net	(73)	26	5
Investment tax credit	(11)	(15)	(15)
Total	\$ 60	\$154	\$257

Internal Revenue Code Section 29 provides a tax credit (alternate fuels credit) for qualified fuels produced and sold by a taxpayer to an unrelated person during the taxable year. The alternate fuels credit reduced current federal income tax expense \$116 million, \$79 million and \$24 million for 1999, 1998 and 1997 respectively.

Deferred income tax assets (liabilities) were comprised of the following at December 31:

	1999	1998
	(Millions)	
Property	\$ (1,209)	\$ (1,139)
Unamortized nuclear costs	(899)	(983)
Property taxes	(66)	(66)
Investment tax credit	96	154
Reacquired debt losses	(30)	(32)
Contributions in aid of construction	73	63
Other	51	55
	\$ (1,984)	\$ (1,948)
Deferred income tax liabilities	\$ (2,463)	\$ (2,447)
Deferred income tax assets	479	499
	\$ (1,984)	\$ (1,948)

The federal income tax returns of the Company are settled through the year 1992. The Company believes that adequate provisions for federal income taxes have been made through December 31, 1999.

NOTE 7 — SHAREHOLDERS' EQUITY

At December 31, 1999, the Company had 5 million shares of Cumulative Preferred Stock, without par value, authorized with no shares issued. At December 31, 1999, 1.5 million shares of preferred stock are reserved for issuance in accordance with the Shareholders Rights Agreement.

At December 31, 1999, Detroit Edison had 30 million shares of Cumulative Preference Stock of \$1 par value and 6.75 million shares of Cumulative Preferred Stock of \$100 par value authorized, with no shares issued. All of Detroit Edison's 7.75% Series and 7.74% Series Cumulative Preferred Stock were redeemed in 1998.

In September 1997, the Board of Directors of the Company declared a dividend distribution of one right (Right) for each share of Company

common stock outstanding. Under certain circumstances, each Right entitles the shareholder to purchase one one-hundredth of a share of Company Series A Junior Participating Preferred Stock at a price of \$90. If the acquiring person or group acquires 10% or more of the Company common stock, and the Company survives, each Right (other than those held by the acquirer) will entitle its holder to buy Company common stock having a value of \$180 for \$90. If the acquiring person or group acquires 10% or more of the Company common stock, and the Company does not survive, each Right (other than those held by the surviving or acquiring company) will entitle its holder to buy shares of common stock of the surviving or acquiring company having a value of \$180 for \$90. The Rights will expire on October 6, 2007, unless redeemed by the Company at \$0.01 per Right at any time prior to an event which would permit the Rights to be exercised. The Company may amend the

Rights agreement without the approval of the holders of the Rights Certificates, except that the redemption price may not be less than \$0.01 per Right.

NOTE 8 — LONG-TERM DEBT

The Company's long-term debt outstanding at December 31 was:

	1999	1998
	(Millions)	
Mortgage Bonds		
5.6% to 8.4% due 2000 to 2023	\$1,539	\$1,742
Remarketed Notes		
6.0% to 6.4% due 2028 to 2034 (a)	410	410
6.2% and 7.1% due 2038	400	400
Tax Exempt Revenue Bonds		
Secured by Mortgage Bonds		
Installment Sales Contracts 6.9% due 2004 to 2024 (b)	176	282
Loan Agreements 6.3% due 2008 to 2029 (b)	831	607
Unsecured		
Installment Sales Contracts 6.4% due 2004	24	142
Loan Agreements 3.6% due 2024 to 2030 (a)	113	113
QUIDS		
7.4% to 7.6% due 2026 to 2028	385	385
Non-Recourse Debt		
7.5% due 2000 to 2009 (b)	330	410
Less amount due within one year	(270)	(294)
Total Long-Term Debt	\$3,938	\$4,197

(a) Variable rate at December 31, 1999.

(b) Weighted average interest rate at December 31, 1999.

In the years 2000 — 2004, the Company's long-term debt maturities are \$270 million, \$234 million, \$275 million, \$238 million and \$64 million, respectively.

Detroit Edison's 1924 Mortgage and Deed of Trust (Mortgage), the lien of which covers substantially all of Detroit Edison's properties, provides for the issuance of additional General and Refunding Mortgage Bonds (Mortgage Bonds). At December 31, 1999, approximately \$4.1 billion principal amount of Mortgage Bonds could have been issued on the basis of property additions, combined with an earnings test provision, assuming an interest rate of 8% on any such additional Mortgage Bonds. An additional \$1.9 billion principal amount of Mortgage Bonds could have been issued on the basis of bond retirements.

Unless an event of default has occurred, and is continuing, each series of Quarterly Income Debt Securities (QUIDS) provides that interest will be paid quarterly. However, Detroit Edison also has the right to extend the interest payment period on the QUIDS for up to 20 consecutive interest payment periods. Interest would continue to accrue during the deferral period. If this right is exercised, Detroit Edison may not declare or pay dividends on, or redeem, purchase or acquire, any of its capital stock during the deferral period. Detroit Edison may redeem any series of capital stock pursuant to the terms of any sinking fund provisions during the deferral period. Additionally, during any deferral period, Detroit Edison may not enter into any inter-company transactions with any affiliate of Detroit Edison, including the Company, to enable the payment of dividends on any equity securities of the Company.

At December 31, 1999, \$273 million of notes and bonds were subject to periodic remarketings within one year. Remarketing agents remarket these securities at the lowest interest rate necessary to produce a par bid. In the event that a remarketing fails, Standby Note Purchase Agreements and/or Letters of Credit provide that banks will purchase the securities and, after the conclusion of all necessary proceedings, remarket the bonds. In the event the banks' obligations under the Standby Note Purchase Agreements and/or Letters of Credit are not honored, then Detroit Edison would be required to purchase any securities subject to a failed remarketing.

NOTE 9 — SHORT-TERM CREDIT ARRANGEMENTS AND BORROWINGS

At December 31, 1999, Detroit Edison had total short-term credit arrangements of approximately \$524 million, under which \$162 million was outstanding. At December 31, 1998, \$231 million was outstanding. The weighted average interest rates for short-term borrowings at December 31, 1999 and 1998 were 6.9% and 6.2%, respectively.

Detroit Edison had bank lines of credit of \$201 million, all of which had commitment fees in lieu of compensating balances. Detroit Edison uses bank lines of credit and other credit facilities to support the issuance of commercial paper and bank loans. Detroit Edison had \$162 million and \$231 million of commercial paper outstanding at December 31, 1999 and 1998, respectively.

Detroit Edison had a nuclear fuel financing arrangement with Renaissance Energy Company (Renaissance), an unaffiliated company. Renaissance may issue commercial paper or borrow from participating banks on the basis of promissory notes. To the extent the maximum amount of funds available to Renaissance (currently \$400 million) is not needed by Renaissance to purchase nuclear fuel, such funds may be loaned to Detroit Edison for general corporate purposes pursuant to a separate Loan Agreement. At December 31, 1999, approximately \$323 million was available to Detroit Edison under such Loan Agreement.

Detroit Edison had a \$200 million short-term financing agreement secured by its customer accounts receivable and unbilled revenues portfolio under which \$200 million was outstanding at December 31, 1999 at a weighted average interest rate of 6.1%. At December 31, 1998, there were no amounts outstanding.

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At December 31, 1999, DTE Capital Corporation (DTE Capital), a Company subsidiary, had short-term credit arrangements of \$400 million backed by a Support Agreement from the Company, under which \$25 million was outstanding. The credit agreement provides support for DTE Capital's commercial paper. At December 31, 1998, there was no commercial paper outstanding. In addition, the Company has entered into a total of \$550 million of Support Agreements with DTE Capital for the purpose of DTE Capital's credit enhancing activities on behalf of DTE Energy non-regulated affiliates.

NOTE 10 — LEASES

Future minimum lease payments under capital leases, consisting of nuclear fuel (\$72 million computed on a projected units of production basis), lake vessels (\$19 million), locomotives and coal cars (\$157 million), office space (\$11 million), and computers, vehicles and other equipment (\$2 million) at December 31, 1999 are as follows:

(Millions)

2000	2001	2002	2003	2004	Remaining Years	Total
\$48	\$42	\$35	\$21	\$14	\$101	\$261

Future minimum lease payments for an operating lease for railcars are as follows:

(Millions)

2000	2001	2002	2003	2004	Remaining Years	Total
\$9	\$9	\$9	\$8	\$8	\$40	\$83

Rental expenses for both capital and operating leases were \$107 million (including \$52 million for nuclear fuel), \$96 million (including \$49 million for nuclear fuel) and \$72 million (including \$42 million for nuclear fuel) for 1999, 1998 and 1997, respectively.

Detroit Edison has a contract with Renaissance which provides for the purchase by Renaissance for Detroit Edison of up to \$400 million of nuclear fuel, subject to the continued availability of funds to Renaissance to purchase such fuel. Title to the nuclear fuel is held by Renaissance. Detroit Edison makes quarterly payments under the contract based on the consumption of nuclear fuel for the generation of electricity.

NOTE 11 — FINANCIAL INSTRUMENTS

Trading Activities

DTE ET markets and trades electricity and natural gas physical products and financial instruments, and provides risk management services utilizing energy commodity derivative instruments which include futures, exchange traded and over-the-counter options, and forward purchase and sale commitments. The notional amounts and

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terms of DTE ET's outstanding energy trading financial instruments and the fair values of DTE ET's energy commodity derivative instruments were not material at December 31, 1999.

Market Risk

DTE ET manages, on a portfolio basis, the market risks inherent in its activities subject to parameters established by the Company's Risk Management Committee (RMC), which is authorized by its Board of Directors. Market risks are monitored by the RMC to ensure compliance with the Company's stated risk management policies. DTE ET marks its portfolio to market and measures its risk on a daily basis in accordance with Value at Risk (VaR) and other risk methodologies. The quantification of market risk using VaR provides a consistent measure of risk across diverse energy markets and products.

Credit Risk

DTE ET is exposed to credit risk in the event of nonperformance by customers or counterparties of its contractual obligations. The concentration of customers and/or counterparties may impact overall exposure to credit risk, either positively or negatively, in that the counterparties may be similarly affected by changes in economic, regulatory or other conditions. However, DTE ET maintains credit policies with regard to its customers and counterparties that management believes significantly minimize overall credit risk. These policies include an evaluation of potential customers' and counterparties' financial condition and credit rating, collateral requirements or other credit enhancements such as letters of credit or guarantees, and the use of standardized agreements which allow for the netting or offsetting of positive and negative exposures associated with a single counterparty. Based on these policies, the Company does not anticipate a materially adverse effect on financial position or results of operations as a result of customer or counterparty nonperformance. Those futures and option contracts which are traded on the New York Mercantile Exchange are financially guaranteed by the Exchange and have nominal credit risk.

Non-Trading Activities

Interest Rate Swaps

In October 1996, Detroit Edison entered into a three-year interest rate swap agreement based on a notional amount of \$25 million, which was nominally linked to the Detroit Edison 1993 Series B Remarketed Notes. In 1999 and 1998, the average rate received was 5.12% and 5.68%, respectively, and the average rate paid was 4.71% and 5.02%, respectively. The net of interest received and interest paid on the swap was accrued as a component of interest expense in the current period.

PCI Enterprises Company (PCI), a coal pulverizing subsidiary, entered into a seven-year interest rate swap agreement beginning June 30, 1997, with the intent of reducing the impact of changes in interest rates on its variable rate non-recourse debt. The initial notional amount was \$30 million which was based on 60% of its term loan of \$50 million.

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The notional amount outstanding at December 31, 1999 and 1998, was \$24 million and \$27 million, respectively, and will decline throughout the term of the loan based on amortization of principal amounts. PCI pays a fixed interest rate of 6.96% on the notional amount and receives a variable interest rate based on LIBOR. In 1999 and 1998, the average rate received was 5.28% and 5.65%, respectively. The net of interest received and interest paid on the swap is accrued as a component of interest expense in the current period.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The carrying amount of financial instruments, except for long-term debt, approximates fair value. The estimated fair value of total long-term debt at December 31, 1999 and 1998 was \$4 billion and \$4.8 billion, respectively, compared to the carrying amount of \$4.2 billion and \$4.5 billion, respectively.

NOTE 12 — COMMITMENTS AND CONTINGENCIES

Commitments

Detroit Edison has outstanding purchase commitments of approximately \$850 million at December 31, 1999, which includes, among other things, line construction and clearance costs and equipment purchases. The Company and Detroit Edison have also entered into long-term

fuel supply commitments of approximately \$621 million.

Detroit Edison has an Energy Purchase Agreement (Agreement) for the purchase of steam and electricity from the Detroit Resource Recovery Facility. Under the Agreement, Detroit Edison will purchase steam through 2008 and electricity through June 2024. In 1996, a special charge to net income of \$149 million (\$97 million after-tax) or \$0.67 cents per share was recorded. The special charge included a reserve for steam purchase commitments from 1997 through 2008 and expenditures for closure of a portion of the steam heating system. The reserve for steam purchase commitments was recorded at its present value, therefore Detroit Edison will record non-cash accretion expense through 2008. In addition, amortization of the reserve for steam purchase commitments is netted against losses on steam heating purchases recorded in fuel and purchased power expense. Purchases of steam and electricity were \$35 million, \$31 million and \$34 million for 1999, 1998 and 1997, respectively. Annual steam purchase commitments are approximately \$38 million, \$39 million, \$40 million, \$42 million and \$43 million for 2000, 2001, 2002, 2003 and 2004, respectively.

In October 1995, the MPSC issued an Order approving Detroit Edison's six-year capacity and energy purchase agreement with Ontario Hydro. Ontario Hydro agreed to sell Detroit Edison 300 MW of capacity from mid-May through mid-September. This purchase will offset a concurrent agreement to lease approximately a third of Detroit Edison's Ludington 917 MW capacity to FirstEnergy for the same time period. The net economic effect of Ludington lease and the Ontario Hydro purchase is an estimated reduction in PSCR expense of \$74 million.

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Contingencies

Legal Proceedings

Detroit Edison and plaintiffs in a class action pending in the Circuit Court for Wayne County, Michigan (Gilford, et al v. Detroit Edison), as well as plaintiffs in two other pending actions which make class claims (Sanchez, et al v. Detroit Edison, Circuit Court for Wayne County, Michigan; and Frazier v. Detroit Edison, United States District Court, Eastern District of Michigan), agreed to binding arbitration to settle these matters. A Consent Judgment received preliminary Court approval. On October 28, 1999, a panel of arbitrators awarded the plaintiffs \$45.15 million. As a result of sufficient prior accruals and anticipated insurance coverage, Detroit Edison did not incur a material 1999 earnings impact due to this award. Detroit Edison anticipates that the insurance claims process will conclude favorably. While Detroit Edison can give no assurances as to the final resolution of the claims process, it does not believe that an unfavorable earnings impact will result.

Other

In addition to the matters reported herein, the Company and its subsidiaries are involved in litigation and environmental matters dealing with the numerous aspects of their business operations. The Company believes that such litigation and the matters discussed above will not have a material effect on its financial position, results of operations and cash flows.

See Notes 3 and 4 for a discussion of contingencies related to Regulatory Matters and Fermi 2.

NOTE 13 — EMPLOYEE BENEFITS

Retirement Plan

Detroit Edison has a trustee and non-contributory defined benefit retirement plan (Plan) covering all eligible employees who have completed six months of service. The Plan provides retirement benefits based on the employees' years of benefit service, average final compensation and age at retirement. Detroit Edison's policy is to fund pension cost calculated under the projected unit credit actuarial cost method.

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Net pension cost included the following components:

	1999	1998	1997
		(Millions)	
Service cost – benefits earned during period	\$ 35	\$ 31	\$ 27
Interest cost on projected benefit obligation	92	88	86
Expected return on Plan assets	(124)	(118)	(104)
Amortization of unrecognized prior service cost	5	5	5
Amortization of unrecognized net asset resulting from initial application	(4)	(4)	(4)
Net pension cost	\$ 4	\$ 2	\$ 10

The following reconciles the funded status of the Plan to the amount recorded in the Consolidated Balance Sheet at December 31:

	1999	1998
	(Millions)	
Projected benefit obligation at beginning of year	\$ 1,400	\$1,294
Service cost – benefits earned during period	35	31
Interest cost on projected benefit obligation	92	88
Net (gain) loss	(49)	61
Benefits paid to participants	(77)	(74)
Plan amendments	56	—
Projected benefit obligation at end of year	1,457	1,400
Fair value of Plan assets (primarily equity and debt securities) at beginning of year	1,416	1,347
Actual return on Plan assets	246	143
Benefits paid to participants	(77)	(74)
Fair value of Plan assets at end of year	1,585	1,416
Plan assets in excess of projected benefit obligation	128	16
Unrecognized net (asset) resulting from initial application	(11)	(15)
Unrecognized net (gain) loss	(136)	31
Unrecognized prior service cost	94	47
Asset recorded in the Consolidated Balance Sheet	\$ 75	\$ 79

Assumptions used in determining the projected benefit obligation at December 31 were as follows:

	1999	1998
Discount rate	7.5%	6.5%
Annual increase in future compensation levels	4.0	4.0
Expected long-term rate of return on Plan assets	9.5	9.0

The unrecognized net asset at date of initial application is being amortized over approximately 15.4 years, which was the average remaining service period of employees at January 1, 1987.

In addition to the Plan, there are several supplemental non-qualified, non-contributory, retirement benefit plans for certain management employees.

Savings and Investment Plans

Detroit Edison has voluntary defined contribution plans qualified under Section 401 (a) and (k) of the Internal Revenue Code for all eligible employees. Detroit Edison contributes up to 6% of base compensation for non-represented employees and up to 4% for represented employees. Matching contributions were \$21 million, \$21 million and \$20 million for 1999, 1998 and 1997, respectively.

Other Postretirement Benefits

Detroit Edison provides certain postretirement health care and life insurance benefits for retired employees. Substantially all of Detroit Edison's employees will become eligible for such benefits if they reach retirement age while working for Detroit Edison. These benefits are provided principally through insurance companies and other organizations.

Net other postretirement benefits cost included the following components:

	1999	1998	1997
	(Millions)		
Service cost – benefits earned during period	\$ 23	\$ 19	\$ 19
Interest cost on accumulated benefit obligation	41	38	39
Expected return on assets	(39)	(30)	(20)
Amortization of unrecognized transition obligation	21	21	21

Net other postretirement benefits cost

\$ 46 \$ 48 \$ 59

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The following reconciles the funded status to the amount recorded in the Consolidated Balance Sheet at December 31:

	1999	1998
	(Millions)	
Postretirement benefit obligation at beginning of year	\$ 625	\$ 580
Service cost – benefits earned during period	23	19
Interest cost on accumulated benefit obligation	43	38
Benefit payments	(29)	(27)
Net (gain) loss	(55)	15
Postretirement benefit obligation at end of year	607	625
Fair value of assets (primarily equity and debt securities) at beginning of year	422	309
Detroit Edison contributions	26	57
Benefit payments	(8)	—
Actual return on assets	61	56
Fair value of assets at end of year	501	422
Postretirement benefit obligation in (excess) of assets	(106)	(203)
Unrecognized transition obligation	267	287
Unrecognized net (gain)	(105)	(28)
Asset recorded in the Consolidated Balance Sheet	\$ 56	\$ 56

Assumptions used in determining the postretirement benefit obligation at December 31 were as follows:

	1999	1998
Discount rate	7.5%	6.5%
Annual increase in future compensation levels	4.0	4.0
Expected long-term rate of return on assets	9.0	8.5

Benefit costs were calculated assuming health care cost trend rates beginning at 8% for 2000 and decreasing to 5% in 2007 and thereafter for persons under age 65 and decreasing from 5.8% to 5% for persons age 65 and over. A one-percentage-point increase in health care cost trend rates would increase the aggregate of the service cost and interest cost components of benefit costs by \$11 million for 1999 and increase the accumulated benefit obligation by \$86 million at December 31, 1999. A one-percentage-point decrease in the health care cost trend rates would decrease the aggregate of the service cost and interest cost components of benefit costs by \$9 million for 1999 and decrease the accumulated benefit obligation by \$70 million at December 31, 1999.

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NOTE 14 — STOCK-BASED COMPENSATION

The Company adopted a Long-Term Incentive Plan (LTIP) in 1995. Under the LTIP, certain key employees may be granted restricted common stock, stock options, stock appreciation rights, performance shares and performance units. Common stock granted under the LTIP may not exceed 7.2 million shares. Performance units (which have a face amount of \$1) granted under the LTIP may not exceed 25 million in the aggregate. As of December 31, 1999, no stock appreciation rights, performance shares or performance units have been granted under the LTIP.

Under the LTIP, shares of restricted common stock were awarded and are restricted for a period not exceeding four years. All shares are subject to forfeiture if specified performance measures are not met. During the applicable restriction period, the recipient has all the voting, dividend and other rights of a record holder except that the shares are nontransferable, and non-cash distributions paid upon the shares would be subject to transfer restrictions and risk of forfeiture to the same extent as the shares themselves. The shares were recorded at the market value on the date of grant and amortized to expense based on the award that was expected to vest and the period during which the

related employee services were to be rendered. Restricted common stock activity for the year ended December 31 was:

	1999	1998	1997
Restricted common shares awarded	99,500	74,000	68,500
Weighted average market price of shares awarded	\$ 40.99	\$ 38.77	\$ 28.38
Compensation cost charged against income (thousands)	\$ 945	\$ 976	\$ 222

Stock options were also issued under the LTIP. Options are exercisable at a rate of 25% per year during the four years following the date of grant. The options will expire 10 years after the date of the grant. The option exercise price equals the fair market value of the stock on the date that the option was granted. Stock option activity was as follows:

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	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 1997	—	—
Granted	310,500	\$ 28.38
Outstanding at December 31, 1997 (none exercisable)	310,500	28.38
Granted	319,500	38.38
Exercised	(22,625)	28.50
Outstanding at December 31, 1998 (58,750 exercisable)	607,375	33.70
Granted	428,000	41.30
Exercised	(11,675)	30.99
Canceled	(24,625)	31.96
Outstanding at December 31, 1999 (194,371 exercisable at a weighted average exercise price of \$32.35)	999,075	37.03

The range of exercise prices for options outstanding at December 31, 1999 was \$28.50 to \$43.85. The number, weighted average exercise price and weighted average remaining contractual life of options outstanding was as follows:

Range of Exercise Prices	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
\$28.50 - \$34.75	282,825	\$ 28.68	7.2 years
\$38.04 - \$43.85	716,250	\$ 40.32	8.9 years
	999,075	\$ 37.03	8.4 years

The Company applies APB Opinion 25, "Accounting for Stock Issued to Employees." Accordingly, no compensation expense has been recorded for options granted. As required by SFAS No. 123, "Accounting for Stock-Based Compensation," the Company has determined the pro forma information as if the Company had accounted for its employee stock options under the fair value method. The fair value for these options was estimated at the date of grant using a modified Black/Scholes option pricing model — American style and the following weighted average assumptions:

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	1999	1998	1997
Risk-free interest rate	5.64%	5.84%	6.83%
Dividend yield	4.95%	5.39%	7.26%
Expected volatility	17.28%	17.48%	18.31%
Expected life	10 years	10 years	10 years

Fair value per option \$ 7.18 \$ 6.43 \$ 4.15

The pro forma effect of these options would be to reduce net income by \$1,289,000, \$695,000 and \$244,000 for the years ended December 31, 1999, 1998 and 1997, respectively, and to reduce earnings per share by \$0.01 for the year-ended December 31, 1999. There was no pro forma effect on earnings per share for the years ended December 31, 1998 and 1997.

NOTE 15 — SEGMENT AND RELATED INFORMATION

The Company's reportable business segment is its regulated electric utility, Detroit Edison, which is engaged in the generation, purchase, transmission, distribution and sale of electric energy in a 7,600 square mile area in Southeastern Michigan. All other includes non-regulated energy-related businesses and services, which develop and manage electricity and other energy-related projects, and engage in domestic energy trading and marketing. Inter-segment revenues are not material. Income taxes are allocated based on intercompany tax sharing agreements, which generally allocate the tax benefit of alternative fuels tax credits and accelerated depreciation to the respective subsidiary, without regard to the subsidiary's own net income or whether such tax benefits are realized by the Company. Financial data for business segments are as follows:

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	Regulated Electric Utility	All Other	Reconciliations and Eliminations	Consolidated
1999			(Millions)	
Operating revenues	\$ 4,047	\$ 681	\$ —	\$ 4,728
Depreciation and amortization	703	32	—	735
Interest expense	284	26	30	340
Income tax expense (benefit)	211	(140)	(11)	60
Net income	434	69	(20)	483
Total assets	11,051	1,160	105	12,316
Capital expenditures	638	130	—	768
1998			(Millions)	
Operating revenues	\$ 3,902	\$ 319	\$ —	\$ 4,221
Depreciation and amortization	643	18	—	661
Interest expense	277	34	8	319
Income tax expense (benefit)	260	(100)	(6)	154
Net income	412	42	(11)	443
Total assets	10,987	937	164	12,088
Capital expenditures	548	449	—	997
1997			(Millions)	
Operating revenues	\$ 3,657	\$ 107	\$ —	\$ 3,764
Depreciation and amortization	658	2	—	660
Interest expense	282	16	(1)	297
Income tax expense (benefit)	288	(30)	(1)	257
Net income	405	14	(2)	417
Total assets	10,745	448	30	11,223
Capital expenditures	467	233	—	700

NOTE 16 — SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	1999 Quarter Ended			
	Mar. 31	Jun. 30	Sep. 30	Dec. 31
	(Millions, except per share amounts)			
Operating Revenues	\$1,024	\$ 1,150	\$1,440	\$ 1,114
Operating Income	215	211	281	194
Net Income	115	110	161	97
Earnings Per Common Share	0.79	0.76	1.11	0.67

1998 Quarter Ended

	Mar. 31	Jun. 30	Sep. 30	Dec. 31
	(Millions, except per share amounts)			
Operating Revenues	\$ 945	\$ 1,064	\$ 1,199	\$ 1,013
Operating Income	233	248	266	190
Net Income	104	101	132	106
Earnings Per Common Share	0.72	0.69	0.91	0.73

Item 9 — Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III**Items 10, 11, 12 and 13**

Information required by Part III (Items 10, 11, 12 and 13) of this Form 10-K is incorporated by reference from the Company's definitive Proxy Statement for its 2000 Annual Meeting of Common Shareholders to be held April 14, 2000, which will be filed with the Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after the end of the Company's fiscal year covered by this report on Form 10-K, all of which information is hereby incorporated by reference in, and made part of, this Form 10-K, except that the information required by Item 10 with respect to executive officers of the Registrant is included in Part I of this report.

Annual Report on Form 10-K for The Detroit Edison Company
PART I

Item 1 — Business.

See the Company's "Item 1 — Business" which is incorporated herein by this reference.

Executive Officers of the Registrant

Name	Age(a)	Present Position	Present Position Held Since
Anthony F. Earley, Jr.	50	Chairman of the Board, Chief Executive Officer, President, Chief Operating Officer, and Member of the Office of the President	8-1-98
Larry G. Garberding	61	Executive Vice President and Chief Financial Officer	8-1-90
Gerard M. Anderson	41	Member of the Office of the President since December 1998	8-1-98
Robert J. Buckler	50	President and Chief Operating Officer — DTE Energy Resources, and Member of the Office of the President	8-1-98
Daniel G. Brudzynski	39	President and Chief Operating Officer — DTE Energy Distribution, and Member of the Office of the President	4-28-99
Michael E. Champley	51	Controller	4-1-97
Douglas R. Gipson	52	Senior Vice President	4-1-93
S. Martin Taylor	59	Senior Vice President	4-28-99
Susan M. Beale	51	Vice President and Corporate Secretary	3-27-95
Leslie L. Loomans	56	Vice President and Treasurer	10-1-89
Ron A. May	48	Vice President	8-1-98
David E. Meador	42	Vice President	4-28-99
Sandra J. Miller	56	Vice President	3-30-98
Christopher C. Nern	55	Vice President and General Counsel	6-1-93
Michael C. Porter	46	Vice President	9-22-97
William R. Roller	54	Vice President	4-22-96

(a) As of December 31, 1999

Under Detroit Edison By-Laws, the officers of Detroit Edison are elected annually by the Board of Directors at a meeting held for such purpose, each to serve until the next annual meeting of directors or until their respective successors are chosen and qualified. With the exception of Messrs. Brudzynski, Meador and Porter, all of the above officers have been employed by Detroit Edison in one or more management capacities during the past five years.

Daniel G. Brudzynski was Manager, Product Development Finance and Manager, Forecasting Redesign and Implementation at Chrysler Corporation, an international automotive manufacturer, from 1995 until 1997. He joined Detroit Edison in 1997 as Assistant Controller and effective April 28, 1999 he was elected Controller and appointed Assistant Vice President.

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David E. Meador was Controller, Mopar Parts Division, at Chrysler Corporation, an international automotive manufacturer, from November 1996 until February 1997. From 1986 to 1996, he held a variety of executive financial positions at Chrysler. Effective February 28, 1997, he was elected Vice President and effective March 29, 1997, he assumed the duties of Controller. Effective April 28, 1999, he was elected Vice President – Finance and Accounting.

Michael C. Porter was Senior Vice President and Managing Director at McCann-Erickson in Detroit from 1994 to September 1997 and Vice President of Marketing for The Stroh Brewery Company in Detroit from 1990 to 1994. Effective September 22, 1997, he was elected Vice President — Corporate Communications.

Item 2 — Properties.

See the Company's "Item 2 — Properties — Detroit Edison," which is incorporated herein by this reference.

Item 3 — Legal Proceedings.

See the Company's "Item 3 — Legal Proceedings," which is incorporated herein by this reference.

In a lawsuit filed in January 1999 in the Circuit Court for Wayne County Michigan (Cook, et al v. Detroit Edison), a number of individual plaintiffs have claimed employment-related sex, gender and race discrimination, as well as harassment. A hearing on plaintiffs' request for class action has not yet been held. Detroit Edison believes the claims are without merit and class action certification is not appropriate.

Item 4 — Submission of Matters to a Vote of Security Holders.

Not applicable.

PART II

Item 5 — Market for Registrant's Common Equity and Related Stockholder Matters.

See the Company's "Item 5 — Market for Registrant's Common Equity and Related Stockholder Matters," the third paragraph of which is incorporated herein by this reference. Detroit Edison's By-Laws contain this same provision with respect to the Michigan Business Corporation Act. All of Detroit Edison's Common Stock is held by the Company.

The amount of future dividends paid by Detroit Edison to the Company will depend on Detroit Edison's earnings, financial condition and other factors, including the effects of utility restructuring and a transition to competition, each of which is periodically reviewed by Detroit Edison's Board of Directors.

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Item 6 — Selected Financial Data.

	Year Ended December 31				
	1999	1998	1997	1996	1995
			(Millions)		
Operating Revenues	\$ 4,047	\$ 3,902	\$ 3,657	\$ 3,642	\$ 3,636
Net Income	\$ 434	\$ 418	\$ 417	\$ 328	\$ 434
Net Income Available for Common Stock	\$ 434	\$ 412	\$ 405	\$ 312	\$ 406
At year end:					
Total Assets	\$11,051	\$10,987	\$10,745	\$10,874	\$11,131
Long-Term Debt Obligations (including capital leases)					

and Redeemable Preferred and Preference Stock Outstanding	\$3,398	\$ 3,588	\$ 3,812	\$ 4,000	\$ 4,004
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Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations.

See the Company's and Detroit Edison's "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations," which is incorporated herein by this reference.

Item 8 — Financial Statements and Supplementary Data.

See pages 30 through 70 (except for Notes 6, 8 and 16 below).

NOTE 6 — INCOME TAXES

Total income tax expense as a percent of income before tax varies from the statutory federal income tax rate for the following reasons:

	1999	1998	1997
Statutory income tax rate	35.0%	35.0%	35.0%
Deferred Fermi 2 depreciation and return	—	3.5	4.5
Investment tax credit	(1.6)	(2.1)	(2.0)
Depreciation Removal costs	1.2	4.5	4.5
Other-net	(1.9)	(1.7)	(1.5)
	—	(0.9)	0.4
Effective income tax rate	32.7%	38.3%	40.9%

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Components of income tax expense are as follows:

	1999	1998	1997
		(Millions)	
Current federal tax expense	\$282	\$ 280	\$308
Deferred federal tax benefit — net	(60)	(5)	(6)
Investment tax credits	(11)	(15)	(14)
Total	\$211	\$ 260	\$288

Deferred income tax assets (liabilities) are comprised of the following at December 31:

	1999	1998
	(Millions)	
Property	\$(1,197)	\$(1,139)
Unamortized nuclear costs	(899)	(983)
Property taxes	(66)	(65)
Investment tax credit	96	154
Reacquired debt losses	(30)	(32)
Contributions in aid of construction	73	63
Other	83	96
	\$(1,940)	\$(1,906)
Deferred income tax liabilities	\$(2,372)	\$(2,403)
Deferred income tax assets	432	497
	\$(1,940)	\$(1,906)

NOTE 8 — LONG-TERM DEBT

Long-term debt outstanding at December 31 was:

	1999	1998
	(Millions)	
Mortgage Bonds		
5.6% to 8.4% due 2000 to 2023	\$1,539	\$1,742
Remarketed Notes		
6.0% to 6.4% due 2028 to 2034 (a)	410	410
Tax Exempt Revenue Bonds		
Secured by Mortgage Bonds		
Installment Sales Contracts 6.9% due 2004 to 2024 (b)	176	282
Loan Agreements 6.3% due 2008 to 2029 (b)	831	607
	75	
Unsecured		
Installment Sales Contracts 6.4% due 2004	24	142
Loan Agreements 3.6% due 2024 to 2030 (a)	113	113
QUIDS		
7.4% to 7.6% due 2026 to 2028	385	385
Less amount due within one year	(194)	(219)
Total Long-Term Debt	\$3,284	\$3,462

(a) Variable rate at December 31, 1999.

(b) Weighted average interest rate at December 31, 1999.

In the years 2000 – 2004, Detroit Edison's long-term debt maturities are \$194, \$159, \$198, \$199 and \$49 million, respectively.

Detroit Edison's 1924 Mortgage and Deed of Trust (Mortgage), the lien of which covers substantially all of Detroit Edison's properties, provides for the issuance of additional General and Refunding Mortgage Bonds (Mortgage Bonds). At December 31, 1999, approximately \$4.1 billion principal amount of Mortgage Bonds could have been issued on the basis of property additions, combined with an earnings test provision, assuming an interest rate of 8% on any such additional Mortgage Bonds. An additional \$1.9 billion principal amount of Mortgage Bonds could have been issued on the basis of bond retirements.

Unless an event of default has occurred, and is continuing, each series of Quarterly Income Debt Securities (QUIDS) provides that interest will be paid quarterly. However, Detroit Edison also has the right to extend the interest payment period on the QUIDS for up to 20 consecutive interest payment periods. Interest would continue to accrue during the deferral period. If this right is exercised, Detroit Edison may not declare or pay dividends on, or redeem, purchase or acquire, any of its capital stock during the deferral period. Detroit Edison may redeem any series of capital stock pursuant to the terms of any sinking fund provisions during the deferral period. Additionally, during any deferral period, Detroit Edison may not enter into any inter-company transactions with any affiliate of Detroit Edison, including the Company, to enable the payment of dividends on any equity securities of the Company.

At December 31, 1999, \$113 million of notes and bonds were subject to periodic remarketings within one year. Remarketing agents remarket these securities at the lowest interest rate necessary to produce a par bid. In the event that a remarketing fails, Standby Note Purchase Agreements and/or Letters of Credit provide that banks will purchase the securities and, after the conclusion of all necessary proceedings, remarket the bonds. In the event the banks' obligations under the Standby Note Purchase Agreements and/or Letters of Credit are not honored, then, Detroit Edison would be required to purchase any bonds subject to a failed remarketing.

NOTE 16 — SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

1999 Quarter Ended				
	Mar. 31	June 30	Sept. 30	Dec. 31
	(Millions)			
Operating Revenues	\$ 911	\$ 1,006	\$ 1,211	\$ 919
Operating Income	224	225	286	200
Net Income	104	107	138	85

1998 Quarter Ended				
	Mar. 31	June 30	Sept. 30	Dec. 31
	(Millions)			
Operating Revenues	\$ 901	\$ 992	\$ 1,105	\$ 904
Operating Income	237	248	284	201
Net Income	98	95	125	100

Item 9 -Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Items 10, 11, 12 and 13

See the Company's "Items 10, 11, 12 and 13" which is incorporated herein by this reference, except for the information required by Item 10 with respect to executive officers of the Registrant which is included in Part 1 of this report. All of Detroit Edison's directors are the same as the Company's directors.

**Annual Reports on Form 10-K for DTE Energy Company
and The Detroit Edison Company**

PART IV

Item 14 — Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) The following documents are filed as a part of this Annual Report on Form 10-K.

(1) Consolidated financial statements. See "Item 8 - Financial Statements and Supplementary Data" on page 30.

(2) Financial statement schedules. See "Item 8 — Financial Statements and Supplementary Data" on page 30.

(3) Exhibits (*Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit to this report pursuant to Item 14 (c) of this report).

(i) Exhibits filed herewith.

Exhibit Number	
2-1-	Agreement and Plan of Merger, among DTE Energy, MCN Energy Group Inc. and DTE Enterprises, Inc., dated as of October 4, 1999 and amended as of November 12, 1999.
4-205-	Supplemental Indenture, dated as of January 1, 2000, creating the General and Refunding Mortgage Bonds of 2000 Series A.
11-8 -	DTE Energy Company Basic and Diluted Earnings Per Share of Common Stock.
12-21-	DTE Energy Company Computation of Ratio of Earnings to Fixed Charges.
12-22-	The Detroit Edison Company Computation of Ratio of Earnings to Fixed Charges.
12-23-	The Detroit Edison Company Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.
21-4 -	Subsidiaries of the Company and Detroit Edison.
23-13-	Consent of Deloitte & Touche LLP.
27-31-	Financial Data Schedule for the period ended December 31, 1999 for DTE Energy Company.

- 99-32- Third Amended and Restated Credit Agreement, Dated as of January 18, 2000 among DTE Capital Corporation, the Initial Lenders, Citibank, N.A., as Agent, and ABN AMRO Bank N.V., Bank One N.A., Barclays Bank PLC, Bayerische Landesbank Girozertrale, Cayman Islands Branch, Comerica Bank and Den Danske Bank Aktieselskab, as Co-Agents.

(ii) Exhibits incorporated herein by reference.

- 3(a) - Amended and Restated Articles of Incorporation of DTE Energy Company, dated December 13, 1995. (Exhibit 3-5 to Form 10-Q for quarter ended September 30, 1997)
- 3(b) - Certificate of Designation of Series A Junior Participating Preferred Stock of DTE Energy Company. Exhibit 3-6 to Form 10-Q for quarter ended September 30, 1997.)
- 3(c) - Restated Articles of Incorporation of Detroit Edison, as filed December 10, 1991 with the State of Michigan, Department of Commerce — Corporation and Securities Bureau (Exhibit 3-13 to Form 10-Q for quarter ended June 30, 1999.)
- 3(d) - Articles of Incorporation of DTE Enterprises, Inc. (Exhibit 3.5 to Registration No. 333-89175.)
- 3(e) - Rights Agreement, dated as of September 23, 1997, by and between DTE Energy Company and The Detroit Edison Company, as Rights Agent (Exhibit 4-1 to DTE Energy Company Current Report on Form 8-K, dated September 23, 1997.)
- 3(f) - Agreement and Plan of Exchange (Exhibit 1(2) to DTE Energy Form 8-B filed January 2, 1996, File No. 1-11607.)
- 3(g) - Bylaws of DTE Energy Company, as amended through September 22, 1999. (Exhibit 3-3 to Registration No. 333-89175.)
- 3(h) - Bylaws of The Detroit Edison Company, as amended through September 22, 1999. (Exhibit 3-14 to Form 10-Q for quarter ended September 30, 1999.)
- 3(i) - Bylaws of DTE Enterprises, Inc. (Exhibit 3.6 to Registration No. 333-89175.)
- 4(a) - Mortgage and Deed of Trust, dated as of October 1, 1924, between Detroit Edison (File No. 1-2198) and Bankers Trust Company as Trustee (Exhibit B-1 to Registration No. 2-1630) and indentures supplemental thereto, dated as of dates indicated below, and filed as exhibits to the filings as set forth below:

September 1, 1947	Exhibit B-20 to Registration No. 2-7136
November 15, 1971	Exhibit 2-B-38 to Registration No. 2-42160
January 15, 1973	Exhibit 2-B-39 to Registration No. 2-46595
June 1, 1978	Exhibit 2-B-51 to Registration No. 2-61643
June 30, 1982	Exhibit 4-30 to Registration No. 2-78941
August 15, 1982	Exhibit 4-32 to Registration No. 2-79674
October 15, 1985	Exhibit 4-170 to Form 10-K for year ended December 31, 1994
November 30, 1987	Exhibit 4-139 to Form 10-K for
July 15, 1989	year ended December 31, 1992 Exhibit 4-171 to Form 10-K for year ended December 31, 1994
December 1, 1989	Exhibit 4-172 to Form 10-K for year ended December 31, 1994
February 15, 1990	Exhibit 4-173 to Form 10-K for year ended December 31, 1994
April 1, 1991	Exhibit 4-15 to Form 10-K for year ended December 31, 1996
November 1, 1991	Exhibit 4-181 to Form 10-K for year ended December 31, 1996
January 15, 1992	Exhibit 4-182 to Form 10-K for year ended December 31, 1996
February 29, 1992	Exhibit 4-187 to Form 10-Q for quarter ended March 31,

	1998
April 15, 1992	Exhibit 4-188 to Form 10-Q for quarter ended March 31, 1998
July 15, 1992	Exhibit 4-189 to Form 10-Q for quarter ended March 31, 1998
July 31, 1992	Exhibit 4-190 to Form 10-Q for quarter ended September 30, 1992
January 1, 1993	Exhibit 4-131 to Registration No. 33-56496
March 1, 1993	Exhibit 4-191 to Form 10-Q for quarter ended March 31, 1998
March 15, 1993	Exhibit 4-192 to Form 10-Q for quarter ended March 31, 1998
April 1, 1993	Exhibit 4-143 to Form 10-Q for quarter ended March 31, 1993
April 26, 1993	Exhibit 4-144 to Form 10-Q for quarter ended March 31, 1993
May 31, 1993	Exhibit 4-148 to Registration No. 33-64296
June 30, 1993	Exhibit 4-149 to Form 10-Q for quarter ended June 30, 1993 (1993 Series AP)
June 30, 1993	Exhibit 4-150 to Form 10-Q for quarter ended June 30, 1993 (1993 Series H)
September 15, 1993	Exhibit 4-158 to Form 10-Q for quarter ended September 30, 1993
March 1, 1994	Exhibit 4-163 to Registration No. 33-53207
June 15, 1994	Exhibit 4-166 to Form 10-Q for quarter ended June 30, 1994

August 15, 1994	Exhibit 4-168 to Form 10-Q for quarter ended September 30, 1994
December 1, 1994	Exhibit 4-169 to Form 10-K for year ended December 31, 1994
August 1, 1995	Exhibit 4-174 to Form 10-Q for quarter ended September 30, 1995
August 1, 1999	Exhibit 4-204 to Form 10-Q for quarter ended September 30, 1999
August 15, 1999	Exhibit 4-205 to Form 10-Q for quarter ended September 30, 1999

- 4(b) - Collateral Trust Indenture (notes), dated as of June 30, 1993 (Exhibit 4-152 to Registration No. 33-50325).
- 4(c) - First Supplemental Note Indenture, dated as of June 30, 1993 (Exhibit 4-153 to Registration No. 33-50325).
- 4(d) - Second Supplemental Note Indenture, dated as of September 15, 1993 (Exhibit 4-159 to Form 10-Q for quarter ended September 30, 1993).
- 4(e) - First Amendment, dated as of August 15, 1996, to Second Supplemental Note Indenture (Exhibit 4-17 to Form 10-Q for quarter ended September 30, 1996).
- 4(f) - Third Supplemental Note Indenture, dated as of August 15, 1994 (Exhibit 4-169 to Form 10-Q for quarter ended September 30, 1994).
- 4(g) - First Amendment, dated as of December 12, 1995, to Third Supplemental Note Indenture, dated as of August 15, 1994 (Exhibit 4-12 to Registration No. 333-00023).
- 4(h) - Sixth Supplemental Note Indenture, dated as of May 1, 1998, between Detroit Edison and Bankers Trust Company, as Trustee, creating the 7.54% Quarterly Income Debt Securities ("QUIDS"), including form of QUIDS. (Exhibit 4-193 to Form 10-Q for quarter ended June 30, 1998.)
- 4(i) - Seventh Supplemental Note Indenture, dated as of October 15, 1998, between Detroit Edison and Bankers Trust Company, as Trustee, creating the 7.375% QUIDS, including form of QUIDS. (Exhibit 4-198 to Form 10-K for year ended December 31, 1998.)
- 4(j) - Standby Note Purchase Credit Facility, dated as of August 17, 1994, among The Detroit Edison Company, Barclays Bank PLC, as Bank and Administrative Agent, Bank of America, The Bank of New York, The Fuji Bank Limited, the Long-Term Credit Bank of Japan, LTD, Union Bank and Citicorp Securities, Inc. and First Chicago Capital Markets, Inc. as Remarketing Agents (Exhibit 99-18 to Form 10-Q for quarter ended September 30, 1994.)

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- 4(k)- \$60,000,000 Support Agreement dated as of January 21, 1998 between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-183 to Form 10-K for year ended December 31, 1997.)
 - 4(l) - \$100,000,000 Support Agreement, dated as of June 16, 1998, between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-194 to Form 10-Q for quarter ended June 30, 1998.)
 - 4(m)- \$300,000,000 Support Agreement, dated as of November 18, 1998, between DTE Energy and DTE Capital Corporation. (Exhibit 4-199 to Form 10-K for year ended December 31, 1998.)
 - 4(n) - \$400,000,000 Support Agreement, dated as of January 19, 1999, between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-201 to Form 10-K for year ended December 31, 1998.)
 - 4(o) - \$40,000,000 Support Agreement, dated as of February 24, 1999 between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-202 to Form 10-Q for quarter ended March 31, 1999.)
 - 4(p) - \$50,000,000 Support Agreement, dated as of June 10, 1999 between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-203 to Form 10-Q for quarter ended June 30, 1999.)
 - 4(q) - Indenture, dated as of June 15, 1998, between DTE Capital Corporation and The Bank of New York, as Trustee. (Exhibit 4-196 to Form 10-Q for quarter ended June 30, 1998.)
 - 4(r) - First Supplemental Indenture, dated as of June 15, 1998, between DTE Capital Corporation and The Bank of New York, as Trustee, creating the \$100,000,000 Remarketed Notes, Series A due 2038, including form of Note. (Exhibit 4-197 to Form 10-Q for quarter ended June 30, 1998.)
 - 4(s)- Second Supplemental Indenture, dated as of November 1, 1998, between DTE Capital Corporation and The Bank of New York, as Trustee, creating the \$300,000,000 Remarketed Notes, 1998 Series B, including form of Note. (Exhibit 4-200 to Form 10-K for year ended December 31, 1998.)
 - *10(a)- Certain arrangements pertaining to the employment of Michael C. Porter. (Exhibit 10-8* to Form 10-Q for Quarter ended September 30, 1997.)
 - *10(b) - Form of Change-in-Control Severance Agreement, dated as of October 1, 1997, between DTE Energy Company and Gerard M. Anderson, Susan M. Beale, Robert J. Buckler, Michael C. Champley, Anthony F. Earley, Jr., Larry G. Garberding, Douglas R. Gipson, John E. Lobbia, Leslie L. Loomans, David E. Meador, Christopher C. Nern, Michael C. Porter, William R. Roller and S.

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- *10(c) - Martin Taylor. (Exhibit 10-9* to Form 10-Q for quarter ended September 30, 1997.)
 - *10(d) - Form of 1995 Indemnification Agreement between the Company and its directors and officers (Exhibit 3L (10-1) to DTE Energy Company Form 8-B dated January 2, 1996).
 - *10(d) - Form of Indemnification Agreement between Detroit Edison and its officers other than those identified in *10(b) (Exhibit 10-41 to Detroit Edison's Form 10-Q for quarter ended June 30, 1993.)
 - *10(e) - Certain arrangements pertaining to the employment of S. Martin Taylor (Exhibit 10-38 to Detroit Edison's Form 10-Q for quarter ended March 31, 1998.)
 - *10(f) - Amended and Restated Post-Employment Income Agreement dated March 23, 1998, between Detroit Edison and Anthony F. Earley, Jr. (Exhibit 10-20 to Form 10-Q for quarter ended March 31, 1998.)
 - *10(g) - Restricted Stock Agreement, dated March 23, 1998, between Detroit Edison and Anthony F. Earley, Jr. (Exhibit 10-20 to Form 10-Q for quarter ended March 31, 1998.)
 - *10(h) - Amended and Restated Detroit Edison Savings Reparation Plan (February 23, 1998). Exhibit 10-19* for quarter ended March 31, 1998.)
 - *10(i) - Certain arrangements pertaining to the employment of Larry G. Garberding (Exhibit 10-23* to Form 10-Q for quarter ended March 31, 1998).
 - *10(j) - Form of Indemnification Agreement, between Detroit Edison and (1) John E. Lobbia, (2) Larry G. Garberding and (3) Anthony F. Earley, Jr. (Exhibit 10-24* to Form 10-Q for quarter ended March 3, 1998).
 - *10(k) - Form of Indemnification Agreement between Detroit Edison and its directors (Exhibit 10-25* to Form 10-Q for quarter ended March 31, 1998).
 - *10(l) - Executive Vehicle Program, dated October 1, 1993 (Exhibit 10-47 to Detroit Edison's Form 10-Q for quarter ended September 30, 1993).

- *10(m) - Amendment No. 1 to Executive Vehicle Plan, November 1993 (Exhibit 10-58 to Detroit Edison's Form 10-K for year ended December 31, 1993).
- *10(n) - Certain arrangements pertaining to the employment of Gerard M. Anderson (Exhibit 10-40 to Detroit Edison's Form 10-K for year ended December 31, 1993).
- *10(o) - Long-Term Incentive Plan (Exhibit 10-3 to Form 10-K for year ended December 31, 1996).

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- *10(p) - Amendment No. 1 to The Detroit Edison Company Long-Term Incentive Plan, effective December 31, 1998. (Exhibit 10-28* to Form 10-K for year ended December 31, 1998.)
- *10(q) - 1999 Executive Incentive Plan Measures (Exhibit 10-33* to Form 10-Q for quarter ended March 31, 1999.)
- *10(r) - 1999 Shareholder Value Improvement Plans-A Measures (Exhibit 10-32* to Form 10-Q for quarter ended March 31, 1999.)
- *10(s) - Fourth Restatement of The Benefit Equalization Plan for Certain Employees of The Detroit Edison Company (October 1997). (Exhibit 10-11* to Form 10-K for year ended December 31, 1997.)
- *10(t) - The Detroit Edison Company Key Employee Deferred Compensation Plan (October 1997). (Exhibit 10-12* to Form 10-K for year ended December 31, 1997.)
- *10(u) - The Detroit Edison Company Executive Incentive Plan (October 1997). (Exhibit 10-13* to Form 10-K for the year ended December 31, 1997.)
- *10(v) - Detroit Edison Company Shareholder Value Improvement Plan (October 1997). (Exhibit 10-15* to Form 10-K for year ended December 31, 1997.)
- *10(w) - Trust Agreement for DTE Energy Company Change-In-Control Severance Agreements between DTE Energy Company and Wachovia Bank, N.A. (Exhibit 10-16* to Form 10-K for year ended December 31, 1997.)
- *10(x) - Certain arrangements pertaining to the employment of David E. Meador (Exhibit 10-5 to Form 10-K for year ended December 31, 1997.)
- *10(y) - Amended and Restated Supplemental Long-Term Disability Plan, dated January 27, 1997. (Exhibit *10-4 to form 10-K for year ended December 31, 1996.)
- *10(z) - Fourth Restatement of the Retirement Reparation Plan for Certain Employees of The Detroit Edison Company (October 1997). Exhibit *10-10 to Form 10-K for year ended December 31, 1997.)
- *10(aa) - Sixth Restatement of The Detroit Edison Company Management Supplemental Benefit Plan (1998). (Exhibit 10-27* to Form 10-K for year ended December 31, 1998.)
- *10(bb) - DTE Energy Company Plan for Deferring the Payment of Directors' Fees (As Amended and Restated Effective As of January 1, 1999). (Exhibit 10-29* to Form 10-K for year ended December 31, 1998.)

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- *10(cc) - DTE Energy Company Deferred stock Compensation Plan for Non-Employee Directors, effective as of January 1, 1999. (Exhibit 10-30* to Form 10-K for year ended December 31, 1998.)
- *10(dd) - DTE Energy Company Retirement Plan for Non-Employee Directors (As Amended and Restated Effective As Of December 31, 1998). (Exhibit 10-31 to Form 10-K for year ended December 31, 1998.)
- 99(a) - Belle River Participation Agreement between Detroit Edison and Michigan Public Power Agency, dated as of December 1, 1982 (Exhibit 28-5 to Registration No. 2-81501).
- 99(b) - Belle River Transmission Ownership and Operating Agreement between Detroit Edison and Michigan Public Power Agency, dated as of December 1, 1982 (Exhibit 28-6 to Registration No. 2-81501).
- 99(c) - 1988 Amended and Restated Loan Agreement, dated as of October 4, 1988, between Renaissance Energy Company (an unaffiliated company) ("Renaissance") and Detroit Edison (Exhibit 99-6 to Registration No. 33-50325).
- 99(d) - First Amendment to 1988 Amended and Restated Loan Agreement, dated as of February 1, 1990, between Detroit Edison and Renaissance (Exhibit 99-7 to Registration No. 33-50325).
- 99(e) - Second Amendment to 1988 Amended and Restated Loan Agreement, dated as of September 1, 1993, between Detroit Edison and Renaissance (Exhibit 99-8 to Registration No. 33-50325).
- 99(f) - Third Amendment, dated as of August 28, 1997, to 1988 Amended and Restated Loan Agreement between Detroit Edison and Renaissance. (Exhibit 99-22 to Form 10-Q for quarter ended September 30, 1997.)
- 99(g) - \$200,000,000 364-Day Credit Agreement, dated as of September 1, 1993, among Detroit Edison, Renaissance and Barclays Bank PLC, New York Branch, as Agent (Exhibit 99-12 to Registration No. 33-50325).
- 99(h) - First Amendment, dated as of August 31, 1994, to \$200,000,000 364-Day Credit Agreement, dated September 1, 1993, among The Detroit Edison Company, Renaissance Energy Company, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-19 to Form 10-Q for quarter ended September 30, 1994).
- 99(i) - Third Amendment, dated as of March 8, 1996, to \$200,000,000 364-Day Credit Agreement, dated September 1, 1993, as amended, among Detroit Edison, Renaissance, the Banks party thereto and Barclays Bank, PLC, New

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- 99(j) - Fourth Amendment, dated as of August 29, 1996, to \$200,000,000 364-Day Credit Agreement as of September 1, 1990, as amended, among Detroit Edison, Renaissance, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-13 to Form 10-Q for quarter ended September 30, 1996).
 - 99(k) - Fifth Amendment, dated as of September 1, 1997, to \$200,000,000 Multi-Year Credit Agreement, dated as of September 1, 1993, as amended, among Detroit Edison, Renaissance, the Banks Party thereto and Barclays Bank PLC, New York Branch, as Agent. (Exhibit 99-24 to Form 10-Q for quarter ended September 30, 1997.)
 - 99(l) - Seventh Amendment, dated as of August 26, 1999, to \$200,000,000 364-Day Credit Agreement, dated as of September 1, 1993, as amended among The Detroit Edison Company, Renaissance Energy Company, the Banks parties thereto and Barclays Bank PLC, New York branch as Agent. (Exhibit 99-30 to Form 10-Q for quarter ended September 30, 1999.)
 - 99(m) - \$200,000,000 Three-Year Credit Agreement, dated September 1, 1993, among Detroit Edison, Renaissance and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-13 to Registration No. 33-50325).
 - 99(n) - First Amendment, dated as of September 1, 1994, to \$200,000,000 Three-Year Credit Agreement, dated as of September 1, 1993, among The Detroit Edison Company, Renaissance Energy Company, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-20 to Form 10-Q for quarter ended September 30, 1994).
 - 99(o) - Third Amendment, dated as of March 8, 1996, to \$200,000,000 Three-Year Credit Agreement, dated September 1, 1993, as amended among Detroit Edison, Renaissance, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-12 to Form 10-Q for quarter ended March 31, 1996).
 - 99(p) - Fourth Amendment, dated as of September 1, 1996, to \$200,000,000 Multi-Year (formerly Three-Year) Credit Agreement, dated as of September 1, 1993, as amended among Detroit Edison, Renaissance, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-14 to Form 10-Q for quarter ended September 30, 1996).
 - 99(q) - Fifth Amendment, dated as of August 28, 1997, to \$200,000,000 364-Day Credit Agreement, dated as of September 1, 1990, as amended, among Detroit Edison, Renaissance, the Banks Party thereto and Barclays Bank PLC, New York Branch, as Agent. (Exhibit 99-25 to Form 10-Q for quarter ended September 30, 1997.)

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- 99(r) - Sixth Amendment, dated as of August 27, 1998, to \$200,000,000 364-Day Credit Agreement dated as of September 1, 1990, as amended, among Detroit Edison, Renaissance, the Banks party thereto and Barclays Bank PLC, New York Branch, as agent. (Exhibit 99-32 to Registration No. 333-65765.)
 - 99(s) - 1988 Amended and Restated Nuclear Fuel Heat Purchase Contract, dated October 4, 1988, between Detroit Edison and Renaissance (Exhibit 99-9 to Registration No. 33-50325).
 - 99(t) - First Amendment to 1988 Amended and Restated Nuclear Fuel Heat Purchase Contract, dated as of February 1, 1990, between Detroit Edison and Renaissance (Exhibit 99-10 to Registration No. 33-50325).
 - 99(u) - Eighth Amendment, dated as of August 26, 1999 to 1988 Amended and Restated Nuclear Fuel heat Purchase Contract between Detroit Edison and Renaissance Energy Company. (Exhibit 99-31 to Form 10-Q for quarter ended September 30, 1999.)
 - 99(v) - U.S. \$160,000,000 Standby Note Purchase Credit Facility, dated as of October 26, 1999, among Detroit Edison, the Bank's signatory thereto, Barclays Bank PLC, as Administrative Agent and Barclays Capital Inc., Lehman Brothers Inc. and Banc One Capital Markets, Inc., as Remarketing Agents. (Exhibit 99-29 to Form 10-Q for quarter ended September 30, 1999.)
 - 99(w) - Standby Note Purchase Credit Facility, dated as of September 12, 1997, among The Detroit Edison Company and the Bank's Signatory thereto and The Chase Manhattan Bank, as Administrative Agent, and Citicorp Securities, Inc., Lehman Brokers, Inc., as Remarketing Agents and Chase Securities, Inc. as Arranger. (Exhibit 99-26 to Form 10-Q for quarter ended September 30, 1997.)
 - 99(x) - Master Trust Agreement ("Master Trust"), dated as of June 30, 1994, between Detroit Edison and Fidelity Management Trust Company relating to the Savings & Investment Plans (Exhibit 4-167 to Form 10-Q for quarter ended June 30, 1994).
 - 99(y) - First Amendment, effective as of February 1, 1995, to Master Trust (Exhibit 4-10 to Registration No. 333-00023).
 - 99(z) - Second Amendment, effective as of February 1, 1995 to Master Trust (Exhibit 4-11 to Registration No. 333-00023).
 - 99(aa) - Third Amendment, effective January 1, 1996, to Master Trust (Exhibit 4-12 to Registration No. 333-00023).

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- 99(bb) - Fourth Amendment to Trust Agreement Between Fidelity Management Trust Company and The Detroit Edison Company (July 1996). Exhibit 4-185 to Form 10-K for year ended December 31, 1997.)

- 99(cc) - Fifth Amendment to Trust Agreement Between Fidelity Management Trust Company and The Detroit Edison Company (December 1997). Exhibit 4-186 to Form 10-K for the year ended December 31, 1997.)
- 99(dd) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Savings Reparation Plan (Exhibit 99-1 to Form 10-K for year ended December 31, 1996).
- 99(ee) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Retirement Reparation Plan (Exhibit 99-2 to Form 10-K for year ended December 31, 1996).
- 99(ff) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Management Supplemental Benefit Plan (Exhibit 99-3 to Form 10-K for year ended December 31, 1996).
- 99(gg) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Benefit Equalization Plan (Exhibit 99-4 to Form 10-K for year ended December 31, 1996).
- 99(hh) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Plan for Deferring the Payment of Directors' Fees (Exhibit 99-5 to Form 10-K for year ended December 31, 1996).
- 99(ii) - The Detroit Edison Company Irrevocable Grantor Trust for The DTE Energy Company Retirement Plan for Non-Employee Directors (Exhibit 99-6 to Form 10-K for year ended December 31, 1996).
- 99(jj) - DTE Energy Company Irrevocable Grantor Trust for The DTE Energy Company Plan for Deferring the Payment of Directors' Fees (Exhibit 99-7 to Form 10-K for year ended December 31, 1996).
- (b) DTE Energy filed a report on Form 8-K, dated October 5, 1999, discussing the proposed merger with MCN. DTE Energy filed a report on Form 8-K, dated February 16, 2000, discussing its Common Share buyback program.
- (c) *Denotes management contract or compensatory plan or arrangement required to be entered as an exhibit to this report.

DTE ENERGY COMPANY

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions		Deductions(b)	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts(a)		
(Thousands)					
YEAR 1999					
Allowance for uncollectible accounts (shown as deduction from accounts receivable in balance sheet)	\$ 20,000	\$ 21,363	\$ 3,357	\$ (23,720)	\$21,000
YEAR 1998					
Allowance for uncollectible accounts (shown as deduction from accounts receivable in balance sheet)	\$ 20,000	\$ 23,216	\$ 2,789	\$ (26,005)	\$20,000
YEAR 1997					
Allowance for uncollectible accounts (shown as deduction from accounts receivable in balance sheet)	\$ 20,000	\$ 18,738	\$ 2,657	\$ (21,395)	\$20,000

(a) Collection of accounts previously written off.

(b) Uncollectible accounts written off.

THE DETROIT EDISON COMPANY

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions		Deductions(b)	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts(a)		
			(Thousands)		
YEAR 1999					
Allowance for uncollectible accounts (shown as deduction from accounts receivable in balance sheet)	\$ 20,000	\$ 20,363	\$ 3,357	\$ (23,720)	\$20,000
YEAR 1998					
Allowance for uncollectible accounts (shown as deduction from accounts receivable in balance sheet)	\$ 20,000	\$ 23,216	\$ 2,789	\$ (26,005)	\$20,000
YEAR 1997					
Allowance for uncollectible accounts (shown as deduction from accounts receivable in balance sheet)	\$ 20,000	\$ 18,738	\$ 2,657	\$ (21,395)	\$20,000

(a) Collection of accounts previously written off.

(b) Uncollectible accounts written off.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DTE ENERGY COMPANY

(Registrant)

By /s/ LARRY G. GARBERDING

Larry G. Garberding Executive Vice
President, Chief Financial Officer and
Director

By /s/ TERENCE E. ADDERLEY

Terence E. Adderley, Director
By /s/ DAVID BING

David Bing, Director
By /s/ ALLAN D. GILMOUR

Allan D. Gilmour, Director
By /s/ JOHN E. LOBBIA

John E. Lobbia, Director
By /s/ DEAN E. RICHARDSON

Dean E. Richardson, Director

By /s/ ANTHONY F. EARLEY, JR

Anthony F. Earley, Jr. Chairman of the
Board, Chief Executive Officer, President
and Chief Operating Officer
By /s/ DAVID E. MEADOR

David E. Meador Vice President
By /s/ LILLIAN BAUDER

Lillian Bauder, Director
By /s/ WILLIAM C. BROOKS

William C. Brooks, Director
By /s/ THEODORE S. LEIPPRANDT

Theodore S. Leipprandt, Director
By /s/ EUGENE A. MILLER

Eugene A. Miller, Director
By /s/ CHARLES W. PRYOR, JR

Charles W. Pryor, Jr., Director

Date: February 23, 2000

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		THE DETROIT EDISON COMPANY
		(Registrant)
By /s/ ANTHONY F. EARLEY, JR	By	/s/ LARRY G. GARBERDING
Anthony F. Earley, Jr. Chairman of the Board, Chief Executive Officer, President and Chief Operating Officer		Larry G. Garberding Executive Vice President, Chief Financial Officer and Director
By /s/ DANIEL G. BRUDZYNSKI	By	/s/ TERENCE E. ADDERLEY
Daniel G. Brudzynski Controller		Terence E. Adderley, Director
By /s/ LILLIAN BAUDER	By	/s/ DAVID BING
Lillian Bauder, Director		David Bing, Director
By /s/ WILLIAM C. BROOKS	By	/s/ ALLAN D. GILMOUR
William C. Brooks, Director		Allan D. Gilmour, Director
By /s/ THEODORE S. LEIPPRANDT	By	/s/JOHN E. LOBBIA
Theodore S. Leipprandt, Director		John E. Lobbia, Director
By /s/ EUGENE A. MILLER	By	/s/ DEAN E. RICHARDSON
Eugene A. Miller, Director		Dean E. Richardson, Director
By /s/CHARLES W. PRYOR, JR		
Charles W. Pryor, Jr., Director		

Date: February 23, 2000

**Annual Reports on Form 10-K for DTE Energy Company
and The Detroit Edison Company**

Exhibit Index

Exhibit Number			Page Number
2-1	-	Agreement and Plan of Merger, among DTE Energy, MCN Energy Group Inc. and DTE Enterprises, Inc., dated as of October 4, 1999 and amended as of November 12, 1999.	
4-205	-	Supplemental Indenture, dated as of January 1, 2000, creating the General and Refunding Mortgage Bonds of 2000 Series A.	
11-8	-	DTE Energy Company Basic and Diluted Earnings Per Share of Common Stock.	
12-21	-	DTE Energy Company Computation of Ratio of Earnings to Fixed Charges.	
12-22	-	The Detroit Edison Company Computation of Ratio of Earnings to Fixed Charges.	
12-23	-	The Detroit Edison Company Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.	
21-4	-	Subsidiaries of the Company and Detroit Edison.	
23-13	-	Consent of Deloitte & Touche LLP.	
27-31	-	Financial Data Schedule for the period ended December 31, 1999 for DTE Energy Company.	
27-32	-	Financial Data Schedule for the period ended December 31, 1999 for The Detroit Edison Company.	
99-32	-	Third Amended and Restated Credit Agreement, Dated as of January 18, 2000 among DTE Capital Corporation, the Initial Lenders, Citibank, N.A., as Agent, and ABN AMRO	

Bank N.V., Bank One N.A., Barclays Bank PLC,
Bayerische Landesbank Girozertrale, Cayman Islands
Branch, Comerica Bank and Den Daske Bank
Aktieselskab, as Co-Agents.

(ii) Exhibits incorporated herein by reference.

- 3(a) - Amended and Restated Articles of Incorporation of DTE Energy Company, dated December 13, 1995. (Exhibit 3-5 to Form 10-Q for quarter ended September 30, 1997)

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- 3(b) - Certificate of Designation of Series A Junior Participating Preferred Stock of DTE Energy Company. Exhibit 3-6 to Form 10-Q for quarter ended September 30, 1997.)
- 3(c) - Restated Articles of Incorporation of Detroit Edison, as filed December 10, 1991 with the State of Michigan, Department of Commerce — Corporation and Securities Bureau (Exhibit 3-13 to Form 10-Q for quarter ended June 30, 1999.)
- 3(d) - Articles of Incorporation of DTE Enterprises, Inc. (Exhibit 3.5 to Registration No. 333-89175.)
- 3(e) - Rights Agreement, dated as of September 23, 1997, by and between DTE Energy Company and The Detroit Edison Company, as Rights Agent (Exhibit 4-1 to DTE Energy Company Current Report on Form 8-K, dated September 23, 1997.)
- 3(f) - Agreement and Plan of Exchange (Exhibit 1(2) to DTE Energy Form 8-B filed January 2, 1996, File No. 1-11607.)
- 3(g) - Bylaws of DTE Energy Company, as amended through September 22, 1999. (Exhibit 3-3 to Registration No. 333-89175.)
- 3(h) - Bylaws of The Detroit Edison Company, as amended through September 22, 1999. (Exhibit 3-14 to Form 10-Q for quarter ended September 30, 1999.)
- 3(i) - Bylaws of DTE Enterprises, Inc. (Exhibit 3.6 to Registration No. 333-89175.)
- 4(a) - Mortgage and Deed of Trust, dated as of October 1, 1924, between Detroit Edison (File No. 1-2198) and Bankers Trust Company as Trustee (Exhibit B-1 to Registration No. 2-1630) and indentures supplemental thereto, dated as of dates indicated below, and filed as exhibits to the filings as set forth below:

September 1, 1947	Exhibit B-20 to Registration No. 2-7136
November 15, 1971	Exhibit 2-B-38 to Registration No. 2-42160
January 15, 1973	Exhibit 2-B-39 to Registration No. 2-46595
June 1, 1978	Exhibit 2-B-51 to Registration No. 2-61643
June 30, 1982	Exhibit 4-30 to Registration No. 2-78941
August 15, 1982	Exhibit 4-32 to Registration No. 2-79674
October 15, 1985	Exhibit 4-170 to Form 10-K for year ended December 31, 1994
November 30, 1987	Exhibit 4-139 to Form 10-K for year ended December 31, 1992
July 15, 1989	Exhibit 4-171 to Form 10-K for year ended December 31, 1994

December 1, 1989	Exhibit 4-172 to Form 10-K for year ended December 31, 1994
February 15, 1990	Exhibit 4-173 to Form 10-K for year ended December 31, 1994
April 1, 1991	Exhibit 4-15 to Form 10-K for year ended December 31, 1996
November 1, 1991	Exhibit 4-181 to Form 10-K for year ended December 31, 1996
January 15, 1992	Exhibit 4-182 to Form 10-K for year ended December 31, 1996
February 29, 1992	Exhibit 4-187 to Form 10-Q for quarter ended March 31, 1998
April 15, 1992	Exhibit 4-188 to Form 10-Q for quarter ended March 31, 1998
July 15, 1992	Exhibit 4-189 to Form 10-Q for quarter ended March 31,

	1998
July 31, 1992	Exhibit 4-190 to Form 10-Q for quarter ended September 30, 1992
January 1, 1993	Exhibit 4-131 to Registration No. 33-56496
March 1, 1993	Exhibit 4-191 to Form 10-Q for quarter ended March 31, 1998
March 15, 1993	Exhibit 4-192 to Form 10-Q for quarter ended March 31, 1998
April 1, 1993	Exhibit 4-143 to Form 10-Q for quarter ended March 31, 1993
April 26, 1993	Exhibit 4-144 to Form 10-Q for quarter ended March 31, 1993
May 31, 1993	Exhibit 4-148 to Registration No. 33-64296
June 30, 1993	Exhibit 4-149 to Form 10-Q for quarter ended June 30, 1993 (1993 Series AP)
June 30, 1993	Exhibit 4-150 to Form 10-Q for quarter ended June 30, 1993 (1993 Series H)
September 15, 1993	Exhibit 4-158 to Form 10-Q for quarter ended September 30, 1993
March 1, 1994	Exhibit 4-163 to Registration No. 33-53207
June 15, 1994	Exhibit 4-166 to Form 10-Q for quarter ended June 30, 1994
August 15, 1994	Exhibit 4-168 to Form 10-Q for quarter ended September 30, 1994
December 1, 1994	Exhibit 4-169 to Form 10-K for year ended December 31, 1994
August 1, 1995	Exhibit 4-174 to Form 10-Q for quarter ended September 30, 1995
August 1, 1999	Exhibit 4-204 to Form 10-Q for quarter ended September 30, 1999
August 15, 1999	Exhibit 4-205 to Form 10-Q for quarter ended September 30, 1999

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- 4(b) - Collateral Trust Indenture (notes), dated as of June 30, 1993 (Exhibit 4-152 to Registration No. 33-50325).
 - 4(c) - First Supplemental Note Indenture, dated as of June 30, 1993 (Exhibit 4-153 to Registration No. 33-50325).
 - 4(d) - Second Supplemental Note Indenture, dated as of September 15, 1993 (Exhibit 4-159 to Form 10-Q for quarter ended September 30, 1993).
 - 4(e) - First Amendment, dated as of August 15, 1996, to Second Supplemental Note Indenture (Exhibit 4-17 to Form 10-Q for quarter ended September 30, 1996).
 - 4(f) - Third Supplemental Note Indenture, dated as of August 15, 1994 (Exhibit 4-169 to Form 10-Q for quarter ended September 30, 1994).
 - 4(g) - First Amendment, dated as of December 12, 1995, to Third Supplemental Note Indenture, dated as of August 15, 1994 (Exhibit 4-12 to Registration No. 333-00023).
 - 4(h) - Sixth Supplemental Note Indenture, dated as of May 1, 1998, between Detroit Edison and Bankers Trust Company, as Trustee, creating the 7.54% Quarterly Income Debt Securities ("QUIDS"), including form of QUIDS. (Exhibit 4-193 to Form 10-Q for quarter ended June 30, 1998.)
 - 4(i) - Seventh Supplemental Note Indenture, dated as of October 15, 1998, between Detroit Edison and Bankers Trust Company, as Trustee, creating the 7.375% QUIDS, including form of QUIDS. (Exhibit 4-198 to Form 10-K for year ended December 31, 1998.)
 - 4(j) - Standby Note Purchase Credit Facility, dated as of August 17, 1994, among The Detroit Edison Company, Barclays Bank PLC, as Bank and Administrative Agent, Bank of America, The Bank of New York, The Fuji Bank Limited, the Long-Term Credit Bank of Japan, LTD, Union Bank and Citicorp Securities, Inc. and First Chicago Capital Markets, Inc. as Remarketing Agents (Exhibit 99-18 to Form 10-Q for quarter ended September 30, 1994.)
 - 4(k) - \$60,000,000 Support Agreement dated as of January 21, 1998 between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-183 to Form 10-K for year ended December 31, 1997.)
 - 4(l) - \$100,000,000 Support Agreement, dated as of June 16, 1998, between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-194 to Form 10-Q for quarter ended June 30, 1998.)
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- 4(m) - \$300,000,000 Support Agreement, dated as of November 18, 1998, between DTE Energy and DTE Capital Corporation. (Exhibit 4-199 to Form 10-K for year ended December 31, 1998.)
 - 4(n) - \$400,000,000 Support Agreement, dated as of January 19, 1999, between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-201 to Form 10-K for year ended December 31, 1998.)
 - 4(o) - \$40,000,000 Support Agreement, dated as of February 24, 1999 between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-202 to Form 10-Q for quarter ended March 31, 1999.)
 - 4(p) - \$50,000,000 Support Agreement, dated as of June 10, 1999 between DTE Energy Company and DTE Capital Corporation. (Exhibit 4-203 to Form 10-Q for quarter ended June 30, 1999.)
 - 4(q) - Indenture, dated as of June 15, 1998, between DTE Capital Corporation and The Bank of New York, as Trustee. (Exhibit 4-196 to Form 10-Q for quarter ended June 30, 1998.)
 - 4(r) - First Supplemental Indenture, dated as of June 15, 1998, between DTE Capital Corporation and The Bank of New York, as Trustee, creating the \$100,000,000 Remarketed Notes, Series A due 2038, including form of Note. (Exhibit 4-197 to Form 10-Q for quarter ended June 30, 1998.)
 - 4(s) - Second Supplemental Indenture, dated as of November 1, 1998, between DTE Capital Corporation and The Bank of New York, as Trustee, creating the \$300,000,000 Remarketed Notes, 1998 Series B, including form of Note. (Exhibit 4-200 to Form 10-K for year ended December 31, 1998.)
 - *10(a) Certain arrangements pertaining to the employment of Michael C. Porter. (Exhibit 10-8* to Form 10-Q for Quarter ended September 30, 1997.)
 - *10(b) Form of Change-in-Control Severance Agreement, dated as of October 1, 1997, between DTE Energy Company and Gerard M. Anderson, Susan M. Beale, Robert J. Buckler, Michael C. Champley, Anthony F. Earley, Jr., Larry G. Garberding, Douglas R. Gipson, John E. Lobbia, Leslie L. Loomans, David E. Meador, Christopher C. Nem, Michael C. Porter, William R. Roller and S. Martin Taylor. (Exhibit 10-9* to Form 10-Q for quarter ended September 30, 1997.)
 - *10(c) - Form of 1995 Indemnification Agreement between the Company and its directors and officers (Exhibit 3L (10-1) to DTE Energy Company Form 8-B dated January 2, 1996).
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- *10(d) - Form of Indemnification Agreement between Detroit Edison and its officers other than those identified in *10(b) (Exhibit 10-41 to Detroit Edison's Form 10-Q for quarter ended June 30, 1993.)
 - *10(e) - Certain arrangements pertaining to the employment of S. Martin Taylor (Exhibit 10-38 to Detroit Edison's Form 10-Q for quarter ended March 31, 1998.)
 - *10(f) - Amended and Restated Post-Employment Income Agreement dated March 23, 1998, between Detroit Edison and Anthony F. Earley, Jr. (Exhibit 10-20 to Form 10-Q for quarter ended March 31, 1998.)
 - *10(g) - Restricted Stock Agreement, dated March 23, 1998, between Detroit Edison and Anthony F. Earley, Jr. (Exhibit 10-20 to Form 10-Q for quarter ended March 31, 1998.)
 - *10(h) - Amended and Restated Detroit Edison Savings Reparation Plan (February 23, 1998). Exhibit 10-19* for quarter ended March 31, 1998.)
 - *10(i) - Certain arrangements pertaining to the employment of Larry G. Garberding (Exhibit 10-23* to Form 10-Q for quarter ended March 31, 1998.)
 - *10(j) - Form of Indemnification Agreement, between Detroit Edison and (1) John E. Lobbia, (2) Larry G. Garberding and (3) Anthony F. Earley, Jr. (Exhibit 10-24* to Form 10-Q for quarter ended March 3, 1998.)
 - *10(k) - Form of Indemnification Agreement between Detroit Edison and its directors (Exhibit 10-25* to Form 10-Q for quarter ended March 31, 1998.)
 - *10(l) - Executive Vehicle Program, dated October 1, 1993 (Exhibit 10-47 to Detroit Edison's Form 10-Q for quarter ended September 30, 1993).
 - *10(m) - Amendment No. 1 to Executive Vehicle Plan, November 1993 (Exhibit 10-58 to Detroit Edison's Form 10-K for year ended December 31, 1993).
 - *10(n) - Certain arrangements pertaining to the employment of Gerard M. Anderson (Exhibit 10-40 to Detroit Edison's Form 10-K for year ended December 31, 1993).
 - *10(o) - Long-Term Incentive Plan (Exhibit 10-3 to Form 10-K for year ended December 31, 1996).
 - *10(p) - Amendment No. 1 to The Detroit Edison Company Long-Term Incentive Plan, effective December 31, 1998. (Exhibit 10-28* to Form 10-K for year ended December 31, 1998.)
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- *10(q) - 1999 Executive Incentive Plan Measures (Exhibit 10-33* to Form 10-Q for quarter ended March 31, 1999.)
- *10(r) - 1999 Shareholder Value Improvement Plans-A Measures (Exhibit 10-32* to Form 10-Q for quarter ended March 31, 1999.)
- *10(s) - Fourth Restatement of The Benefit Equalization Plan for Certain Employees of The Detroit Edison Company (October 1997). (Exhibit 10-11* to Form 10-K for year ended December 31, 1997.)
- *10(t) - The Detroit Edison Company Key Employee Deferred Compensation Plan (October 1997). (Exhibit 10-

- 12* to Form 10-K for year ended December 31, 1997.)
- *10(u) - The Detroit Edison Company Executive Incentive Plan (October 1997). (Exhibit 10-13* to Form 10-K for the year ended December 31, 1997.)
 - *10(v) - Detroit Edison Company Shareholder Value Improvement Plan (October 1997). (Exhibit 10-15* to Form 10-K for year ended December 31, 1997.)
 - *10(w) - Trust Agreement for DTE Energy Company Change-In-Control Severance Agreements between DTE Energy Company and Wachovia Bank, N.A. (Exhibit 10-16* to Form 10-K for year ended December 31, 1997.)
 - *10(x) - Certain arrangements pertaining to the employment of David E. Meador (Exhibit 10-5 to Form 10-K for year ended December 31, 1997.)
 - *10(y) - Amended and Restated Supplemental Long-Term Disability Plan, dated January 27, 1997. (Exhibit *10-4 to form 10-K for year ended December 31, 1996.)
 - *10(z) - Fourth Restatement of the Retirement Reparation Plan for Certain Employees of The Detroit Edison Company (October 1997). Exhibit *10-10 to Form 10-K for year ended December 31, 1997.)
 - *10(aa) - Sixth Restatement of The Detroit Edison Company Management Supplemental Benefit Plan (1998). (Exhibit 10-27* to Form 10-K for year ended December 31, 1998.)
 - *10(bb) - DTE Energy Company Plan for Deferring the Payment of Directors' Fees (As Amended and Restated Effective As of January 1, 1999). (Exhibit 10-29* to Form 10-K for year ended December 31, 1998.)
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- *10(cc) - DTE Energy Company Deferred stock Compensation Plan for Non-Employee Directors, effective as of January 1, 1999. (Exhibit 10-30* to Form 10-K for year ended December 31, 1998.)
 - *10(dd) - DTE Energy Company Retirement Plan for Non-Employee Directors (As Amended and Restated Effective As Of December 31, 1998). (Exhibit 10-31 to Form 10-K for year ended December 31, 1998.)
 - 99(a) - Belle River Participation Agreement between Detroit Edison and Michigan Public Power Agency, dated as of December 1, 1982 (Exhibit 28-5 to Registration No. 2-81501).
 - 99(b) - Belle River Transmission Ownership and Operating Agreement between Detroit Edison and Michigan Public Power Agency, dated as of December 1, 1982 (Exhibit 28-6 to Registration No. 2-81501).
 - 99(c) - 1988 Amended and Restated Loan Agreement, dated as of October 4, 1988, between Renaissance Energy Company (an unaffiliated company) ("Renaissance") and Detroit Edison (Exhibit 99-6 to Registration No. 33-50325).
 - 99(d) - First Amendment to 1988 Amended and Restated Loan Agreement, dated as of February 1, 1990, between Detroit Edison and Renaissance (Exhibit 99-7 to Registration No. 33-50325).
 - 99(e) - Second Amendment to 1988 Amended and Restated Loan Agreement, dated as of September 1, 1993, between Detroit Edison and Renaissance (Exhibit 99-8 to Registration No. 33-50325).
 - 99(f) - Third Amendment, dated as of August 28, 1997, to 1988 Amended and Restated Loan Agreement between Detroit Edison and Renaissance. (Exhibit 99-22 to Form 10-Q for quarter ended September 30, 1997.)
 - 99(g) - \$200,000,000 364-Day Credit Agreement, dated as of September 1, 1993, among Detroit Edison, Renaissance and Barclays Bank PLC, New York Branch, as Agent (Exhibit 99-12 to Registration No. 33-50325).
 - 99(h) - First Amendment, dated as of August 31, 1994, to \$200,000,000 364-Day Credit Agreement, dated September 1, 1993, among The Detroit Edison Company, Renaissance Energy Company, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-19 to Form 10-Q for quarter ended September 30, 1994).
 - 99(i) - Third Amendment, dated as of March 8, 1996, to \$200,000,000 364-Day Credit Agreement, dated September 1, 1993, as amended, among Detroit Edison, Renaissance, the Banks party thereto and Barclays
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- 99(j) - Bank, PLC, New York Branch, as Agent (Exhibit 99-11 to Form 10-Q for quarter ended March 31, 1996). Fourth Amendment, dated as of August 29, 1996, to \$200,000,000 364-Day Credit Agreement as of September 1, 1990, as amended, among Detroit Edison, Renaissance, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-13 to Form 10-Q for quarter ended September 30, 1996).
- 99(k) - Fifth Amendment, dated as of September 1, 1997, to \$200,000,000 Multi-Year Credit Agreement, dated as of September 1, 1993, as amended, among Detroit Edison, Renaissance, the Banks Party thereto and Barclays Bank PLC, New York Branch, as Agent. (Exhibit 99-24 to Form 10-Q for quarter ended September 30, 1997.)
- 99(l) - Seventh Amendment, dated as of August 26, 1999, to \$200,000,000 364-Day Credit Agreement, dated as of September 1, 1993, as amended among The Detroit Edison Company, Renaissance Energy Company, the Banks parties thereto and Barclays Bank PLC, New York branch as Agent. (Exhibit 99-30

- to Form 10-Q for quarter ended September 30, 1999.)
- 99(m) - \$200,000,000 Three-Year Credit Agreement, dated September 1, 1993, among Detroit Edison, Renaissance and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-13 to Registration No. 33-50325).
- 99(n) - First Amendment, dated as of September 1, 1994, to \$200,000,000 Three-Year Credit Agreement, dated as of September 1, 1993, among The Detroit Edison Company, Renaissance Energy Company, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-20 to Form 10-Q for quarter ended September 30, 1994).
- 99(o) - Third Amendment, dated as of March 8, 1996, to \$200,000,000 Three-Year Credit Agreement, dated September 1, 1993, as amended among Detroit Edison, Renaissance, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-12 to Form 10-Q for quarter ended March 31, 1996).
- 99(p) - Fourth Amendment, dated as of September 1, 1996, to \$200,000,000 Multi-Year (formerly Three-Year) Credit Agreement, dated as of September 1, 1993, as amended among Detroit Edison, Renaissance, the Banks party thereto and Barclays Bank, PLC, New York Branch, as Agent (Exhibit 99-14 to Form 10-Q for quarter ended September 30, 1996).
- 99(q) - Fifth Amendment, dated as of August 28, 1997, to \$200,000,000 364-Day Credit Agreement, dated as of September 1, 1990, as amended, among Detroit Edison, Renaissance, the Banks Party thereto and
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- Barclays Bank PLC, New York Branch, as Agent. (Exhibit 99-25 to Form 10-Q for quarter ended September 30, 1997.)
- 99(r) - Sixth Amendment, dated as of August 27, 1998, to \$200,000,000 364-Day Credit Agreement dated as of September 1, 1990, as amended, among Detroit Edison, Renaissance, the Banks party thereto and Barclays Bank PLC, New York Branch, as agent. (Exhibit 99-32 to Registration No. 333-65765.)
- 99(s) - 1988 Amended and Restated Nuclear Fuel Heat Purchase Contract, dated October 4, 1988, between Detroit Edison and Renaissance (Exhibit 99-9 to Registration No. 33-50325).
- 99(t) - First Amendment to 1988 Amended and Restated Nuclear Fuel Heat Purchase Contract, dated as of February 1, 1990, between Detroit Edison and Renaissance (Exhibit 99-10 to Registration No. 33-50325).
- 99(u) - Eighth Amendment, dated as of August 26, 1999 to 1988 Amended and Restated Nuclear Fuel heat Purchase Contract between Detroit Edison and Renaissance Energy Company. (Exhibit 99-31 to Form 10-Q for quarter ended September 30, 1999.)
- 99(v) - U.S. \$160,000,000 Standby Note Purchase Credit Facility, dated as of October 26, 1999, among Detroit Edison, the Bank's signatory thereto, Barclays Bank PLC, as Administrative Agent and Barclays Capital Inc., Lehman Brothers Inc. and Banc One Capital Markets, Inc., as Remarketing Agents. (Exhibit 99-29 to Form 10-Q for quarter ended September 30, 1999.)
- 99(w) - Standby Note Purchase Credit Facility, dated as of September 12, 1997, among The Detroit Edison Company and the Bank's Signatory thereto and The Chase Manhattan Bank, as Administrative Agent, and Citicorp Securities, Inc., Lehman Brothers, Inc., as Remarketing Agents and Chase Securities, Inc. as Arranger. (Exhibit 99-26 to Form 10-Q for quarter ended September 30, 1997.)
- 99(x) - Master Trust Agreement ("Master Trust"), dated as of June 30, 1994, between Detroit Edison and Fidelity Management Trust Company relating to the Savings & Investment Plans (Exhibit 4-167 to Form 10-Q for quarter ended June 30, 1994).
- 99(y) - First Amendment, effective as of February 1, 1995, to Master Trust (Exhibit 4-10 to Registration No. 333-00023).
- 99(z) - Second Amendment, effective as of February 1, 1995 to Master Trust (Exhibit 4-11 to Registration No. 333-00023).
- 99(aa) - Third Amendment, effective January 1, 1996, to Master Trust (Exhibit 4-12 to Registration No. 333-00023).
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- 99(bb) - Fourth Amendment to Trust Agreement Between Fidelity Management Trust Company and The Detroit Edison Company (July 1996). Exhibit 4-185 to Form 10-K for year ended December 31, 1997.)
- 99(cc) - Fifth Amendment to Trust Agreement Between Fidelity Management Trust Company and The Detroit Edison Company (December 1997). Exhibit 4-186 to Form 10-K for the year ended December 31, 1997.)
- 99(dd) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Savings Reparation Plan (Exhibit 99-1 to Form 10-K for year ended December 31, 1996).
- 99(ee) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Retirement Reparation Plan (Exhibit 99-2 to Form 10-K for year ended December 31, 1996).
- 99(ff) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Management Supplemental Benefit Plan (Exhibit 99-3 to Form 10-K for year ended December 31, 1996).

- 99(gg) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Benefit Equalization Plan (Exhibit 99-4 to Form 10-K for year ended December 31, 1996).
- 99(hh) - The Detroit Edison Company Irrevocable Grantor Trust for The Detroit Edison Company Plan for Deferring the Payment of Directors' Fees (Exhibit 99-5 to Form 10-K for year ended December 31, 1996).
- 99(ii) - The Detroit Edison Company Irrevocable Grantor Trust for The DTE DTE Energy Company Retirement Plan for Non-Employee Directors (Exhibit 99-6 to Form 10-K for year ended December 31, 1996).
- 99 (jj) - DTE Energy Company Irrevocable Grantor Trust for The DTE Energy Company Plan for Deferring the Payment of Directors' Fees (Exhibit 99-7 to Form 10-K for year ended December 31, 1996).

* Denotes management contract or compensatory plan or arrangement required to be entered as an exhibit to this report.

AGREEMENT AND PLAN OF MERGER
AMONG
DTE ENERGY COMPANY
MCN ENERGY GROUP INC.
AND
DTE ENTERPRISES, INC.

DATED AS OF OCTOBER 4, 1999

AS AMENDED AS OF NOVEMBER 12, 1999

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AGREEMENT AND PLAN OF MERGER (hereinafter called this "Agreement"), dated as of October 4, 1999 and as amended as of November 12, 1999, among DTE Energy Company, a Michigan corporation ("Parent"), MCN Energy Group Inc., a Michigan corporation (the "Company"), and DTE Enterprises, Inc., a Michigan corporation and wholly owned subsidiary of Parent ("Merger Sub," the Company and Merger Sub sometimes being hereinafter collectively referred to as the "Constituent Corporations").

RECITALS

WHEREAS, the respective boards of directors of each of Parent, Merger Sub and the Company have approved the merger of the Company with and into Merger Sub (the "Merger") and approved the Merger upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, it is intended that, for federal income tax purposes, the Merger shall qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Code");

WHEREAS, the Company, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with this Agreement.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

THE MERGER; CLOSING; EFFECTIVE TIME

1.1. The Merger. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time (as defined in Section 1.3) the Company shall be merged with and into Merger Sub and the separate corporate existence of the Company shall thereupon cease. Merger Sub shall be the surviving corporation in the Merger (sometimes hereinafter referred to as the "Surviving Corporation"), and the separate corporate existence of Merger Sub with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Merger, except as set forth in Article III. The Merger shall have the effects specified in the Michigan Business Corporation Act, as amended (the "MBCA").

1.2. Closing. The closing of the Merger (the "Closing") shall take place (i) at the offices of Sullivan & Cromwell, 125 Broad Street, New York, New York at 9:00 A.M. on the fifth business day after the last to be fulfilled or waived of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions) shall be satisfied or waived in accordance with this Agreement or (ii) at such other place and time and/or on such other date as the Company and Parent may agree in writing (the "Closing Date").

1.3. Effective Time. As soon as practicable following the Closing, the Company and Parent will cause a Certificate of Merger (the "Michigan Certificate of Merger") to be executed and filed with the Department of Commerce of the State of Michigan as provided in Section 450.1707 of the MBCA. The Merger shall become effective at the time when the Michigan Certificate of Merger has been duly endorsed by the Department of Commerce of the State of Michigan (the "Effective Time").

ARTICLE II

ARTICLES OF INCORPORATION AND BY-LAWS OF THE SURVIVING CORPORATION

2.1. The Articles of Incorporation. The articles of incorporation of the Surviving Corporation shall be the articles of incorporation of Merger Sub as in

effect immediately prior to the Effective Time (the "Articles"), until duly amended as provided therein or by applicable law.

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2.2. The By-Laws. The by-laws of Merger Sub in effect at the Effective Time shall be the by-laws of the Surviving Corporation (the "By-Laws"), until thereafter amended as provided therein or by applicable law.

ARTICLE III

OFFICERS AND DIRECTORS OF THE SURVIVING CORPORATION

3.1. Directors. The directors of Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Articles and the By-Laws.

3.2. Officers. The officers of the Company at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Articles and the By-Laws.

ARTICLE IV

EFFECT OF THE MERGER ON CAPITAL STOCK; ELECTION PROCEDURES

4.1. Effect on Capital Stock. At the Effective Time, as a result of the Merger and without any action on the part of the holder of any capital stock of the Company:

(a) Merger Consideration. Subject to the allocation and election procedures in Section 4.2 and subject to Section 4.5, each share of the common stock, par value \$0.01 per share, of the Company (the "Common Stock"), including the associated right to purchase Series A Junior Participating Preferred Stock (each a "Right" and together with the Common Stock, a "Share" and, collectively, the "Shares") issued pursuant to the Rights Agreement, dated as of December 20, 1989, as amended by an amendment dated as of July 23, 1997, by and between the Company and First Chicago Trust Company of New York, as Rights Agent, (the "Rights Agreement"), issued and outstanding immediately prior to the Effective Time (other than Shares owned by Parent or Shares that are owned by the Company or any direct or indirect Subsidiary of the Company and in each case not held on behalf of third parties (each, an "Excluded Share" and collectively, "Excluded Shares")) shall be converted into the right to receive either (i) \$28.50 in cash (the "Cash Consideration") or (ii) .775 shares of common stock, without par value, of Parent (the "Parent Common Stock") (the "Stock Consideration" and, together with the Cash Consideration, the "Merger Consideration"). All references in this agreement to Parent Common Stock to be issued pursuant to the Merger shall be deemed to include the corresponding rights ("Parent Rights") to purchase Series A Junior Participating Preferred Stock of Parent pursuant to the Parent Rights Agreement (as defined in Section 5.1(b)(ii)), except where the context otherwise requires. At the Effective Time, all Shares shall no longer be outstanding and shall be canceled and retired and shall cease to exist, and each certificate (a "Certificate") representing any of such Shares (other than Excluded Shares) shall thereafter represent only the right to receive the Merger Consideration and the right, if any, to receive pursuant to Section 4.2(f) cash in lieu of fractional shares into which such Shares have been converted pursuant to this Section 4.1(a) and any dividends or other distributions pursuant to Section 4.2(d).

(b) Cancellation of Shares. Each Excluded Share shall, by virtue of the Merger and without any action on the part of the holder thereof, cease to be

outstanding, shall be canceled and retired without payment of any consideration therefor and shall cease to exist.

(c) Merger Sub. At the Effective Time, each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall remain outstanding and each certificate therefor shall continue to evidence one share of common stock of the Surviving Corporation.

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4.2. Allocation of Merger Consideration; Election Procedures; Exchange Procedures.

(a) Allocation. Subject to Section 4.5, notwithstanding anything in this Agreement to the contrary, the number of Shares (the "Cash Election Number") to be converted into the right to receive Cash Consideration in the Merger shall be equal to 55 percent of the number of Shares issued and outstanding immediately prior to the Effective Time of the Merger (not including any Excluded Shares). Subject to Section 4.5, the number of Shares to be converted into the right to receive Stock Consideration in the Merger (the "Stock Election Number") shall be equal to the number of Shares issued and outstanding immediately prior to the Effective Time of the Merger (not including any Excluded Shares) less the Cash Election Number.

(b) Election Procedures.

(i) As of the Effective Time, Parent shall deposit, or shall cause to be deposited, with an exchange agent selected by Parent, with the Company's prior approval, which shall not be unreasonably withheld (the "Exchange Agent"), for the benefit of the holders of Shares, (A) certificates representing the shares of Parent Common Stock, (B) cash and (C) any dividends or other distributions with respect to the Parent Common Stock to be issued or paid pursuant to Sections 4.1 and 4.2(d) in exchange for outstanding Shares upon due surrender of the Certificates pursuant to the provisions of this Article IV (such cash and certificates for shares of Parent Common Stock, together with the amount of any dividends or other distributions payable with respect thereto, being hereinafter referred to as the "Exchange Fund").

(ii) Subject to allocation and proration in accordance with the provisions of this Section 4.2 and Section 4.5, if appropriate, each record holder of Shares (other than Excluded Shares) issued and outstanding immediately prior to the Election Deadline (as defined below) shall be entitled (A) to elect to receive in respect of each such Share (x) Cash Consideration (a "Cash Election") or (y) Stock Consideration (a "Stock Election") or (B) to indicate that such record holder has no preference as to the receipt of Cash Consideration or Stock Consideration for such Shares (a "Non-Election"). Shares in respect of which a Non-Election is made (including shares in respect of which such an election is deemed to have been made pursuant to this Section 4.2 and Section 4.3 (collectively, "Non-Election Shares")) shall be deemed by Parent, in its sole and absolute discretion, subject to Section 4.2(a), to be, in whole or in part, Shares in respect of which Cash Elections or Stock Elections have been made.

(iii) Elections pursuant to Section 4.2(b)(ii) shall be made on a form with such other provisions to be reasonably agreed upon by the Company and Parent (a "Form of Election") to be provided by the Exchange Agent for that purpose to holders of record of Shares (other than holders of Excluded Shares), together with appropriate transmittal materials, at a time approximately one month prior to the anticipated Closing Date (as defined in Section 1.2) or on such other date as the Company and Parent shall mutually agree. Elections shall be made by mailing to the Exchange Agent a duly completed Form of Election. To be effective, a Form of Election must be (x) properly completed, signed and submitted to the Exchange Agent at its designated office, by 9:00 a.m., on the Closing Date (which date shall be publicly announced by Parent as soon as practicable but in no event less than five trading days prior to the Closing Date) (the "Election Deadline") and (y) accompanied by the Certificate(s) representing the Shares as to which the election is being made (or by an

appropriate guarantee of delivery of such Certificate(s) by a commercial bank or trust company in the United States or a member of a registered national security exchange or of the National Association of Securities Dealers, Inc., provided that such Certificates are in fact delivered to the Exchange Agent within three trading days after the date of execution of such guarantee of delivery). A holder of record of Shares who holds such shares as nominee, trustee or in another representative capacity (a "Holder Representative") may submit multiple Forms of Election, provided that such Holder Representative certifies that each such Form of Election delivered to the Exchange Agent covers all the Shares held by such Holder Representative on behalf of a particular beneficial owner. The Company shall use its best efforts to make a Form of Election available to all Persons (as defined below) who become holders of record of Shares (other than Excluded Shares) between the date of mailing described in the first sentence of this Section 4.2(b)(iii) and the Election Deadline. Parent shall determine, in its sole and absolute discretion, which authority it may delegate in whole or in part to the Exchange Agent, whether Forms of Election have been properly completed, signed and submitted or revoked. The decision of Parent (or the Exchange Agent, as the case may be) in such matters

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shall be conclusive and binding. Neither Parent nor the Exchange Agent will be under any obligation to notify any Person of any defect in a Form of Election submitted to the Exchange Agent. A holder of Shares that does not submit an effective Form of Election prior to the Election Deadline shall be deemed to have made a Non-Election. For the purposes of this Agreement, the term "Person" shall mean any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, Governmental Entity (as defined in Section 5.1(d)) or other entity of any kind or nature organized or existing under the laws of any jurisdiction.

(iv) An election may be revoked, but only by written notice received by the Exchange Agent prior to the Election Deadline. Any Certificate(s) representing Shares that have been submitted to the Exchange Agent in connection with an election shall be returned without charge to the holder thereof in the event such election is revoked as aforesaid and such holder requests in writing the return of such Certificate(s). Upon any such revocation, unless a duly completed Form of Election is thereafter submitted in accordance with paragraph (b)(ii), such Shares shall be Non-Election Shares. In the event that this Agreement is terminated pursuant to the provisions hereof, any Shares that have been transmitted to the Exchange Agent pursuant to the provisions hereof shall promptly be returned without charge to the Person submitting the same.

(v) If the aggregate number of Shares covered by Cash Elections (the "Cash Election Shares") exceeds the Cash Election Number, all Non-Election Shares shall be deemed to be Shares in respect of which Stock Elections have been made and (x) each Cash Election Share shall be converted into (i) the right to receive an amount in cash, without interest, equal to the product of (A) the Cash Consideration and (B) a fraction (the "Cash Fraction"), the numerator of which shall be the Cash Election Number and the denominator of which shall be the total number of Cash Election Shares, and (ii) a number of shares of Parent Common Stock equal to the product of (A) the Exchange Ratio and (B) a fraction equal to one minus the Cash Fraction and (y) each Stock Election Share (including those deemed to be Stock Election Shares (as defined below) pursuant to this Section 4.2(b)(v)) shall be converted into the right to receive the Stock Consideration.

(vi) If the aggregate number of Shares covered by Stock Elections (the "Stock Election Shares") exceeds the Stock Election Number, all Non-Election Shares shall be deemed to be Shares in respect of which Cash Elections have been made and (x) each Stock Election Share shall be converted into (i) the right to receive a number of shares of Parent Common Stock, equal to the product of (A) the Exchange Ratio and (B) a fraction (the "Stock Fraction"), the numerator of which shall be the Stock Election Number and the denominator of which shall be the total number of Stock Election Shares, and (ii) an amount in cash, without interest, equal to the product of (A) the Cash Consideration and (B) a fraction

equal to one minus the Stock Fraction and (y) each Cash Election Share (including those deemed to be Cash Election Shares) shall be converted into the right to receive the Cash Consideration.

(vii) In the event that neither clause (v) nor clause (vi) of this Section 4.2(b) is applicable, a number of Non-Election Shares shall be deemed Stock Election Shares such that the total Stock Election Shares equals the Stock Election Number and any remaining Non-Election Shares shall be deemed Cash Election Shares and (x) all Cash Election Shares and all Non-Election Shares in respect of which Cash Elections are deemed to have been made shall be converted into the right to receive Cash Consideration, and (y) all Stock Election Shares and all Non-Election Shares in respect of which Stock Elections are deemed to have been made shall be converted into the right to receive Stock Consideration (and cash in lieu of fractional interests).

(viii) Each record holder of Shares immediately prior to the Effective Time shall be entitled to elect to receive the Stock Consideration for part of such holder's Shares and the Cash Consideration for the remaining part of such holder's Shares (a "Mixed Election" and, collectively with a Stock Election and a Cash Election, an "Election"). Mixed Elections shall be made on a Form of Election. With respect to each holder of Shares who makes a Mixed Election, the Shares such holder elects to be converted into the right to receive Cash Consideration shall be treated as Cash Election Shares for purposes of this Section 4.2 and Section 4.5, and the Shares such holder elects to be converted into the right to receive shares of Parent Common Stock shall be treated as Stock Election Shares for purposes of this Section 4.2 and Section 4.5.

(ix) The Exchange Agent, in consultation with Parent and the Company, shall make all computations to give effect to this Section 4.2.

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(c) Exchange and Payment Procedures. As soon as practicable after the Election Deadline, Parent shall cause the Exchange Agent to mail to each record holder of Shares who did not submit a Form of Election or who did not submit a Certificate or Certificates to the Exchange Agent with such holder's properly submitted Form of Election: (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon actual delivery of the Certificates to the Exchange Agent) and (ii) instructions for effecting the surrender of the Certificates and receiving the Merger Consideration to which such holder shall be entitled therefor pursuant to this Article IV. Upon surrender of a Certificate (or affidavits of loss in lieu thereof) to the Exchange Agent for cancellation, together with a duly executed letter of transmittal or Form of Election, as the case may be, and such other documents as the Exchange Agent may require, the holder of such Certificate shall be entitled to receive in exchange therefor (i) a certificate representing that number of shares of Parent Common Stock into which the Shares previously represented by such Certificate are converted in accordance with this Article IV, (ii) the cash to which such holder is entitled in accordance with this Article IV, (iii) cash in lieu of fractional shares, if any, which such holder has the right to receive pursuant to Section 4.2(f) and (iv) any dividends or other distributions pursuant to Section 4.2(d). In the event the Merger Consideration and cash in lieu of fractional shares, if any, which such holder has the right to receive pursuant to Section 4.2(f), and any dividend or other distributions pursuant to Section 4.2(d), is to be delivered to any person who is not the person in whose name the Certificate surrendered in exchange therefor is registered in the transfer records of the Company, the Merger Consideration, and cash in lieu of fractional shares which such holder has the right to receive pursuant to Section 4.2(f), and any dividends or other distributions pursuant to Section 4.2(d) may be delivered to a transferee if the Certificate is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence satisfactory to the Exchange Agent that any applicable stock transfer taxes have been paid or are not payable.

(d) Distributions with Respect to Unexchanged Shares; Voting. All Shares of Parent Common Stock to be issued pursuant to the Merger shall be deemed issued

and outstanding as of the Effective Time and whenever a dividend or other distribution is declared by Parent in respect of the Parent Common Stock, the record date for which is at or after the Effective Time, that declaration shall include dividends or other distributions in respect of all shares issuable pursuant to this Agreement. No dividends or other distributions in respect of the Parent Common Stock shall be paid to any holder of any unsurrendered Certificate until such Certificate is surrendered for exchange in accordance with this Article IV. Subject to the effect of applicable laws, following surrender of any such Certificate, there shall be issued and/or paid to the holder of the certificates representing Parent Common Stock issued in exchange therefor, without interest, (A) at the time of such surrender, the dividends or other distributions with a record date after the Effective Time theretofore payable with respect to such Parent Common Stock and not paid and (B) at the appropriate payment date, the dividends or other distributions payable with respect to such Parent Common Stock with a record date after the Effective Time but with a payment date subsequent to surrender.

(e) Transfers. After the Effective Time, there shall be no transfers on the stock transfer books of the Company of the Shares that were outstanding immediately prior to the Effective Time.

(f) Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional shares of Parent Common Stock will be issued to holders of Shares and in lieu of any such fractional shares, each holder of Shares who would otherwise have been entitled to receive a fractional share of Parent Common Stock upon surrender of Certificates for exchange pursuant to this Article IV will be paid an amount in cash (without interest) equal to such holder's proportionate interest in the net proceeds from the sale or sales in the open market by the Exchange Agent, on behalf of all such holders, of the aggregate fractional shares of Parent Common Stock issued to the Exchange Agent on behalf of such holders pursuant to this Article IV. As soon as practicable following the Effective Time, the Exchange Agent shall determine the excess of (i) the number of full shares of Parent Common Stock delivered to the Exchange Agent by Parent over (ii) the aggregate number of full shares of Parent Common Stock to be distributed to holders of Shares (such excess being herein called the "Excess Parent Common Shares"). The Exchange Agent, as agent for the former holders of Shares, shall sell the Excess Parent Common Shares at the prevailing prices on the New York Stock Exchange, Inc. (the "NYSE"). The sales of the Excess Parent Common Shares by the Exchange Agent shall

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be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent practicable. Parent shall pay all commissions, transfer taxes and other out-of-pocket transaction costs, if any, including the expenses and compensation of the Exchange Agent, incurred in connection with such sale of Excess Parent Common Shares. Until the net proceeds of such sale have been distributed to the former holders of Shares, the Exchange Agent will hold such proceeds in trust for such former holders.

(g) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof and any Parent Common Stock) that remains unclaimed by the shareholders of the Company for 180 days after the Effective Time shall be returned to Parent. Any shareholders of the Company who have not theretofore complied with this Article IV shall thereafter look only to Parent for payment of the Cash Consideration, their shares of Parent Common Stock and any cash, dividends and other distributions in respect thereof payable and/or issuable pursuant to Section 4.1 and Section 4.2(c) upon due surrender of their Certificates (or affidavits of loss in lieu thereof), in each case, without any interest thereon. Notwithstanding the foregoing, none of Parent, the Surviving Corporation, the Exchange Agent or any other Person shall be liable to any former holder of Shares for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(h) Lost, Stolen or Destroyed Certificates. In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of

that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such Person of a bond in customary amount as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate and subject to compliance with the terms of Section 4.2, shares of Parent Common Stock and any cash payable and any unpaid dividends or other distributions in respect thereof pursuant to Section 4.1 and Section 4.2(d) upon due surrender of, and deliverable in respect of, the Shares represented by such Certificate pursuant to this Agreement.

(i) Affiliates. Notwithstanding anything herein to the contrary, Certificates surrendered for exchange by any "affiliate" (as determined pursuant to Section 6.7) of the Company shall not be exchanged until Parent has received a written agreement from such Person as provided in Section 6.7 hereof.

4.3. Dissenters' Rights. In accordance with Section 450.1762 of the MBCA, no dissenters' rights shall be available to holders of Shares in connection with the Merger.

4.4. Adjustments to Prevent Dilution. (a) In the event that the Company changes the number of Shares issued and outstanding prior to the Effective Time as a result of a reclassification, stock split (including a reverse split), stock dividend or distribution, recapitalization, merger, subdivision, issuer tender or exchange offer, or other similar transaction, the Merger Consideration shall be equitably adjusted to reflect such change.

(b) In the event Parent (i) changes or establishes a record date for changing the number of shares of Parent Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, stock combination, recapitalization, reclassification, reorganization or similar transaction with respect to the outstanding Parent Common Stock or (ii) pays or makes an extraordinary dividend or distribution in respect of Parent Common Stock (other than a distribution referred to in clause (i) of this sentence) and, in either case, the record date therefor shall be prior to the Effective Time, the Stock Consideration shall be proportionately adjusted. Regular quarterly cash dividends and increases thereon shall not be considered extraordinary for purposes of the preceding sentence. If, between the date hereof and the Effective Time, Parent shall merge or consolidate with or into any other corporation (a "Business Combination") and the terms thereof shall provide that Parent Common Stock shall be converted into or exchanged for the shares of any other corporation or entity, then provision shall be made so that shareholders of the Company who would be entitled to receive shares of Parent Common Stock pursuant to this Agreement shall be entitled to receive, in lieu of each share of Parent Common Stock issuable to such shareholders as provided herein, the same kind and amount of securities or assets as shall be distributable upon such Business Combination with respect to one share of Parent Common Stock and, if necessary or advisable, the parties hereto shall agree on an appropriate restructuring of the transactions contemplated herein.

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4.5. Tax Opinion Adjustment. In the event that either the condition set forth in Section 7.2(g) or the condition set forth in Section 7.3(f) is not satisfied but would be capable of being satisfied if the number of Shares being converted into Parent Common Stock were increased, and all other conditions set forth in Article VII have been satisfied (or, with respect to conditions to be satisfied at the Effective Time, will in fact be satisfied), then the number of Shares being converted into Parent Common Stock shall be increased (and the number of Shares converted into cash shall be decreased) to the extent necessary to permit the satisfaction of the conditions set forth in each of Sections 7.2(g) and 7.3(f), provided, that, each additional Share that is converted into the right to receive shares of Parent Common Stock solely as a result of the operation of this Section 4.5, to the extent that the conversion is necessary so that the value of the Parent Common Stock paid as consideration for Shares is not less than 41% of the value of the total consideration for Shares, shall be converted into the right to receive a number of shares of Parent Common Stock

having a value of \$28.50 (it being understood that value, in each case, shall be calculated consistent with the methods used in connection with the provision of the tax opinions contemplated by Section 7.2(g) and 7.3(f)). For purposes of Section 4.2(b), such additional Shares shall continue to be treated as part of the Cash Election Number and the shares of Parent Common Stock issued in respect thereof shall be treated as Cash Consideration. If required by law or the rules of the NYSE, Parent will use its best reasonable efforts to obtain the requisite approval of its shareholders for the issuance of a number of shares of Parent Common Stock sufficient to take into account the revised number of shares of Parent Common Stock to be issued. On the Closing Date, Parent and the Company each shall obtain from its respective counsel a determination whether the conditions set forth in Section 7.2(g) or 7.3(f), as the case may be, can be satisfied without making any adjustment set forth in this Section 4.5 and, if such condition cannot be satisfied without such an adjustment, a determination as to the minimum percentage of the Merger Consideration that the Stock Consideration must constitute in order for such counsel to render such opinion. Parent and the Company shall jointly inform the Exchange Agent whether any adjustment pursuant to this Section 4.5 is required; and, if so, the extent of any such adjustment.

4.6. Uncertificated Shares of Parent Common Stock. The Company agrees that if Parent establishes procedures for book-entry transfer of shares of Parent Common Stock (or other similar system for uncertificated shares of Parent Common Stock) prior to the Effective Time, issuance of Parent Common Stock pursuant to this Agreement may be made pursuant to such book-entry or similar procedures.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

5.1. Representations and Warranties of the Company, Parent and Merger Sub. Except as set forth in the corresponding sections or subsections of the disclosure letter, dated the date hereof, delivered by the Company to Parent or by Parent to the Company (each, a "Disclosure Letter", and the "Company Disclosure Letter" and the "Parent Disclosure Letter", respectively), as the case may be, the Company (except for subparagraphs (b)(ii), (b)(iii), (c)(ii), (q)(ii) and (v)(ii) below and references in paragraphs (a), (e) and (l) below to documents made available by Parent to the Company) hereby represents and warrants to Parent and Merger Sub, and Parent (except for subparagraphs (b)(i), (c)(i), (j), (p), (q)(i), (s), (t) and (v)(i) below and references in paragraphs (a), (e) and (l) below to documents made available by the Company to Parent), on behalf of itself and Merger Sub, hereby represents and warrants to the Company, that:

(a) Organization, Good Standing and Qualification. Each of it and its Subsidiaries is a corporation or other entity duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization and has all requisite corporate or similar power and authority to own and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, qualified or in good standing, or to have given power or authority when taken together with all other such failures, is not reasonably likely to have a Material Adverse Effect (as defined below). It has made available to Parent, in the case of the Company, and to the Company, in the case of Parent, a complete and correct copy of its Subsidiaries' articles of incorporation and by-laws or comparable governing documents for non-corporate

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entities ("Organizational Documents"), each as amended to date. Such Organizational Documents as so made available are in full force and effect. Section 5.1(a) of the Disclosure Letters contains a correct and complete list of each jurisdiction where the Company, in the case of the Company Disclosure

Letter, and Parent, in the case of the Parent Disclosure Letter, and in each case, each of its Subsidiaries is organized.

As used in this Agreement, the term (i) "Subsidiary" means, with respect to the Company, Parent or Merger Sub, as the case may be, any entity, whether incorporated or unincorporated, of which at least a majority of the securities or ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions is directly or indirectly owned or controlled by such party or by one or more of its respective Subsidiaries or by such party and any one or more of its respective Subsidiaries and (ii) "Material Adverse Effect" means, with respect to the Company or Parent, as the case may be, a material adverse effect on the condition (financial or otherwise), properties, business, operations, results of operations or prospects of the Company or Parent, as the case may be, and its respective Subsidiaries taken as a whole (other than any change or effect arising out of (i) any transaction taken to comply with Section 6.17(c), (ii) the Company's recognition of a write-down of its gas and oil properties under the full cost method of accounting as prescribed by Rule 4-10 of Regulation S-X under the Securities Act and Exchange Act, (iii) general economic conditions or (iv) conditions generally affecting the electric or gas utility industries).

(b) Capital Structure. (i) The authorized capital stock of the Company consists of 250,000,000 Shares (which are entitled to vote as a class), of which 85,655,381 Shares were outstanding as of the close of business on the date hereof, and 25,000,000 shares of preferred stock, without par value (the "Preferred Shares"), none of which were outstanding as of the date hereof. All of the outstanding Shares have been duly authorized and are validly issued, fully paid and nonassessable. Other than up to 4,560,345 shares subject to issuance related to the 2,645,000 outstanding Preferred Redeemable Increased Dividend Equity Securities (the "Feline Prides") and 250,000 shares of Series A Junior Participating Preferred Stock subject to issuance pursuant to the Rights Agreement, none of which were outstanding as of the close of business on the date hereof, the Company has no Shares or Preferred Shares subject to issuance, except that, as of the date hereof, there were 2,515,914 Shares subject to issuance pursuant to the Company's Stock Incentive Plan, Long Term Incentive Performance Share Plan, Mandatory Deferred Compensation Plan and Non-employee Directors Compensation Plan (the "Stock Plans"). Section 5.1(b) of the Company Disclosure Letter contains a correct and complete list of each outstanding option to purchase Shares under the Stock Plans (each a "Company Option"), date of grant, exercise price, expiration date and number of Shares subject thereto. Each of the outstanding shares of capital stock or other securities of each of the Company's Subsidiaries is duly authorized, validly issued, fully paid and nonassessable and owned by a direct or indirect wholly owned Subsidiary of the Company, free and clear of any lien, pledge, security interest, claim or other encumbrance. Except as set forth in this Section 5.1(b), there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate the Company or any of its Subsidiaries to issue or sell any shares of capital stock or other securities of the Company or any of its Subsidiaries or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of the Company or any of its Subsidiaries, and no securities or obligations evidencing such rights are authorized, issued or outstanding. After the Effective Time, the Feline Prides will be convertible only into, with respect to each Purchase Contract (as defined in the Purchase Contract Agreement dated March 25, 1997, between the Company and First National Bank of Chicago (the "Purchase Contract Agreement")), for each Share issuable on account of such Purchase Contract the right to receive on the Purchase Contract Settlement Date (as defined in the Purchase Contract Agreement) the Merger Consideration and cash in lieu of fractional shares, if any, pursuant to Section 4.2(f) into which a Share would be converted pursuant to Section 4.2 if such Share were a Non-Election Share, assuming for purposes of such conversion that the Purchase Contract Settlement Date had occurred immediately prior to the Effective Time. The Company does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the shareholders of the Company on any matter ("Voting Debt"). Section 5.1(b) of the Company Disclosure Letter sets forth a

indirectly, any voting interest that may require a filing by Parent under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (the "HSR Act").

(ii) The authorized capital stock of Parent consists of 400,000,000 shares of Parent Common Stock (which are entitled to vote as a class), of which 145,045,159 shares were outstanding as of the close of business on September 30, 1999, 5,000,000 shares of preferred stock, without par value (the "Parent Preferred Shares"), none of which were outstanding as of the date hereof. All of the outstanding shares of Parent Common Stock have been duly authorized and are validly issued, fully paid and nonassessable. Other than 1,500,000 shares of Series A Junior Participating Preferred Stock reserved for issuance pursuant to the Rights Agreement, dated as of September 23, 1997, between Parent and The Detroit Edison Company, as Rights Agent (the "Parent Rights Agreement"), none of which were outstanding as of the date hereof, Parent has no shares of Parent Common Stock or Parent Preferred Shares subject to issuance, except that, as of September 30, 1999, there were 997,575 shares of Parent Common Stock subject to issuance pursuant to Parent's Long-Term Incentive Plan (the "Parent Stock Plan"). Section 5.1(b) of the Parent Disclosure Letter contains a correct and complete list of each outstanding option to purchase shares of Parent Common Stock under the Parent Stock Plan, including the date of grant, exercise price, expiration date and number of shares of Parent Common Stock subject thereto. Each of the outstanding shares of capital stock or other securities of each of Parent's Subsidiaries is duly authorized, validly issued, fully paid and nonassessable and owned by a direct or indirect wholly owned Subsidiary of Parent, free and clear of any lien, pledge, security interest, claim or other encumbrance. Except as set forth above, there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate Parent or any of its Subsidiaries to issue or sell any shares of capital stock or other securities of it or any of its Subsidiaries or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of Parent or any of its Subsidiaries, and no securities or obligations evidencing such rights are authorized, issued or outstanding. Parent does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the shareholders of Parent on any matter ("Parent Voting Debt"). As of the date hereof, Parent has not granted registration rights to any person or entity which rights are currently exercisable or will become exercisable between the date hereof and the Effective Time.

(iii) The authorized capital stock of Merger Sub consists of 60,000 shares of common stock (entitled to vote as a class), 1,000 of which are validly issued, fully paid, nonassessable and outstanding as of the date hereof. All of the issued and outstanding capital stock of Merger Sub is, and at the Effective Time will be, owned by Parent, and there are (A) no other voting securities of Merger Sub, (B) no securities of Merger Sub convertible into or exchangeable for shares of capital stock or voting securities of Merger Sub and (C) no options or other rights to acquire from Merger Sub, and no obligations of Merger Sub to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Merger Sub. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated in this Agreement and has not conducted any business prior to the date hereof and has no, and prior to the Effective Time will have no, assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Merger and the other transactions contemplated by this Agreement.

(c) Corporate Authority; Approval and Fairness. (i) The Company has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform (in the case of consummation of the Merger, subject to obtaining requisite shareholder approval) its

obligations under this Agreement and to consummate, subject only to approval of this Agreement by the holders of a majority of the outstanding Shares (the "Company Requisite Vote"), the Merger. Assuming the due authorization, execution and delivery of this Agreement by Parent and Merger Sub, this Agreement is a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (the "Bankruptcy and Equity Exception"). The board of directors of the Company (A) has unanimously adopted this Agreement and (B) has received the

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opinion of its financial advisor, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), to the effect that the consideration to be received by the holders of the Shares in the Merger is fair to such holders from a financial point of view, a copy of which opinion has been delivered to Parent.

(ii) Each of the Parent and Merger Sub has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform (in the case of consummation of the Merger, subject to obtaining requisite shareholder approval) its obligations under this Agreement and to consummate, subject only to any shareholder approval necessary to permit the issuance of the shares of Parent Common Stock required to be issued pursuant to Article IV (the "Parent Requisite Vote"), the Merger. Assuming the due authorization, execution and delivery of this Agreement by the Company, this Agreement is a valid and binding agreement of Parent enforceable against Parent in accordance with its terms, subject to the Bankruptcy and Equity Exception. Assuming the due authorization, execution and delivery of this Agreement by the Company, this Agreement is a valid and binding agreement of Merger Sub enforceable against Merger Sub in accordance with its terms. The Boards of Directors of Parent and Merger Sub (A) have adopted this Agreement and (B) have received the opinion of Parent's financial advisor, Warburg Dillon Read LLC, to the effect that the consideration to be paid by Parent to the holders of Shares in the Merger is fair to Parent from a financial point of view. Prior to the Effective Time, Parent will have taken all necessary action to permit it to issue the number of shares of Parent Common Stock required to be issued pursuant to Article IV. The Parent Common Stock, when issued, will be validly issued, fully paid and nonassessable, and no shareholder of Parent will have any preemptive right of subscription or purchase in respect thereof. The Parent Common Stock, when issued, will be registered under the Securities Act and the Securities Exchange Act of 1934, as amended (together with the rules and regulations thereunder, the "Exchange Act") and registered or exempt from registration under any applicable state securities or "blue sky" laws.

(d) Governmental Filings; No Violations. (i) Other than the reports, filings and/or notices (A) pursuant to Section 1.3, (B) under the HSR Act, the Exchange Act and the Securities Act, (C) required to be made with the NYSE or the Chicago Stock Exchange, (D) to comply with state securities or "blue sky" laws, (E) with, to or of the Federal Energy Regulatory Commission (the "FERC") pursuant to the Federal Power Act, as amended (the "Power Act"), if required, (F) under the Public Utility Holding Company Act of 1935, as amended (the "1935 Act"), (G) with, to or of federal or state regulatory bodies pursuant to Environmental Laws (as defined in Section 5.1(k)) and (H) identified in Section 5.1(d) of the respective Disclosure Letter, no notices, reports or other filings are required to be made by it or any of its Subsidiaries with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by it or any of its Subsidiaries from, any governmental or regulatory authority, agency, commission, body or other governmental entity ("Governmental Entity"), in connection with the execution and delivery of this Agreement by it and the consummation by it of the Merger and the other transactions contemplated hereby, except those that the failure to make or obtain are not, individually or in the aggregate, reasonably likely to have a Material Adverse Effect or prevent, materially delay or materially impair the ability of it to consummate the transactions contemplated by this Agreement.

(ii) The execution, delivery and performance of this Agreement by it do not, and the consummation by it of the Merger and the other transactions contemplated hereby will not, constitute or result in (A) a breach or violation of, or a default under, its articles of incorporation or by-laws or the Organizational Documents of any of its Subsidiaries, (B) a breach or violation of, a default under, or the acceleration of any obligations or the creation of a lien, pledge, security interest or other encumbrance on the assets of it or any of its Subsidiaries (with or without notice, lapse of time or both) pursuant to, any agreement, lease, license, contract, note, mortgage, indenture, arrangement or other obligation ("Contracts") binding upon it or any of its Subsidiaries or any Law (as defined in Section 5.1(i)) or governmental or non-governmental permit or license to which it or any of its Subsidiaries is subject or (C) any change in the rights or obligations of any party under any of the Contracts, except, in the case of clause (B) or (C) above, for any breach, violation, default, acceleration, creation or change that, individually or in the aggregate, is not reasonably likely to have a Material Adverse Effect or prevent, materially delay or materially impair the ability of it to consummate the transactions contemplated by this Agreement. Section 5.1(d) of the Company Disclosure Letter, with respect to the Company, and the Parent Disclosure Letter, with respect to Parent, sets forth a correct and complete list of

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material Contracts of the Company, in the case of the Company Disclosure Letter, and of Parent, in the case of the Parent Disclosure Letter, and any of its respective Subsidiaries pursuant to which consents or waivers are or may be required prior to consummation of the transactions contemplated by this Agreement (whether or not subject to the exception set forth with respect to clauses (B) and (C) above).

(e) Reports; Financial Statements. All material filings required to be made by it and its Subsidiaries since December 31, 1995 under the Securities Act, the Exchange Act, the 1935 Act, the Power Act and state law applicable to public utilities, and under regulations applicable to public utilities in the United States, have been made in accordance with the requirements of the relevant Governmental Entities, except for such failures to make filings that are not, individually or in the aggregate, reasonably likely to have a Material Adverse Effect, and it has complied as of their respective dates, in all material respects with all applicable requirements of appropriate statutes and rules and regulations. It has delivered to the other party each registration statement, report, proxy statement or information statement prepared by it since December 31, 1998 (the "Audit Date"), including (i) its Annual Report on Form 10-K for the year ended December 31, 1998, and (ii) its Quarterly Reports on Form 10-Q for the periods ended March 31, 1999, and June 30, 1999, each in the form (including exhibits, annexes and any amendments thereto) filed with the Securities and Exchange Commission (the "SEC") (collectively, including any such reports filed subsequent to the date hereof and as amended, the "Reports"). As of their respective dates, (or, if amended, as of the date of such amendment) the Reports did not, and any Reports filed with the SEC subsequent to the date hereof will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. Each of the consolidated balance sheets included in or incorporated by reference into the Reports (including the related notes and schedules) presents fairly, or will present fairly, in all material respects, the consolidated financial position of it and its Subsidiaries as of its date and each of the consolidated statements of income, cash flows and changes in shareholders' equity included in or incorporated by reference into the Reports (including any related notes and schedules) presents fairly, or will present fairly, the results of operations, cash flows and changes in shareholders' equity, as the case may be, of it and its Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to notes and normal year-end audit adjustments that will not be material in amount or effect), in each case in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") consistently applied during the periods involved, except as may be noted therein.

(f) Absence of Certain Changes. Except as disclosed in its Reports filed prior to the date hereof, since the Audit Date it and its Subsidiaries have conducted their respective businesses only in, and have not engaged in any material transaction other than according to, the ordinary and usual course of such businesses and there has not been (i) any change in the condition (financial or otherwise), properties, business, operations, results of operations or prospects of it and its Subsidiaries or any development or combination of developments of which its officers have actual knowledge that, individually or in the aggregate, has had or is reasonably likely to have a Material Adverse Effect; (ii) any declaration, setting aside or payment of any dividend, or other distribution in cash, stock or property in respect of its capital stock, except for dividends or other distributions on its capital stock publicly announced prior to the date hereof and except as expressly permitted hereby; (iii) any split in its capital stock, combination, subdivision or reclassification of any of its capital stock or issuance or authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, except as expressly contemplated hereby; or (iv) any change by it in accounting principles, or material change in its accounting practices or methods. Since the Audit Date, except as provided for herein or as disclosed in the Reports filed prior to the date hereof, there has not been any increase in the compensation payable or that could become payable by it or any of its Subsidiaries to officers or key employees or any amendment of any of the Compensation and Benefit Plans (as defined in Section 5.1(h)(i)) other than increases or amendments in the ordinary and usual course.

(g) Litigation and Liabilities. Except as disclosed in the Reports filed prior to the date hereof, there are no (i) civil, criminal or administrative actions, suits, claims, hearings, investigations or proceedings pending or, to the actual knowledge of its officers, threatened against it or any of its Affiliates (as defined below), (ii) obligations or liabilities, whether or not accrued, contingent or otherwise and whether or not required to be

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disclosed, or any facts or circumstances of which its officers have actual knowledge that could reasonably be expected to result in any claims against, or obligations or liabilities of, it or any of its Affiliates or (iii) developments since the date of such Reports with respect to such disclosed actions, suits, claims, hearings, investigations or proceedings, except, in each case, for those that, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect or prevent or materially burden or materially impair the ability of it to consummate the transactions contemplated by this Agreement. As used herein, the term "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 under the Exchange Act.

(h) Employee Benefits.

(i) A copy (or, if not in writing, a summary) of each bonus, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, restricted stock, stock option, employment, termination, severance, compensation, medical, health or other plan, agreement, policy or arrangement that covers employees, directors, former employees or former directors of it and its Subsidiaries (the "Compensation and Benefit Plans") (other than immaterial policies and arrangements not related to severance) and any trust agreement or insurance contract forming a part of such Compensation and Benefit Plans has been provided or made available to the other party prior to the date hereof. The Compensation and Benefit Plans are listed in Section 5.1(h) of its Disclosure Letter and those containing any "change of control" or similar provisions are specifically identified in Section 5.1(h) of its Disclosure Letter.

(ii) All Compensation and Benefit Plans are in substantial compliance with all applicable law, including the Code and the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Each Compensation and Benefit Plan that is an "employee pension benefit plan" within the meaning of Section 3(2) of

ERISA (a "Pension Plan") and that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service (the "IRS"), nor are there any existing circumstances likely to result in revocation of any such favorable determination letter. No actions, suits, or claims (other than routine claims for benefits) have been filed or, to the actual knowledge of its officers, are contemplated or threatened against any Compensation and Benefits Plan or against the assets of any Compensation and Benefits Plan; and, to the actual knowledge of its officers, there is no basis for such action, suit or claim. Neither it nor any of its Subsidiaries has engaged in a transaction with respect to any Compensation and Benefit Plan that, assuming the taxable period of such transaction expired as of the date hereof, would subject it or any of its Subsidiaries to a material tax or penalty imposed by either Section 4975 of the Code or Section 502 of ERISA that has not previously been satisfied.

(iii) No liability under Subtitle C or D of Title IV of ERISA has been or is expected to be incurred by it or any Subsidiary with respect to any ongoing, frozen or terminated "single-employer plan", within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by any of them, or the single-employer plan of any entity which is considered one employer with the Company under Section 4001 of ERISA or Section 414 of the Code (an "ERISA Affiliate"). It and its Subsidiaries have not incurred and do not expect to incur any withdrawal liability with respect to a multiemployer plan under Subtitle E to Title IV of ERISA regardless of whether based on contributions of an ERISA Affiliate. No notice of a "reportable event", within the meaning of Section 4043 of ERISA for which the 30-day reporting requirement has not been waived, has been required to be filed for any Pension Plan or by any ERISA Affiliate within the 12-month period ending on the date hereof or will be required to be filed in connection with the transactions contemplated by this Agreement.

(iv) All contributions required to be made under the terms of any Compensation and Benefit Plan as of the date hereof have been timely made or have been reflected on the most recent consolidated balance sheet filed or incorporated by reference in the Company Reports prior to the date hereof. Neither any Pension Plan nor any single-employer plan of an ERISA Affiliate has an "accumulated funding deficiency" (whether or not waived) within the meaning of Section 412 of the Code or Section 302 of ERISA. Neither it nor its Subsidiaries has provided, or is required to provide, security to any Pension Plan or to any single-employer plan of an ERISA Affiliate pursuant to Section 401(a)(29) of the Code.

(v) Under each Pension Plan which is a single-employer plan, as of the last day of the most recent plan year ended prior to the date hereof, the actuarially determined present value of all "benefit liabilities", within

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the meaning of Section 4001(a)(16) of ERISA (as determined on the basis of the actuarial assumptions contained in the Pension Plan's most recent actuarial valuation), did not exceed the then current value of the assets of such Pension Plan, and there has been no material change in the financial condition of such Pension Plan since the last day of the most recent plan year.

(vi) Neither it nor its Subsidiaries have any obligations for retiree health and life benefits under any Compensation and Benefit Plan, except as set forth in the SEC filings or Section 5.1(h) of the Company Disclosure Letter; the terms of each such plan provide that such retiree health and life benefits may be amended or terminated at any time, except to the extent limited by any collective bargaining agreement.

(vii) The consummation of the Merger and the other transactions contemplated by this Agreement will not (x) entitle any employees of it or its Subsidiaries to severance pay or any increase in severance pay upon any termination of employment prior to or after the date hereof, (y) accelerate the time of payment or vesting or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount

payable or trigger any other material obligation pursuant to, any of the Compensation and Benefit Plans, or (z) result in any breach or violation of, or a default under, any of the Compensation and Benefit Plans.

(viii) The Company has amended the terms of any and all Compensation and Benefit Plans, as applicable, to eliminate the automatic funding of accrued benefits under such plans via the Rabbi Trust established effective January 3, 1991, in connection with the consummation of the Merger and the other transactions contemplated by this Agreement.

(ix) No Compensation and Benefit Plan is maintained outside the United States.

(i) Compliance with Laws; Permits. Except as set forth in the Reports filed prior to the date hereof, the businesses of each of it and its Subsidiaries have not been, and are not being, conducted in violation of any federal, state, local or foreign law, statute, ordinance, rule, regulation, judgment, order, injunction, decree, arbitration award, agency requirement, license or permit of any Governmental Entity (collectively, "Laws"), except for violations that, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect or prevent or materially burden or materially impair the ability of it to consummate the transactions contemplated by this Agreement. Except as set forth in the Reports filed prior to the date hereof, no investigation or review by any Governmental Entity with respect to it or any of its Subsidiaries is pending or, to the actual knowledge of its officers, threatened, nor has any Governmental Entity indicated an intention to conduct the same, except for those the outcome of which, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect or prevent or materially burden or materially impair its ability to consummate the transactions contemplated by this Agreement. Each of it and its Subsidiaries has all permits, licenses, franchises, variances, exemptions, orders and other governmental authorizations, consents and approvals necessary to conduct its business as presently conducted, except those the absence of which, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect or prevent or materially burden or materially impair its ability to consummate the Merger and the other transactions contemplated by this Agreement.

(j) Takeover Statutes. No "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute or regulation (each a "Takeover Statute") or any anti-takeover provision in the Company's articles of incorporation or by-laws is, or at the Effective Time will be, applicable to the Company, the Shares, the Merger or the other transactions contemplated by this Agreement.

(k) Environmental Matters. Except as disclosed in the Reports prior to the date hereof and except as has not had and is not reasonably likely to have a Material Adverse Effect: (i) each of it and its Subsidiaries is in compliance with all applicable Environmental Laws; (ii) no property (including soils, groundwater, surface water, buildings or other structures) currently owned or operated by it or any of its Subsidiaries is contaminated with any Hazardous Substance which could reasonably be expected to result in liability relating to or require remediation under any Environmental Law; (iii) no property formerly owned or operated by it or any of its Subsidiaries has been contaminated with any Hazardous Substance during or prior to such period of ownership or operation which could reasonably be expected to result in liability relating to or require

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remediation under any Environmental Law; (iv) neither it nor any of its Subsidiaries is subject to liability for any Hazardous Substance disposal or contamination on any third party property; (v) neither it nor any of its Subsidiaries has been associated with any release or threat of release of any Hazardous Substance which could reasonably be expected to result in liability relating to or require remediation under any Environmental Law; (vi) neither it nor any of its Subsidiaries has received any notice, demand, letter, claim or request for information alleging that it or any of its Subsidiaries may be in

violation of or subject to liability under any Environmental Law; (vii) neither it nor any of its Subsidiaries is subject to any order, decree, injunction or other arrangement with any Governmental Entity or any indemnity or other agreement with any third party relating to liability under any Environmental Law or relating to Hazardous Substances; (viii) there are no other circumstances or conditions involving it or any of its Subsidiaries or the transactions contemplated in this Agreement that could reasonably be expected to result in any claim, liability, investigation, cost or restriction on the ownership, use, or transfer of any property pursuant to any Environmental Law; and (ix) the Company has delivered to Parent, and Parent has made available to the Company, copies of all environmental reports, studies, assessments, sampling data and other environmental information in its possession relating to it or its Subsidiaries or their respective current and former properties or operations.

As used herein, the term "Environmental Law" means any federal, state, local or foreign statute, law, regulation, order, decree, permit, authorization, opinion, common law or agency requirement relating to: (A) the protection, investigation or restoration of the environment, health, safety, or natural resources, (B) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance or (C) noise, odor, indoor air, employee exposure, wetlands, pollution, contamination or any injury or threat of injury to persons or property relating to any Hazardous Substance.

As used herein, the term "Hazardous Substance" means any substance that is: (A) listed, classified or regulated pursuant to any Environmental Law; (B) any petroleum or coal product or by-product, any waste, ash or sludge, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, radioactive material or radon; and (C) any other substance which may be the subject of regulatory action by any Government Entity in connection with any Environmental Law.

(1) Taxes. Except for failures and inaccuracies that are not, individually or in the aggregate, reasonably likely to have a Material Adverse Effect, each of it and its Subsidiaries (i) have prepared in good faith and duly and timely filed (taking into account any extension of time within which to file) all Tax Returns (as defined below) required to be filed by any of them and all such filed Tax Returns are complete and accurate; (ii) has paid all Taxes (as defined below) that are shown as due on such filed Tax Returns or that it or any of its Subsidiaries are obligated to withhold from amounts owing to any employee, creditor or third party, except with respect to matters contested in good faith; and (iii) has not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency. Except as set forth in the Company Disclosure Letter, (i) neither it nor any of its Subsidiaries is a party to any Tax allocation, indemnity or sharing agreement (other than such an agreement between it and any of its Subsidiaries) and (ii) neither it nor any of its Subsidiaries has any liability for Taxes as a result of its or any of its Subsidiaries inclusion in any group's consolidated or combined Tax returns other than a group of which it is a common parent, except, in the case of clause (ii), as is not reasonably likely to have a Material Adverse Effect. As of the date hereof, there are not pending or, to the actual knowledge of its officers threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes or Tax matters that, individually or in the aggregate are reasonably likely to have a Material Adverse Effect. There are not, to the actual knowledge of its officers, any unresolved questions or claims concerning its or any of its Subsidiaries' Tax liability that, individually or in the aggregate, are reasonably likely to have a Material Adverse Effect. Neither it nor any of its Subsidiaries has any liability with respect to Taxes in excess of the amounts accrued with respect thereto that are reflected in the financial statements included in the Reports filed on or prior to the date hereof, except as is not, individually or in the aggregate reasonably likely to have a Material Adverse Effect.

As used in this Agreement, (i) the term "Tax" (including, with correlative meaning, the terms "Taxes", and "Taxable") includes all federal, state, local and foreign income, profits, alternative minimum tax, franchise, gross receipts, environmental, customs duty, capital stock, severances, stamp, payroll, sales,

employment, unemployment, disability, use, property, withholding, excise, add-on, production, value added, occupancy and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts and any interest in respect of such penalties and additions, and (ii) the term "Tax Return" includes all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax authority relating to Taxes.

(m) Labor Matters. Except as set forth in Section 5.1(m) of its Disclosure Letter, neither it nor any of its Subsidiaries is a party to or otherwise bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is it or any of its Subsidiaries the subject of any material proceeding asserting that it or any of its Subsidiaries has committed an unfair labor practice or is seeking to compel it to bargain with any labor union or labor organization nor is there pending or, to the actual knowledge of its officers, threatened, nor has there been for the past five years, any labor strike, dispute, walkout, work stoppage, slow-down or lockout involving it or any of its Subsidiaries. Each party has previously made available to the other correct and complete copies of all labor and collective bargaining agreements, Contracts or other agreements or understandings with a labor union or labor organization to which it or any of its Subsidiaries is party or by which any of them are otherwise bound (collectively, the "Labor Agreements"). The consummation of the Merger and the other transactions contemplated by this Agreement will not entitle any third party (including any labor union or labor organization) to any payments under any of the Labor Agreements.

(n) Intellectual Property.

(i) It or its Subsidiaries own (free and clear of any and all liens, claims or encumbrances), or is licensed or otherwise possesses sufficient legally enforceable rights to use, all patents, trademarks, trade names, service marks, brand marks, brand names, copyrights, and any applications therefor, technology, know-how, computer software programs or applications, databases, industrial designs and tangible or intangible proprietary information or materials that are currently used (or, with respect to trademarks, trade names, brand marks, brand names and service marks, have been used within the last five years) in its and its Subsidiaries' businesses (collectively, "Intellectual Property Rights"), except for any such failures to own, be licensed or possess that, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect.

(ii) Except as disclosed in the Reports filed prior to the date hereof, and except for such matters that, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect, (i) the use of the Intellectual Property Rights by it or its Subsidiaries does not conflict with, infringe upon, violate or interfere with or constitute an appropriation of any right, title, interest or goodwill including, without limitation, any intellectual property right, patent, trademark, trade name, service mark, brand mark, brand name, copyright, technology, know-how, computer software program or application, database or industrial design of any other Person and (ii) there have been no claims made and neither it nor any of its Subsidiaries has received notice of any claim or otherwise knows that any Intellectual Property Right is invalid, conflicts with the asserted right of any other Person, has not been used or enforced or has been failed to be used or enforced in a manner that would result in the abandonment, cancellation or unenforceability of any Intellectual Property Right of it or any of its Subsidiaries.

(o) Insurance. All material fire and casualty, general liability, business interruption, product liability, and sprinkler and water damage insurance policies maintained by it or any of its Subsidiaries are with reputable insurance carriers, provide full and adequate coverage for all normal risks incident to the business of it and its Subsidiaries and their respective properties and assets, and are in character and amount at least equivalent to that carried by persons engaged in similar businesses and subject to the same or

similar perils or hazards, except for any such failures to maintain insurance policies that, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect.

(p) Rights Plan. (i) The Company has amended the Rights Agreement to provide that (x) Parent shall not be deemed an Acquiring Person (as defined in the Rights Agreement), (y) the Distribution Date (as defined in the Rights Agreement) shall not be deemed to occur and (z) the Rights will not separate from the

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Shares, in each case, as a result of entering into this Agreement or consummating the Merger and/or the other transactions contemplated hereby.

(ii) The Company has taken all necessary action with respect to all of the outstanding Rights (as defined in the Rights Agreement) so that, as of immediately prior to the Effective Time, the Rights Agreement will expire without any payment by the Company in respect of the Rights.

(q) Brokers and Finders. Neither it nor any of its officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders fees in connection with the Merger or the other transactions contemplated in this Agreement except that (i) the Company has employed Merrill Lynch as its financial advisor, the arrangements with which have been disclosed to Parent prior to the date hereof and (ii) Parent has employed Warburg Dillon Read LLC as its financial advisor, the arrangements with which have been disclosed to the Company prior to the date hereof.

(r) Year 2000. Except as disclosed in the Reports filed prior to the date hereof, all computer systems and computer software used by it or any of its Subsidiaries, and the material computer systems and computer software of its material commercial counterparties, recognize or are being adapted so that, prior to December 31, 1999, they shall recognize the advent of the year A.D. 2000 and can correctly recognize or are being adapted so that they can correctly recognize and manipulate date information relating to dates on or after January 1, 2000 and the operation and functionality of such computer systems and such computer software will not be adversely affected by the advent of the year A.D. 2000 or any manipulation of data featuring information relating to dates before, on or after January 1, 2000 ("Millennium Functionality"), except in each case for such computer systems and computer software, the failure of which to achieve Millennium Functionality, individually or in the aggregate, has not had and is not reasonably likely to have a Material Adverse Effect. Except as disclosed in the Reports filed prior to the date hereof, the costs of the adaptations necessary to achieve Millennium Functionality are not reasonably likely to have a Material Adverse Effect.

(s) Regulatory Proceedings. Except as set forth in the Reports, neither the Company nor any of its Subsidiaries, all or part of whose rates or services are regulated by a Governmental Entity, (i) has rates which have been or are being collected subject to refund, pending final resolution of any proceeding pending before a Governmental Entity or on appeal to the courts or (ii) is a party to any proceeding before a Governmental Entity or on appeal from orders of a Governmental Entity which have had or are reasonably likely to result in orders having a Material Adverse Effect.

(t) FERC Jurisdiction. To the actual knowledge of its officers, neither the Company nor any of its Subsidiaries, nor any other entity in which the Company, directly or indirectly owns or expects to retain any interest, owns or operates any FERC jurisdictional facilities giving rise to a requirement for approval of the Merger by the FERC.

(u) Regulation as a Utility. (i) It is not regulated as a public utility or public service company by any state. Other than as set forth in Section 5.1(u) of its Disclosure Letter, none of its Subsidiaries or Affiliates is subject to regulation as a public utility or public service company (or similar

designation) by any state in the United States or in any foreign country.

(ii) Each of Parent and the Company is a holding company exempt from registration pursuant to Section 3(a)(1) of the 1935 Act, as amended.

(v) Ownership of Shares. (i) Neither the Company nor any of its Subsidiaries "Beneficially Owns" (as such term is defined in the Parent Rights Agreement) any shares of Parent Common Stock.

(ii) Neither Parent nor any of its Subsidiaries "Beneficially Owns" (as such term is defined in the Rights Agreement) any Shares.

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ARTICLE VI

COVENANTS

6.1. Interim Operations.

(a) The Company covenants and agrees as to itself and its Subsidiaries that after the date hereof and prior to the Effective Time (unless Parent shall otherwise approve, which approval shall not be unreasonably withheld or delayed, and except as otherwise expressly contemplated by this Agreement):

(i) the business of the Company and its Subsidiaries shall be conducted in the ordinary and usual course and, to the extent consistent therewith, it and its Subsidiaries shall use their respective best reasonable efforts to (A) preserve its business organization intact and maintain its existing relations and goodwill with customers, suppliers, distributors, creditors, lessors, employees and business associates and (B) maintain and keep material properties and assets in as good repair and condition as such are in as of the date hereof, subject to ordinary wear and tear;

(ii) the Company shall not (A) issue, sell, pledge, dispose of or encumber any capital stock owned by it in any of its Subsidiaries; (B) amend its articles of incorporation or by-laws or amend, modify or terminate the Rights Agreement; (C) split, combine, subdivide or reclassify its outstanding shares of capital stock; (D) declare, set aside or pay any dividend payable in cash, stock or property in respect of any capital stock (other than dividends from its direct or indirect wholly owned Subsidiaries and other than regular quarterly cash dividends not in excess of \$0.255 per Share and regular quarterly cash dividends on the preferred and preference stock of its Subsidiaries); or (E) repurchase, redeem or otherwise acquire (except for (I) mandatory sinking funds obligations existing on the date hereof and (II) open market repurchases pursuant to the terms of the Company's Direct Stock Purchase Plan and Dividend Reinvestment Plan), or permit any of its Subsidiaries to purchase or otherwise acquire, any shares of its capital stock or any securities convertible into or exchangeable or exercisable for any shares of its capital stock;

(iii) neither the Company nor any of its Subsidiaries shall (A) issue, sell, pledge, dispose of or encumber any shares of, or securities convertible into or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of its capital stock of any class or any other property or assets (other than (I) Shares issuable pursuant to options and other rights outstanding on the date hereof under the Stock Plans, issuances of additional options or rights to acquire Shares granted pursuant to the terms of the Stock Plans as in effect on the date hereof in the ordinary and usual course of the operation of such Stock Plans and issuances of Shares pursuant to options granted after the date hereof pursuant to the Stock Plans and (II) Shares issuable pursuant to the terms of the outstanding Feline Prides); (B) (I) transfer, lease, license, guarantee, sell, mortgage, pledge, dispose of or encumber any of its coal fines property or assets, or, (II) except as identified on Section 6.1(a)(iii) of the Company Disclosure Letter, other than in the ordinary and usual course of business and other than sales not in excess of \$100,000,000 in the aggregate or \$30,000,000 in respect of any

transaction or series of related transactions, transfer, lease, license, guarantee, sell, mortgage, pledge, dispose of or encumber any other property or assets; (C) make or authorize or commit for any capital expenditures or operation and maintenance expenditures in excess of 110% of those contemplated to be spent pursuant to the year 1999, 2000 or 2001 capital appropriations/spending budgets set forth in Section 6.1(a) of the Company Disclosure Letter; or (D) by any means, make any acquisition of, or investment in, assets or stock of, or other interest in, any other Person or entity in excess of \$100,000,000 in the aggregate or \$30,000,000 in respect of any transaction or series of related transactions;

(iv) except as set forth in Section 6.1(a)(iv) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries shall (A) incur, assume or prepay any long-term debt or incur or assume any short-term debt other than in the ordinary and usual course of business in amounts and for purposes consistent with past practice under existing lines of credit, and except for the incurrence of long-term indebtedness in connection with the refinancing of existing indebtedness either at its stated maturity or at a lower cost of funds, (B) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any third-party, including by means of any "keep well" or other agreement to support or maintain any financial statement condition of another person, except in the ordinary and usual

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course of business, (C) accelerate or delay collection of notes or accounts receivable in advance of or beyond their regular due dates or the dates consistent with past practice, or (D) change any accounting principle, practice or method in a manner that is inconsistent with past practice, except to the extent required by U.S. GAAP as advised by the Company's regular independent accountants;

(v) neither the Company nor any of its Subsidiaries shall take or fail to take any action that is reasonably likely to make any representation or warranty of the Company contained herein inaccurate in any material respect at, or as of any time prior to, the Effective Time, or that is, individually or in the aggregate, reasonably likely to have a Material Adverse Effect;

(vi) except as required by applicable Law, an existing collective bargaining agreement or other Contract identified in Section 6.1(a)(vi) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries shall terminate, establish, adopt, enter into, make any new grants or awards under, amend or otherwise modify, any Compensation and Benefit Plans (other than issuances of additional options, performance shares or rights to acquire Shares granted pursuant to the terms of the Stock Plans as in effect on the date hereof in the ordinary and usual course of the operation of such Stock Plans, provided, that any such additional options, performance shares or rights to acquire Shares shall not vest in connection with the Merger and the other transactions contemplated by this Agreement), or except as required by any existing contract with a non-officer employer increase the salary, wage, bonus or other compensation of any employees, except increases occurring in the ordinary and usual course of business (which shall include normal periodic performance reviews and related compensation and benefit increases);

(vii) except as required by applicable law, an existing collective bargaining agreement or other Contract identified in Section 6.1(a)(vii) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries shall grant any severance or termination pay to, or enter into any employment or severance agreement with any director or officer of it or such Subsidiaries, provided, that the foregoing shall not require the Company to violate any of its obligations existing prior to the date hereof as set forth in Section 5.1(h) of the Company Disclosure Letter;

(viii) neither the Company nor any of its Subsidiaries shall settle or compromise any material claims or litigation or amend or terminate any of its

material Contracts or waive, release or assign any material rights or claims;

(ix) neither the Company nor any of its Subsidiaries shall make any material Tax election (other than in the ordinary and usual course or as is required by Law) or permit any insurance policy naming it as a beneficiary or loss-payable payee to be canceled or terminated except in the ordinary and usual course of business; and

(x) neither the Company nor any of its Subsidiaries will authorize or enter into an agreement to do any of the foregoing.

(b) Parent covenants and agrees as to itself and its Subsidiaries that after the date hereof and prior to the Effective Time (unless the Company shall otherwise approve, which approval shall not be unreasonably withheld or delayed, and except as otherwise expressly contemplated by this Agreement):

(i) the business of Parent and its Subsidiaries shall be conducted in the ordinary and usual course and, to the extent consistent therewith, it and its Subsidiaries shall use their respective best reasonable efforts to (A) preserve its business organization intact and maintain its existing relations and goodwill with customers, suppliers, distributors, creditors, lessors, employees and business associates and (B) maintain and keep material properties and assets in as good repair and condition as such are in as of the date hereof, subject to ordinary wear and tear;

(ii) it shall not (A) amend its articles of incorporation or by-laws; (B) split, combine, subdivide or reclassify its outstanding shares of capital stock; (C) declare, set aside or pay any dividend payable, in cash, stock or property in respect of any capital stock, other than dividends from its direct or indirect wholly owned Subsidiaries and other than regularly quarterly cash dividends not in excess of \$0.515 per share of Parent Common Stock and regularly quarterly cash dividends on the preferred and preference stock of its

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Subsidiaries; (D) repurchase, redeem or otherwise acquire, or permit any of its Subsidiaries to purchase or otherwise acquire, any shares of Parent Common Stock or any securities convertible into or exchangeable or exercisable for any shares of Parent Common Stock (other than repurchases, redemptions or other acquisitions which are made at the then-prevailing market price of Parent Common Stock on the NYSE and which in the aggregate do not exceed ten percent of the shares of Parent Common Stock outstanding as of the date hereof) or (E) except as permitted under this Agreement, enter into any agreement with respect to a merger, reorganization, share exchange, consolidation or similar transaction involving, or any purchase of all or substantially all of the equity securities of it or any of its Significant Subsidiaries (as such term is defined in Rule 1-02 of Regulation S-X under the Exchange Act);

(iii) neither Parent nor any of its Subsidiaries shall, (A) issue, sell, pledge, dispose of or encumber any shares of, or securities convertible into or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of Parent Common Stock (other than (I) shares of Parent Common Stock issuable pursuant to options outstanding on the date hereof under the Parent Stock Plan, issuances of additional options or rights to acquire shares of Parent Common Stock granted pursuant to the terms of the Parent Stock Plan as in effect on the date hereof in the ordinary and usual course of the operation of such Parent Stock Plan and issuances of shares of Parent Common Stock pursuant to options granted after the date hereof pursuant to the Parent Stock Plan and (II) issuances of Parent Common Stock, or securities convertible with or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, shares of Parent Common Stock, to a third-party on arms-length terms not in excess of 20% of the number of shares of Parent Common Stock outstanding as of the date hereof), (B) other than pursuant to the year 1999, 2000 or 2001 capital appropriations/spending budgets set forth in Section 6.1(b) of the Parent Disclosure Letter and other than in the ordinary and usual course of business (I) transfer, lease,

license, guarantee, sell, mortgage, pledge, dispose of or encumber any property or assets, and other than sales not in excess of \$250,000,000 in the aggregate; or (II) by any means, make any acquisition of, or investment in, assets or stock of, or other interest in, any other Person or entity in excess of \$250,000,000 in the aggregate or (C) acquire "Beneficial Ownership" (as such term is defined in the Rights Agreement) of any Shares;

(iv) Parent shall not change any material accounting principle, practice or method in a manner that is inconsistent with past practice, except to the extent required by U.S. GAAP as advised by Parent's regular independent accountants;

(v) neither Parent nor any of its Subsidiaries shall take or fail to take any action that is reasonably likely to make any representation or warranty of such party contained herein inaccurate in any material respect at, or as of any time prior to, the Effective Time, or that is, individually or in the aggregate, reasonably likely to have a Material Adverse Effect; and

(vi) neither Parent nor any of its Subsidiaries will authorize or enter into an agreement to do any of the foregoing.

6.2. Acquisition Proposals. (a) The Company agrees that neither it nor any of its Subsidiaries nor any of the officers and directors of it or its Subsidiaries shall, and that it shall direct and use its best efforts to cause its and its Subsidiaries' employees, agents and representatives (including any investment banker, attorney or accountant retained by it or any of its Subsidiaries ("Representatives")) not to, directly or indirectly, initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to a merger, reorganization, share exchange, consolidation or similar transaction involving, or any purchase of all or, except for transactions in the ordinary course of business or expressly contemplated by this Agreement that could not interfere with the transactions contemplated by this Agreement, including by Section 6.1(a)(iii), any of the assets or any equity securities of, it or any of its Subsidiaries (any such proposal or offer being hereinafter referred to as a "Company Acquisition Proposal"). The Company further agrees that neither it nor any of its Subsidiaries nor any of the officers and directors of it or its Subsidiaries shall, and that it shall direct and use its best efforts to cause its and its Subsidiaries' Representatives not to, directly or indirectly, engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any Person relating to a Company Acquisition Proposal, or otherwise facilitate any effort or attempt to make

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or implement a Company Acquisition Proposal; provided, however, that nothing contained in this Agreement (including the last preceding sentence and Section 6.1(b)) shall prevent the Company or its Board of Directors or Parent or its Board of Directors, as applicable, from (A) complying with Rule 14e-2 promulgated under the Exchange Act with regard to a Company Acquisition Proposal; (B) providing information in response to a request therefor by a Person who has made an unsolicited bona fide written Company Acquisition Proposal if the Company's Board of Directors receives from the Person so requesting such information an executed confidentiality agreement on terms, with respect to confidentiality, substantially similar to those contained in the Confidentiality Agreement (as defined in Section 9.7); (C) engaging in any negotiations or discussions with any Person who has made an unsolicited bona fide written Company Acquisition Proposal; or (D) recommending such Company Acquisition Proposal to the shareholders of the Company if and only to the extent that, in each such case referred to in clause (B), (C) or (D) above, prior to the time the Company Requisite Vote shall have been obtained, the Board of Directors of the Company determines in good faith after consultation with outside legal counsel and its financial advisor and based upon such other matters as it deems relevant that failure to take such action would likely result in a breach of their fiduciary duties under applicable law and that such Company Acquisition Proposal, if accepted, is reasonably likely to be consummated, taking into account all legal, financial and regulatory aspects of

the proposal and the Person making the proposal and would, if consummated, be reasonably likely to result in a transaction more favorable to the Company's shareholders from a financial point of view than the transaction contemplated by this Agreement (any such more favorable Acquisition Proposal being referred to in this Agreement as a "Superior Proposal"). The Company agrees that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Company Acquisition Proposal. The Company agrees that it will take the necessary steps to promptly inform the individuals or entities referred to in the first sentence hereof of the obligations undertaken in this Section 6.2 and in the Confidentiality Agreement. The Company agrees that it will use its best reasonable efforts to notify Parent within one day of the receipt thereof if any such inquiries, proposals or offers are received by, any such information is requested from, or any such discussions or negotiations are sought to be initiated or continued with, any of its Representatives indicating, in connection with such notice, the name of such Person and the material terms and conditions of any proposals or offers and thereafter shall keep Parent informed, on a current basis, on the status and terms of any such proposals or offers and the status of any such discussions or negotiations. The Company also agrees that it will promptly request each Person that has heretofore executed a confidentiality agreement in connection with its consideration of acquiring all or substantially all of it, Michigan Consolidated Gas Company or MCN Investment Corporation to return all confidential information heretofore furnished to such Person by or on behalf of it or any of its Subsidiaries.

(b) Parent agrees that neither it nor any of its Subsidiaries nor any of the officers and directors of it or its Subsidiaries shall, and that it shall direct and use its best efforts to cause its and its Subsidiaries' employees, agents and Representatives not to, directly or indirectly, initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to a merger, reorganization, share exchange, consolidation or similar transaction involving, or any purchase of all or, except for transactions in the ordinary course of business or expressly contemplated by this Agreement that could not interfere with the transactions contemplated by this Agreement, any of the assets or any equity securities of it or any of its Subsidiaries to the extent that such proposal is conditioned on Parent's failure to obtain the Parent Requisite Vote or could reasonably be expected to result in a failure to consummate the transactions contemplated by this Agreement (any such proposal or offer being hereinafter referred to as a "Parent Adverse Proposal"). Parent further agrees that neither it nor any of its Subsidiaries nor any of the officers and directors of it or its Subsidiaries shall, and that it shall direct and use its best efforts to cause its and its Subsidiaries' Representatives not to, directly or indirectly, engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any Person relating to a Parent Adverse Proposal, or otherwise facilitate any effort or attempt to make or implement a Parent Adverse Proposal; provided, however, that nothing contained in this Agreement shall prevent Parent or its Board of Directors from (A) complying with Rule 14e-2 promulgated under the Exchange Act with regard to a Parent Adverse Proposal; (B) providing information in response to a request therefor by a Person who has made an unsolicited bona fide written Parent Adverse Proposal if Parent's Board of Directors receives from the Person so requesting such information an executed

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confidentiality agreement on terms, with respect to confidentiality, substantially similar to those contained in the Confidentiality Agreement; (C) engaging in any negotiations or discussions with any Person who has made an unsolicited bona fide written Parent Adverse Proposal; or (D) recommending such Parent Adverse Proposal to the shareholders of Parent, if and only to the extent that, in each such case referred to in clause (B), (C) or (D) above, prior to the time the Parent Requisite Vote shall have been obtained the Board of Directors of Parent determines in good faith after consultation with outside legal counsel and its financial advisor and based upon such other matters as it deems relevant that failure to take such action would likely result in a breach of their fiduciary duties under applicable law and that such Parent Adverse

Proposal, if accepted, is reasonably likely to be consummated, taking into account all legal, financial and regulatory aspects of the proposal and the Person making the proposal and would, if consummated, be reasonably likely to result in a transaction more favorable to the Parent's shareholders from a financial point of view than the transaction contemplated by this Agreement. Parent agrees that it will take the necessary steps to promptly inform the individuals or entities referred to in the first sentence of this Section 6.2(b) of the obligations undertaken in this Section 6.2(b) and in the Confidentiality Agreement. Parent agrees that it will use its best reasonable efforts to notify the Company within one day of the receipt thereof if any such inquiries, proposals or offers are received by, any such information is requested from, or any such discussions or negotiations are sought to be initiated or continued with, any of its Representatives indicating, in connection with such notice, the name of such Person and the material terms and conditions of any proposals or offers and thereafter shall keep the Company informed, on a current basis, on the status and terms of any such proposals or offers and the status of any such discussions or negotiations.

6.3. Information Supplied. The Company and Parent each agrees, as to itself and its Subsidiaries, that none of the information supplied or to be supplied by it or its Subsidiaries for inclusion or incorporation by reference in (i) the Registration Statement on Form S-4 to be filed with the SEC by Parent in connection with the issuance of Parent Common Stock in the Merger (including the joint proxy statement and prospectus (the "Prospectus/Proxy Statement") constituting a part thereof) (the "S-4 Registration Statement") will, at the time the S-4 Registration Statement becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (ii) the Prospectus/Proxy Statement and any amendment or supplement thereto will, at the date of mailing to shareholders and at the times of the meetings of shareholders of the Company and Parent to be held in connection with the Merger and the issuance of Parent Common Stock, respectively, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company and Parent will cause the Form S-4 to comply as to form in all material respects with the applicable provisions of the Securities Act and the rules and regulations thereunder.

6.4. Shareholders Meetings. The Company will take, in accordance with applicable law and its articles of incorporation and by-laws, all action necessary to convene a meeting of holders of Shares (the "Shareholders Meeting") as promptly as practicable after the S-4 Registration Statement is declared effective to consider and vote upon the approval of this Agreement. Parent will take, in accordance with its articles of incorporation and by-laws, all action necessary to convene a meeting of holders of Parent Common Stock as promptly as practicable after the S-4 Registration Statement is declared effective to consider and vote upon the approval of the issuance of Parent Common Stock in the Merger. Subject to fiduciary obligations under applicable law, each of the Company's and Parent's Board of Directors shall recommend such approval and shall take all lawful action to solicit such approval.

6.5. Filings; Other Actions; Notification. (a) Parent and the Company shall promptly prepare and file with the SEC the Prospectus/Proxy Statement, and Parent shall prepare and file with the SEC the S-4 Registration Statement as promptly as practicable. Parent and the Company each shall use its best reasonable efforts to have the S-4 Registration Statement declared effective under the Securities Act as promptly as practicable after such filing, and promptly thereafter mail the Prospectus/Proxy Statement to the respective shareholders of each of the Company and Parent. Parent shall also use its best reasonable efforts to obtain prior to the effective date of the S-4 Registration Statement all necessary state securities law or "blue sky"

permits and approvals required in connection with the Merger and to consummate the other transactions contemplated by this Agreement and will pay all expenses incident thereto.

(b) The Company and Parent each shall use its best reasonable efforts to cause to be delivered to the other party and its directors a letter of its independent auditors, dated (i) the date on which the S-4 Registration Statement shall become effective and (ii) the Closing Date, and addressed to the other party and its directors, in form and substance customary for "comfort" letters delivered by independent public accountants in connection with registration statements similar to the S-4 Registration Statement.

(c) The Company and Parent shall cooperate with each other and use (and shall cause their respective Subsidiaries to use) their respective commercially reasonable efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under this Agreement and applicable Laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as practicable, including preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Merger or any of the other transactions contemplated by this Agreement. Subject to applicable laws relating to the exchange of information (including any obligations pursuant to any listing agreement with or rules of any national securities exchange), Parent and the Company shall have the right to review in advance, and to the extent practicable each will consult the other on, all the information relating to Parent or the Company, as the case may be, and any of their respective Subsidiaries, that appear in any filing made with, or written materials submitted to, any third party and/or any Governmental Entity (including any national securities exchange) in connection with the Merger and the other transactions contemplated by this Agreement. In exercising the foregoing right, each of the Company and Parent shall act reasonably and as promptly as practicable.

(d) The Company and Parent each shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with the Prospectus/Proxy Statement, the S-4 Registration Statement or any other statement, filing, notice or application made by or on behalf of Parent, the Company or any of their respective Subsidiaries to any third party and/or any Governmental Entity in connection with the Merger and the transactions contemplated by this Agreement.

(e) The Company and Parent each shall keep the other apprized of the status of matters relating to completion of the transactions contemplated hereby, including promptly furnishing the other with copies of any notices or other communications received by Parent or the Company, as the case may be, or any of its Subsidiaries, from any third party and/or any Governmental Entity with respect to the Merger and the other transactions contemplated by this Agreement. The Company and Parent each shall give prompt notice to the other of any change that is reasonably likely to result in a Material Adverse Effect on it or prevent, materially delay or materially impair the ability of the Company or Parent, as the case may be, to consummate the transactions contemplated by this Agreement.

(f) In the event any claim, action, suit investigation or other proceeding by any Governmental Entity or other Person or other legal or administrative proceeding is commenced that questions the validity or legality of this Agreement or the Merger or the other transaction contemplated by this Agreement or claims damages in connection therewith, the Company and Parent each agree to cooperate and use their best reasonable efforts to defend against and respond thereto.

6.6. Access. Upon reasonable notice, and except as may otherwise be required by applicable law, the Company and Parent each shall (and shall cause its Subsidiaries to) afford the other's officers, employees, counsel,

accountants and other authorized representatives reasonable access during normal business hours throughout the period prior to the Effective Time, to its properties, books, contracts and records and, during such period, the Company and Parent each shall (and shall cause its Subsidiaries to) furnish promptly to the other all information concerning its business, properties and personnel as may reasonably be requested, provided that no investigation pursuant to this Section shall affect or be deemed to modify any representation or warranty made by the Company, Parent or Merger Sub and provided, further, that the foregoing shall not

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require the Company or Parent to permit any inspection, or to disclose any information, that in the reasonable judgment of the Company or Parent (i) would result in the disclosure of any trade secrets of third parties or violate any of its obligations with respect to confidentiality if the Company or Parent, as the case may be, shall have used its best reasonable efforts to obtain the consent of such third party to such inspection or disclosure or (ii) constitutes information protected by attorney-client privilege, but only to the extent that disclosure would impair the Company's or Parent's, as the case may be, ability to assert such attorney-client privilege. All requests for information made pursuant to this Section shall be directed to an executive officer of the Company or Parent, as the case may be, or such Person as may be designated by either of its executive officers, as the case may be. All such information shall be governed by the terms of the Confidentiality Agreement.

6.7. Affiliates. At least ten business days prior to the date of the Shareholders Meeting, the Company shall deliver to Parent a list of names and addresses of those Persons who are, in the opinion of the Company, as of the time of the Shareholders Meeting referred to in Section 6.4, "affiliates" of the Company within the meaning of Rule 145 under the Securities Act. There shall be added to such list the names and addresses of any other Person subsequently identified by either Parent or the Company as a Person who may be deemed to be such an affiliate of the Company; provided, however, that no such Person identified by Parent shall be added to the list of affiliates of the Company if Parent shall receive from the Company, on or before the date of the Shareholders Meeting, an opinion of counsel reasonably satisfactory to Parent to the effect that such Person is not such an affiliate. The Company shall exercise its best efforts to deliver or cause to be delivered to Parent, prior to the date of the Shareholders Meeting, from each affiliate of the Company identified in the foregoing list (as the same may be supplemented as aforesaid), a letter dated as of the Closing Date substantially in the form attached as Exhibit A-1 (the "Affiliates Letter"). Parent shall not be required to maintain the effectiveness of the S-4 Registration Statement or any other registration statement under the Securities Act for the purposes of resale of Parent Common Stock by such affiliates received in the Merger and the certificates representing Parent Common Stock received by such affiliates shall bear a customary legend regarding applicable Securities Act restrictions and the provisions of this Section.

6.8. Stock Exchange Listing and De-listing. Parent shall use its best efforts to cause the shares of Parent Common Stock to be issued in the Merger to be approved for listing on the NYSE subject to official notice of issuance, prior to the Closing Date. The Surviving Corporation shall use its best efforts to cause the Shares to be de-listed from the NYSE and de-registered under the Exchange Act as soon as practicable following the Effective Time.

6.9. Publicity. The initial press release shall be a joint press release and thereafter the Company and Parent each shall consult with each other prior to issuing any press releases or otherwise making public announcements with respect to the Merger and the other transactions contemplated by this Agreement.

6.10. Benefits.

(a) Stock Options. (i) At the Effective Time, each outstanding option to purchase Shares (a "Company Option") under the Stock Plans, whether vested or unvested, shall be deemed to constitute an option to acquire, on the same terms and conditions as were applicable under such Company Option, the number of

shares of Parent Common Stock equal to the result (rounded to the nearest whole share) of multiplying the number of Shares subject to the Company Option immediately prior to the Effective Time by the Conversion Ratio (as defined below), at an exercise price per share equal to the result (rounded to the nearest whole cent) of dividing the per share exercise price of such Company Option immediately prior to the Effective Time by the Conversion Ratio; provided, however, that in the case of any Company Option to which Section 422 of the Code applies, the adjustments provided for in this Section shall be effected in a manner consistent with the requirements of Section 424(a) of the Code. At or prior to the Effective Time, the Company shall make all necessary arrangements with respect to the Stock Plans to permit the assumption of the unexercised Company Options by Parent pursuant to this Section. For purposes of this Section, the term "Conversion Ratio" means a fraction, the numerator of which is the average of the high and low sales price of one Share on the NYSE on the three trading days immediately preceding the Effective Time and the denominator of which is the average

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of the high and low sales price of one share of Parent Common Stock on the NYSE on the trading day immediately preceding the Effective Time.

(ii) Effective at the Effective Time, Parent shall assume each Company Option in accordance with the terms of the Stock Plans and the stock option agreement by which it is evidenced. At or prior to the Effective Time, Parent shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Parent Common Stock for delivery upon exercise of Company Options assumed by it in accordance with this Section. As soon as practicable after the Effective Time, Parent shall file a registration statement on Form S-8 (or any successor or other appropriate forms), or another appropriate form with respect to the shares of Parent Common Stock subject to such Company Options, and shall use its best reasonable efforts to maintain the effectiveness of such registration statement (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such Company Options remain outstanding.

(iii) Prior to the Effective Time, the Board of Directors of Parent, or an appropriate committee of non-employee directors thereof, shall adopt a resolution consistent with the interpretive guidance of the SEC so that the acquisition of shares of Parent Common Stock or options to acquire shares of Parent Common Stock pursuant to this Agreement and the Merger and the Merger shall be an exempt transaction for purposes of Section 16 by any officer or director of the Company who may become a covered person of Parent for purposes of Section 16 of the Exchange Act ("Section 16").

(b) Employee Benefits. (i) Parent agrees that, during the period commencing at the Effective Time and ending on the first anniversary thereof, the employees of the Company and its Subsidiaries ("Company Employees") will continue to be provided with compensation and benefits under employee benefit plans (other than plans involving the issuance of Shares) that are no less favorable in the aggregate than those currently provided by the Company and its Subsidiaries to such Company Employees under the Compensation and Benefit Plans of the Company and its Subsidiaries.

(ii) From and after the Effective Time, Parent shall cause the Surviving Corporation and The Detroit Edison Company to honor (i) each existing employment, change of control, severance and termination agreement between the Company or any of its Subsidiaries, and any officer, director or employee of the Company or its Subsidiaries and (ii) all Compensation and Benefit Plans of the Company and its Subsidiaries in accordance with their terms as in effect immediately before the Effective Time. Notwithstanding the above, nothing in this Agreement precludes Parent or any of its Subsidiaries from amending, discontinuing or terminating any Compensation and Benefit Plan in accordance with the terms thereof. Parent acknowledges that it has been advised by the Company that the Merger constitutes a change of control for purposes of certain Company Compensation and Benefit Plans specifically identified in Section

6.10(b) of the Company Disclosure Letter.

(iii) For all purposes under the employee benefit plans of Parent and its Affiliates providing benefits to any current Company Employees after the Effective Time (the "New Plans"), each Company Employee shall be credited with his or her years of service with the Company and its Affiliates before the Effective Time, to the same extent as such Company Employee was entitled, before the Effective Time, to credit for such service for such purposes under any similar Company Employee Plans, except to the extent such credit would result in a duplication of benefits. In addition, and without limiting the generality of the foregoing: (i) each Company Employee shall be immediately eligible to participate, without any waiting time, in any and all New Plans to the extent coverage under such New Plan replaces coverage under a comparable Company Employee Plan in which such Company Employee participated immediately before the Effective Time (such plans, collectively, the "Old Plans"); and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical and/or vision benefits to any Company Employee, Parent shall cause all pre-existing condition exclusions of such New Plan to be waived for such employee and his or her covered dependents to the extent that such exclusions and requirements were waived under the corresponding Company Employee Plans, and Parent shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plan ending on the date that such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and

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maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan-year as if such amounts had been paid in accordance with such New Plan.

(iv) Between the date hereof and December 31, 1999, the Company shall take such reasonable and appropriate actions as agreed to by Parent to mitigate the tax cost to the Company of providing the "change of control" benefits identified in Section 5.1(h) of the Company Disclosure Letter.

(c) Election to Parent's Board of Directors; Management Executive Committee. At the Effective Time of the Merger, Parent shall promptly increase the size of its Board of Directors or exercise its best efforts to secure the resignation of present directors in order to cause Alfred R. Glancy III and two additional persons selected by the Company after consultation with Parent from among the Company's directors as of the date hereof to be appointed to Parent's Board of Directors.

(d) Employees. It is the present intention of Parent and the Company that following the Effective Time, there will be no involuntary reductions in force at the Surviving Corporation or its Subsidiaries, and that Parent, the Surviving Corporation and their respective Subsidiaries will continue Parent's and the Company's present strategy of achieving workforce reductions through attrition or other voluntary means; provided, however, that if any reductions in workforce in respect of employees of Parent and its Subsidiaries, including the Surviving Corporation and its Subsidiaries, become necessary, they shall be made on a fair and equitable basis, in light of the circumstances and the objectives to be achieved, giving consideration to previous work history, job experience, qualifications, and business needs without regard to whether employment prior to the Effective Time was with the Company or its Subsidiaries or Parent or its Subsidiaries, and any employees whose employment is terminated or jobs are eliminated by Parent, the Surviving Corporation or any of their respective Subsidiaries shall be entitled to participate on a fair and equitable basis in the job opportunity and employment placement programs offered by Parent, the Surviving Corporation or any of their respective Subsidiaries. Any workforce reductions carried out following the Effective Time by Parent or the Surviving Corporation and their respective Subsidiaries shall be done in accordance with all applicable collective bargaining agreements, and all laws and regulations governing the employment relationship and termination thereof including, without

limitation, the Worker Adjustment and Retraining Notification Act and regulations promulgated thereunder, and any comparable state or local law.

6.11. Expenses. The Surviving Corporation or Parent shall pay all charges and expenses of the Company, Merger Sub or Parent, including those of the Exchange Agent, in connection with the transactions contemplated in Article IV, and Parent shall reimburse the Surviving Corporation for such charges and expenses paid by the Surviving Corporation. Except as otherwise provided in Section 8.5(b), whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the Merger and the other transactions contemplated by this Agreement shall be paid by the party incurring such expense, except that expenses incurred in connection with the filing fee for the S-4 Registration Statement and printing and mailing the Prospectus/Proxy Statement and the S-4 Registration Statement shall be shared equally by Parent and the Company.

6.12. Indemnification; Directors' and Officers' Insurance. (a) From and after the Effective Time, Parent agrees that it will indemnify and hold harmless each present and former director and officer of the Company, (when acting in such capacity) determined as of the Effective Time (the "Indemnified Parties"), against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities (collectively, "Costs") incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent that the Company would have been permitted under Michigan law and its articles of incorporation and its by-laws in effect on the date hereof to indemnify such Person (and Parent shall also advance expenses as incurred to the fullest extent permitted under applicable law, provided, the Person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Person is not entitled to indemnification).

(b) Any Indemnified Party wishing to claim indemnification under paragraph (a) of this Section 6.12, upon learning of any such claim, action, suit, proceeding or investigation, shall promptly notify Parent thereof,

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but the failure to so notify shall not relieve Parent of any liability it may have to such Indemnified Party so long as such failure does not materially prejudice Parent. In the event of any such claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), (i) Parent or the Surviving Corporation shall have the right to assume and control the defense thereof and Parent shall not be liable to such Indemnified Parties for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, except that if Parent or the Surviving Corporation elects not to assume such defense or counsel for the Indemnified Parties advises in writing that there are issues which raise conflicts of interest between Parent or the Surviving Corporation and the Indemnified Parties, the Indemnified Parties may retain counsel satisfactory to them subject to the consent of Parent, which shall not be unreasonably withheld, and Parent or the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Parties promptly as statements setting forth such fees and expenses in reasonable detail are received; provided, however, that Parent shall be obligated pursuant to this paragraph (b) to pay for only one firm of counsel for all Indemnified Parties in any jurisdiction, (ii) the Indemnified Parties will cooperate in the defense of any such matter and (iii) Parent shall not be liable for any settlement effected without its prior written consent; and provided, further, that Parent shall not have any obligation hereunder to any Indemnified Party if and when a court of competent jurisdiction shall ultimately determine, and such determination shall have become final, that the indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable law.

(c) The Surviving Corporation shall maintain the Company's existing officers' and directors' liability insurance ("D&O Insurance") for a period of

six years after the Effective Time so long as the annual premium therefor is not in excess of 200% of the last annual premium paid prior to the date hereof (the "Current Premium"); provided, however, that (x) the Surviving Corporation may substitute therefor policies (which may be "tail" policies) containing terms with respect to coverage and amount no less favorable to such directors and officers, and (y) if the existing D&O Insurance expires, is terminated or canceled during such six-year period, the Surviving Corporation will use its best efforts to obtain as much D&O Insurance as can be obtained for the remainder of such period for a premium not in excess (on an annualized basis) of 200% of the Current Premium.

(d) The provisions of this Section 6.12 are intended to be for the benefit of, and shall be enforceable by, each of the Indemnified Parties, their heirs and their representatives.

6.13. Takeover Statutes. If any Takeover Statute is or may become applicable to the Merger or the other transactions contemplated by this Agreement, each of Parent and the Company and its Board of Directors shall grant such approvals and take such actions as are necessary so that such transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement or by the Merger and otherwise act to eliminate or minimize the effects of such statute or regulation on such transactions.

6.14. Dividends. The Company shall coordinate with Parent the declaration, setting of record dates and payment dates of dividends on Shares so that holders of Shares do not receive dividends on both Shares and Parent Common Stock received in the Merger in respect of any calendar quarter or fail to receive a dividend on either Shares or Parent Common Stock received in the Merger in respect of any calendar quarter.

6.15. Rate Matters. Other than currently pending rate filings, the Company shall, and shall cause its Subsidiaries to, discuss with Parent any material changes in its or its Subsidiaries regulated rates or charges (other than pass-through fuel rates or charges), standards of service or accounting from those in effect on the date hereof and consult with Parent prior to making any filing (or any amendment thereto), or effecting any agreement, commitment, arrangement or consent, whether written or oral, formal or informal, with respect thereto.

6.16. Taxation. Subject to Section 6.2, neither Parent nor the Company shall take or cause to be taken any action, whether before or after the Effective Time, that would disqualify the Merger as a "reorganization" within the meaning of Section 368(a) of the Code.

6.17. Transition Matters. (a) Promptly after the date hereof, Parent and the Company each shall designate three persons (the "Transition Coordinators") to, subject to applicable laws relating to the exchange

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of information, facilitate a full exchange of information concerning the business, operations, capital spending and budgets and financial results of Parent and the Company and to identify ways in which the operations of Parent and the Company can be consolidated or coordinated. The Transition Coordinators shall meet at least monthly in person and shall meet together quarterly with the Chief Executive Officers of Parent and the Company. From and after the date hereof, Parent and the Company agree that they shall consult with each other regarding all material business plans and decisions.

(b) The Company and Parent each agree to use its reasonable best efforts to enter into a definitive agreement within 14 days of the date hereof for the sale to Parent of the Company's 95% membership interest in each of the following limited liability companies that own and operate synthetic fuel manufacturing facilities: (i) CRC No. 1, LLC Union City, Kentucky, (ii) CRC No. 3, LLC, Tazewell County Virginia and McDowell County Virginia, (iii) CRC No. 5, LLC Monongalia County, West Virginia, and (iv) CRC No. 6, LLC Laurel County, West

Virginia. The Company and Parent each agree that the economic terms for each such sale shall be designed to produce a payment stream to the Company with a net present value of \$40 per ton of capacity, utilizing a 12% discount rate.

(c) The Company agrees to use its best efforts promptly to enter into, or to cause its Subsidiaries promptly to enter into, agreements to dispose of (i) such of its interests as are necessary so that the transactions contemplated by this Agreement will not jeopardize the status of any facilities in which the Company directly or indirectly owns any interest as "Qualifying Facilities" under the Public Utility Regulatory Policies Act of 1978, as amended, and (ii) all FERC-jurisdictional assets or facilities whether directly or indirectly owned or wholly or partially owned that would give rise to a requirement for approval of the Merger by the FERC, in each case prior to the date when all Governmental Consents (as defined below) are obtained and to use commercially reasonable efforts to maximize the after-tax proceeds from such sales or dispositions; provided, that the obligation to use best efforts shall not require the Company to take any action pursuant to this Section 6.17(c) that would cause (alone or together with other events) any failure to satisfy any condition to Closing. The Company agrees to keep Parent informed on a current basis regarding the status and terms of such dispositions and any other asset dispositions contemplated by the Company and its Subsidiaries and to work cooperatively with Parent to maximize the mutual benefit to the parties of such dispositions.

6.18. Community Involvement. After the Effective Time, Parent intends to continue, and intends to cause the Surviving Corporation to continue, to make aggregate annual charitable contributions to the communities served by Parent and the Surviving Corporation and otherwise maintain a substantial level of involvement in community activities in the State of Michigan that is similar to, or greater than, the normal aggregate annual level of charitable contributions, community development and related activities carried on by Parent and the Company prior to the date hereof.

6.19. 1935 Act and Power Act. (a) None of the parties hereto shall, nor shall any such party permit any of its Subsidiaries to, without the other party's consent, which shall not be unreasonably withheld or delayed, engage in any activities that would (i) cause a change in its status, or that of its Subsidiaries, under the 1935 Act, including, without limitation, the registration of either party pursuant to the 1935 Act or (ii) result in jurisdiction by the FERC over the Merger.

(b) None of the parties hereto shall, nor shall any such party permit any of its Subsidiaries to, without the other party's consent, which shall not be unreasonably withheld or delayed, fail to take such actions that are necessary to (i) preserve existing exemptions from registration under the 1935 Act or (ii) allow the Merger to proceed without a requirement for approval by the FERC.

6.20. Feline Prides. At or prior to the Effective Time, Parent shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Parent Common Stock for delivery upon conversion of the Feline Prides in accordance with their terms.

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ARTICLE VII

CONDITIONS

7.1. Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver at or prior to the Effective Time of each of the following conditions:

(a) Shareholder Approval. This Agreement shall have been duly approved by holders of Shares constituting the Company Requisite Vote and shall have been duly approved by the sole shareholder of Merger Sub in accordance with

applicable law and the articles of incorporation and by-laws of each such corporation, and the issuance of Parent Common Stock pursuant to the Merger shall have been duly approved by the holders of Parent Common Stock constituting the Parent Requisite Vote.

(b) NYSE Listing. The shares of Parent Common Stock issuable to the Company shareholders pursuant to this Agreement shall have been authorized for listing on the NYSE upon official notice of issuance.

(c) Regulatory Consents. The waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated, and, other than the filing provided for in Section 1.3, all notices, reports and other filings required to be made prior to the Effective Time by the Company or Parent or any of their respective Subsidiaries with, and all consents, registrations, approvals, permits and authorizations required to be obtained prior to the Effective Time by the Company or Parent or any of their respective Subsidiaries from, any Governmental Entity (collectively, "Governmental Consents") in connection with the execution and delivery of this Agreement and the consummation of the Merger and the other transactions contemplated hereby by the Company, Parent and Merger Sub shall have been made or obtained (as the case may be) and become final, except for those that the failure to make or to obtain, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect on Parent or the Company, as applicable, or provide a reasonable basis to conclude that the parties hereto or any of their affiliates or respective directors, officers, agents, advisors or other representatives would be subject to the risk of criminal or material financial liability.

(d) Litigation. No court or Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, law, ordinance, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of the Merger or the other transactions contemplated by this Agreement (collectively, an "Order"), and none of the U.S. Department of Justice, the Michigan Public Service Commission or the FERC shall have instituted any proceeding or be threatening to institute any proceeding seeking any such Order.

(e) S-4. The S-4 Registration Statement shall have become effective under the Securities Act. No stop order suspending the effectiveness of the S-4 Registration Statement shall have been issued, and no proceedings for that purpose shall have been initiated or be threatened, by the SEC.

(f) Blue Sky Approvals. Parent shall have received all state securities and "blue sky" permits and approvals necessary to consummate the transactions contemplated hereby.

(g) Certain Transactions. The Company shall have completed the disposition of the interests required to be disposed of by Section 6.17(c) of this Agreement.

7.2. Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Merger are also subject to the satisfaction or waiver by Parent at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company set forth in Sections 5.1(b)(i), 5.1(c)(i), 5.1(j), 5.1(p) and 5.1(q) of this Agreement shall be true and correct in all material respects (a) on the date hereof and (b) on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (except for representations and warranties that expressly speak only as of specific date or time other than the date hereof or the Closing

date or time) and all other representations and warranties of the Company set forth in this Agreement shall be true and correct (i) on the date hereof and (ii) on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (except for representations and warranties that expressly speak only as of specific date or time other than the date hereof or the Closing Date, which need only be true and correct as of such date or time) except in each of cases (i) and (ii) for such failures of those representations or warranties to be true and correct (without regard to any Material Adverse Effect, materiality or similar qualifications contained therein) which, individually or in the aggregate, have not had and are not reasonably likely to have, a Material Adverse Effect on Parent, and Parent shall have received a certificate signed on behalf of the Company by an executive officer of the Company to such effect.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Parent shall have received a certificate signed on behalf of the Company by an executive officer of the Company to such effect.

(c) Consents Under Agreements. The Company shall have obtained the consent or approval of each Person whose consent or approval shall be required under any material Contract to which the Company or any of its Subsidiaries is a party.

(d) Accountants Letter. Parent shall have received, in form and substance reasonably satisfactory to Parent, from Deloitte & Touche LLP, the Company's independent auditor, the "comfort" letter described in Section 6.5(b).

(e) Affiliates Letters. Parent shall have received an Affiliates Letter from each Person identified as an affiliate of the Company pursuant to Section 6.7.

(f) Material Adverse Effect. There shall not have occurred any Material Adverse Effect on the Company.

(g) Tax Opinion. Parent shall have received the opinion of Sullivan & Cromwell, counsel to Parent, dated the Closing Date, to the effect that (based on customary assumptions and representations and subject to customary exceptions) the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that each of Parent, Merger Sub and the Company will be a party to that reorganization within the meaning of Section 368(b) of the Code. The condition set forth in this Section 7.2(g) shall not be waivable after the Company Requisite Vote or the Parent Requisite Vote has been obtained unless further shareholder approval is obtained with appropriate disclosure.

(h) Governmental Consents. All Governmental Consents in connection with the execution and delivery of this Agreement and the consummation of the Merger and the other transactions contemplated hereby shall have been obtained without imposing any terms or conditions that, individually or in the aggregate, in the reasonable judgment of Parent, are reasonably likely to have a Material Adverse Effect on Parent, the Company or the Surviving Corporation.

7.3. Conditions to Obligation of the Company. The obligation of the Company to effect the Merger is also subject to the satisfaction or waiver by the Company at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent and Merger Sub set forth in Section 5.1(b)(ii), 5.1(c)(ii), 5.1(c)(iii), and 5.1(q) this Agreement shall be true and correct in all material respects (a) on the date hereof and (b) on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (except for representations and warranties that expressly speak only as of specific date or time other than the date hereof or the Closing Date, which need only be true and correct in all material respect as of such date or time) and all other representations and warranties of Parent and Merger Sub set forth in this Agreement shall be true and correct (i) on the date hereof and (ii) on and as of the Closing Date with the same effect as though such

representations and warranties had been made on and as of the Closing Date (except for representations and

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warranties that expressly speak only as of specific date or time other than the date hereof or the Closing Date, which need only be true and correct in all material respects as of such date or time) except in each of cases (i) and (ii) for such failures of those representations or warranties to be true and correct (without regard to any Material Adverse Effect, materiality or similar qualifications contained therein) which, individually or in the aggregate, have not had and are not reasonably likely to have, a Material Adverse Effect on the Company, and the Company shall have received a certificate signed on behalf of Parent and Merger Sub by an executive officer of Parent to such effect.

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of Parent and Merger Sub by the an executive officer of Parent to such effect.

(c) Consents Under Agreements. Parent shall have obtained the consent or approval of each Person whose consent or approval shall be required in order to consummate the transactions contemplated by this Agreement under any material Contract to which Parent or any of its Subsidiaries is a party.

(d) Accountants Letter. The Company shall have received, in form and substance reasonably satisfactory to the Company, from Deloitte & Touche LLP, Parent's independent auditor, the "comfort" letter described in Section 6.5(b).

(e) Material Adverse Effect. There shall not have occurred any Material Adverse Effect on Parent.

(f) Tax Opinion. The Company shall have received the opinion of Wachtell, Lipton, Rosen & Katz, counsel to the Company, dated the Closing Date, to the effect that (based on customary assumptions and representations and subject to customary exceptions) the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that each of Parent, Merger Sub and the Company will be a party to that reorganization within the meaning of Section 368(b) of the Code. The condition set forth in this Section 7.3(f) shall not be waivable after the Company Requisite Vote or the Parent Requisite Vote has been obtained unless further shareholder approval is obtained with appropriate disclosure.

ARTICLE VIII

TERMINATION

8.1. Termination by Mutual Consent. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the approval by shareholders of the Company and Parent referred to in Section 7.1(a), by mutual written consent of the Company and Parent by action of their respective Boards of Directors.

8.2. Termination by Either Parent or the Company. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by action of the Board of Directors of either Parent or the Company if: (i) the Merger shall not have been consummated by July 15, 2000, whether such date is before or after the date of approval by the shareholders of the Company or Parent (the "Termination Date"); provided that the Termination Date shall be automatically extended for nine months (the "Extended Date") if, on July 15, 2000: (x) any of the Governmental Consents described in Section 7.1(c) have not been obtained or waived, (y) each of the other conditions to the consummation of the Merger set forth in Article VII has been satisfied or waived or remains capable of satisfaction, and (z) any Governmental Consent that has not yet been obtained is being pursued diligently and in good faith; (ii) the approval of the

Company's shareholders required by Section 7.1(a) shall not have been obtained at a meeting duly convened therefor or at any adjournment or postponement thereof; (iii) the approval of Parent's shareholders as required by Section 7.1(a) shall not have been obtained at a meeting duly convened therefor; (iv) any Order permanently restraining, enjoining or otherwise prohibiting consummation of the Merger shall become final and non-appealable (whether before or after the approval by the shareholders of the Company or Parent); or (v) on or after the Regulatory Termination Date (as defined below) the Board of Directors of Parent or of the Company

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reasonably determines that it is more likely than not that Governmental Consents necessary to satisfy the conditions to the parties' obligation to effect the Merger will not be obtained on terms that satisfy the standard set forth in Section 7.2(h) prior to the Extended Date; provided, that such party provides the other two weeks prior notice. The right to terminate this Agreement pursuant to clause (i) or (v) of the immediately preceding sentence shall not be available to any party that has breached in any material respect its obligations under this Agreement in any manner that shall have proximately contributed to the occurrence of the failure of the Merger to be consummated. As used in this Agreement, the term "Regulatory Termination Date" means the date one year from the date hereof unless the transactions contemplated by this Agreement shall require any approval of the FERC, in which case it shall mean the date 15 months from the date hereof.

8.3. Termination by the Company. This Agreement may be terminated and the Merger may be abandoned by action of the Board of Directors of the Company if:

(a) at any time prior to the Effective Time, whether before or after the approval by shareholders of the Company referred to in Section 7.1(a), (i) the Board of Directors of Parent shall have withdrawn or adversely modified its approval or recommendation of this Agreement or failed to reconfirm its recommendation of this Agreement within five business days after a written request by the Company to do so or (ii) there has been a material breach by Parent or Merger Sub of any representation, warranty, covenant or agreement contained in this Agreement that is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by the Company to the party committing such breach; or

(b) (i) the Company Requisite Vote shall not have been obtained, (ii) the Company is not in breach of any of the terms of this Agreement, (iii) the Board of Directors of the Company authorizes the Company, subject to complying with the terms of this Agreement, to enter into a binding written agreement concerning a transaction that constitutes a Superior Proposal and the Company notifies Parent in writing that it intends to enter into such an agreement, (iv) Parent does not make, within five business days of receipt of the Company's written notification of its intention to enter into a binding agreement for a Superior Proposal, an offer that the Board of Directors of the Company determines, in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the shareholders of the Company as the Superior Proposal, and (v) the Company prior to such termination pays to Parent in immediately available funds any fees required to be paid pursuant to Section 8.5. The Company agrees (x) that it will not enter into a binding agreement referred to in clause (iii) of the last preceding sentence until at least the sixth business day after it has provided the notice to Parent required thereby and (y) to notify Parent promptly if its intention to enter into a written agreement referred to in its notification shall change at any time after giving such notification.

8.4. Termination by Parent. This Agreement may be terminated and the Merger may be abandoned by action of the Board of Directors of Parent if:

(a) at any time prior to the Effective Time, whether before or after the approval by the shareholders of Parent referred to in Section 7.1(a), (i) the Board of Directors of the Company shall have withdrawn or adversely modified its

approval or recommendation of this Agreement or failed to reconfirm its recommendation of this Agreement within five business days after a written request by Parent to do so or (ii) there has been a material breach by the Company of any representation, warranty, covenant or agreement contained in this Agreement that is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by Parent to the Company; or

(b) (i) the Parent Requisite Vote shall not have been obtained, (ii) Parent is not in breach of any of the terms of this Agreement, (iii) the Board of Directors of Parent authorizes Parent, subject to complying with the terms of this Agreement, to enter into a binding written agreement concerning a transaction that constitutes a Parent Adverse Proposal and Parent notifies the Company in writing that it intends to enter into such an agreement, (iv) the Company does not make within five business days of receipt of Parent's notification of its intention to enter into a binding agreement for a Parent Adverse Proposal, an offer the Board of Directors of Parent determines, in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the shareholders of Parent as the Parent Adverse Proposal, and (v) Parent prior to such termination pays to the Company in immediately available funds any fees required to

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be paid pursuant to Section 8.5. Parent agrees (x) that it will not enter into any binding agreement referred to in clause (iii) of the last preceding sentence until at least the sixth business day after it has provided the notice to the Company required thereby and (y) to notify the Company promptly if its intention to enter into a written agreement referred to in its notification shall change at any time after giving such notification.

8.5. Effect of Termination and Abandonment. (a) In the event of termination of this Agreement and the abandonment of the Merger pursuant to this Article VIII, this Agreement (other than as set forth in Section 9.1) shall become void and of no effect with no liability on the part of any party hereto (or of any of its directors, officers, employees, agents, legal and financial advisors or other representatives); provided, however, except as otherwise provided herein, no such termination shall relieve any party hereto of any liability or damages resulting from any breach of this Agreement.

(b) In the event that (i) a Company Acquisition Proposal shall have been made to the Company or any of its Subsidiaries or any of its shareholders or any Person shall have publicly announced an intention (whether or not conditional) to make a Company Acquisition Proposal and thereafter this Agreement is terminated by either Parent or the Company pursuant to Section 8.2(ii), (ii) this Agreement is terminated by Parent pursuant to Section 8.4(a)(i) or, (iii) this Agreement is terminated by the Company pursuant to Section 8.3(b) then the Company shall, in the case of a termination pursuant to 8.3(b) prior to such termination, and otherwise promptly, but in no event later than two days after the date of such termination, pay Parent a termination fee of \$55,000,000 and shall promptly, but in no event later than two days after being notified of such by Parent, pay all of the charges and expenses, including those of the Exchange Agent, incurred by Parent or Merger Sub in connection with this Agreement and the transactions contemplated by this Agreement up to a maximum amount of \$15,000,000, in each case payable by wire transfer of same day funds; provided, however, that in the event of a termination pursuant to Section 8.2(ii) under the circumstances set forth in clause (i) of this Section 8.5(b), or a termination pursuant to Section 8.4(a)(i), the Company shall (a) promptly, but in no event later than two days after being notified of such by Parent, pay all of the charges and expenses incurred by Parent in connection with this Agreement and the transactions contemplated by this Agreement up to a maximum amount of \$15,000,000, and, (b) if the Company enters into a definitive agreement to consummate or consummates a Company Acquisition Proposal within 12 months from the date of such termination, at the time of the entering into of such agreement or such consummation, as applicable, pay Parent a termination fee of \$55,000,000. The Company acknowledges that the agreements contained in this Section 8.5(b) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Parent and Merger Sub would not

enter into this Agreement; accordingly, if the Company fails to promptly pay the amount due pursuant to this Section 8.5(b), and, in order to obtain such payment, Parent or Merger Sub commences a suit which results in a judgment against the Company for the fee set forth in this paragraph (b), the Company shall pay to Parent or Merger Sub its costs and expenses (including attorneys' fees) in connection with such suit, together with interest on the amount of the fee at the prime rate of Citibank, N.A. in effect on the date such payment was required to be made.

(c) In the event that (i) a Parent Adverse Proposal shall have been made to Parent or any of its Subsidiaries or any of its shareholders or any Person shall have publicly announced an intention (whether or not conditional) to make a Parent Adverse Proposal and thereafter this Agreement is terminated by either the Company or Parent pursuant to Section 8.2(iii), (ii) this Agreement is terminated by the Company pursuant to Section 8.3(a)(i) or (iii) this Agreement is terminated by Parent pursuant to Section 8.4(b), then Parent shall, in the case of a termination pursuant to Section 8.4(b) prior to such termination, and otherwise promptly, but in no event later than two days after the date of such termination, pay the Company a termination fee of \$85,000,000 and shall promptly, but in no event later than two days after being notified of such by the Company, pay all of the charges and expenses incurred by the Company in connection with this Agreement and the transactions contemplated by this Agreement up to a maximum amount of \$15,000,000, in each case payable by wire transfer of same day funds; provided, however, that in the event of a termination pursuant to Section 8.2(iii) under the circumstances set forth in clause (i) of this Section 8.5(c), or a termination pursuant to Section 8.3(a)(i), Parent shall (a) promptly, but in no event later than two days after being notified of such by the Company, pay all of the charges and expenses incurred by the Company in connection with this Agreement and the transactions contemplated hereby up to a maximum amount of

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\$15,000,000 and, (b) if Parent enters into a definitive agreement to consummate or consummates a Parent Adverse Proposal within 12 months from the date of such termination, at the time of the entering into of such agreement or such consummation, as applicable, pay the Company a termination fee of \$85,000,000. Parent acknowledges that the agreements contained in this Section 8.5(c) are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the Company would not enter into this Agreement; accordingly, if Parent fails to promptly pay the amount due pursuant to this Section 8.5(c), and, in order to obtain such payment, the Company commences a suit which results in a judgment against Parent for the fee set forth in this paragraph (c), Parent shall pay to the Company its costs and expenses (including attorneys' fees) in connection with such suit, together with interest on the amount of the fee at the prime rate of Citibank, N.A. in effect on the date such payment was required to be made.

ARTICLE IX

MISCELLANEOUS AND GENERAL

9.1. Survival. This Article IX and the agreements of the Company, Parent and Merger Sub contained in Sections 6.8 (Stock Exchange Listing and Delisting), 6.10 (Benefits), 6.11 (Expenses), 6.12 (Indemnification; Directors' and Officers' Insurance) and 6.16 (Taxation) shall survive the consummation of the Merger. This Article IX, the agreements of the Company, Parent and Merger Sub contained in Section 6.11 (Expenses), Section 8.5 (Effect of Termination and Abandonment) and the Confidentiality Agreement shall survive the termination of this Agreement. All other representations, warranties, covenants and agreements in this Agreement shall not survive the consummation of the Merger or the termination of this Agreement.

9.2. Modification or Amendment. Subject to the provisions of applicable law, at any time prior to the Effective Time, the parties hereto may modify or amend this Agreement, by written agreement executed and delivered by duly

authorized officers of the respective parties.

9.3. Waiver of Conditions. The conditions to each of the parties' obligations to consummate the Merger are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable law.

9.4. Counterparts. This Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

9.5. GOVERNING LAW AND VENUE; WAIVER OF JURY TRIAL. (A) THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF MICHIGAN WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF. The parties hereby irrevocably submit to the jurisdiction of the courts of the State of Michigan and the Federal courts of the United States of America located in the State of Michigan solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a Michigan State or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 9.6 or in such other manner as may be permitted by law shall be valid and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND

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UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.5.

9.6. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, or by facsimile:

if to Parent or Merger Sub

DTE Energy Company
2000 Second Avenue
Detroit, MI 48226
Attention: General Counsel
fax: (313) 235-0121

(with a copy to Joseph B. Frumkin, Esq.,
Sullivan & Cromwell,
125 Broad Street

New York, NY 10004
fax: (212) 558-3588)

if to the Company

MCN Energy Group Inc.
500 Griswold Street
Detroit, MI 48226
Attention: General Counsel
fax: (313) 965-0009

(with a copy to Seth A. Kaplan, Esq.,
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
fax: (212) 403-2000)

or to such other persons or addresses as may be designated in writing by the party to receive such notice as provided above.

9.7. Entire Agreement. This Agreement (including any exhibits or appendices hereto), the Company Disclosure Letter, the Parent Disclosure Letter and the Confidentiality Agreement, dated August 30, 1999, between Parent and the Company (the "Confidentiality Agreement") constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties both written and oral, among the parties, with respect to the subject matter hereof.

9.8. No Third Party Beneficiaries. Except as provided in Section 6.12 (Indemnification; Directors' and Officers' Insurance), this Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

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9.9. Obligations of Parent and of the Company. Whenever this Agreement requires a Subsidiary of Parent to take any action, such requirement shall be deemed to include an undertaking on the part of Parent to cause such Subsidiary to take such action. Whenever this Agreement requires a Subsidiary of the Company to take any action, such requirement shall be deemed to include an undertaking on the part of the Company to cause such Subsidiary to take such action and, after the Effective Time, on the part of the Surviving Corporation to cause such Subsidiary to take such action.

9.10. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability or the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

9.11. Interpretation. The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section or Exhibit, such reference shall be to a Section of or Exhibit to this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

9.12. Assignment. This Agreement shall not be assignable by operation of

law or otherwise; provided, however, that Parent may designate, by written notice to the Company, another wholly owned direct or indirect subsidiary to be a Constituent Corporation in lieu of Merger Sub, in which event all references herein to Merger Sub shall be deemed references to such other subsidiary, except that all representations and warranties made herein with respect to Merger Sub as of the date of this Agreement shall be deemed representations and warranties made with respect to such other subsidiary as of the date of such designation.

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IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first written above.

MCN ENERGY GROUP INC.

By: /s/ ALFRED R. GLANCY III

Name: Alfred R. Glancy III
Title: Chairman, President and Chief
Executive Officer

DTE ENERGY COMPANY

By: /s/ ANTHONY F. EARLEY, JR.

Name: Anthony F. Earley, Jr.
Title: Chairman of the Board and
Chief Executive Officer and
President and Chief Operating
Officer

DTE ENTERPRISES, INC.

By: /s/ ANTHONY F. EARLEY, JR.

Name: Anthony F. Earley, Jr.
Title: Chairman, Chief Executive
Officer and President.

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EXHIBIT A-1

[FORM OF AFFILIATE LETTER]

[DATE]

DTE Energy Company
2000 2nd Avenue
Detroit, Michigan 48226

Ladies and Gentlemen:

I have been advised that as of the date hereof, I may be deemed to be an "affiliate" of MCN Energy Group, a Michigan corporation (the "Company"), as that term is defined for purposes of paragraphs (c) and (d) of Rule 145 of the Rules and Regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). Pursuant to the terms of the Agreement and Plan of Merger dated as of October 4, 1999, as it may be amended, supplemented or modified from time to time (the "Merger Agreement"), among the Company, DTE Energy Company, a Michigan corporation ("Parent"), and DTE Enterprises, Inc. a Michigan corporation and a wholly owned subsidiary of Parent ("Merger Sub"), the Company

will be merged with and into Merger Sub (the "Merger"), with Merger Sub as the surviving corporation in the Merger. Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Merger Agreement.

In consideration of the agreements contained herein, Parent's reliance on this letter in connection with the consummation of the Merger and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, I hereby represent, warrant and agree that I will not make any sale, transfer or other disposition of common stock, without par value, of Parent (the "Parent Common Stock") received by me pursuant to the Merger in violation of the Securities Act or the Rules and Regulations. I have been advised that the issuance of the shares of Parent Common Stock pursuant to the Merger will have been registered with the Commission under the Securities Act on a Registration Statement on Form S-4. I have also been advised, however, that since I may be deemed to be an affiliate of the Company at the time the Merger is submitted for a vote of the shareholders of the Company, the Parent Common Stock received by me may be disposed of by me only (i) pursuant to an effective registration statement under the Securities Act, (ii) in conformity with the volume and other limitations of Rule 145 promulgated by the Commission under the Securities Act, or (iii) in reliance upon an exemption from registration that is available under the Securities Act.

I also understand that instructions will be given to Parent's transfer agent with respect to the Parent Common Stock to be received by me pursuant to the Merger and that there will be placed on the certificates representing such shares of Parent Common Stock, or any substitutes therefor, a legend stating in substance as follows:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ISSUED IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, APPLIES AND MAY ONLY BE SOLD OR OTHERWISE TRANSFERRED IN COMPLIANCE WITH THE REQUIREMENTS OF RULE 145 OR PURSUANT TO A REGISTRATION STATEMENT UNDER THAT ACT OR AN EXEMPTION FROM SUCH REGISTRATION."

It is understood and agreed that the legend set forth above shall be removed upon surrender of certificates bearing such legend by delivery of substitute certificates without such legend if I shall have delivered to Parent an opinion of counsel, in form and substance reasonably satisfactory to Parent, to the effect that (i) the sale or disposition of the shares represented by the surrendered certificates may be effected without registration of the offering, sale and delivery of such shares under the Securities Act, and (ii) the shares to be so transferred may be publicly offered, sold and delivered by the transferee thereof without compliance with the registration provisions of the Securities Act.

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I further understand and agree that Parent is under no obligation to register the sale, transfer or other disposition of the Parent Common Stock by me or on my behalf under the Securities Act or to take any other action necessary in order to make compliance with an exemption from such registration available.

This letter agreement constitutes the complete understanding between Parent and me concerning the subject matter hereof. Any notice required to be sent to either party hereunder shall be sent by registered or certified mail, return receipt requested, using the addresses set forth herein or such other address as shall be furnished in writing by the parties. This letter agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

If you are in agreement with the foregoing, please so indicate by signing below and returning a copy of this letter to the undersigned, at which time this letter shall become a binding agreement between us.

Very truly yours,

Name:

Accepted this day
of , 199 by

DTE Energy Company

By:

Name:

Title:

A-A-2

THE DETROIT EDISON COMPANY
 (2000 Second Avenue,
 Detroit, Michigan 48226)

TO
 BANKERS TRUST COMPANY
 (Four Albany Street,
 New York, New York 10015)

AS TRUSTEE

 INDENTURE
 Dated as of January 1, 2000

SUPPLEMENTAL TO MORTGAGE AND DEED OF TRUST
 DATED AS OF OCTOBER 1, 1924

PROVIDING FOR

(A) GENERAL AND REFUNDING MORTGAGE BONDS,
 2000 SERIES A

AND

(B) RECORDING AND FILING DATA

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* This Table of Contents shall not have any bearing upon the interpretation of any of the terms or provisions of this Indenture.

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PARTIES.

SUPPLEMENTAL INDENTURE, dated as of the first day of January, in the year two thousand, between THE DETROIT EDISON COMPANY, a corporation organized and existing under the laws of the State of Michigan and a transmitting utility (hereinafter called the "Company"), party of the first part, and BANKERS TRUST COMPANY, a corporation organized and existing under the laws of the State of New York, having its corporate trust office at Four Albany Street, in the Borough of Manhattan, The City and State of New York, as Trustee under the Mortgage and Deed of Trust hereinafter mentioned (hereinafter called the "Trustee"), party of the second part.

ORIGINAL
INDENTURE AND
SUPPLEMENTALS.

WHEREAS, the Company has heretofore executed and delivered its Mortgage and Deed of Trust (hereinafter referred to as the "Original Indenture"), dated as of October 1, 1924, to the Trustee, for the security of all bonds of the Company outstanding thereunder, and pursuant to the terms and provisions of the Original Indenture, indentures dated as of, respectively, June 1, 1925, August 1, 1927, February 1, 1931, June 1, 1931, October 1, 1932, September 25, 1935, September 1, 1936, November 1, 1936, February 1, 1940, December 1, 1940, September 1, 1947, March 1, 1950, November 15, 1951, January 15, 1953, May 1, 1953, March 15, 1954, May 15, 1955, August 15, 1957, June 1, 1959, December 1, 1966, October 1, 1968, December 1, 1969, July 1, 1970, December 15, 1970, June 15, 1971, November 15, 1971, January 15, 1973, May 1, 1974, October 1, 1974, January 15, 1975, November 1, 1975, December 15, 1975, February 1, 1976, June 15, 1976, July 15, 1976, February 15, 1977, March 1, 1977, June 15, 1977, July 1, 1977, October 1, 1977, June 1, 1978, October 15, 1978, March 15, 1979, July 1, 1979, September 1, 1979, September 15, 1979, January 1, 1980, April 1, 1980, August 15, 1980, August 1, 1981, November 1, 1981, June 30, 1982, August 15, 1982, June 1, 1983, October 1, 1984, May 1, 1985, May 15, 1985, October 15, 1985, April 1, 1986, August 15, 1986, November 30, 1986, January 31, 1987, April 1, 1987, August 15, 1987, November 30, 1987, June 15, 1989, July 15, 1989, December 1, 1989, February 15, 1990,

November 1, 1990, April 1, 1991, May 1, 1991, May 15, 1991, September 1, 1991, November 1, 1991, January 15, 1992, February 29, 1992, April 15, 1992, July 15, 1992, July 31, 1992, November 30, 1992, December 15, 1992, January 1, 1993, March 1, 1993, March 15, 1993, April 1, 1993, April 26, 1993, May 31, 1993, June 30, 1993, June 30, 1993, September 15, 1993, March 1, 1994, June 15, 1994, August 15, 1994, December 1, 1994, August 1, 1995, August 1, 1999 and August 15, 1999 supplemental to the Original Indenture, have heretofore been entered into between the Company and the Trustee (the Original Indenture and all indentures supplemental thereto together being hereinafter sometimes referred to as the "Indenture"); and

ISSUE OF BONDS

UNDER INDENTURE. WHEREAS, the Indenture provides that said bonds shall be issuable in one or more series, and makes provision that the rates of interest and dates for the payment thereof, the date of maturity or dates of maturity, if of serial maturity, the terms and rates of optional redemption (if redeemable), the forms of registered bonds without coupons of any series and any other provisions and agreements in respect thereof, in the Indenture provided and permitted, as the Board of Directors may determine, may be expressed in a supplemental indenture to be made by the Company to the Trustee thereunder; and

BONDS HERETOFORE ISSUED.

WHEREAS, bonds in the principal amount of Eight billion, seven hundred twelve million four hundred twenty-two thousand dollars (\$8,712,422,000) have heretofore been issued under the indenture as follows, viz:

(1)	Bonds of Series A	--	Principal Amount	\$26,016,000,
(2)	Bonds of Series B	--	Principal Amount	\$23,000,000,
(3)	Bonds of Series C	--	Principal Amount	\$20,000,000,
(4)	Bonds of Series D	--	Principal Amount	\$50,000,000,
(5)	Bonds of Series E	--	Principal Amount	\$15,000,000,
(6)	Bonds of Series F	--	Principal Amount	\$49,000,000,
(7)	Bonds of Series G	--	Principal Amount	\$35,000,000,

(8)	Bonds of Series H	--	Principal Amount	\$50,000,000,
(9)	Bonds of Series I	--	Principal Amount	\$60,000,000,
(10)	Bonds of Series J	--	Principal Amount	\$35,000,000,
(11)	Bonds of Series K	--	Principal Amount	\$40,000,000,
(12)	Bonds of Series L	--	Principal Amount	\$24,000,000,
(13)	Bonds of Series M	--	Principal Amount	\$40,000,000,
(14)	Bonds of Series N	--	Principal Amount	\$40,000,000,
(15)	Bonds of Series O	--	Principal Amount	\$60,000,000,
(16)	Bonds of Series P	--	Principal Amount	\$70,000,000,
(17)	Bonds of Series Q	--	Principal Amount	\$40,000,000,
(18)	Bonds of Series W	--	Principal Amount	\$50,000,000,
(19)	Bonds of Series AA	--	Principal Amount	\$100,000,000,

(20)	Bonds of Series BB	--	Principal Amount	\$50,000,000,
(21)	Bonds of Series CC	--	Principal Amount	\$50,000,000,
(22)	Bonds of Series UU	--	Principal Amount	\$100,000,000,
(23-31)	Bonds of Series DDP Nos. 1-9	--	Principal Amount	\$14,305,000,
(32-45)	Bonds of Series FFR Nos. 1-14	--	Principal Amount	\$45,600,000,
(46-67)	Bonds of Series GGP Nos. 1-22	--	Principal Amount	\$42,300,000,
(68)	Bonds of Series HH	--	Principal Amount	\$50,000,000,
(69-90)	Bonds of Series IIP Nos. 1-22	--	Principal Amount	\$3,750,000,
(91-98)	Bonds of Series JJP Nos. 1-8	--	Principal Amount	\$6,850,000,
(99-107)	Bonds of Series KKP Nos. 1-9	--	Principal Amount	\$34,890,000,
(108-122)	Bonds of Series LLP Nos. 1-15	--	Principal Amount	\$8,850,000,
(123-143)	Bonds of Series NNP Nos. 1-21	--	Principal Amount	\$47,950,000,
(144-161)	Bonds of Series OOP Nos. 1-18	--	Principal Amount	\$18,880,000,
(162-180)	Bonds of Series QQP Nos. 1-19	--	Principal Amount	\$13,650,000,
(181-195)	Bonds of Series TTP Nos. 1-15	--	Principal Amount	\$3,800,000,
(196)	Bonds of 1980 Series A	--	Principal Amount	\$50,000,000,
(197-221)	Bonds of 1980 Series CP Nos. 1-25	--	Principal Amount	\$35,000,000,
(222-232)	Bonds of 1980 Series DP Nos. 1-11	--	Principal Amount	\$10,750,000,
(233-248)	Bonds of 1981 Series AP Nos. 1-16	--	Principal Amount	\$124,000,000,
(249)	Bonds of 1985 Series A	--	Principal Amount	\$35,000,000,
(250)	Bonds of 1985 Series B	--	Principal Amount	\$50,000,000,
(251)	Bonds of Series PP	--	Principal Amount	\$70,000,000,
(252)	Bonds of Series RR	--	Principal Amount	\$70,000,000,
(253)	Bonds of Series EE	--	Principal Amount	\$50,000,000,
(254-255)	Bonds of Series MMP and MMP No. 2	--	Principal Amount	\$5,430,000,
(256)	Bonds of Series T	--	Principal Amount	\$75,000,000,
(257)	Bonds of Series U	--	Principal Amount	\$75,000,000,
(258)	Bonds of 1986 Series B	--	Principal Amount	\$100,000,000,
(259)	Bonds of 1987 Series D	--	Principal Amount	\$250,000,000,
(260)	Bonds of 1987 Series E	--	Principal Amount	\$150,000,000,
(261)	Bonds of 1987 Series C	--	Principal Amount	\$225,000,000,
(262)	Bonds of Series V	--	Principal Amount	\$100,000,000,
(263)	Bonds of Series SS	--	Principal Amount	\$150,000,000,
(264)	Bonds of 1980 Series B	--	Principal Amount	\$100,000,000,
(265)	Bonds of 1986 Series C	--	Principal Amount	\$200,000,000,
(266)	Bonds of 1986 Series A	--	Principal Amount	\$200,000,000,
(267)	Bonds of 1987 Series B	--	Principal Amount	\$175,000,000,
(268)	Bonds of Series X	--	Principal Amount	\$100,000,000,
(269)	Bonds of 1987 Series F	--	Principal Amount	\$200,000,000,
(270)	Bonds of 1987 Series A	--	Principal Amount	\$300,000,000,
(271)	Bonds of Series Y	--	Principal Amount	\$60,000,000,

(272) Bonds of Series Z -- Principal Amount \$100,000,000,

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(273)	Bonds of 1989 Series A	--	Principal Amount	\$300,000,000,
(274)	Bonds of 1984 Series AP	--	Principal Amount	\$2,400,000,
(275)	Bonds of 1984 Series BP	--	Principal Amount	\$7,750,000,
(276)	Bonds of Series R	--	Principal Amount	\$100,000,000,
(277)	Bonds of Series S	--	Principal Amount	\$150,000,000,
(278)	Bonds of 1993 Series D	--	Principal Amount	\$100,000,000,
(279)	Bonds of 1992 Series E	--	Principal Amount	\$50,000,000,
(280)	Bonds of 1993 Series B	--	Principal Amount	\$50,000,000,
(281)	Bonds of 1989 Series BP	--	Principal Amount	\$66,565,000,

all of which have either been retired and cancelled, or no longer represent obligations of the Company, having been called for redemption and funds necessary to effect the payment, redemption and retirement thereof having been deposited with the Trustee as a special trust fund to be applied for such purpose;

(282-287) Bonds of Series KKP Nos. 10-15 in the principal amount of One hundred seventy-nine million five hundred ninety thousand dollars (\$179,590,000), of which Thirty-nine million seven hundred forty-five thousand dollars (\$39,745,000) principal amount have heretofore been retired and One hundred thirty-nine million eight hundred forty-five thousand dollars (\$139,845,000) principal amount are outstanding at the date hereof;

(288) Bonds of 1990 Series A in the principal amount of One hundred ninety-four million six hundred forty-nine thousand dollars (\$194,649,000) of which Sixty-two million seven hundred ninety thousand dollars (\$62,790,000) principal amount have heretofore been retired and One hundred thirty-one million eight hundred fifty-nine thousand dollars (\$131,859,000) principal amount are outstanding at the date hereof;

(289) Bonds of 1990 Series B in the principal amount of Two hundred fifty-six million nine hundred thirty-two thousand dollars (\$256,932,000) of which Ninety-five million one hundred sixty thousand dollars (\$95,160,000) principal amount have heretofore been retired and One hundred sixty-one million seven hundred seventy-two thousand dollars (\$161,772,000) principal amount are outstanding at the date hereof;

(290) Bonds of 1990 Series C in the principal amount of Eighty-five million four hundred seventy-five thousand dollars (\$85,475,000) of which Thirty-four million one hundred ninety thousand dollars (\$34,190,000) principal amount have heretofore been retired and Fifty-one million two hundred eighty-five thousand dollars (\$51,285,000) principal amount are outstanding at the date hereof;

(291) Bonds of 1991 Series AP in the principal amount of Thirty-two million three hundred seventy-five thousand dollars (\$32,375,000), all of which are outstanding at the date hereof;

(292) Bonds of 1991 Series BP in the principal amount of

Twenty-five million nine hundred ten thousand dollars
(\$25,910,000), all of which are outstanding at the date hereof;

(293) Bonds of 1991 Series CP in the principal amount of
Thirty-two million eight hundred thousand dollars
(\$32,800,000), all of which are outstanding at the date hereof;

(294) Bonds of 1991 Series DP in the principal amount of
Thirty-seven million six hundred thousand dollars
(\$37,600,000), all of which are outstanding at the date hereof;

(295) Bonds of 1991 Series EP in the principal amount of
Forty-one million four hundred eighty thousand dollars
(\$41,480,000), all of which are outstanding at the date hereof;

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(296) Bonds of 1991 Series FP in the principal amount of
Ninety-eight million three hundred seventy-five thousand
dollars (\$98,375,000), all of which are outstanding at the date
hereof;

(297) Bonds of 1992 Series BP in the principal amount of Twenty
million nine hundred seventy-five thousand dollars
(\$20,975,000), all of which are outstanding at the date hereof;

(298) Bonds of 1992 Series AP in the principal amount of
Sixty-six million dollars (\$66,000,000), all of which are
outstanding at the date hereof;

(299) Bonds of 1992 Series D in the principal amount of Three
hundred million dollars (\$300,000,000), of which thirty-four
million dollars (\$34,000,000) principal amount have heretofore
been retired and Two hundred sixty-six million (\$266,000,000)
principal amount are outstanding at the date hereof;

(300) Bonds of 1992 Series CP in the principal amount of
Thirty-five million dollars (\$35,000,000), all of which are
outstanding at the date hereof;

(301) Bonds of 1989 Series BP No. 2 in the principal amount of
Thirty-six million dollars (\$36,000,000), all of which are
outstanding at the date hereof;

(302) Bonds of 1993 Series C in the principal amount of Two
hundred twenty-five million dollars (\$225,000,000), of which
Twenty-seven million dollars (\$27,000,000) principal amount
have heretofore been retired and One hundred ninety-eight
million dollars (\$198,000,000) principal amount are outstanding
at the date hereof;

(303) Bonds of 1993 Series E in the principal amount of Four
hundred million dollars (\$400,000,000), of which Thirty-one
million five hundred thousand dollars (\$31,500,000) principal
amount have heretofore been retired and Three hundred
sixty-eight million five hundred thousand dollars
(\$368,500,000) principal amount are outstanding at the date
hereof;

(304) Bonds of 1993 Series FP in the principal amount of Five
million six hundred eighty-five thousand dollars (\$5,685,000),
all of which are outstanding at the date hereof;

(305) Bonds of 1993 Series G in the principal amount of Two
hundred twenty-five million dollars (\$225,000,000), of which
One hundred twenty-five million dollars (\$125,000,000)
principal amount have been retired and One hundred million

dollars (\$100,000,000) principal amount are outstanding at the date hereof;

(306) Bonds of 1993 Series J in the principal amount of Three hundred million dollars (\$300,000,000), of which Seventy eight million five hundred thousand dollars (\$78,500,000) principal amount have heretofore been retired and Two hundred twenty-one million five hundred thousand dollars (\$221,500,000) principal amount are outstanding at the date hereof;

(307) Bonds of 1993 Series IP in the principal amount of Five million eight hundred twenty-five thousand dollars (\$5,825,000), all of which are outstanding at the date hereof;

(308) Bonds of 1993 Series AP in the principal amount of Sixty-five million dollars (\$65,000,000), all of which are outstanding at the date hereof;

(309) Bonds of 1993 Series H in the principal amount of Fifty million dollars (\$50,000,000), all of which are outstanding at the date hereof;

(310) Bonds of 1993 Series K in the principal amount of One hundred sixty million dollars (\$160,000,000), all of which are outstanding at the date hereof;

(311) Bonds of 1994 Series AP in the principal amount of Seven million five hundred thirty-five thousand dollars (\$7,535,000), all of which are outstanding at the date hereof;

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(312) Bonds of 1994 Series BP in the principal amount of Twelve million nine hundred thirty-five thousand dollars (\$12,935,000), all of which are outstanding at the date hereof;

(313) Bonds of 1994 Series C in the principal amount of Two hundred million dollars (\$200,000,000), all of which are outstanding at the date hereof;

(314) Bonds of 1994 Series DP in the principal amount of Twenty-three million seven hundred thousand dollars (\$23,700,000), all of which are outstanding at the date hereof;

(315) Bonds of 1995 Series AP in the principal amount of Ninety-seven million dollars (\$97,000,000), all of which are outstanding at the date hereof;

(316) Bonds of 1995 Series BP in the principal amount of Twenty-two million, one hundred seventy-five thousand dollars (\$22,175,000), all of which are outstanding at the date hereof;

(317) Bonds of 1999 Series AP in the principal amount of One hundred eighteen million three hundred sixty thousand dollars (\$118,360,000), all of which are outstanding at the date hereof;

(318) Bonds of 1999 Series BP in the principal amount of Thirty-nine million seven hundred forty-five thousand dollars (\$39,745,000), all of which are outstanding of the date hereof;

(319) Bonds of 1999 Series CP in the principal amount of Sixty-six million five hundred sixty-five thousand dollars (\$66,565,000), all of which are outstanding at the date hereof; and

(320) Bonds of 1999 Series D in the principal amount of Forty

million dollars (\$40,000,000), all of which are outstanding at the date hereof

and, accordingly, of the bonds so issued, Two billion nine hundred seventy-nine million eight hundred one thousand dollars (\$2,979,801,000) principal amount are outstanding at the date hereof; and

REASON FOR
CREATION OF NEW
SERIES.

WHEREAS, the Company desires to issue a new series of bonds to be issued under the Indenture and to be authenticated and delivered pursuant to Section 8 of Article III of the Indenture; and

BONDS TO BE
2000 SERIES A.

WHEREAS, the Company desires by this Supplemental Indenture to create a new series of bonds, to be designated "General and Refunding Mortgage Bonds, 2000 Series A," and

FURTHER
ASSURANCE.

WHEREAS, the Original Indenture, by its terms, includes in the property subject to the lien thereof all of the estates and properties, real, personal and mixed, rights, privileges and franchises of every nature and kind and wheresoever situate, then or thereafter owned or possessed by or belonging to the Company or to which it was then or at any time thereafter might be entitled in law or in equity (saving and excepting, however, the property therein specifically excepted or released from the lien thereof), and the Company therein covenanted that it would, upon reasonable request, execute and deliver such further instruments as may be necessary or proper for the better assuring and confirming unto the Trustee all or any part of the trust estate, whether then or thereafter owned or acquired by the Company (saving and excepting, however, property specifically excepted or released from the lien thereof); and

AUTHORIZATION OF
SUPPLEMENTAL
INDENTURE.

WHEREAS, the Company in the exercise of the powers and authority conferred upon and reserved to it under and by virtue of the provisions of the Indenture, and pursuant to resolutions of its Board of Directors has duly resolved and determined to make, execute and deliver to the Trustee a supplemental indenture in the form hereof for the purposes herein provided; and

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WHEREAS, all conditions and requirements necessary to make this Supplemental Indenture a valid and legally binding instrument in accordance with its terms have been done, performed and fulfilled, and the execution and delivery hereof have been in all respects duly authorized;

CONSIDERATION FOR
SUPPLEMENTAL
INDENTURE.

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That The Detroit Edison Company, in consideration of the premises and of the covenants contained in the Indenture and of the sum of One Dollar (\$1.00) and other good and valuable consideration to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, hereby covenants and agrees to and with the Trustee and its successors in the trusts under the Original Indenture and in said indentures supplemental thereto as

follows:

PART I.

CREATION OF THREE HUNDRED TWENTY-FOURTH
SERIES OF BONDS.

GENERAL AND REFUNDING MORTGAGE BONDS,
2000 SERIES A

TERMS OF BONDS OF
2000 SERIES A.

SECTION 1. The Company hereby creates the Three hundred twenty-fourth series of bonds to be issued under and secured by the Original Indenture as amended to date and as further amended by this Supplemental Indenture, to be designated, and to be distinguished from the bonds of all other series, by the title "General and Refunding Mortgage Bonds, 2000 Series A" (elsewhere herein referred to as the "bonds of 2000 Series A"). The aggregate principal amount of bonds of 2000 Series A shall be limited to Two hundred twenty million dollars (\$220,000,000), except as provided in Sections 7 and 13 of Article II of the Original Indenture with respect to exchanges and replacements of bonds.

The bonds of 2000 Series A shall mature on February 1, 2005 and shall be issued as registered bonds without coupons in denominations of \$1,000 and any multiple thereof, and shall bear interest, payable semi-annually on February 1 and August 1 of each year (commencing on August 1, 2000), at the rate of seven and one-half per centum (7.5%) per annum until the principal shall have become due and payable, and thereafter until the Company's obligation with respect to the payment of said principal shall have been discharged as provided in the Indenture. The bonds of 2000 Series A will be issued in book-entry form through the facilities of The Depository Trust Company. Except as otherwise specifically provided in this Supplemental Indenture, the principal of and interest on the bonds of 2000 Series A shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, The State of New York in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. The interest on bonds of 2000 Series A, whether in temporary or definitive form, shall be payable without presentation of such bonds and (subject to the provisions of this Section 1) only to or upon the written order of the registered holders thereof.

Each bond of 2000 Series A shall be dated the date of its authentication and interest shall be payable on the principal represented thereby from the February 1 or August 1 next preceding the date thereof to which interest has been paid on bonds of 2000 Series A, unless the bond is authenticated on a date to which interest has been paid, in which case interest shall be payable from the date of authentication, or unless the date of authentication is prior to August 1, 2000, in which case interest shall be payable from February 3, 2000 on the bond of 2000 Series A originally evidencing the debt represented thereby.

The bonds of 2000 Series A in definitive form shall be, at the election of the Company, fully engraved or shall be lithographed or printed in authorized denominations as aforesaid and numbered 1 and upwards (with such further designation as

may be appropriate and desirable to indicate by such designation the form, series and denomination of bonds of 2000 Series A). Until bonds of 2000 Series A in definitive form are ready for delivery, the Company may execute, and upon its request in writing the Trustee shall authenticate and deliver in lieu thereof, bonds of 2000 Series A in temporary form, as provided in Section 10 of Article II of the Indenture. Temporary bonds of 2000 Series A, if any, may be printed and may be issued in authorized denominations in substantially the form of definitive bonds of 2000 Series A, but without a recital of redemption prices and with such omissions, insertions and variations as may be appropriate for temporary bonds, all as may be determined by the Company.

Interest on any bond of 2000 Series A which is payable on any interest payment date and is punctually paid or duly provided for shall be paid to the person in whose name that bond, or any previous bond to the extent evidencing the same debt as that evidenced by that bond, is registered at the close of business on the regular record date for such interest, which regular record date shall be the fifteenth calendar day (whether or not a business day) next preceding such interest payment date. If the Company shall default in the payment of the interest due on any interest payment date on the principal represented by any bond of 2000 Series A, such defaulted interest shall forthwith cease to be payable to the registered holder of that bond on the relevant regular record date by virtue of his having been such holder, and such defaulted interest may be paid to the registered holder of that bond (or any bond or bonds of 2000 Series A issued upon transfer or exchange thereof) on the date of payment of such defaulted interest or, at the election of the Company, to the person in whose name that bond (or any bond or bonds of 2000 Series A issued upon transfer or exchange thereof) is registered on a subsequent record date established by notice given by mail by or on behalf of the Company to the holders of bonds of 2000 Series A not less than (10) days preceding such subsequent record date, which subsequent record date shall be at least five (5) days prior to the payment date of such defaulted interest. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

If any interest payment date, date of redemption or the stated maturity for the bonds of 2000 Series A would otherwise be a day that is not a business day, payment of principal and/or interest or premium, if any, with respect to the bonds of 2000 Series A will be paid on the next succeeding business day with the same force and effect as if made on such date and no interest on such payment will accrue from and after such date.

"Business day" means any day other than a day on which banking institutions in The State of New York or the State of Michigan are authorized or obligated pursuant to law or executive order to close.

REDEMPTION OF BONDS OF 2000 SERIES A.

SECTION 2. The bonds of 2000 Series A shall be redeemable prior to stated maturity, at the election of the Company on any date prior to maturity, as a whole, or in part from time to time, by lot, at a redemption price equal to the greater of (1) the principal amount of the Bonds to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the bonds of 2000 Series A to be redeemed, discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield (defined below) plus 0.15%, plus in each case accrued interest to the redemption

date.

"Treasury Yield" means with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the

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remaining term of the bonds of 2000 Series A that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the bonds of 2000 Series A.

"Independent Investment Banker" means Salomon Smith Barney Inc., or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing selected by the Company and appointed by the Trustee.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if that release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations for such redemption date, or (B) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Reference Treasury Dealer Quotations" means with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

"Reference Treasury Dealer" means each of Salomon Smith Barney Inc., Chase Securities Inc., Goldman, Sachs & Co. and Warburg Dillon Read LLC and their respective successors, provided, however, that if any of the foregoing shall cease to be a primary U.S. Government Securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute for it another Primary Treasury Dealer.

The bonds of 2000 Series A shall be redeemable as aforesaid and except as otherwise provided herein, and as specified in Article IV of the Indenture upon giving notice of such redemption by first class mail, postage prepaid, by or on behalf of the Company at least thirty (30) days, but not more than sixty (60) days, prior to the date fixed for redemption to the registered holders of bonds of 2000 Series A so called for redemption at their last respective addresses appearing on the

register thereof, but failure to mail such notice to the registered holders of any bonds of 2000 Series A designated for redemption shall not affect the validity of any such redemption of any other bonds of such series. Interest shall cease to accrue on any bonds of 2000 Series A (or any portion thereof) so called for redemption from and after the date fixed for redemption if payment sufficient to redeem the bonds of 2000 Series A (or such portion) designated for redemption has been duly provided for. Bonds of 2000 Series A redeemed in part only shall be in amounts of \$1,000 or any multiple thereof.

If the giving of the notice of redemption shall have been completed, or if provision satisfactory to the Trustee for the giving of such notice shall have been made, and if the Company shall have deposited with the Trustee in trust funds (which shall have become available for payment to the holders of the bonds of 2000 Series A so to be redeemed) sufficient to redeem bonds of 2000 Series A in whole or in part, on the date fixed for redemption, then all obligations of the Company in respect of such bonds (or portions thereof) so to be redeemed and interest due or to become due thereon shall cease and be discharged and the holders of such bonds of 2000 Series A (or portions thereof) shall thereafter be restricted exclusively to such funds for any

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and all claims of whatsoever nature on their part under the Indenture or in respect of such bonds (or portions thereof) and interest.

The bonds of 2000 Series A shall not be entitled to or subject to any sinking fund.

EXCHANGE AND TRANSFER.

At the option of the registered holder, any bonds of 2000 Series A, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, The State of New York, together with a written instrument of transfer (if so required by the Company or by the Trustee) in form approved by the Company duly executed by the holder or by its duly authorized attorney, shall be exchangeable for a like aggregate principal amount of bonds of 2000 Series A of other authorized denominations, upon the terms and conditions specified herein and in Section 7 of Article II of the Indenture. Bonds of 2000 Series A shall be transferable at the office or agency of the Company in the Borough of Manhattan, The City of New York, The State of New York. The Company waives its rights under Section 7 of Article II of the Indenture not to make exchanges or transfers of bonds of 2000 Series A during any period of ten (10) days next preceding any interest payment date for such bonds.

Bonds of 2000 Series A, in definitive and temporary form, may bear such legends as may be necessary to comply with any law or with any rules or regulations made pursuant thereto or with the rules or regulations of any stock exchange or to conform to usage with respect thereto.

FORM OF BONDS 2000 SERIES A.

SECTION 4. The bonds of 2000 Series A and the form of Trustee's Certificate to be endorsed on such bonds shall be substantially in the following forms, respectively:

[FORM OF FACE OF BOND]

THIS BOND IS A GLOBAL BOND REGISTERED IN THE NAME OF A

DEPOSITORY OR A NOMINEE THEREOF. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR BONDS IN CERTIFICATED FORM, THIS BOND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TRUST COMPANY (THE "DEPOSITORY") TO A NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE DETROIT EDISON COMPANY
GENERAL AND REFUNDING MORTGAGE BOND
2000 Series A, 7.5% due February 1, 2005

\$..... No.

THE DETROIT EDISON COMPANY (hereinafter called the "Company"), a corporation of the State of Michigan, for value received, hereby promises to pay to or registered assigns, at its office or agency in the Borough of Manhattan, The City and State of New York, the principal sum of Two hundred twenty million dollars (\$220,000,000) in lawful money of the United States of America on the first day of February, 2005, and to pay interest thereon at the rate specified in the title hereof, at such office or agency, in like lawful money, from

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February 3, 2000, and after the first interest payment on bonds of this Series has been made or otherwise provided for, from the most recent date to which such interest has been paid, semi-annually on the first day of February and August in each year (commencing on August 1, 2000), to the person in whose name this bond is registered at the close of business on the fifteenth calendar day (whether or not a business day) next preceding the applicable interest payment date (subject to certain exceptions provided in the Indenture hereinafter mentioned), until the Company's obligation with respect to payment of said principal shall have been discharged, all as provided, to the extent and in the manner specified in such Indenture hereinafter mentioned on the reverse hereof and in the supplemental indenture pursuant to which this bond has been issued.

Interest will be computed on the basis of a 360-day year of twelve 30-day months.

If any interest payment date, date of redemption or the stated maturity for the bonds of 2000 Series A would otherwise be a day that is not a business day, payment of principal and/or interest or premium, if any, with respect to the bonds of 2000 Series A will be paid on the next succeeding business day with the same force and effect as if made on such date and no interest on such payment will accrue from and after such date.

"Business day" means any day other than a day on which banking institutions in The State of New York or the State of Michigan are authorized or obligated pursuant to law or

executive order to close.

Reference is hereby made to the further provisions of this bond set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though set forth at this place.

This bond shall not be valid or become obligatory for any purpose until Bankers Trust Company, the Trustee under the Indenture hereinafter mentioned on the reverse hereof, or its successor thereunder, shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, THE DETROIT EDISON COMPANY has caused this instrument to be executed on its behalf by its Vice President and Treasurer, with his manual or facsimile signature, and its corporate seal, or a facsimile thereof, to be impressed or imprinted hereon and the same to be attested by its Secretary or its Assistant Corporate Secretary by manual or facsimile signature.

Dated:

THE DETROIT EDISON COMPANY
By
Vice President and Treasurer

Attest:

Vice President and Corporate Secretary

[FORM OF REVERSE OF BOND]

This bond is one of an authorized issue of bonds of the Company, unlimited as to amount except as provided in the Indenture hereinafter mentioned or any indentures supplemental thereto, and is one of a series of said bonds known as General and Refunding Mortgage Bonds, 2000 Series A (elsewhere herein referred to as the "bonds of 2000 Series A"), limited to an aggregate principal amount of \$220,000,000, except as otherwise provided in the Indenture hereinafter mentioned. This bond and all other

bonds of said series are issued and to be issued under, and are all equally and ratably secured (except insofar as any sinking, amortization, improvement or analogous fund, established in accordance with the provisions of the Indenture hereinafter mentioned, may afford additional security for the bonds of any particular series and except as provided in Section 3 of Article VI of said Indenture) by an Indenture, dated as of October 1, 1924, duly executed by the Company to Bankers Trust Company, a corporation of the State of New York, as Trustee, to which Indenture and all indentures supplemental thereto (including the Supplemental Indenture dated as of January 1, 2000) reference is hereby made for a description of the properties and franchises mortgaged and conveyed, the nature and extent of the security, the terms and conditions upon which the bonds are issued and under which additional bonds may be issued, and the rights of the holders of the bonds and of the Trustee in respect of such security (which Indenture and all indentures supplemental thereto, including the Supplemental Indenture dated as of January 1, 2000, are hereinafter collectively called the "Indenture"). As provided in the Indenture, said bonds may be for various principal sums and are

issuable in series, which may mature at different times, may bear interest at different rates and may otherwise vary as in said Indenture provided. With the consent of the Company and to the extent permitted by and as provided in the Indenture, the rights and obligations of the Company and of the holders of the bonds and the terms and provisions of the Company and of the holders of the bonds and the terms and provisions of the Indenture, or of any indenture supplemental thereto, may be modified or altered in certain respects by affirmative vote of at least eighty-five percent (85%) in principal amount of the bonds then outstanding, and, if the rights of one or more, but less than all, series of bonds then outstanding are to be affected by the action proposed to be taken, then also by affirmative vote of at least eighty-five percent (85%) in principal amount of the series of bonds so to be affected (excluding in every instance bonds disqualified from voting by reason of the Company's interest therein as specified in the Indenture); provided, however, that, without the consent of the holder hereof, no such modification or alteration shall, among other things, affect the terms of payment of the principal of, or the interest on, this bond, which in those respects is unconditional.

This bond is redeemable on giving notice of such redemption by first class mail, postage prepaid, by or on behalf of the Company at least thirty (30) days, but not more than sixty (60) days, prior to the date fixed for redemption to the registered holder of this bond at his last address appearing on the register thereof, in the manner and upon the terms provided in the Indenture, at the election of the Company on any date as a whole or in part by lot, from time to time, at a redemption price equal to the greater of (1) the principal amount or (2) the sum of the present values of the remaining scheduled payments of principal and interest on this bond of 2000 Series A, discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield (as defined below) plus 0.15%, plus in each case accrued interest to the redemption date.

"Treasury Yield" means with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the bonds of 2000 Series A that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the bonds of 2000 Series A.

"Independent Investment Banker" means Salomon Smith Barney Inc., or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing selected by the Company and appointed by the Trustee.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily

statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if that release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations for such redemption date, or (B) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Reference Treasury Dealer Quotations" means with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

"Reference Treasury Dealer" means each of Salomon Smith Barney Inc., Chase Securities Inc., Goldman Sachs & Co. and Warburg Dillon Read LLC and their respective successors, provided however, that if any of the foregoing shall cease to be a primary U.S. Government Securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute for it another Primary Treasury Dealer.

Under the Indenture, funds may be deposited with the Trustee (which shall have become available for payment), in advance of the redemption date of any of the bonds of 2000 Series A (or portions thereof), in trust for the redemption of such bonds (or portions thereof) and the interest due or to become due thereon, and thereupon all obligations of the Company in respect of such bonds (or portions thereof) so to be redeemed and such interest shall cease and be discharged, and the holders thereof shall thereafter be restricted exclusively to such funds for any and all claims of whatsoever nature on their part under the Indenture or with respect to such bonds (or portions thereof) and interest.

The bonds of 2000 Series A, including this bond, shall not be entitled or subject to a sinking fund.

In case an event of default, as defined in the Indenture, shall occur, the principal of all the bonds issued thereunder may become or be declared due and payable, in the manner, with the effect and subject to the conditions, provided in the Indenture.

This bond is transferable by the registered holder hereof, in person or by his attorney duly authorized in writing, on the books of the Company kept at its office or agency in the Borough of Manhattan, The City and State of New York, upon surrender and cancellation of this bond, and, thereupon, a new registered bond or bonds of the same series of authorized denominations for a like aggregate principal amount will be issued to the transferee or transferees in exchange herefor, and this bond with others of like form may in like manner be exchanged for one or more new registered bonds of the same series of other authorized denominations, but of the same aggregate principal amount, all as provided and upon the terms and conditions set forth in the Indenture, and upon payment, in any event, of the charges prescribed in the Indenture.

No recourse shall be had for the payment of the principal of, or the interest on, this bond, or for any claim based hereon or otherwise in respect hereof or of the Indenture, or of any indenture supplemental thereto, against any incorporator, or

against any past, present or future stockholder, director or officer, as such, of the Company, or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether for amounts unpaid on stock subscriptions or by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise howsoever, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof,

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expressly waived and released by every holder or owner hereof, as more fully provided in the Indenture.

[FORM OF TRUSTEE'S CERTIFICATE]

FORM OF TRUSTEE'S
CERTIFICATE.

This bond is one of the bonds, of the series designated therein, described in the within-mentioned Indenture.

BANKERS TRUST COMPANY,

as Trustee

By
Authorized Officer

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PART II.

RECORDING AND FILING DATA

RECORDING AND
FILING OF ORIGINAL
INDENTURE.

The Original Indenture and indentures supplemental thereto have been recorded and/or filed and Certificates of Provision for Payment have been recorded as hereinafter set forth.

The Original Indenture has been recorded as a real estate mortgage and filed as a chattel mortgage in the offices of the respective Registers of Deeds of certain counties in the State of Michigan as set forth in the Supplemental Indenture dated as of September 1, 1947, has been recorded as a real estate mortgage in the office of the Register of Deeds of Genesee County, Michigan as set forth in the Supplemental Indenture dated as of May 1, 1974, has been filed in the Office of the Secretary of State of Michigan on November 16, 1951 and has been filed and recorded in the office of the Interstate Commerce Commission on December 8, 1969.

RECORDING AND
FILING OF
SUPPLEMENTAL
INDENTURES.

Pursuant to the terms and provisions of the Original Indenture, indentures supplemental thereto heretofore entered into have been recorded as a real estate mortgage and/or filed as a chattel mortgage or as a financing statement in the offices of the respective Registers of Deeds of certain counties in the State of Michigan, the Office of the Secretary of State of Michigan and the Office of the Interstate Commerce Commission, as set forth in supplemental indentures as follows:

SUPPLEMENTAL INDENTURE DATED AS OF -----	PURPOSE OF SUPPLEMENTAL INDENTURE -----	SUPPLEMENTAL INDENTURE DATED AS OF: -----
June 1, 1925(a) (b).....	Series B Bonds	February 1, 1940
August 1, 1927(a) (b).....	Series C Bonds	February 1, 1940
February 1, 1931(a) (b).....	Series D Bonds	February 1, 1940
June 1, 1931(a) (b).....	Subject Properties	February 1, 1940
October 1, 1932(a) (b).....	Series E Bonds	February 1, 1940
September 25, 1935(a) (b)....	Series F Bonds	February 1, 1940
September 1, 1936(a) (b).....	Series G Bonds	February 1, 1940
November 1, 1936(a) (b).....	Subject Properties	February 1, 1940
February 1, 1940(a) (b).....	Subject Properties	September 1, 1947
December 1, 1940(a) (b).....	Series H Bonds and Additional Provisions	September 1, 1947
September 1, 1947(a) (b) (c).....	Series I Bonds, Subject Properties and Additional Provisions	November 15, 1951
March 1, 1950(a) (b) (c).....	Series J Bonds and Additional Provisions	November 15, 1951
November 15, 1951(a) (b) (c).....	Series K Bonds Additional Provisions and Subject Properties	January 15, 1953
January 15, 1953(a) (b).....	Series L Bonds	May 1, 1953
May 1, 1953(a).....	Series M Bonds and Subject Properties	March 15, 1954
March 15, 1954(a) (c).....	Series N Bonds and Subject Properties	May 15, 1955
May 15, 1955(a) (c).....	Series O Bonds and Subject Properties	August 15, 1957
August 15, 1957(a) (c).....	Series P Bonds Additional Provisions and Subject Properties	June 1, 1959
June 1, 1959(a) (c).....	Series Q Bonds and Subject Properties	December 1, 1966

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SUPPLEMENTAL INDENTURE DATED AS OF -----	PURPOSE OF SUPPLEMENTAL INDENTURE -----	RECORDED AND/OR FILED AS SET FORTH IN SUPPLEMENTAL INDENTURE DATED AS OF: -----
December 1, 1966(a) (c).....	Series R Bonds Additional Provisions and Subject Properties	October 1, 1968
October 1, 1968(a) (c).....	Series S Bonds and Subject Properties	December 1, 1969
December 1, 1969(a) (c).....	Series T Bonds and Subject Properties	July 1, 1970
July 1, 1970(c).....	Series U Bonds and Subject Properties	December 15, 1970
December 15, 1970(c).....	Series V and Series W Bonds	June 15, 1971
June 15, 1971(c).....	Series X Bonds and Subject Properties	November 15, 1971
November 15, 1971(c).....	Series Y Bonds and Subject Properties	January 15, 1973
January 15, 1973(c).....	Series Z Bonds and Subject Properties	May 1, 1974
May 1, 1974.....	Series AA Bonds and Subject Properties	October 1, 1974
October 1, 1974.....	Series BB Bonds and Subject Properties	January 15, 1975
January 15, 1975.....	Series CC Bonds and Subject Properties	November 1, 1975
November 1, 1975.....	Series DDP Nos. 1-9 Bonds and Subject Properties	December 15, 1975
December 15, 1975.....	Series EE Bonds and Subject Properties	February 1, 1976
February 1, 1976.....	Series FFR Nos. 1-13 Bonds	June 15, 1976
June 15, 1976.....	Series GGP Nos. 1-7 Bonds and Subject Properties	July 15, 1976
July 15, 1976.....	Series HH Bonds and Subject Properties	February 15, 1977
February 15, 1977.....	Series MMP Bonds and Subject Properties	March 1, 1977
March 1, 1977.....	Series IIP Nos. 1-7 Bonds, Series JJP Nos. 1-7 Bonds, Series KKP Nos. 1-7 Bonds and Series LLP Nos. 1-7 Bonds	June 15, 1977
June 15, 1977.....	Series FFR No. 14 Bonds and Subject Properties	July 1, 1977
July 1, 1977.....	Series NNP Nos. 1-7 Bonds and Subject Properties	October 1, 1977
October 1, 1977.....	Series GGP Nos. 8-22 Bonds and Series OOP Nos. 1-17 Bonds and Subject Properties	June 1, 1978
June 1, 1978.....	Series PP Bonds, Series QQP Nos. 1-9 Bonds and Subject Properties	October 15, 1978
October 15, 1978.....	Series RR Bonds and Subject Properties	March 15, 1979

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SUPPLEMENTAL INDENTURE DATED AS OF -----	PURPOSE OF SUPPLEMENTAL INDENTURE -----	RECORDED AND/OR FILED AS SET FORTH IN SUPPLEMENTAL INDENTURE DATED AS OF: -----
March 15, 1979.....	Series SS Bonds and Subject Properties	July 1, 1979
July 1, 1979.....	Series IIP Nos. 8-22 Bonds, Series NNP Nos. 8-21 Bonds and Series TTP Nos. 1-15 Bonds and Subject Properties	September 1, 1979
September 1, 1979.....	Series JJP No. 8 Bonds, Series KKP No. 8 Bonds, Series LLP Nos. 8-15 Bonds, Series MMP No. 2 Bonds and Series OOP No. 18 Bonds and Subject Properties	September 15, 1979
September 15, 1979.....	Series UU Bonds	January 1, 1980
January 1, 1980.....	1980 Series A Bonds and Subject Properties	April 1, 1980
April 1, 1980.....	1980 Series B Bonds	August 15, 1980
August 15, 1980.....	Series QQP Nos. 10-19 Bonds, 1980 Series CP Nos. 1-12 Bonds and 1980 Series DP No. 1-11 Bonds and Subject Properties	August 1, 1981
August 1, 1981.....	1980 Series CP Nos. 13-25 Bonds and Subject Properties	November 1, 1981
November 1, 1981.....	1981 Series AP Nos. 1-12 Bonds	June 30, 1982
June 30, 1982.....	Article XIV Reconfirmation	August 15, 1982
August 15, 1982.....	1981 Series AP Nos. 13-14 and Subject Properties	June 1, 1983
June 1, 1983.....	1981 Series AP Nos. 15-16 and Subject Properties	October 1, 1984
October 1, 1984.....	1984 Series AP and 1984 Series BP Bonds and Subject Properties	May 1, 1985
May 1, 1985.....	1985 Series A Bonds	May 15, 1985
May 15, 1985.....	1985 Series B Bonds and Subject Properties	October 15, 1985
October 15, 1985.....	Series KKP No. 9 Bonds and Subject Properties	April 1, 1986
April 1, 1986.....	1986 Series A and Subject Properties	August 15, 1986
August 15, 1986.....	1986 Series B and Subject Properties	November 30, 1986
November 30, 1986.....	1986 Series C	January 31, 1987
January 31, 1987.....	1987 Series A	April 1, 1987
April 1, 1987.....	1987 Series B and 1987 Series C	August 15, 1987
August 15, 1987.....	1987 Series D and 1987 Series E and Subject Properties	November 30, 1987
November 30, 1987.....	1987 Series F	June 15, 1989

SUPPLEMENTAL INDENTURE DATED AS OF -----	PURPOSE OF SUPPLEMENTAL INDENTURE -----	RECORDED AND/OR FILED AS SET FORTH IN SUPPLEMENTAL INDENTURE DATED AS OF: -----
June 15, 1989.....	1989 Series A	July 15, 1989
July 15, 1989.....	Series KKP No. 10	December 1, 1989
December 1, 1989.....	Series KKP No. 11 and 1989 Series BP	February 15, 1990
February 15, 1990.....	1990 Series A, 1990 Series B, 1990 Series C, 1990 Series D, 1990 Series E and 1990 Series F	November 1, 1990
November 1, 1990.....	Series KKP No. 12	April 1, 1991
April 1, 1991.....	1991 Series AP	May 1, 1991
May 1, 1991.....	1991 Series BP and 1991 Series CP	May 15, 1991
May 15, 1991.....	1991 Series DP	September 1, 1991
September 1, 1991.....	1991 Series EP	November 1, 1991
November 1, 1991.....	1991 Series FP	January 15, 1992
January 15, 1992.....	1992 Series BP	February 29, 1992 and April 15, 1992
February 29, 1992.....	1992 Series AP	April 15, 1992
April 15, 1992.....	Series KKP No. 13	July 15, 1992
July 15, 1992.....	1992 Series CP	November 30, 1992
July 31, 1992.....	1992 Series D	November 30, 1992
April 1, 1986.....	1986 Series A and Subject Properties	August 15, 1986
August 15, 1986.....	1986 Series B and Subject Properties	November 30, 1986
November 30, 1986.....	1986 Series C	January 31, 1987
January 31, 1987.....	1987 Series A	April 1, 1987
April 1, 1987.....	1987 Series B and 1987 Series C	August 15, 1987
August 15, 1987.....	1987 Series D and 1987 Series E and Subject Properties	November 30, 1987
November 30, 1987.....	1987 Series F	June 15, 1989
June 15, 1989.....	1989 Series A	July 15, 1989
July 15, 1989.....	Series KKP No. 10	December 1, 1989
December 1, 1989.....	Series KKP No. 11 and 1989 Series BP	February 15, 1990
February 15, 1990.....	1990 Series A, 1990 Series B, 1990 Series C, 1990 Series D, 1990	November 1, 1990

	Series E and 1990 Series F	
November 1, 1990.....	Series KKP No. 12	April 1, 1991
April 1, 1991.....	1991 Series AP	May 1, 1991
May 1, 1991.....	1991 Series BP and 1991 Series CP	May 15, 1991
May 15, 1991.....	1991 Series DP	September 1, 1991
September 1, 1991.....	1991 Series EP	November 1, 1991
November 1, 1991.....	1991 Series FP	January 15, 1992
January 15, 1992.....	1992 Series BP	February 29, 1992 and
		April 15, 1992
February 29, 1992.....	1992 Series AP	April 15, 1992
April 15, 1992.....	Series KKP No. 13	July 15, 1992
July 15, 1992.....	1992 Series CP	November 30, 1992

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SUPPLEMENTAL INDENTURE DATED AS OF -----	PURPOSE OF SUPPLEMENTAL INDENTURE -----	RECORDED AND/OR FILED AS SET FORTH IN SUPPLEMENTAL INDENTURE DATED AS OF: -----
November 30, 1992.....	1992 Series E and 1993 Series D	March 15, 1993
December 15, 1992.....	Series KKP No. 14 and 1989 Series BP No. 2	March 15, 1992
January 1, 1993.....	1993 Series C	April 1, 1993
March 1, 1993.....	1993 Series E	June 30, 1993
March 15, 1993.....	1993 Series D	September 15, 1993
April 1, 1993.....	1993 Series FP and 1993 Series IP	September 15, 1993
April 26, 1993.....	1993 Series G and Amendment of Article II, Section 5	September 15, 1993
May 31, 1993.....	1993 Series J	September 15, 1993
September 15, 1993.....	1993 Series K	March 1, 1994
March 1, 1994.....	1994 Series AP	June 15, 1994
June 15, 1994.....	1994 Series BP	December 1, 1994
August 15, 1994.....	1994 Series C	December 1, 1994
December 1, 1994.....	Series KKP No. 15 and 1994 Series DP	August 1, 1995
August 1, 1995.....	1995 Series A Bond 1995 Series DP	August 1, 1999

-
- (a) See Supplemental Indenture dated as of July 1, 1970 for Interstate Commerce Commission filing and recordation information.
- (b) See Supplemental Indenture dated as of May 1, 1953 for Secretary of State of Michigan filing information.
- (c) See Supplemental Indenture dated as of May 1, 1974 for County of Genesee, Michigan recording and filing information.

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RECORDING OF
CERTIFICATES
OF PROVISION
FOR PAYMENT.

All the bonds of Series A which were issued under the Original Indenture dated as of October 1, 1924, and of Series B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, W, Y, Z, AA, BB, CC, DDP Nos. 1-9, FFR Nos. 1-14, GGP Nos. 1-22, HH, IIP Nos. 1-22, JJP Nos. 1-8, KKP Nos. 1-9, LLP Nos. 1-15, NNP Nos. 1-21, OOP Nos. 1-18, QQP Nos. 1-17, TTP Nos. 1-15, UU, 1980 Series A, 1980 Series CP Nos. 1-25, 1980 Series DP Nos. 1-11, 1981 Series AP Nos. 1-16, 1984 Series AP, 1984 Series BP, 1985 Series A, 1985 Series B, 1987 Series A, PP, RR, EE, MMP, MMP No. 2, 1989 Series A and 1993 Series D which were issued under Supplemental Indentures dated as of, respectively, June 1, 1925, August 1, 1927, February 1, 1931, October 1, 1932, September 25, 1935, September 1, 1936, December 1, 1940, September 1, 1947, November 15, 1951, January 15, 1953, May 1, 1953, March 15, 1954, May 15, 1955, August 15, 1957, December 15, 1970, November 15, 1971, January 15, 1973, May 1, 1974, October 1, 1974, January 15, 1975, November 1, 1975, February 1, 1976, June 15, 1976, July 15, 1976, October 1, 1977, March

1, 1977, July 1, 1979, March 1, 1977, March 1, 1977, March 1, 1977, September 1, 1979, July 1, 1977, July 1, 1979, September 15, 1979, October 1, 1977, June 1, 1978, October 1, 1977, July 1, 1979, January 1, 1980, August 15, 1980, November 1, 1981, October 1, 1984, May 1, 1985, May 15, 1985, January 31, 1987, June 1, 1978, October 15, 1978, December 15, 1975, February 15, 1977, September 1, 1979, June 15, 1989 and March 15, 1993 have matured or have been called for redemption and funds sufficient for such payment or redemption have been irrevocably deposited with the Trustee for that purpose; and Certificates of Provision for Payment have been recorded in the offices of the respective Registers of Deeds of certain counties in the State of Michigan, with respect to all bonds of Series A, B, C, D, E, F, G, H, K, L, M, O, W, BB, CC, DDP Nos. 1 and 2, FFR Nos. 1-3, GGP Nos. 1 and 2, IIP No. 1, JJP No. 1, KKP No. 1, LLP No. 1 and GGP No. 8.

PART III.

THE TRUSTEE.

TERMS AND
CONDITIONS OF
ACCEPTANCE OF

TRUST BY TRUSTEE. The Trustee hereby accepts the trust hereby declared and provided, and agrees to perform the same upon the terms and conditions in the Original Indenture, as amended to date and as supplemented by this Supplemental Indenture, and in this Supplemental Indenture set forth, and upon the following terms and conditions:

The Trustee shall not be responsible in any manner whatsoever for and in respect of the validity or sufficiency of this Supplemental Indenture or the due execution hereof by the Company or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely.

PART IV.

MISCELLANEOUS.

CONFIRMATION OF
SECTION 318(C) OF
TRUST INDENTURE
ACT.

Except to the extent specifically provided therein, no provision of this supplemental indenture or any future supplemental indenture is intended to modify, and the parties do hereby adopt and confirm, the provisions of Section 318(c) of the Trust Indenture Act which amend and supercede provisions of the Indenture in effect prior to November 15, 1990.

EXECUTION IN
COUNTERPARTS.

THIS SUPPLEMENTAL INDENTURE MAY BE SIMULTANEOUSLY EXECUTED IN ANY NUMBER OF COUNTERPARTS, EACH OF WHICH WHEN SO EXECUTED SHALL BE DEEMED TO BE AN ORIGINAL; BUT SUCH COUNTERPARTS SHALL TOGETHER CONSTITUTE BUT ONE AND THE SAME INSTRUMENT.

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TESTIMONIUM.

IN WITNESS WHEREOF, THE DETROIT EDISON COMPANY AND BANKERS TRUST COMPANY HAVE CAUSED THESE PRESENTS TO BE SIGNED IN THEIR RESPECTIVE CORPORATE NAMES BY THEIR RESPECTIVE CHAIRMEN OF THE BOARD, PRESIDENTS, VICE PRESIDENTS, ASSISTANT VICE PRESIDENTS, TREASURERS OR ASSISTANT TREASURERS AND IMPRESSED WITH THEIR RESPECTIVE CORPORATE SEALS, ATTESTED BY THEIR RESPECTIVE SECRETARIES, ASSISTANT SECRETARIES, TREASURERS OR ASSISTANT TREASURERS ALL AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

THE DETROIT EDISON COMPANY,

(Corporate Seal)

By

N. A. Khouri
Assistant Treasurer

EXECUTION.

Attest:

Susan M. Beale
Vice President and Corporate
Secretary

Signed, sealed and delivered by THE
DETROIT EDISON COMPANY, in the
presence of

K. Hier

R. Martinez

STATE OF MICHIGAN

SS.:

COUNTY OF WAYNE

ACKNOWLEDGMENT
OF EXECUTION
BY COMPANY.

On this 27th day of January, 2000, before me, the subscriber,
a Notary Public within and for the County of Oakland (acting in
Wayne), in the State of Michigan, personally appeared N. A.
Khouri, to me personally known, who, being by me duly sworn,
did say that he does business at 2000 2nd Avenue, Detroit,
Michigan 48226-1279 and is the Assistant Treasurer of THE
DETROIT EDISON COMPANY, one of the corporations described in
and which executed the foregoing instrument; that he knows the
corporate seal of the said corporation and that the seal
affixed to said instrument is the corporate seal of said
corporation; and that said instrument was signed and sealed in
behalf of said corporation by authority of its Board of
Directors and that he subscribed his name thereto by like
authority; and said N. A. Khouri, acknowledged said instrument
to be the free act and deed of said corporation.

(Notarial Seal)

Geraldine N. Rockymore, Notary
Public
Oakland County, MI
My Commission Expires
December 23, 2002
(Acting in Wayne)

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(Corporate Seal)

BANKERS TRUST COMPANY,
By

Marc J. Parilla
Assistant Vice President

Attest:

Signed, sealed and delivered by
BANKERS TRUST COMPANY, in the
presence of

STATE OF NEW YORK
COUNTY OF NEW YORK

SS.:

ACKNOWLEDGEMENT
OF EXECUTION
BY TRUSTEE.

On this day of January, 2000, before me, the
subscriber, a Notary Public within and for the County of New
York, in the State of New York, personally appeared Marc J.
Parilla, to me personally known, who, being by me duly
sworn, did say that his business office is located at Four
Albany Street, New York, New York 10015, and he is Assistant
Vice President of BANKERS TRUST COMPANY, one of the
corporations described in and which executed the foregoing
instrument; that he knows the corporate seal of the said
corporation and that the seal affixed to said instrument is
the corporate seal of said corporation; and that said
instrument was signed and sealed in behalf of said
corporation by authority of its Board of Directors and that
he subscribed his name thereto by like authority; and said
acknowledged said instrument to be the free act
and deed of said corporation.

(Notarial Seal)

Notary Public, State of New York
No.
Qualified in NY County
Commission Expires

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STATE OF MICHIGAN
COUNTY OF WAYNE
AFFIDAVIT AS TO
CONSIDERATION
AND GOOD FAITH.

SS.:

N.A. Khouri, being duly sworn, says: that he is the
Assistant Treasurer of THE DETROIT EDISON COMPANY, the
Mortgagor named in the foregoing instrument, and that he has
knowledge of the facts in regard to the making of said
instrument and of the consideration therefor; that the
consideration for said instrument was and is actual and
adequate, and that the same was given in good faith for the
purposes in such instrument set forth.

N.A. Khouri

Sworn to before me this 27th day of
January, 2000

Geraldine N. Rockymore, Notary Public
Oakland County, MI
My Commission Expires
December 23, 2002
(Acting in Wayne)
(Notarial Seal)

This instrument was drafted by Frances B. Rohlman, Esq.,

2000 Second Avenue, Detroit, Michigan 48226

EXECUTED IN _____
COUNTERPARTS OF WHICH
THIS IS COUNTERPART NO. _ .

DTE ENERGY COMPANY
BASIC AND DILUTED EARNINGS PER SHARE
OF COMMON STOCK

	Year Ended December 31		
	1999	1998	1997
	----	----	----
	(Thousands, except per share amounts)		
BASIC:			
Net Income.....	\$ 482,653	\$ 443,012	\$ 417,333
Weighted average number of common shares outstanding (a).....	145,047	145,076	145,101
Earnings per share of Common Stock based on weighted average number of shares outstanding.....	\$ 3.33	\$ 3.05	\$ 2.88
DILUTED:			
Net Income.....	\$ 482,653	\$ 443,012	\$ 417,333
Weighted average number of common shares outstanding (a).....	145,047	145,076	145,101
Incremental shares from assumed conversion of options.....	89	106	12
	-----	-----	-----
	145,136	145,182	145,113
	=====	=====	=====
Earnings per share of Common Stock assuming conversion of options.....	\$3.33	\$ 3.05	\$ 2.88

(a) Based on a daily average.

DTE ENERGY COMPANY
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31		
	1999	1998	1997
	----	----	----
(Millions, except for ratio and percent)			
Net income.....	\$ 483	\$ 443	\$ 417
	-----	-----	-----
Taxes based on income:			
Current income taxes.....	144	143	267
Deferred taxes - net.....	(73)	26	5
Investment tax credit adjustments - net.....	(11)	(15)	(15)
Municipal and state.....	3	3	4
	-----	-----	-----
Total taxes based on income.....	63	157	261
	-----	-----	-----
Fixed charges:			
Interest on long-term debt.....	279	279	275
Amortization of debt discount, premium			
and expense.....	18	11	11
Other interest.....	47	29	11
Interest factor of rents.....	34	34	34
Preferred stock dividend factor.....	-	7	18
	-----	-----	-----
Total fixed charges.....	378	360	349
	-----	-----	-----
Earnings before taxes based on income			
and fixed charges.....	\$ 924	\$ 960	\$ 1,027
	=====	=====	=====
Ratio of earnings to fixed charges.....	2.44	2.67	2.94
Preferred stock dividends.....	\$ -	\$ 6	\$ 12
Dividends meeting requirement of			
IRC Section 247.....	N/A	4	4
Percent deductible for income tax purposes	N/A	40.00%	40.00%
Amount deductible.....	N/A	2	2
Amount not deductible.....	N/A	4	10
Ratio of pretax income to net income.....	N/A	1.35	1.61
Dividend factor for amount not deductible.....	N/A	5	16
Amount deductible.....	N/A	2	2
	-----	-----	-----
Total preferred stock dividend factor.....	\$ N/A	\$ 7	\$ 18
	=====	=====	=====

THE DETROIT EDISON COMPANY
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31		
	1999 ----	1998 ----	1997 ----
	(Millions, except for ratio)		
Net income.....	\$ 434	\$ 418	\$ 417
Taxes based on income:			
Current income taxes.....	282	280	308
Deferred taxes - net.....	(60)	(5)	(6)
Investment tax credit adjustments - net.....	(11)	(15)	(14)
Municipal and state.....	3	3	4
Total taxes based on income.....	214	263	292
Fixed charges:			
Interest on long-term debt.....	252	254	262
Amortization of debt discount, premium and expense.....	17	11	11
Other interest.....	19	13	9
Interest factor of rents.....	34	34	34
Total fixed charges.....	322	312	316
Earnings before taxes based on income and fixed charges.....	\$ 970	\$ 993	\$ 1,025
Ratio of earnings to fixed charges.....	3.01	3.18	3.24

THE DETROIT EDISON COMPANY
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS

	Year Ended December 31		
	1999	1998	1997
	----	----	----
	(Millions, except for ratio and percent)		
Net income	\$ 434	\$ 418	\$ 417
	-----	-----	-----
Taxes based on income:			
Current income taxes	282	280	308
Deferred taxes - net	(60)	(5)	(6)
Investment tax credit adjustments - net	(11)	(15)	(14)
Municipal and state	3	3	4
	-----	-----	-----
Total taxes based on income	214	263	292
	-----	-----	-----
Fixed charges:			
Interest on long-term debt	252	254	262
Amortization of debt discount, premium and expense	17	11	11
Other interest	19	13	9
Interest factor of rents	34	34	34
	-----	-----	-----
Total fixed charges	322	312	316
	-----	-----	-----
Earnings before taxes based on income and fixed charges	\$ 970	\$ 993	\$ 1,025
	=====	=====	=====
Preferred stock dividends	\$ --	\$ 6	\$ 12
Dividends meeting requirement of IRC Section 247	N/A	4	4
Percent deductible for income tax purposes	N/A	40.00%	40.00%
Amount deductible	N/A	2	2
Amount not deductible	N/A	4	10
Ratio of pretax income to net income	N/A	1.63	1.70
Dividend factor for amount not deductible	N/A	7	17
Amount deductible	N/A	2	2
	-----	-----	-----
Total preferred stock dividend factor	N/A	9	19
Total fixed charges	322	312	316
	-----	-----	-----
Total fixed charges and preferred stock dividends	\$ 322	\$ 321	\$ 335
	=====	=====	=====
Ratio of earnings to fixed charges and preferred stock			

dividends 3.01 3.09 3.06

DTE ENERGY COMPANY as of February 08, 2000

SUBSIDIARY -----	OWNED BY PARENT -----	OWNED BY SELECTED ENTITY -----
DTE CAPITAL CORPORATION (MICHIGAN)	100%	100%
DTE ENERGY RESOURCES, INC. (MICHIGAN)	100%	100%
DTE BIOMASS ENERGY, INC. (MICHIGAN)	100%	100%
ADRIAN GAS PRODUCERS, L.L.C. * (MICHIGAN)	50%	50%
BELLEFONTAINE GAS PRODUCERS, L.L.C. * (DELAWARE)	50%	50%
BELLEVILLE GAS PRODUCERS, INC. (MICHIGAN)	100%	100%
BIRMINGHAM GAS PRODUCERS, L.L.C. (MICHIGAN)	100%	100%
BRIDGETON GAS PRODUCERS, L.L.C. * (DELAWARE)	50%	50%
CRIMSON GAS PRODUCERS, L.L.C. * (MICHIGAN)	50%	50%
DTE ARBOR GAS PRODUCERS. INC. (MICHIGAN)	100%	100%
ESCAMBIA GAS PRODUCERS, INC. (MICHIGAN)	100%	100%
FAYETTEVILLE GAS PRODUCERS L.L.C. * (NORTH CAROLINA)	98%	98%
LYCOMING GAS PRODUCERS, INC. (MICHIGAN)	100%	100%
MONTGOMERY GAS PRODUCERS, L.L.C. (MICHIGAN)	100%	100%

SUBSIDIARY	OWNED BY PARENT	OWNED BY SELECTED ENTITY
------------	--------------------	-----------------------------

-----	-----	-----
MOUNTAINEER SYNFUEL, L.L.C. (DELAWARE)	%	
OKLAHOMA GAS PRODUCERS, L.L.C. (MICHIGAN)	100%	100%
ORLANDO GAS PRODUCERS, INC. (MICHIGAN)	100%	100%
PHOENIX GAS PRODUCERS, L.L.C. (MICHIGAN)	%	
PLAINVILLE GAS PRODUCERS, INC. (MICHIGAN)	100%	100%
RES POWER, INC. (MICHIGAN)	100%	100%
RIVERVIEW ENERGY SYSTEMS	50%	50%
RALEIGH STEAM PRODUCERS, L.L.C. * (NORTH CAROLINA)	50%	50%
RIVERVIEW GAS PRODUCERS, INC. (MICHIGAN)	100%	100%
ROXANA		
GAS PRODUCERS, INC. (MICHIGAN)	100%	100%
SACRAMENTO GAS PRODUCERS, L.L.C. *	50%	50%
SALEM ENERGY SYSTEMS, L.L.C. *	50%	50%
SONOMA ENERGY SYSTEMS, INC. (MICHIGAN)	100%	100%
ST. LOUIS GAS PRODUCERS, L.L.C. * (DELAWARE)	50%	50%
WAKE GAS PRODUCERS, L.L.C.	99%	99%

SUBSIDIARY -----	OWNED BY PARENT -----	OWNED BY SELECTED ENTITY -----
WICHITA GAS PRODUCERS L.L.C. (MICHIGAN)	%	

WINSTON GAS PRODUCERS, L.L.C. *	47.5%	47.5%
DTE COAL SERVICES, INC. (MICHIGAN)	100%	100%
DTE RAIL SERVICES, INC. (MICHIGAN)	100%	100%
DTE TRANSPORTATION SERVICES, INC. } (MICHIGAN)	100%	100%
DTE ENERGY MARKETING, INC. * (MICHIGAN)	100%	100%
DTE COENERGY, L.L.C.	50%	50%
DTE ENERGY SERVICES, INC. (MICHIGAN)	100%	100%
DTE BH HOLDINGS, INC. (DELAWARE)	100%	100%
DTE BH HOLDINGS, L.L.C.	100%	100%
DTE BURNS HARBOR, L.L.C. (DELAWARE)	100%	100%
DTE ES HOLDINGS, INC. (MICHIGAN)	100%	100%
DTE HOLLAND, L.L.C. (MICHIGAN)	100%	100%
DTE NORTHWIND L.L.C. (DELAWARE)	100%	100%
DTE NORTHWIND OPERATIONS, L.L.C. (MICHIGAN)	100%	100%

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SUBSIDIARY -----	OWNED BY PARENT -----	OWNED BY SELECTED ENTITY -----
DTE RIVER HILL, L.L.C. (DELAWARE)	100%	100%
DTE SPARROWS POINT L.L.C. (DELAWARE)	100%	100%
DTE SPARROWS POINT OPERATIONS, INC. (MICHIGAN)	100%	100%
DTE SYNFUELS, LLC	100%	100%

(DELAWARE)

DTE INDYCOKE L.L.C. } (DELAWARE)	100%	100%
EES COKE BATTERY COMPANY, INC. (MICHIGAN)	100%	100%
PCI ENTERPRISES COMPANY (MICHIGAN)	100%	100%
RIVER HILL L.L.C. (DELAWARE)	100%	100%
DTE ENERGY TRADING, INC. (MICHIGAN)	100%	100%
DTE GENERATION, INC. (MICHIGAN)	100%	100%
DTE RIVER ROUGE NO. 1, LLC (MICHIGAN)	100%	100%
DTE ENTERPRISES, INC. (MICHIGAN)	100%	100%
EDISON DEVELOPMENT CORPORATION (MICHIGAN)	100%	100%
EDVENTURE CAPITAL CORP. (MICHIGAN)	100%	100%
PLUG POWER, L.L.C. * (DELAWARE)	50%	50%
SYNDECO REALTY CORPORATION (MICHIGAN)	100%	100%

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SUBSIDIARY -----	OWNED BY PARENT -----	OWNED BY SELECTED ENTITY -----
THE DETROIT EDISON COMPANY (MICHIGAN)	100%	100%
MIDWEST ENERGY RESOURCES COMPANY (MICHIGAN)	100%	100%
ST. CLAIR ENERGY CORPORATION (MICHIGAN)	100%	100%
THE EDISON ILLUMINATING COMPANY OF DETROIT (MICHIGAN)	100%	100%
WOLVERINE ENERGY SERVICES, INC. (MICHIGAN)	100%	100%

DTE EDISON AMERICA CATALOG SALES, INC. (MICHIGAN)	100%	100%
DTE EDISON AMERICA, INC. (MICHIGAN)	100%	100%
DTE ENERGY SOLUTIONS, INC. (MICHIGAN)	100%	100%
DTE ENGINEERING SERVICES, INC. * (MICHIGAN)	100%	100%
MILAGRO INTEGRATED TECHNOLOGIES, L.L.C. (MICHIGAN)	49%	49%
DTE ENERGY TECHNOLOGIES, INC. (MICHIGAN)	100%	100%

*Multiple Parents

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference of our report dated January 26, 2000 appearing in this Annual Report on Form 10-K of DTE Energy Company and The Detroit Edison Company for the year ended December 31, 1999 in the following registration statements:

FORM	REGISTRATION NUMBER
DTE ENERGY COMPANY	
Form S-3	33-57545
Form S-4	333-89175
Form S-8	333-00023
THE DETROIT EDISON COMPANY	
Form S-3	33-53207
Form S-3	33-64296
Form S-3	333-65765

DELOITTE & TOUCHE LLP

Detroit, Michigan
February 23, 2000

<ARTICLE> 5

<LEGEND>

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENT OF INCOME, BALANCE SHEET, STATEMENT OF CASH FLOWS, STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AND BASIC AND DILUTED EARNINGS PER SHARE OF COMMON STOCK AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<CIK> 0000936340

<NAME> DTE Energy Company

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED STATEMENT OF INCOME, BALANCE SHEET, STATEMENT OF CASH FLOWS AND
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AND IS QUALIFIED IN ITS ENTIRETY BY
REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<CIK> 0000028385

<NAME> The Detroit Edison Company

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=====

U.S. \$400,000,000

THIRD AMENDED AND RESTATED

CREDIT AGREEMENT

Dated as of January 18, 2000

Among

DTE CAPITAL CORPORATION,

as Borrower

and

THE INITIAL LENDERS NAMED HEREIN,

as Initial Lenders

and

CITIBANK, N.A.,

as Agent

and

ABN AMRO BANK N.V.,

BANK ONE N.A.,

BARCLAYS BANK PLC,

BAYERISCHE LANDESBANK GIROZENTRALE, CAYMAN ISLANDS BRANCH,

COMERICA BANK,

and

DEN DANSKE BANK AKTIESELSKAB

as Co-Agents

SALOMON SMITH BARNEY INC.,

as Arranger

=====

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Exhibit F	-	Form of Opinion of Counsel to the Loan Parties
Exhibit G	-	Form of Assignment and Assumption Agreement
Exhibit H	-	Form of Guaranty

THIRD AMENDED AND RESTATED CREDIT AGREEMENT dated as of January 18, 2000 among DTE CAPITAL CORPORATION, a Michigan corporation (the "Borrower") which is wholly owned by DTE Energy Company, a Michigan corporation (the "Parent"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") listed on the signature pages hereof, and CITIBANK, N.A. ("Citibank"), as agent (the "Agent") and ABN AMRO BANK N.V., BANK ONE N.A., BARCLAYS BANK PLC, BAYERISCHE LANDESBANK GIROZENTRALE, CAYMAN ISLANDS BRANCH, COMERICA BANK and DEN DANSKE BANK AKTIESELSKAB, as co-agents, for the Lenders (as hereinafter defined).

PRELIMINARY STATEMENTS.

(1) The Borrower has entered into a Second Amended and Restated Credit Agreement dated as of January 19, 1999, (the "Existing Credit Agreement") with the Agent and certain lenders, financial institutions and other institutional lenders named therein or a party thereto immediately prior to the effectiveness of this Agreement (collectively, the "Existing Lenders").

(2) The Borrower has requested that the Initial Lenders enter into this Agreement to amend and restate the Existing Credit Agreement as set forth herein. The Initial Lenders have indicated their willingness to amend and restate the Existing Credit Agreement upon the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties hereto hereby agree that, subject to the satisfaction of the conditions set forth in Article III, the Existing Credit Agreement is amended and restated in its entirety to read as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"1998 Audited Statements" means the Consolidated balance sheets of the Parent and DECO and, after the Merger Date, MCN and MichCon as at December 31, 1998, and the related Consolidated statements of income and cash flows of such Person for the fiscal year then ended, accompanied by the opinion of such Person's independent public accountants.

"1999 Interim Statements" means the Consolidated balance sheets of the Parent and DECO and, after the Merger Date, MCN and MichCon as at September 30, 1999,

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and the related Consolidated statements of income and cash flows of the such Person for the nine months then ended, duly certified by a Financial Officer of such Person.

"Advance" means a Revolving Credit Advance or a Competitive Bid Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agent's Account" means the account of the Agent maintained by the Agent at Citibank with its office at Two Penns Way, Suite 200, New Castle, Delaware, 19720, Account No. 36852248, Attention: Christian Laughton.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a Competitive Bid Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office with respect to such Competitive Bid Advance.

"Applicable Margin" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Margin for Base Rate Advances	Applicable Margin for Eurodollar Rate Advances
Level 1 ----- A- / A3 or above	0%	.400%
Level 2 ----- Lower than Level 1, but at least BBB+ / Baal or above	0%	.500%
Level 3 ----- Lower than Level 2, but at least BBB / Baa2 or above	0%	.600%

Level 4	0%	.800%

Lower than Level 3, but at least BBB- / Baa3 or above		

Level 5	0%	1.600%

Lower than Level 4, or no Public Debt Rating in Effect		

At any time more than 50% of the Commitments are utilized, the Applicable Margin will

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increase by (i) .125% at Levels 1, 2 and 3, (ii) .250% at Level 4, and (iii) .500% at Level 5.

"Applicable Percentage" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Percentage
-----	-----
Level 1	

A- / A3 or above	.100%
-----	-----
Level 2	

Lower than Level 1, but at least BBB+ / Baa1 or above	.125%
-----	-----
Level 3	

Lower than Level 2, but at least BBB / Baa2 or above	.150%
-----	-----
Level 4	

Lower than Level 3, but at least BBB- / Baa3 or above	.200%
-----	-----
Level 5	

Lower than Level 4, or no Public Debt Rating in Effect	.400%
-----	-----

"Assigned Rights" means the rights of the Borrower under Sections 1, 2, 3 and 4 of the Support Agreement and all other rights that are intended to secure the obligations of the Borrower under this Agreement.

"Assignment and Acceptance" means an assignment and acceptance entered into

by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"Assignment and Assumption Agreement" means the assignment and assumption agreement, entered into by the Borrower and the Parent, and accepted by the Agent, in accordance with Sections 2.18, 5.02(b) or 8.06, in substantially the form of Exhibit G hereto, or such other agreement in form and substance satisfactory to the Agent and the Lenders, by which the Parent assumes all of the Borrower's obligations under this Agreement.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of:

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(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate;

(b) the sum (adjusted to the nearest 1/16 of 1% or, if there is no nearest 1/16 of 1%, to the next higher 1/16 of 1%) of (i) 1/2 of 1% per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 360 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) three-month U.S. dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank for determining the then current annual assessment payable by Citibank to the Federal Deposit Insurance Corporation (or any successor) for insuring U.S. dollar deposits of Citibank in the United States; and

(c) 1/2 of one percent per annum above the Federal Funds Rate.

"Base Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.07(a)(i).

"Borrower" has the meaning specified in the recital of parties to this Agreement.

"Borrowing" means a Revolving Credit Borrowing or a Competitive Bid Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and,

if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Capitalization" means the sum of tangible net worth plus Consolidated Debt.

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"Collateral Assignment Agreement" means that certain Collateral Assignment Agreement, dated as of January 19, 1999, made by the Borrower to the Agent, as amended, supplemented or modified in accordance with the terms thereof and hereof.

"Commitment" has the meaning specified in Section 2.01.

"Competitive Bid Advance" means an advance by a Lender to the Borrower as part of a Competitive Bid Borrowing resulting from the competitive bidding procedure described in Section 2.03 and refers to a Fixed Rate Advance or a LIBO Rate Advance.

"Competitive Bid Borrowing" means a borrowing consisting of simultaneous Competitive Bid Advances from each of the Lenders whose offer to make one or more Competitive Bid Advances as part of such borrowing has been accepted under the competitive bidding procedure described in Section 2.03.

"Competitive Bid Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from a Competitive Bid Advance made by such Lender.

"Competitive Bid Reduction" has the meaning specified in Section 2.01.

"Confidential Information" means information that a Loan Party furnishes to the Agent or any Lender in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Agent or such Lender from a source other than a Loan Party.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Convert", "Conversion" and "Converted" each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Section 2.08 or 2.09.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all obligations of such Person in respect of Hedge Agreements, (h) all Debt of others referred to in clauses (a)

through (g) above or clause (i) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (i) all Debt referred to in clauses (a) through (h) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt. See the definition of "Nonrecourse Debt" below.

"Declining Lender" has the meaning specified in Section 2.16.

"DECO" means The Detroit Edison Company, a Michigan corporation wholly owned by the Parent.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Designated Bidder" means (a) an Eligible Assignee or (b) a special purpose corporation that is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and that issues (or the parent of which issues) commercial paper rated at least "Prime-1" (or the then equivalent grade) by Moody's or "A-1" (or the then equivalent grade) by S&P that, in the case of either clause (a) or (b), (i) is organized under the laws of the United States or any State thereof, (ii) shall have become a party hereto pursuant to Section 8.07(d), (e) and (f) and (iii) is not otherwise a Lender.

"Designation Agreement" means a designation agreement entered into by a Lender (other than a Designated Bidder) and a Designated Bidder, and accepted by the Agent, in substantially the form of Exhibit D hereto.

"Disclosed Litigation" has the meaning specified in Section 3.01(b).

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"EBITDA" means, for any period, net income (or net loss) plus the sum of (a) interest expense, (b) income tax expense, (c) depreciation expense and

(d) amortization expense, in each case determined in accordance with GAAP for such period.

"Effective Date" has the meaning specified in Section 3.01.

"Eligible Assignee" means (i) a Lender; (ii) an Affiliate of a

Lender; (iii) a commercial bank organized under the laws of the United States, or any State thereof, and having a combined capital and surplus of at least \$250,000,000; (iv) a savings and loan association or savings bank organized under the laws of the United States, or any State thereof, and having a combined capital and surplus of at least \$250,000,000; (v) a commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, or a political subdivision of any such country, and having a combined capital and surplus of at least \$250,000,000, so long as such bank is acting through a branch or agency located in the United States; (vi) the central bank of any country that is a member of the Organization for Economic Cooperation and Development; (vii) a finance company, insurance company or other financial institution or fund (whether a corporation, partnership, trust or other entity) that is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and having a combined capital and surplus of at least \$250,000,000; and (viii) any other Person approved by the Agent and the Borrower, such approval not to be unreasonably withheld or delayed by either party; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

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"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with a contributing sponsor, as defined in Section

4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Borrower or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a) the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the

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London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance comprising part of such Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period. The Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

"Eurodollar Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.07(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances or LIBO Rate Advances comprising part

of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances or LIBO Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Existing Commitment" means, for each Existing Lender, all of such Existing Lender's rights in and to, and all of its obligations under, the Commitment (as defined in the Existing Credit Agreement) held by it under the Existing Credit Agreement as of the Effective Date.

"Existing Credit Agreement" has the meaning specified in the Preliminary Statement hereto.

"Existing Lenders" has the meaning specified in the Preliminary Statements hereto.

"Existing Notes" means the Notes as defined in, and issued pursuant to, the Existing Credit Agreement.

"Extending Lenders" has the meaning specified in Section 2.16.

"Facility Fee" has the meaning specified in Section 2.04(a).

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"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.

"Financial Officer" of any Person means the chief executive officer, president, chief financial officer, controller, treasurer or any assistant treasurer of such Person.

"Fixed Rate Advances" has the meaning specified in Section 2.03(a) (i).

"Guaranty" means the guaranty entered into by the Parent in favor of the Agent and the Lenders in accordance with Sections 2.18 or 5.02(b), in substantially in the form of Exhibit H hereto.

"GAAP" has the meaning specified in Section 1.03.

"Hazardous Materials" means (a) petroleum and petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated,

classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements, except for those hedge agreements, which agreements shall be pari passu with or subordinate to this Agreement, that may be entered into by the Parent for an aggregate notional amount of up to \$1 billion in connection with the Merger.

"Information Memorandum" means the information memorandum dated December 1999 used by the Agent and Salomon Smith Barney Inc., as arranger in connection with the syndication of the Commitments.

"Insufficiency" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing and each LIBO Rate Advance comprising part of the same Competitive Bid Borrowing, the period commencing on the date of such Eurodollar Rate Advance or LIBO Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, with respect to

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Eurodollar Rate Advances, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(i) the Borrower may not select any Interest Period that ends after the Revolver Termination Date then in effect or, if the Advances have been converted to a term loan pursuant to Section 2.06 prior to such selection, which ends after the Maturity Date;

(ii) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Revolving Credit Borrowing or for LIBO Rate Advances comprising part of the same Competitive Bid Borrowing shall be of the same duration;

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(iv) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the

number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Junior Subordinated Debentures" means subordinated junior deferrable interest debentures issued by DECO from time to time.

"Lenders" means the Initial Lenders and each Person that shall become a party hereto pursuant to Section 8.07(a), (b) and (c) and, except when used in reference to a Revolving Credit Advance, a Revolving Credit Borrowing, a Revolving Credit Note, a Commitment or a related term, each Designated Bidder.

"LIBO Rate" means, for any Interest Period for all LIBO Rate Advances comprising part of the same Competitive Bid Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a) the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of

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each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to the amount that would be the Reference Banks' respective ratable shares of such Borrowing if such Borrowing were to be a Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period by (b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period. The LIBO Rate for any Interest Period for each LIBO Rate Advance comprising part of the same Competitive Bid Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

"LIBO Rate Advances" has the meaning specified in Section 2.03(a) (i).

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Documents" means this Agreement, the Notes, the Support Agreement, the Collateral Assignment Agreement and, if executed and delivered in accordance with Section 2.18, the Guaranty or the Assignment and Assumption Agreement.

"Loan Parties" means the Borrower and the Parent.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance, properties or prospects of either Loan Party and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a)

the business, condition (financial or otherwise), operations, performance, properties or prospects of either Loan Party or either Loan Party and its Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or any Lender under any Loan Document or (c) the ability of either Loan Party to perform its obligations under any Loan Document to which it is a party.

"Maturity Date" means the earlier of (a) the one year anniversary of the Term Loan Conversion Date and (b) the date of the termination in whole of the aggregate Commitments pursuant to Section 2.05, 2.18 or 6.01.

"MCN" mean Michigan Energy Group Inc.

"Merger" means the pending merger of the Parent and MCN Energy Group Inc. pursuant to the merger agreement between the Parent and MCN dated as of October 4, 1999, as amended as of November 12, 1999.

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"Merger Date" means the effective date of the Merger.

"MichCon" means Michigan Consolidated Gas Company.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and at least one Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Nonrecourse Debt" means Debt of either Loan Party or any of their Subsidiaries in respect of which no recourse may be had by the creditors under such Debt against such Loan Party or such Subsidiary in its individual capacity or against the assets of such Loan Party or such Subsidiary, other than assets which were purchased by such Loan Party or such Subsidiary with the proceeds of such Debt.

"Note" means a Revolving Credit Note or a Competitive Bid Note.

"Notice of Competitive Bid Borrowing" has the meaning specified in Section 2.03(a)(i).

"Notice of Revolving Credit Borrowing" has the meaning specified in Section 2.02(a).

"Parent" has the meaning specified in the recital by the parties to this Agreement.

"Parent Assumption Date" means the date upon which the Parent becomes the Borrower hereunder, either by execution and delivery of the Assignment and Assumption Agreement or by operation of law upon a merger or consolidation of the Borrower with or into the Parent.

"PBGCC" means the Pension Benefit Guaranty Corporation (or any

successor).

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as

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materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Public Debt Rating" means, as of any date, the lowest rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced senior unsecured Debt issued by the Borrower. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the available rating; (b) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage will be set in accordance with Level 5 under the definition of "Applicable Margin" or "Applicable Percentage", as the case may be; (c) if the ratings established by S&P and Moody's shall fall within different levels, the Applicable Margin and the Applicable Percentage shall be based upon the lower rating; (d) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Reference Banks" means Citibank, N.A., Barclays Bank PLC and Bank One N.A.

"Register" has the meaning specified in Section 8.07(g).

"Required Lenders" means at any time Lenders owed at least 66-2/3% of the then aggregate unpaid principal amount of the Revolving Credit Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least 66-2/3% of the Commitments.

"Revolver Termination Date" means the earlier of January 16, 2001 or, if extended pursuant to Section 2.16, the date that is 364 days after the Revolver Termination Date then in effect, and (b) the date of termination in whole of the Commitments pursuant to Section 2.05, 2.18 or 6.01; provided, however, that the

Revolver Termination Date of any Lender that is a Declining Lender to any requested extension pursuant to Section 2.16 shall be the Revolver Termination Date in effect immediately prior to the date on which such extension was granted, for all purposes of this Agreement.

"Revolving Credit Advance" means an advance by a Lender to the Borrower as part of a Revolving Credit Borrowing and, if the Borrower has made the Term Loan Election in accordance with Section 2.06, includes each such advance that remains outstanding after the Term Loan Conversion Date, and refers to a Base Rate Advance or a Eurodollar Rate Advance (each of which shall be a "Type" of Revolving Credit Advance).

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"Revolving Credit Note" means a promissory note of the Borrower payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Revolving Credit Advances made by such Lender.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

"SEC Reports" means the following reports and financial statements of the Parent and DECO and, after the Merger Date, MCN and MichCon, as the case may be:

(a) the Form 10K of such Person for the year ended December 31, 1998 as filed with or sent to the Securities and Exchange Commission,

(b) the Forms 10Q of such Person for the quarters ended March 31, 1999, June 30, 1999 and September 30, 1999 as filed with or sent to the Securities and Exchange Commission,

(c) the 1998 Audited Statements; and

(d) the 1999 Interim Statements.

"Significant Subsidiary" means (i) DECO, (ii) after the Merger Date, MichCon, and (iii) any other Subsidiary of the Parent (A) the total assets (after intercompany eliminations) of which exceed 30% of the total assets of the Parent and its Subsidiaries or (B) the net worth of which exceeds 30% of the Consolidated Net Worth of the Parent and its Subsidiaries, in each case as shown on the consolidated balance sheet of the Parent and its Subsidiaries prepared on a pro forma basis after giving effect to the Merger.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or

any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Support Agreement" means that certain Support Agreement, dated as of January 19, 1999, between the Parent and the Borrower, as amended, supplemented or modified in accordance with the terms thereof and hereof.

"Term Loan Conversion Date" has the meaning specified in Section 2.06.

"Term Loan Election" has the meaning specified in Section 2.06.

"Termination Event" has the meaning specified in Section 2.18.

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"Withdrawal Liability" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) ("GAAP").

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Revolving Credit Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the earlier of the Revolver Termination Date and the Term Loan Conversion Date in an aggregate amount not to exceed at any time outstanding the amount set forth opposite such Lender's name on the signature pages hereof or, if such Lender has entered into any Assignment and Acceptance, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(g), as such amount may be reduced pursuant to Section 2.05 (such Lender's "Commitment"), provided that the aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the

extent of the aggregate amount of the Competitive Bid Advances then outstanding and such deemed use of the aggregate amount of the Commitments shall be allocated among the Lenders ratably according to their respective Commitments (such deemed use of the aggregate amount of the Commitments being a "Competitive Bid Reduction"). Each Revolving Credit Borrowing shall be in an aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof (or, if less, an aggregate amount equal to the amount by which the aggregate amount of a proposed Competitive Bid Borrowing requested by the Borrower exceeds the aggregate amount of Competitive Bid Advances offered to be made by the Lenders and accepted by the Borrower in respect of such Competitive Bid Borrowing, if such Competitive Bid Borrowing is made on the same date as such Revolving Credit Borrowing) and shall consist of Revolving Credit Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Commitment, the Borrower may borrow under this Section 2.01, prepay pursuant to Section 2.10 and reborrow under this Section 2.01.

SECTION 2.02. Making the Revolving Credit Advances. (a) Each Revolving Credit Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, or 9:00 A.M. (New York City time) the Business Day of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Base Rate Advances, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof by telecopier or telex. Each such notice of a Revolving Credit Borrowing (a "Notice of Revolving Credit Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier or telex in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Revolving Credit Borrowing, (ii) Type of Advances comprising such Revolving Credit Borrowing, (iii) aggregate amount of such Revolving Credit Borrowing, and (iv) in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Revolving Credit Advance. Each Lender shall, before 11:00 A.M. (New York City time) on the date of such Revolving Credit Borrowing, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's ratable portion of such Revolving Credit Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 8.02.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for any Revolving Credit Borrowing if the aggregate amount of such Revolving Credit Borrowing is less than \$5,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12 and (ii) the Eurodollar Rate Advances may not be outstanding as part of more than ten separate Revolving Credit Borrowings.

(c) Each Notice of Revolving Credit Borrowing shall be irrevocable and binding on the Borrower. In the case of any Revolving Credit Borrowing that the related Notice of Revolving Credit Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Revolving Credit Borrowing for such Revolving Credit Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Revolving Credit Advance to be made by such Lender as part of such Revolving Credit Borrowing when such Revolving Credit Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any Revolving Credit Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Revolving Credit Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Revolving Credit Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Revolving Credit Advances comprising such Revolving Credit Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Revolving Credit Advance as part of such Revolving Credit Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Revolving Credit Advance to be made by it as part of any Revolving Credit Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Revolving Credit Advance on the date of such Revolving Credit Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Revolving Credit Advance to be made by such other Lender on the date of any Revolving Credit Borrowing.

SECTION 2.03. The Competitive Bid Advances. (a) Each Lender severally agrees that the Borrower may make Competitive Bid Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring

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30 days prior to the earlier of the Revolver Termination Date and the Term Loan Conversion Date in the manner set forth below; provided that, following the making of each Competitive Bid Borrowing, the aggregate amount of the Advances then outstanding shall not exceed the aggregate amount of the Commitments of the Lenders (computed without regard to any Competitive Bid Reduction).

(i) The Borrower may request a Competitive Bid Borrowing under this Section 2.03 by delivering to the Agent, by telecopier or telex, a notice of a Competitive Bid Borrowing (a "Notice of Competitive Bid Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying therein the requested (v) date of such proposed Competitive Bid Borrowing, (w) aggregate amount of such proposed Competitive Bid Borrowing, (x) in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, Interest Period, or in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances, maturity date for repayment of each Fixed Rate Advance to be made as part of such Competitive Bid Borrowing (which maturity date may not be earlier than the date occurring 30 days after the date of such Competitive Bid Borrowing or later than the earlier of (I) 180 days after the date of such Competitive Bid Borrowing and (II) the earlier of the Revolver Termination Date and the Term Loan Conversion Date), (y) interest payment date or dates relating thereto, and (z) other terms (if any) to be applicable to such Competitive Bid Borrowing, not later than 10:00 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall specify in the Notice of Competitive Bid Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum (the Advances comprising any such Competitive Bid Borrowing being referred to herein as "Fixed Rate Advances") and (B) at least five

Business Days prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall instead specify in the Notice of Competitive Bid Borrowing that the rates of interest be offered by the Lenders are to be based on the LIBO Rate (the Advances comprising such Competitive Bid Borrowing being referred to herein as "LIBO Rate Advances"). Each Notice of Competitive Bid Borrowing shall be irrevocable and binding on the Borrower. The Agent shall in turn promptly notify each Lender of each request for a Competitive Bid Borrowing received by it from the Borrower by sending such Lender a copy of the related Notice of Competitive Bid Borrowing.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Advances to the Borrower as part of such proposed Competitive Bid Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to the Borrower), before 9:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 10:00 A.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, of the minimum amount and maximum amount of each Competitive Bid Advance which such Lender would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed

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such Lender's Commitment, if any), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such Competitive Bid Advance; provided that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer at least 30 minutes before the time and on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Competitive Bid Advance as part of such Competitive Bid Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Advance as part of such proposed Competitive Bid Borrowing.

(iii) The Borrower shall, in turn, before 10:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 11:00 A.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, either:

(x) cancel such Competitive Bid Borrowing by giving the Agent notice to that effect, or

(y) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in its sole discretion, by giving notice to the Agent of the amount of each Competitive Bid Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Agent on behalf of such Lender for such Competitive Bid Advance pursuant to paragraph (ii) above) to be made by each Lender as

part of such Competitive Bid Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the Agent notice to that effect. The Borrower shall accept the offers made by any Lender or Lenders to make Competitive Bid Advances in order of the lowest to the highest rates of interest offered by such Lenders. If two or more Lenders have offered the same interest rate, the amount to be borrowed at such interest rate will be allocated among such Lenders in proportion to the amount that each such Lender offered at such interest rate.

(iv) If the Borrower notifies the Agent that such Competitive Bid Borrowing is cancelled pursuant to paragraph (iii)(x) above, the Agent shall give prompt notice thereof to the Lenders and such Competitive Bid Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, the Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by

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the Borrower, (B) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, of the amount of each Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing, and (C) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing shall, before 12:00 noon (New York City time) on the date of such Competitive Bid Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's portion of such Competitive Bid Borrowing. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 8.02. Promptly after each Competitive Bid Borrowing the Agent will notify each Lender of the amount of the Competitive Bid Borrowing, the consequent Competitive Bid Reduction and the dates upon which such Competitive Bid Reduction commenced and will terminate.

(vi) If the Borrower notifies the Agent that it accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, such notice of acceptance shall be irrevocable and binding on the Borrower. The Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in the related Notice of Competitive Bid Borrowing for such Competitive Bid Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing when such Competitive Bid Advance, as a result of such failure, is not made on such date.

(b) Each Competitive Bid Borrowing shall be in an aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and, following the making of each Competitive Bid Borrowing, the Borrower and each Lender shall be in compliance with the limitations set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.03, provided that a Competitive Bid Borrowing shall not be made within three Business Days of the date of any other Competitive Bid Borrowing.

(d) The Borrower shall repay to the Agent for the account of each Lender that has made a Competitive Bid Advance, on the maturity date of each Competitive Bid Advance (such maturity date being that specified by the Borrower for repayment of such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to

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subsection (a)(i) above and provided in the Competitive Bid Note evidencing such Competitive Bid Advance), the then unpaid principal amount of such Competitive Bid Advance. The Borrower shall have no right to prepay any principal amount of any Competitive Bid Advance unless, and then only on the terms, specified by the Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above and set forth in the Competitive Bid Note evidencing such Competitive Bid Advance.

(e) The Borrower shall pay interest on the unpaid principal amount of each Competitive Bid Advance from the date of such Competitive Bid Advance to the date the principal amount of such Competitive Bid Advance is repaid in full, at the rate of interest for such Competitive Bid Advance specified by the Lender making such Competitive Bid Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the interest payment date or dates specified by the Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above, as provided in the Competitive Bid Note evidencing such Competitive Bid Advance. Upon the occurrence and during the continuance of an Event of Default, the Borrower shall pay interest on the amount of unpaid principal of and interest on each Competitive Bid Advance owing to a Lender, payable in arrears on the date or dates interest is payable thereon, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Competitive Bid Advance under the terms of the Competitive Bid Note evidencing such Competitive Bid Advance unless otherwise agreed in such Competitive Bid Note.

(f) The indebtedness of the Borrower resulting from each Competitive Bid Advance made to the Borrower as part of a Competitive Bid Borrowing shall be evidenced by a separate Competitive Bid Note of the Borrower payable to the order of the Lender making such Competitive Bid Advance.

(g) Upon delivery of each Notice of Competitive Bid Borrowing, the Borrower shall pay a non-refundable fee of \$3,000 to the Agent for its own account.

SECTION 2.04. Fees. (a) Facility Fee. The Borrower agrees to pay to the Agent for the account of each Lender (other than the Designated Bidders) a facility fee (the "Facility Fee") on the aggregate amount of such Lender's Commitment from the date hereof in the case of each Initial Lender and from effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the Maturity Date at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and

December, and on the Maturity Date.

(b) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.05. Termination or Reduction of the Commitments. (a) If the Borrower has not made the Term Loan Election at least 15 days prior to the Revolver Termination Date, the Commitments shall be automatically terminated on the Revolver Termination Date. If the Borrower has made the Term Loan Election in accordance with Section

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2.06, from time to time after the Term Loan Conversion Date upon each prepayment of the Revolving Credit Advances, the aggregate Commitments of the Lenders under this Agreement shall be automatically and permanently reduced on a pro rata basis by an amount equal to the amount by which the aggregate Commitments of the Lenders under this Agreement immediately prior to such reduction exceeds the aggregate unpaid principal amount of the Revolving Credit Advances outstanding at such time.

(b) The Borrower shall have the right, upon at least three Business Days' notice to the Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that each partial reduction shall be in the aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and provided further that the aggregate amount of the Commitments of the Lenders shall not be reduced to an amount that is less than the aggregate principal amount of the Competitive Bid Advances then outstanding. Once terminated, a Commitment or portion thereof may not be reinstated.

SECTION 2.06. Repayment of Revolving Credit Advances; Term Loan Election. (a) The Borrower shall, subject to the next succeeding sentence, repay to the Agent for the ratable account of the Lenders on the Revolver Termination Date the aggregate principal amount of the Revolving Credit Advances then outstanding.

(b) The Borrower may, at any time prior to the Revolver Termination Date and upon not less than 15 days' notice to the Agent, elect (the "Term Loan Election") to convert all of the Revolving Credit Advances outstanding on the date specified in such notice (the "Term Loan Conversion Date") into a term loan which the Borrower shall repay in full to the Agent for the ratable account of the Lenders on the Maturity Date; provided that no Default has occurred and is continuing on the date of notice of the Term Loan Election or on the Term Loan Conversion Date.

SECTION 2.07. Interest on Revolving Credit Advances. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Revolving Credit Advance owing to each Lender from the date of such Revolving Credit Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Revolving Credit Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Revolving Credit Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Revolving

Credit Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Revolving Credit Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day

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that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. (i) Upon the occurrence and during the continuance of an Event of Default, the Borrower shall pay interest on the unpaid principal amount of each Revolving Credit Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Revolving Credit Advance pursuant to clause (a)(i) or (a)(ii) above, and (ii) the Borrower shall pay, to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

SECTION 2.08. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Eurodollar Rate and each LIBO Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.07(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.07(a)(ii).

(b) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Revolving Credit Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$5,000,000, such Advances shall automatically Convert into Base Rate Advances.

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(e) Upon the occurrence and during the continuance of any Event of Default, (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

(f) If fewer than two Reference Banks furnish timely information to the Agent for determining the Eurodollar Rate or LIBO Rate for any Eurodollar Rate Advances or LIBO Rate Advances, as the case may be,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances or LIBO Rate Advances, as the case may be,

(ii) with respect to Eurodollar Rate Advances, each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make Eurodollar Rate Advances or LIBO Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09. Optional Conversion of Revolving Credit Advances. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, Convert all Revolving Credit Advances of one Type comprising the same Borrowing into Revolving Credit Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Revolving Credit Advances shall result in more separate Revolving Credit Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Revolving Credit Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.10. Prepayments of Revolving Credit Advances. (a) Optional Prepayment. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M., (i) on the same day for Base Rate Advances and (ii) on the second Business Day prior to the prepayment in the case of Eurodollar Rate Advances stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Revolving Credit Advances comprising part of the same Revolving Credit Borrowing in whole or ratably in part, together with accrued

interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate

Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

(b) Mandatory Prepayment. The Borrower shall, upon five Business Days notice from the Agent given at the request or with the consent of the Required Lenders, prepay the aggregate principal amount outstanding plus all interest thereon and all other amounts payable hereunder or under the Notes, in the event that (i) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Parent (or other securities convertible into such Voting Stock) representing 20% or more of the combined voting power of all Voting Stock of the Parent; or (ii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Parent.

SECTION 2.11. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or LIBO Rate Advances (excluding for purposes of this Section 2.11 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.14 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, then, upon demand by such Lender (with a copy of such demand to the Agent), the Borrower shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate as to such amounts submitted to the

Borrower and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) In the event that a Lender demands payment from the Borrower for amounts owing pursuant to subsection (a) or (b) of this Section 2.11, the Borrower may, upon payment of such amounts and subject to the requirements of Sections 8.04 and 8.07, substitute for such Lender another financial institution, which financial institution shall be an Eligible Assignee and shall assume the Commitments of such Lender and purchase the Notes held by such Lender in accordance with Section 8.07, provided, however, that (i) no Default shall

have occurred and be continuing, (ii) the Borrower shall have satisfied all of its obligations in connection with the Loan Documents with respect to such Lender, and (iii) if such assignee is not a Lender, (A) such assignee is acceptable to the Agent and (B) the Borrower shall have paid the Agent a \$3,000 administrative fee.

SECTION 2.12. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or LIBO Rate Advances or to fund or maintain Eurodollar Rate Advances or LIBO Rate Advances hereunder, (i) each Eurodollar Rate Advance or LIBO Rate Advance, as the case may be, will automatically, upon such demand, Convert into a Base Rate Advance or an Advance that bears interest at the rate set forth in Section 2.07(a)(i), as the case may be, and (ii) the obligation of the Lenders to make Eurodollar Rate Advances or LIBO Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.13. Payments and Computations. (a) The Borrower shall make each payment hereunder and under the Notes not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at the Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.03, 2.11, 2.14 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender is not made when due hereunder or under the Note held by such Lender, to charge

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from time to time against any or all of the Borrower's accounts with such Lender any amount so due.

(c) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of facility fees shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or facility fees are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or facility fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances or LIBO Rate Advances to be

made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.14. Taxes. (a) Any and all payments by the Borrower hereunder or under the Notes shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower

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shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify each Lender and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any taxes imposed by any jurisdiction on amounts payable under this Section 2.14) imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, the Borrower shall furnish to the Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing payment thereof. In the case of any payment hereunder or under the Notes by or on behalf of the Borrower through an account or branch outside the United States or by or on behalf of the Borrower by a payor that is not a United States person, if the Borrower

determines that no Taxes are payable in respect thereof, the Borrower shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall provide each of the Agent and the Borrower with two original Internal Revenue Service forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes. If the forms provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any,

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applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form 1001 or 4224, that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form described in Section 2.14(e) (other than if such failure is due to a change in law occurring subsequent to the date on which a form originally was required to be provided, or if such form otherwise is not required under the first sentence of subsection (e) above), such Lender shall not be entitled to indemnification under Section 2.14(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

(g) In the event that a Lender demands payment from the Borrower for amounts owing pursuant to subsection (a) or (b) of this Section 2.14, the Borrower may, upon payment of such amounts and subject to the requirements of Sections 8.04 and 8.07, substitute for such Lender another financial institution, which financial institution shall be an Eligible Assignee and shall assume the Commitments of such Lender and purchase the Notes held by such Lender in accordance with Section 8.07, provided, however, that (i) no Default shall have occurred and be continuing, (ii) the Borrower shall have satisfied all of its obligations in connection with the Loan Documents with respect to such Lender, and (iii) if such assignee is not a Lender, (A) such assignee is acceptable to the Agent and (B) the Borrower shall have paid the Agent a \$3,000

administrative fee.

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Revolving Credit Advances owing to it (other than pursuant to Section 2.11, 2.14 or 8.04(c)) in excess of its ratable share of payments on account of the Revolving Credit Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Credit Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

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SECTION 2.16. Extensions of Revolver Termination Date. No earlier than 45 days and no later than 30 days prior to the Revolver Termination Date in effect at any time, the Borrower may, by written notice to the Agent, request that such Revolver Termination Date be extended for a period of 364 days. Such request shall be irrevocable and binding upon the Borrower. The Agent shall promptly notify each Lender of such request. If a Lender agrees, in its individual and sole discretion, to so extend its Commitment (an "Extending Lender"), it shall deliver to the Agent a written notice of its agreement to do so no earlier than 30 days and no later than 20 days prior to such Revolver Termination Date and the Agent shall notify the Borrower of such Extending Lender's agreement to extend its Commitment no later than 15 days prior to such Revolver Termination Date. The Commitment of any Lender that fails to accept or respond to the Borrower's request for extension of the Revolver Termination Date (a "Declining Lender") shall be terminated on the Revolver Termination Date originally in effect (without regard to any extension by other Lenders) and on such Revolver Termination Date the Borrower shall pay in full the principal amount of all Advances owing to such Declining Lender, together with accrued interest thereon to the date of such payment of principal and all other amounts payable to such Declining Lender under this Agreement. The Agent shall promptly notify each Extending Lender of the aggregate Commitments of the Declining Lenders. The Extending Lenders, or any of them, may offer to increase their respective Commitments by an aggregate amount up to the aggregate amount of the Declining Lenders' Commitments and any such Extending Lender shall deliver to the Agent a notice of its offer to so increase its Commitment no later than 15 days prior to such Revolver Termination Date. To the extent of any shortfall in the aggregate amount of extended Commitments, the Borrower shall have the right to require any Declining Lender to assign in full its rights and obligations under this Agreement to an Eligible Assignee designated by the Borrower and acceptable to the Agent, that agrees to accept all of such rights and obligations (a "Replacement Lender"), provided that (i) such increase and/or such assignment is otherwise in compliance with Section 8.07, (ii) such Declining Lender receives payment in full of the principal amount of all Advances owing to such Declining Lender, together with accrued interest thereon to the date of such payment of principal and all other amounts payable to such Declining Lender under this Agreement, and (iii) any such increase shall be effective on the Revolver Termination Date in effect at the time the Borrower requests such extension and any such assignment shall be effective on the date

specified by the Borrower and agreed to by the Replacement Lender and the Agent. If Extending Lenders and Replacement Lenders provide Commitments in an aggregate amount at least equal to 51% of the aggregate amount of the Commitments outstanding 30 days prior to the Revolver Termination Date in effect at the time the Borrower requests such extension, the Revolver Termination Date shall be extended by 364 days for such Extending Lenders.

SECTION 2.17. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Borrower and its Subsidiaries.

SECTION 2.18. Termination Events. If the Parent shall incur any Debt not existing on the Effective Date (excluding the extension of any Debt existing on the Effective Date) without simultaneously with, or prior to, the incurrence of such Debt (i) executing and

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delivering to the Agent, on behalf of the Lenders, either the Guaranty or the Assignment and Assumption Agreement and (ii) delivering therewith:

(A) Certified copies of the resolutions of the Board of Directors of each Loan Party executing and delivering such Loan Document approving such Loan Document;

(B) A certificate of the Secretary or Assistant Secretary of each Loan Party executing and delivering such Loan Document certifying the names and true signatures of the officers of each such Loan Party authorized to sign such Loan Document and the other documents to be delivered thereunder;

(C) A certificate of a duly authorized officer of each Loan Party executing and delivering such Loan Document certifying that (x) the representations and warranties contained in such Loan Document are correct on and as of the date of such Loan Document, before and after giving effect to such Loan Document, as though made on and as of such date and (y) no Default has occurred and is continuing or would result from the execution and delivery of such Loan Document; and

(D) A favorable opinion of counsel to the Parent and the Borrower in form and substance satisfactory to the Agent as to such Loan Document and such other matters as any Lender through the Agent may reasonably request;

(any such failure being a "Termination Event"), the Agent shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Sections 2.01 and 2.03. Sections 2.01 and 2.03 of this Agreement shall become effective on and as of the date hereof (the "Effective Date"), provided that the following conditions precedent have been satisfied on such date:

(a) There shall have occurred no Material Adverse Change since December 31, 1998.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting either Loan Party or any of its Subsidiaries pending or threatened before any court, governmental

agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect other than the matters described in the SEC Reports (the "Disclosed Litigation") or (ii) purports to affect the legality, validity or enforceability of any Loan Document or the consummation of the transactions contemplated hereby and there shall have been no adverse change in the status, or financial effect on any Loan

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Party or any of its Subsidiaries of the Disclosed Litigation from that described in the SEC Reports.

(c) Nothing shall have come to the attention of the Lenders during the course of their due diligence investigation to lead them to believe that the Information Memorandum was or has become misleading, incorrect or incomplete in any material respect; without limiting the generality of the foregoing, the Lenders shall have been given such access, as such Lenders have reasonably requested, to the management, records, books of account, contracts and properties of each Loan Party and its Subsidiaries as they shall have requested.

(d) All governmental and third party consents and approvals necessary in connection with the transactions contemplated hereby shall have been obtained (without the imposition of any conditions that are not acceptable to the Lenders) and shall remain in effect, and no law or regulation shall be applicable in the reasonable judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated by the Loan Documents.

(e) The Borrower shall have notified each Lender and the Agent in writing as to the proposed Effective Date.

(f) The Borrower shall have paid (i) all accrued fees and expenses of the Agent and the Lenders with respect to this Agreement, including fees contemplated in the Information Memorandum, and (ii) all facility fees accrued under the Existing Credit Agreement as of the Effective Date.

(g) On the Effective Date, the following statements shall be true and the Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Borrower, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct on and as of the Effective Date, and

(ii) No event has occurred and is continuing that constitutes a Default.

(iii) The Parent shall have delivered a certificate, substantially in form of Exhibit E hereto, signed on behalf of the Parent by a Financial Officer of the Parent.

(h) The Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Agent and (except for the Revolving Credit Notes) in sufficient copies for each Lender:

(i) The Revolving Credit Notes to the order of the Lenders, respectively.

(ii) Certified copies of the resolutions of the Board of Directors of each Loan Party approving each Loan Document to which it is a party, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to each Loan Document to which it is a party.

(iii) A certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of the officers of each Loan Party authorized to sign each Loan Document to which it is a party and the other documents to be delivered hereunder or thereunder.

(iv) An audited Consolidated balance sheet of the Borrower and its Subsidiaries and the related statements of income and cash flows of the Borrower and its Subsidiaries, as of December 31, 1998.

(v) A letter agreement, in form and substance satisfactory to the Agent, executed by each Loan Party acknowledging that all references in the Support Agreement to the Existing Agreement and the "Credit Agreement" will be deemed to be references to this Agreement.

(vi) A letter agreement, in form and substance satisfactory to the Agent, executed by the Borrower acknowledging that all references in the Collateral Assignment Agreement to the Existing Agreement and the "Credit Agreement" will be deemed to be references to this Agreement, together with:

(A) acknowledgment copies or stamped receipt copies of proper financing statements (or amendments to financing statements), duly filed on or before the Effective Date under the Uniform Commercial Code of all jurisdictions that the Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Support Agreement and the Collateral Assignment Agreement, covering the Assigned Rights described in the Support Agreement and the Collateral Assignment Agreement, and

(B) completed requests for information, dated on or before the Effective Date, listing the financing statements referred to in clause (A) above and all other effective financing statements filed in the jurisdictions referred to in clause (A) above that name the Borrower as debtor, together with copies of such other financing statements.

(vii) A favorable opinion of C.C. Nern, General Counsel of the Parent and the Borrower, or T.A. Hughes, Associate General Counsel of the Parent and the Borrower, substantially in the form of Exhibit F hereto and as to such other matters as any Lender through the Agent may reasonably request.

(viii) A favorable opinion of King & Spalding, counsel for the Agent, in form and substance satisfactory to the Agent.

SECTION 3.02. Conditions Precedent to Each Revolving Credit Borrowing. The obligation of each Lender to make a Revolving Credit Advance on the occasion of each Revolving Credit Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Revolving Credit Borrowing (a) the following statements shall be true (and each of the giving of the applicable Notice of Revolving Credit Borrowing and the acceptance by the Borrower of the proceeds of such Revolving Credit Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 are correct on and as of the date of such Revolving Credit Borrowing, before and after giving effect to such Revolving Credit Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and

(ii) no event has occurred and is continuing, or would result from such Revolving Credit Borrowing or from the application of the proceeds therefrom, that constitutes a Default;

and (b) the Agent shall have received such other approvals, opinions or documents as any Lender through the Agent may reasonably request.

SECTION 3.03. Conditions Precedent to Each Competitive Bid Borrowing. The obligation of each Lender that is to make a Competitive Bid Advance on the occasion of a Competitive Bid Borrowing to make such Competitive Bid Advance as part of such Competitive Bid Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of Competitive Bid Borrowing with respect thereto, (ii) on or before the date of such Competitive Bid Borrowing, but prior to such Competitive Bid Borrowing, the Agent shall have received a Competitive Bid Note payable to the order of such Lender for each of the one or more Competitive Bid Advances to be made by such Lender as part of such Competitive Bid Borrowing, in a principal amount equal to the principal amount of the Competitive Bid Advance to be evidenced thereby and otherwise on such terms as were agreed to for such Competitive Bid Advance in accordance with Section 2.03, and (iii) on the date of such Competitive Bid Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Competitive Bid Borrowing and the acceptance by the Borrower of the proceeds of such Competitive Bid Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Competitive Bid Borrowing such statements are true):

(a) the representations and warranties contained in Section 4.01 are correct on and as of the date of such Competitive Bid Borrowing, before and after giving effect to such Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date,

(b) no event has occurred and is continuing, or would result from such Competitive Bid Borrowing or from the application of the proceeds therefrom, that constitutes a Default, and

(c) no event has occurred and no circumstance exists as a result of which the information concerning either Loan Party that has been provided to the Agent and each Lender by either Loan Party in connection herewith would include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances

under which they were made, not misleading.

SECTION 3.04. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Agent shall promptly notify the Lenders of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

(b) The execution, delivery and performance by the Borrower of the Loan Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) law or any contractual restriction binding on or affecting the Borrower.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower of this Agreement, the Notes or any other Loan Document to which it is a party.

(d) This Agreement has been, and each of the Notes and each of the other Loan Documents to which it is a party when delivered hereunder will have been, duly executed and delivered by the Borrower. This Agreement is, and each of the Notes and

each of the other Loan Documents to which it is a party when delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors rights generally.

(e) The 1998 Audited Statements and the 1999 Interim Statements, copies of each of which have been furnished to each Lender, fairly present, subject in the case of the 1999 Interim Statements, to year-end audit adjustments, the Consolidated financial condition of the relevant Person, as at such dates all in accordance with generally accepted accounting principles consistently applied. Since December 31, 1998, there has been no Material Adverse Change, except as shall have been disclosed in the SEC Reports.

(f) There is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation,

any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect (other than the Disclosed Litigation) or (ii) purports to affect the legality, validity or enforceability of this Agreement, any Note or any other Loan Document or the consummation of the transactions contemplated hereby and there has been no adverse change in the status of any Disclosed Litigation, or its financial effect on any Loan Party or any of its Subsidiaries from that described in the SEC Reports.

(g) The operations and properties of the Borrower and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws and Environmental Permits, all past non-compliance with such Environmental Laws and Environmental Permits has been resolved without ongoing obligations or costs, and no circumstances exist that could be reasonably likely to (i) form the basis of an Environmental Action against the Borrower or any of its Subsidiaries or any of their properties that could have a Material Adverse Effect or (ii) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law that could have a Material Adverse Effect.

(h) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan.

(i) Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(j) Neither the Borrower nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

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(k) Neither the Borrower nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(l) Except as set forth in the financial statements referred to in this Section 4.01, the Borrower and its Subsidiaries have no material liability with respect to "expected post retirement benefit obligations" within the meaning of Statement of Financial Accounting Standards No. 106.

(m) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(n) Neither the Borrower nor any of its Subsidiaries is, or after the making of any Advance or the application of the proceeds or repayment thereof, or the consummation of any of the other transactions contemplated hereby, will be, an "investment company", or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company" (within the meaning of the Investment Company

Act of 1940, as amended).

(o) At all times prior to the Parent Assumption Date, the Borrower is a "subsidiary company" of the Parent, which is a "holding company" (within the meaning of the Public Utility Holding Company Act of 1935, as amended), and, at all times before and after the Parent Assumption Date, the Parent is exempt from being required to seek approval to perform its obligations under the Loan Documents pursuant to Rule 2 of the Rules and Regulations promulgated pursuant to the Public Utility Holding Company Act of 1935, as amended.

(p) At all times prior to the Parent Assumption Date, the Support Agreement (as it may be amended, supplemented, terminated or otherwise modified in accordance with its terms) is in full force and effect and enforceable in accordance with its terms.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid or any Lenders shall have any Commitment hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders,

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such compliance to include, without limitation, compliance with ERISA and Environmental Laws.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Borrower may consummate any merger or consolidation permitted under Section 5.02(b) and provided further that the Borrower shall not be required to preserve any right or franchise if the Board of Directors of the Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower and that the loss thereof is not disadvantageous in any material respect to the Borrower or the Lenders.

(e) Visitation Rights. At any reasonable time and from time to

time, permit the Agent or any of the Lenders or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(g) Maintenance of Properties, Etc. Subject to clause (d) above, maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) Reporting Requirements. Furnish to the Lenders:

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(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Parent, Consolidated balance sheet of the Parent and its Consolidated Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Parent, a copy of the annual report to Shareholders for such year for the Parent and its Consolidated Subsidiaries, containing the Consolidated balance sheet of the Parent and its Consolidated Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Parent and its Subsidiaries for such fiscal year, in each case accompanied by (A) an opinion by Deloitte & Touche LLP or other independent public accountants acceptable to the Required Lenders and (B) the report by the Parent filed with the Securities and Exchange Commission on Form U-3A-2 for such fiscal year, containing the Consolidating balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidating statements of income and Consolidating statements of retained earnings of the Borrower and its Subsidiaries for such fiscal year, in each case, having been prepared in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01;

(iii) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, unaudited Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such quarter and unaudited Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, in each case duly certified (subject to year-end audit adjustments) by a Financial Officer of the Borrower as having been prepared in accordance with generally accepted accounting principles

consistent with those applied in the preparation of the financial statements referred to in Section 4.01;

(iv) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion by Deloitte & Touche LLP or other independent public accountants acceptable to the Required Lenders;

(v) as soon as possible and in any event within five days after the occurrence of each Default continuing on the date of such statement, a statement

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of a Financial Officer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(vi) promptly after the sending or filing thereof copies of all reports and registration statements that the Borrower or any Subsidiary filed with the Securities and Exchange Commission or any national securities exchange;

(vii) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Borrower or any of its Subsidiaries of the type described in Section 4.01(f);

(viii) promptly upon becoming aware of any fact or circumstance affecting the Parent or any of its Subsidiaries that would at any time render the Borrower unable to make the representation and warranty contained in Section 4.01(q) on such date, a statement of a duly authorized officer of the Borrower setting forth the details of such fact or circumstance and what action the Parent or such Subsidiary, as the case may be, has taken and proposes to take with respect thereto; and

(ix) such other information respecting the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

SECTION 5.02. Negative Covenants Prior to the Parent Assumption Date. At all times prior to the Parent Assumption Date, so long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not:

(a) Liens, Etc. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens,

(ii) purchase money Liens upon or in any real property or equipment acquired or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt

incurred solely for the purpose of financing the acquisition of such property or equipment, or Liens existing on such property or equipment at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, provided, however, that no such Lien shall extend to or cover any properties of any character other than the real property or equipment being acquired, and no such extension, renewal or replacement shall extend to or cover any properties not theretofore subject to the Lien being extended, renewed or

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replaced, provided further that the aggregate principal amount of the indebtedness secured by the Liens referred to in this clause (ii) shall not exceed \$20,000,000 at any time outstanding,

(iii) the Liens existing on the Effective Date and described on Schedule 5.02(a) hereto,

(iv) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower or becomes a Subsidiary of the Borrower; provided that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary,

(v) other Liens securing Debt in an aggregate principal amount not to exceed \$20,000,000 at any time outstanding, and

(vi) Liens on the rights of the Borrower under one or more agreements between the Parent and the Borrower, whereby the Parent agrees to provide to the Borrower financial support (in the form of cash or liquid assets) in an aggregate amount no greater than \$1,200,000,000, to the extent that the Borrower is unable to make timely payment of interest, principal or premium (or expenses or other obligations related thereto) on any Debt of the Borrower (other than the Debt hereunder), provided that such Liens are granted in favor of one or more creditors under such Debt in order to secure the obligations of the Borrower thereunder, and

(vii) the replacement, extension or renewal of any Lien permitted by clause (iii), (iv) or (vi) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

(b) Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Subsidiaries to do so, except that (i) any Subsidiary of the Borrower may merge or consolidate with or into any other

Subsidiary of the Borrower, (ii) any Subsidiary of the Borrower may merge with or dispose of assets to the Borrower, (iii) the Borrower may merge into the Parent, and (iv) the Borrower may merge or consolidate with or into another Person if the Borrower is the surviving entity and (1) the Parent and the Borrower shall have executed and delivered, and the Agent shall have accepted, the Assignment and Assumption Agreement accompanied by the documentation set forth in Section 2.18(ii) or (2) the Parent shall have executed and delivered, and the Agent shall have accepted, the Guaranty accompanied by the documentation set forth in Section

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2.18(ii), provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) Change in Nature of Business. Make any material change in the nature of its business as carried on at the date hereof.

(d) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles.

SECTION 5.03. Negative Covenants Applicable on or after the Parent Assumption Date. Notwithstanding anything in the contrary set forth in Section 5.02, at all times on and after the Parent Assumption Date so long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not:

(a) Liens, Etc. Create or suffer to exist, or permit any Significant Subsidiary to create or suffer to exist, any Lien on or with respect to any shares of any class of equity securities (including, without limitation, Voting Stock) of any Significant Subsidiary, whether such shares are now owned or hereafter acquired.

(b) Debt. Create, incur, assume or suffer to exist any Debt except Debt that is expressly or effectively pari passu with or expressly subordinated to the Debt of the Borrower hereunder.

(c) Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any Significant Subsidiary to do so, except that (i) any Significant Subsidiary may merge or consolidate with or into any other Significant Subsidiary, (ii) any Significant Subsidiary may merge into or dispose of assets to the Borrower, and (iii) the Borrower may merge or consolidate with or into any other Person if the surviving entity has senior unsecured Debt outstanding rated at least BBB- by S&P and Baa3 by Moody's; provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(d) Change in Nature of Business. Make, or permit any of its Significant Subsidiaries to make, any material change in the nature of its business as carried on January 18, 2000 other than as disclosed in the SEC Reports.

(e) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by generally

accepted accounting principles.

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ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein, by the Borrower (or any of its officers) in connection with this Agreement or by the Parent in the Guaranty shall prove to have been incorrect in any material respect when made; or

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 2.10(b), 5.01(d), (e) or (h), 5.02 or (if applicable) 5.03 or in the Collateral Assignment Agreement, (ii) the Parent shall fail to perform or observe any term, covenant or agreement contained in the Support Agreement or the Guaranty, as applicable, or (iii) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 10 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) Either Loan Party or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least \$10,000,000 in the aggregate (but excluding Debt outstanding hereunder and Nonrecourse Debt) of such Loan Party or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) Either Loan Party or DECO shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against either Loan Party or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy,

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insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or either Loan Party or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of \$10,000,000 shall be rendered against either Loan Party or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) Any non-monetary judgment or order shall be rendered against either Loan Party or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) The Parent shall at any time (i) cease to hold 100% of the Voting Stock of the Borrower unless the Parent and the Borrower shall have executed and delivered, and the Agent shall have accepted, the Assignment and Assumption Agreement accompanied by the documentation set forth in Section 2.18(ii) or (ii) cease to hold 100% of the Voting Stock of DECO; or

(i) The Borrower or any of its ERISA Affiliates shall incur, or, in the reasonable opinion of the Required Lenders, shall be reasonably likely to incur liability in excess of \$10,000,000 in the aggregate as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of the Borrower or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan; or

(j) The Parent and its Subsidiaries, on a Consolidated basis, shall at any time cease to:

(i) Maintain a ratio of Consolidated EBITDA to cash interest payable on all Debt (excluding, (A) such Nonrecourse Debt of their own and of their Subsidiaries and Affiliates as would be listed as such in the financial statements of the Parent of the kind delivered pursuant to Section 5.01(h)(ii) and (iii) and (B) the Junior Subordinated Debentures) of not less than 2:1 for each period of four consecutive fiscal quarters ending on the last day of September, December, March and June of each year, or

(ii) Maintain a ratio of Consolidated Debt

(excluding, (A) such Nonrecourse Debt of their own and of their Subsidiaries as would be listed in the financial statements of the Parent and (B) the Junior Subordinated Debentures) to Capitalization of not greater than .65:1; or

(k) any provision of any of the Loan Documents after delivery thereof pursuant to Section 3.01 shall for any reason cease to be valid and binding on or enforceable against any Loan Party to it, or any such Loan Party shall so state in writing;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the

Agent: (i) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel,

accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citibank and Affiliates. With respect to its Commitment, the Advances made by it and the Note issued to it, Citibank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank in its individual capacity. Citibank and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank were not the Agent and without any duty to account therefor to the Lenders.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Lenders (other than the Designated Bidders) agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the Revolving Credit Notes then held by each of them (or if no Revolving Credit Notes are at the time outstanding or if any Revolving Credit Notes are held by Persons that are not Lenders, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way

relating to or arising out of any Loan Document or any action taken or omitted by the Agent under any Loan Document, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender (other than the Designated Bidders) agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, any Loan Document, to the extent that the Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Revolving Credit Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than the Designated Bidders), do any of the following: (a) waive any of the conditions specified in Section 3.01, (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Revolving Credit Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Revolving Credit Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Revolving Credit Notes, or the number of Lenders, that shall be required for the Lenders or

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any of them to take any action hereunder or (f) amend this Section 8.01; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic or telex communication) and mailed, telecopied, telegraphed, telexed or delivered, if to the Borrower, at its address at 200 Second Avenue, Detroit, MI 48226, Attention: Christopher C. Arvani; if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at Two Penns Way, Suite 200, New Castle, Delaware 19720 Attention: Christian Laughton, with a copy to J. Nicholas McKee, 399 Park Avenue, New York, New York 10043; or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and

communications shall, when mailed, telecopied, telegraphed or telexed, be effective when deposited in the mails, telecopied, delivered to the telegraph company or confirmed by telex answerback, respectively, except that notices and communications to the Agent pursuant to Article II, III or VII shall not be effective until received by the Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay on demand all reasonable costs and reasonable expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes, each other Loan Document and the other documents to be delivered hereunder and thereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and reasonable expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under the Loan Documents. The Borrower further agrees to pay on demand all reasonable costs and reasonable expenses of the Agent and the Lenders, if any (including, without limitation, reasonable internal and external counsel fees and expenses, provided such fees and expenses are not duplicative), in connection with the "workout", restructuring or enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower agrees to indemnify, to the extent legally permissible, and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with (i) the Notes, this Agreement, the other Loan Documents any of the transactions contemplated herein or therein or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, in each case whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. The Borrower also agrees not to assert any claim against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Notes, this Agreement, the other Loan Documents

any of the transactions contemplated herein or therein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance or LIBO Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(d) or (e), 2.10 or 2.12, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, the Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of each Loan Party contained in Sections 2.11, 2.14 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby

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authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of either Loan Party against any and all of the obligations of either Loan Party now or hereafter existing under the Loan Documents Agreement and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify such Loan Party after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective (other than Sections 2.01 and 2.03, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders to any Person, except to the Parent pursuant to the Assignment and Assumption Agreement accompanied by the documentation set forth in Section 2.18(ii).

SECTION 8.07. Assignments, Designations and Participations.

(a) Each Lender (other than the Designated Bidders) may, with the prior consent of the Agent and (for so long as no Default has occurred and is continuing) the Borrower (which consent shall not be unreasonably withheld) assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Revolving Credit Advances owed to it and the Revolving Credit Note or Notes held

by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any right to make Competitive Bid Advances, Competitive Bid Advances owing to it and Competitive Bid Notes), (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Revolving Credit Note subject to such assignment and a processing and recordation fee of \$3,000. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to

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such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Revolving Credit Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in

substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Revolving Credit Note a new Note to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Revolving Credit Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Revolving Credit Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Revolving Credit Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

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(d) Each Lender (other than the Designated Bidders) may designate one or more banks or other entities to have a right to make Competitive Bid Advances as a Lender pursuant to Section 2.03; provided, however, that (i) no such Lender shall be entitled to make more than two such designations, (ii) each such Lender making one or more of such designations shall retain the right to make Competitive Bid Advances as a Lender pursuant to Section 2.03, (iii) each such designation shall be to a Designated Bidder and (iv) the parties to each such designation shall execute and deliver to the Agent, for its acceptance and recording in the Register, a Designation Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Designation Agreement, the designee thereunder shall be a party hereto with a right to make Competitive Bid Advances as a Lender pursuant to Section 2.03 and the obligations related thereto.

(e) By executing and delivering a Designation Agreement, the Lender making the designation thereunder and its designee thereunder confirm and agree with each other and the other parties hereto as follows: (i) such Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; (ii) such Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such designee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Designation Agreement; (iv) such designee will, independently and without reliance upon the Agent, such designating Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such designee confirms that it is a Designated Bidder; (vi) such designee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such designee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(f) Upon its receipt of a Designation Agreement executed by a designating Lender and a designee representing that it is a Designated Bidder, the Agent shall, if such Designation Agreement has been completed and is substantially in the form of Exhibit D hereto, (i) accept such Designation

Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(g) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance and each Designation Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and, with respect to Lenders other than Designated Bidders, the Commitment of, and principal amount of the

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Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(h) Each Lender may sell participations to one or more banks or other entities (other than the Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Borrower therefrom, except to the extent that such amendment, waiver or consent would (A) reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, (B) increase the Commitments or (C) release the Parent under the Guaranty or terminate the Guaranty, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation. Each participant shall be entitled to the benefits of Sections 2.11, 2.12 and 2.14 to the same extent as if it were a Lender and had acquired its interest under this Agreement by an assignment made pursuant to this Section 8.07, provided, however, that in no event shall the Borrower be obligated to make any payment with respect to such Sections that is greater than the amount that the Borrower would have otherwise made had no participations been sold under this Section 8.07(h).

(i) Any Lender may, in connection with any assignment, designation or participation or proposed assignment, designation or participation pursuant to this Section 8.07, disclose to the assignee, designee or participant or proposed assignee, designee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee, designee or participant or proposed assignee, designee or participant shall agree to preserve the confidentiality of any Confidential Information relating to the Borrower received by it from such Lender.

(j) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time (i) create a security interest in all or a portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal

Reserve System or (ii) with notice to the Agent and the Borrower, assign all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a

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portion of its Commitment, the Revolving Credit Advances owed to it and the Revolving Credit Note or Notes held by it) to any of its Affiliates.

SECTION 8.08. Confidentiality. Neither the Agent nor any Lender shall disclose any Confidential Information to any other Person without the consent of the Borrower, other than (a) to the Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and, as contemplated by Section 8.07(i), to actual or prospective assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, (c) to any rating agency when required by it, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to either Loan Party received by it from such Lender and (d) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking.

SECTION 8.09. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.10. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.11. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.12. Effective Date. As of the Effective Date, (i) the Existing Credit Agreement is amended and restated in full as set forth in this Agreement, (ii) the Commitments

(including the Existing Commitments) are restated as set forth in the signature pages hereof, (iii) the Existing Notes are cancelled and replaced by the Notes, and (iv) all obligations which, by the terms of the Existing Credit Agreement, are evidenced by the Existing Notes are evidenced by the Notes.

SECTION 8.13. Waiver of Jury Trial. Each of the Borrower, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

DTE CAPITAL CORPORATION

By

Name:

Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

S-2

Commitment

\$31,000,000

Lenders

CITIBANK, N.A.

By

Name:

Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

S-3

Commitment
\$26,000,000

ABN AMRO BANK N.V.

By _____
Name:
Title:

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

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S-4

Commitment
\$26,000,000

BANK ONE, NA

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

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S-5

Commitment
\$26,000,000

BARCLAYS BANK PLC

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

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S-6

Commitment

BAYERISCHE LANDESBANK
GIROZENTRALE, CAYMAN

\$26,000,000

ISLANDS BRANCH

By _____
Name:
Title:

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

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Commitment

COMERICA BANK

\$26,000,000

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

68

S-8

Commitment

DEN DANSKE BANK AKTIESELSKAB

\$26,000,000

By _____
Name:
Title:

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

69

S-9

Commitment

THE BANK OF NEW YORK

\$20,000,000

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

70

S-10

Commitment
\$20,000,000

THE BANK OF NOVA SCOTIA

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

71

S-11

Commitment
\$20,000,000

THE CHASE MANHATTAN BANK

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

72

S-12

Commitment
\$20,000,000

FIRST UNION NATIONAL BANK

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

73

S-13

Commitment
BRANCH

SOCIETE GENERALE, CHICAGO

\$20,000,000

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

74

S-14

Commitment

BANK HAPOLIM, B.M.

\$15,000,000

By _____
Name:
Title:

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

75

S-15

Commitment

BW CAPITAL MARKETS, INC.

\$12,000,000

By _____
Name:
Title:

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

76

S-16

Commitment
\$12,000,000

THE INDUSTRIAL BANK OF JAPAN,

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

77

S-17

Commitment
\$12,000,000

MELLON BANK, N.A.

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

78

S-18

Commitment
\$12,000,000

PARIBAS

By _____
Name:
Title:

By _____
Name:
Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

79

S-19

Commitment
\$12,000,000

UNION BANK OF CALIFORNIA, N.A.

By _____
Name:

Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

80

S-20

Commitment

CIBC, INC.

\$10,000,000

By _____

Name:

Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

81

S-21

Commitment

THE DAI-ICHI KANGYO BANK, LTD.

\$10,000,000

By _____

Name:

Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

82

S-22

Commitment

KEYBANK NATIONAL ASSOCIATION

\$10,000,00

By _____

Name:

Title:

By _____

Name:

Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

83

S-23

Commitment

MICHIGAN NATIONAL BANK

\$8,000,000

By

Name:

Title:

SIGNATURE PAGE TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

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SCHEDULE I
DTE CAPITAL CORPORATION
APPLICABLE LENDING OFFICES

NAME OF INITIAL LENDER	DOMESTIC LENDING OFFICE	EURODOLLAR LENDING OFFICE
Citibank, N.A.	Two Penns Way, Suite 200 New Castle, DE 19720 Attention: Christian Laughton Telecopier: (302) 894-6120	Same as Domestic Lending Office
ABN AMRO Bank N.V.	208 South LaSalle, Suite 1500 Chicago, IL 60604-1003 Attention: Loan Administration Telecopier: (312) 992-5155	Same as Domestic Lending Office
Bank Hapoalim B.M.	1177 Avenue of the Americas New York, New York 10036 Attention: Laura Raffa Telecopier: (212) 782-2187	Same as Domestic Lending Office
Bank One, NA	One First National Plaza Chicago, IL 60670 Attention: Lynn Pozsgay Telecopier: (312) 732-3055	Same as Domestic Lending Office
The Bank of New York	One Wall Street New York, NY 10286 Attention: Lisa Williams Telecopier: (212) 635-7923	Same as Domestic Lending Office
The Bank of Nova Scotia	600 Peachtree St. N.E., Suite 2700 Atlanta, GA 30308 Attention: Shannon Dancila Telecopier: (404) 888-8998	Same as Domestic Lending Office
Barclays Bank PLC	75 Wall Street New York, NY 10265 Attention: Christine Francese Telecopier: (212) 412-5307	222 Broadway New York, NY 10038 Attention: Dawn Matthews Telecopier: (212) 412-1098
Bayerische Landesbank Girozentrale	560 Lexington Avenue New York, NY 10022 Attention: Sean O'Sullivan Telecopier: (212) 310-9868	Same as Domestic Lending Office
BW Capital Markets, Inc.	630 Fifth Avenue Rockefeller Center, Suite 1919 New York, NY 10111 Attention: Thomas Lowe Telecopier: (212) 218-1810	Same as Domestic Lending Office
The Chase Manhattan Bank	One Chase Manhattan Plaza Third Floor New York, NY 10081 Attention: Lynett Lang Telecopier: (212) 552-5777	Same as Domestic Lending Office

NAME OF INITIAL LENDER	DOMESTIC LENDING OFFICE	EURODOLLAR LENDING OFFICE
CIBC, Inc.	Two Paces West 2727 Paces Ferry Road, Suite 1200 Atlanta, GA 30339 Attention: Sheryl Leonard Telecopier: (770) 319-4950	Same as Domestic Lending Office
Comerica Bank	500 Woodward Avenue, MC 3268 Detroit, MI 48226 Attention: Stacie McVeigh Telecopier: (313) 222-9514	Same as Domestic Lending Office
The Dai-Ichi Kangyo Bank, Ltd.	10 S. Wacker Drive, Suite 2600 Chicago, IL 60606 Attention: R. Cummings Telecopier: (312) 876-2011	Same as Domestic Lending Office
Den Danske Bank	280 Park Avenue, 4th Floor New York, NY 10017 Attention: Loan Administration Telecopier: (212) 490-0252	Same as Domestic Lending Office
The Industrial Bank of Japan, Limited	227 West Monroe Street, Suite 2600 Chicago, IL 60606 Attention: Debbie Sapyta Telecopier: (312) 855-8200	Same as Domestic Lending Office
First Union National Bank	One First Union Center Charlotte, NC 28288-0735 Attention: Tom Bohrer Telecopier: (704) 383-6670	Same as Domestic Lending Office
KeyBank National Association	127 Public Square Cleveland, OH 44114 Attention: Michael Jackson Telecopier: (216) 689-4981	127 Public Square Cleveland, OH 44114 Attention: Laura Binkley Telecopier: (216) 689-4981
Mellon Bank, N.A.	Three Mellon Bank Center, Rm 2332 Pittsburgh, PA 15259 Attention: Kathy Capp Telecopier: (412) 234-4644	Same as Domestic Lending Office
Michigan National Bank	27777 Inkster Road Dept. 10-64 Farmington Hills, MI 48333-9065 Attention: James Tesen Telecopier: (248) 473-3577	Same as Domestic Lending Office
Paribas	787 Seventh Avenue New York, NY 10019 Attention: Tecla Hurley Telecopier: (212) 841-2217	Same as Domestic Lending Office
The Sanwa Bank	10 South Wacker Drive Chicago, IL 60606 Attention: Richard Ault Telecopier: (312) 346-6677	Same as Domestic Lending Office

NAME OF INITIAL LENDER	DOMESTIC LENDING OFFICE	EURODOLLAR LENDING OFFICE
Societe Generale	181 West Madison, Suite 3400 Chicago, IL 60602	181 West Madison, Suite 3400 Chicago, IL 60602

Attention: R. Boyd Harman
Telecopier: (312) 578-5099

Attention: Albert Tune
Telecopier: (312) 578-5099

Union Bank of California,
N.A.

Energy Capital Services
445 S. Figueroa Street, 15th Floor
Los Angeles, CA 90071
Attention: Patricia Gonzalez
Telecopier: (213) 236-4096

Same as Domestic Lending Office

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Schedule 5.02(a)

Existing Liens

None.

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EXHIBIT A-1 - FORM OF REVOLVING CREDIT PROMISSORY NOTE

U.S.\$ _____

Dated: _____, 2000

FOR VALUE RECEIVED, the undersigned, [NAME OF BORROWER], a Michigan corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of (the "Lender") for the account of its Applicable Lending Office on the Revolver Termination Date (each as defined in the Credit Agreement referred to below) or, if the Borrower makes a Term Loan Election, on the Maturity Date (each as defined in the Credit Agreement referred to below), the principal sum of U.S.\$[amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of the Revolving Credit Advances made by the Lender to the Borrower pursuant to the Third Amended and Restated Credit Agreement dated as of January 18, 2000 (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) among the Borrower, the Lender and certain other lenders parties thereto, and Citibank, N.A., as Agent for the Lender and such other lenders outstanding on the Revolver Termination Date or Maturity Date, as applicable.

The Borrower promises to pay interest on the unpaid principal amount of each Revolving Credit Advance from the date of such Revolving Credit Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Agent, at Two Penns Way, Suite 200, New Castle, Delaware 19720, Account No. 36852248, Attention: Christian Laughton, in same day funds. Each Revolving Credit Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Revolving Credit Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Revolving Credit Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Revolving Credit Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

[NAME OF BORROWER]

By _____
Title: _____

ADVANCES AND PAYMENTS OF PRINCIPAL

[illegible]

EXHIBIT A-2 - FORM OF
COMPETITIVE BID
PROMISSORY NOTE

U.S.\$ _____

Dated: _____, ____

FOR VALUE RECEIVED, the undersigned, [NAME OF BORROWER], a Michigan corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of (the "Lender") for the account of its Applicable Lending Office (as defined in the Third Amended and Restated Credit Agreement dated as of January 18, 2000 (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined)) among the Borrower, the Lender and certain other lenders parties thereto, and Citibank, N.A., as Agent for the Lender and such other lenders), on _____, the principal amount of \$U.S. _____.

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

Interest Rate: _____ % per annum (calculated on the basis of a year of days for the actual number of days elapsed).

Both principal and interest are payable in lawful money of the United States of America to _____ for the account of the Lender at the office of _____, at _____ in same day funds.

This Promissory Note is one of the Competitive Bid Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

[NAME OF BORROWER]

By _____
Title:

EXHIBIT B-1 - FORM OF NOTICE OF
REVOLVING CREDIT BORROWING

Citibank, N.A., as Agent
for the Lenders parties
to the Credit Agreement
referred to below
399 Park Avenue
New York, NY 10043

[Date]

Attention: _____

Ladies and Gentlemen:

The undersigned, [NAME OF BORROWER], refers to the Third Amended and Restated Credit Agreement, dated as of January 18, 2000 (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto and _____, as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Revolving Credit Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Revolving Credit Borrowing (the "Proposed Revolving Credit Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Revolving Credit Borrowing is _____, _____.

(ii) The Type of Advances comprising the Proposed Revolving Credit Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Revolving Credit Borrowing is \$ _____.

[(iv) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Revolving Credit Borrowing is _____ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Revolving Credit Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Revolving Credit Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(B) no event has occurred and is continuing, or would result from such Proposed Revolving Credit Borrowing or from the application

of the proceeds therefrom, that constitutes a Default.

Very truly yours,

[NAME OF BORROWER]

By _____

Title:

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EXHIBIT B-2 - FORM OF NOTICE OF
COMPETITIVE BID BORROWING

Citibank, N.A., as Agent
for the Lenders parties
to the Credit Agreement
referred to below
399 Park Avenue
New York, NY 10043

[Date]

Attention: _____

Ladies and Gentlemen:

The undersigned, [NAME OF BORROWER], refers to the Third Amended and Restated Credit Agreement, dated as of January 18, 2000 (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto and Citibank, N.A., as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests a Competitive Bid Borrowing under the Credit Agreement, and in that connection sets forth the terms on which such Competitive Bid Borrowing (the "Proposed Competitive Bid Borrowing") is requested to be made:

- | | | |
|-----|-------------------------------------|-------|
| (A) | Date of Competitive Bid Borrowing | _____ |
| (B) | Amount of Competitive Bid Borrowing | _____ |
| (C) | [Maturity Date] [Interest Period] | _____ |
| (D) | Interest Rate Basis | _____ |
| (E) | Interest Payment Date(s) | _____ |
| (F) | _____ | _____ |
| (G) | _____ | _____ |
| (H) | _____ | _____ |

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Competitive Bid Borrowing:

(a) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date;

(b) no event has occurred and is continuing, or would result from the Proposed Competitive Bid Borrowing or from the application of the proceeds therefrom, that constitutes a Default;

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(c) no event has occurred and no circumstance exists as a result of which the information concerning the undersigned that has been provided to the Agent and each Lender as of the date hereof by the undersigned in connection with the Credit Agreement would include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and

(d) the aggregate amount of the Proposed Competitive Bid Borrowing and all other Borrowings to be made on the same day under the Credit Agreement is within the aggregate amount of the unused Commitments of the Lenders.

The undersigned hereby confirms that the Proposed Competitive Bid Borrowing is to be made available to it in accordance with Section 2.03(a)(v) of the Credit Agreement.

Very truly yours,

[NAME OF BORROWER]

By _____
Title:

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EXHIBIT C - FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Third Amended and Restated Credit Agreement dated as of January 18, 2000 (as amended or modified from time to time, the "Credit Agreement") among DTE Capital Corporation, a Michigan corporation (the "Borrower"), the Lenders (as defined in the Credit Agreement) and Citibank, N.A., as agent for the Lenders (the "Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule I hereto agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and

to the Assignor's rights and obligations under the Credit Agreement as of the date hereof (other than in respect of Competitive Bid Advances and Competitive Bid Notes) equal to the percentage interest specified on Schedule 1 hereto of all outstanding rights and obligations under the Credit Agreement (other than in respect of Competitive Bid Advances and Competitive Bid Notes). After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the Revolving Credit Advances owing to the Assignee will be as set forth on Schedule 1 hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the Revolving Credit Note held by the Assignor and requests that the Agent exchange such Revolving Credit Note for a new Revolving Credit Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new Revolving Credit Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitment retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms

that it is an Eligible Assignee; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vi) attaches any U.S. Internal Revenue Service forms required under Section 2.14 of the Credit Agreement.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Revolving Credit Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and facility fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Revolving Credit Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

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Schedule 1
to
Assignment and Acceptance
Percentage interest assigned:
%

Assignee's Commitment:
\$

Aggregate outstanding principal amount of Revolving Credit Advances
assigned:
\$

Principal amount of Revolving Credit Note payable to Assignee:
\$

Principal amount of Revolving Credit Note payable to Assignor:
\$

Effective Date(1):
_____, ____

[NAME OF ASSIGNOR], as Assignor

By

Title:

Dated: _____, ____

[NAME OF ASSIGNEE], as Assignee

By _____

Title:

Dated: _____, ____

Domestic Lending Office:

[Address]

Eurodollar Lending Office:

[Address]

Accepted [and Approved] (2) this

- (1) This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to the Agent.
- (2) Required if the Assignee is an Eligible Assignee solely by reason of clause (viii) of the definition of "Eligible Assignee".

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____ day of _____, ____

____, as Agent

By _____

Title:

[Approved this _____ day of _____, ____ .]

[NAME OF BORROWER]

By _____]**

Title:

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Dated _____, _____

Reference is made to the Third Amended and Restated Credit Agreement dated as of January 18, 2000 (as amended or modified from time to time, the "Credit Agreement") among DTE Capital Corporation, a Michigan corporation (the "Borrower"), the Lenders (as defined in the Credit Agreement) and Citibank, N.A., as agent for the Lenders (the "Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

(the "Designor") and
(the "Designee") agree as follows:

1. The Designor hereby designates the Designee, and the Designee hereby accepts such designation, to have a right to make Competitive Bid Advances pursuant to Section 2.03 of the Credit Agreement.

2. The Designor makes no representation or warranty and assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto and (ii) the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.

3. The Designee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Designation Agreement; (ii) agrees that it will, independently and without reliance upon the Agent, the Designor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is a Designated Bidder; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

4. Following the execution of this Designation Agreement by the Designor and its Designee, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date for this Designation Agreement (the "Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on the signature page hereto.

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5. Upon such acceptance and recording by the Agent, as of the Effective Date, the Designee shall be a party to the Credit Agreement with a right to make Competitive Bid Advances as a Lender pursuant to Section 2.03 of the Credit Agreement and the rights and obligations of a Lender related thereto.

6. This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

7. This Designation Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken

together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Designation Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Designation Agreement.

IN WITNESS WHEREOF, the Designor and the Designee have caused this Designation Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

Effective Date(3):

-----, ----

[NAME OF DESIGNOR],
as Designor

By

Title:

[NAME OF DESIGNEE],
as Designee

By

Title:

Applicable Lending Office (and address for notices):

[Address]

Accepted this day

of ,

-----, as Agent

By

Title:

- (3) This date should be no earlier than five Business Days after the delivery of this Designation Agreement to the Agent.

EXHIBIT E - FORM OF CERTIFICATE
BY DTE ENERGY COMPANY

DTE ENERGY COMPANY
OFFICER'S CERTIFICATE

I, , [Insert title of Financial Officer (as defined in the Credit Agreement)] of DTE ENERGY COMPANY, a Michigan corporation (the "Parent"), DO HEREBY CERTIFY, in connection with a Borrowing on this date under the Third Amended and Restated Credit Agreement dated as of January 18, 2000 among DTE Capital Corporation, the Banks parties thereto, Citibank, N.A., as agent for said Banks (the "Credit Agreement", the terms defined therein being used herein as therein defined), that:

1. The Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

2. The execution, delivery and performance by the Parent of the Support Agreement, and the consummation of the transactions contemplated hereby and thereby, are within the Parent's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Parent's charter or by-laws or (ii) law or any contractual restriction binding on or affecting the Parent.

3. All governmental and third party consents and approvals necessary in connection with the transactions contemplated by the Support Agreement and the other Loan Documents to which the Parent is a party shall have been obtained (without the imposition of any conditions that are not acceptable to the Lenders) and shall remain in effect, and no law or regulation shall be applicable that restrains, prevents or imposes materially adverse conditions upon the Parent with respect to the transactions contemplated by the Loan Documents to which it is a party.

4. The Support Agreement has been, and each of the other Loan Documents to which the Parent is a party when delivered pursuant to the Credit Agreement will have been, duly executed and delivered by the Parent. The Support Agreement is, and each of the other Loan Documents to which it is a party when delivered hereunder will be, the legal, valid and binding obligation of the Parent enforceable against the Parent in accordance with their respective terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors rights generally.

5. The Consolidated balance sheet of the Parent and its Subsidiaries as at December 31, 1998, and the related Consolidated statements of income and cash flows of the Parent and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Deloitte & Touche LLP, independent public accountants, and the Consolidated balance sheet of the Parent and its Subsidiaries as at September 30, 1999 and the related Consolidated statements of income and cash flows of the Parent and its Subsidiaries for the nine months then ended, copies of which have been furnished to each Lender, attached hereto as Annex A are hereby duly certified by [Insert title of Financial Officer],

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as fairly presenting, subject in the case of said balance sheet as at September 30, 1999, and said statements of income and cash flows for the nine months then ended, to year-end audit adjustments, the Consolidated financial condition of the Parent and its Subsidiaries as at such dates and the Consolidated results of the operations of the Parent and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since December 31, 1998 there has been no Material Adverse Change with respect to the Parent.

IN WITNESS WHEREOF, I have signed this certificate this 18th day of January, 2000.

[Title:]

SIGNATURE PAGE TO CREDIT AGREEMENT

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EXHIBIT F - FORM OF
OPINION OF COUNSEL TO THE LOAN PARTIES

[Date]

To each of the Lenders parties
to the Third Amended and
Restated Credit Agreement
dated as of January 18, 2000
among DTE Capital Corporation,
said Lenders and Citibank, N.A.
as Agent, with Salomon Smith Barney
Inc. as Arranger

DTE Capital Corporation

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 3.01(h)(vii) of the Third Amended and Restated Credit Agreement, dated as of January 18, 2000 (the "CREDIT AGREEMENT"), among DTE Capital Corporation (the "BORROWER"), the Lenders parties thereto and Citibank, N.A., as Agent for said Lenders, with Salomon Smith Barney Inc. as Arranger. Terms defined in the Credit Agreement are used herein as therein defined.

I am General Counsel for each Loan Party, and have acted in that capacity in connection with the preparation, execution and delivery of the Loan Documents.

In that connection, I, in conjunction with the members of my staff, have examined:

- (1) Each Loan Document, executed by each of the parties thereto.
- (2) The other documents furnished by the Borrower pursuant to Article III of the Credit Agreement.
- (3) The Articles of Incorporation of each Loan Party and all amendments thereto (the "CHARTERS").
- (4) The By-Laws of each Loan Party and all amendments thereto (the "BY-LAWS").
- (5) Certificates from the State of Michigan attesting to the continued corporate existence and good standing of each Loan Party in that State.

To each of the Lenders parties
to the Third Amended and
Restated Credit Agreement
dated as of January 18, 2000
among DTE Capital Corporation,
said Lenders and Citibank, N.A.
as Agent, with Salomon Smith Barney
Inc. as Arranger

(6) Acknowledgment copies or stamped receipt copies of the UCC-1 financial statement filed by the Agent in connection with the Existing Credit Agreement and any amendments thereto (the "UCC FILINGS") under the Uniform Commercial Code as in effect the State of Michigan (the "UCC"), naming the Borrower as debtor and the Agent as secured party, which UCC Filings have been filed in the filing offices listed in Schedule 1 hereto.

I have also examined the originals, or copies certified to my satisfaction, of the documents listed in a certificate of a Financial Officer of each Loan Party, dated the date hereof (the "CERTIFICATES"), certifying that the documents listed in such certificate are all of the indentures, loan or credit agreements, leases, guarantees, mortgages, security agreements, bonds, notes and other agreements or instruments, and all of the orders, writs, judgments, awards, injunctions and decrees, that affect or purport to affect the Borrower's right to borrow money or any Loan Party's obligations under the Loan Documents to which it is party. In addition, I have examined the originals, copies certified to my satisfaction, of such other corporate records of each Loan Party, certificates of public officials and of officers of each Loan Party, and agreements, instruments and other documents, as we have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates of public officials. I have assumed the due execution and delivery, pursuant to due authorization, of the Credit Agreement by the Initial Lenders and the Agent.

My opinions expressed below are limited to the law of the State of Michigan and the federal law of the United States.

Based upon the foregoing and upon such investigation as I have deemed necessary, I am of the following opinion:

SECTION 2. Each Loan Party is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

SECTION 3. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is party, and the consummation of the transactions contemplated thereby, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Charters or the By-Laws of such Loan Party or (ii) any law, rule or regulation applicable to such Loan Party (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or (iii) any contractual or legal restriction contained in any document listed in the Certificates or, to the best of my knowledge (after due inquiry), contained in any other similar document.

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To each of the Lenders parties
to the Third Amended and
Restated Credit Agreement
dated as of January 18, 2000
among DTE Capital Corporation,
said Lenders and Citibank, N.A.
as Agent, with Salomon Smith Barney
Inc. as Arranger

SECTION 4. No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by the Loan Parties of the Loan Documents to which each is a party, and (ii) the grant by the Borrower of the security interest granted by it pursuant to the Assignment Agreement.

SECTION 5. Each Loan Document has been duly executed and delivered on behalf of each Loan Party thereto.

SECTION 6. Except as may have been disclosed to you in the SEC Reports, to the best of my knowledge (after due inquiry) there are no pending or overtly threatened actions or proceedings affecting any Loan Party or any of their Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect or (ii) purport to affect the legality, validity, binding effect or enforceability of any Loan Documents or the consummation of the transactions contemplated thereby.

SECTION 7. If, despite the provisions of Section 8.09 of the Credit Agreement, Section 17 of the Collateral Assignment Agreement and Section 10 of the Support Agreement wherein the parties thereto agree that the Loan Documents shall be governed by, and construed in accordance with, the laws of the State of New York, a court of the State of Michigan or a federal court sitting in the State of Michigan were to hold that the Loan Documents are governed by, and to be construed in accordance with the laws of the State of Michigan, the Loan Documents would be, under the laws of the State of Michigan, legal, valid and binding obligations of each Loan Party thereto enforceable against such Loan Party in accordance with their respective terms.

SECTION 8. The Collateral Assignment Agreement creates a valid first priority security interest in the Assigned Rights, securing the payment of the Obligations. The UCC Filings are in appropriate form and have been filed pursuant to the UCC, resulting in the perfection of such security interest in the Assigned Rights.

SECTION 9. Neither the Borrower nor any of its Subsidiaries is an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended; the Parent is an exempt holding company pursuant to the provisions of Rule 2 of the rules and regulations promulgated pursuant to the Public Utility Holding Company Act of 1935, as amended.

The opinions set forth above are subject to the following qualifications:

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To each of the Lenders parties
to the Third Amended and
Restated Credit Agreement
dated as of January 18, 2000
among DTE Capital Corporation,
said Lenders and Citibank, N.A.
as Agent, with Salomon Smith Barney
Inc. as Arranger

(a) Our opinion in paragraph 6 above as to enforceability is subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar law affecting creditors' rights generally.

(b) Our opinion in paragraph 6 above as to enforceability is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(c) We express no opinion as to participation and the effect of the law of any jurisdiction other than the State of Michigan wherein any Lender may be located or wherein enforcement of the Loan Documents may be sought

that limits the rates of interest legally chargeable or collectible.

Very truly yours,

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EXHIBIT G

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT (this "AGREEMENT"), dated as of _____, among (i) DTE CAPITAL CORPORATION, a Michigan corporation (in its capacity as assignor hereunder, the "ASSIGNOR"), (ii) DTE ENERGY COMPANY, a Michigan corporation (in its capacity as the assignee hereunder, the "ASSIGNEE"), (iii) CITIBANK, N.A., as agent (the "AGENT") for the Lenders from time to time party to the Credit Agreement referred to below, and (iv) the Lenders listed on the signature pages hereof.

PRELIMINARY STATEMENTS:

WHEREAS, the Assignor is a party to, and, as of the date hereof, the Borrower under and as defined in, that certain Third Amended and Restated Credit Agreement, dated as of January 18, 2000 (said Agreement, as amended hereby and as it may hereafter be amended or otherwise modified from time to time, being the "CREDIT AGREEMENT", the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Borrower, the Lenders named therein and Citibank, N.A., as Agent thereunder.

WHEREAS, in connection with the Credit Agreement, the Assignor has also executed and delivered Notes to the order of each Lender.

[WHEREAS, under the Section 2.18 of the Credit Agreement, the Assignee must execute a Guaranty or an Assignment and Assumption Agreement if it incurs any Debt not outstanding on the Effective Date.]

[WHEREAS, the Assignee desires to incur Debt not outstanding on the Effective Date and has chosen to enter into this Assignment and Assumption Agreement.]

[WHEREAS, under Section 5.02(b) of the Credit Agreement, the Parent must execute the Guaranty or the Assignment and Assumption Agreement if the Borrower merges or consolidates with or into any Person besides the Parent;]

WHEREAS, the Assignee desires to accept all of the Assignor's right, title and interest in and to, and assume all of the Assignor's obligations, covenants, agreements and liabilities under, the Credit Agreement and the Notes.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, effective on and as of the Transfer Date, the Assignor and the Assignee hereby agree with and for the benefit of the Agent and the Lenders, and the Agent on its own behalf and on behalf of the Lenders agrees with and for the benefit of the Assignor and Assignee, as follows:

SECTION 1. ASSIGNMENT AND ASSUMPTION.

(a) Effective on and as of _____, (such date and time being the "TRANSFER DATE"), the Assignor hereby sells, assigns and transfers to the Assignee, and the Assignee hereby accepts from the Assignor, all of the Assignor's right, title and interest in and to the Credit

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Agreement and the Notes.

(b) Effective on and as of the Transfer Date, subject to the terms and provisions hereof, the Assignee hereby unconditionally and irrevocably assumes all obligations, covenants and agreements to be performed by the Assignor under, and all liabilities of the Assignor arising under, out of or in connection with, the Credit Agreement and the Notes, and in furtherance of said assumption, the Assignee agrees that on and after the Transfer Date, it shall be bound in all respects by all of the grants, terms, covenants, representations, warranties and conditions of the Credit Agreement and the Notes, as if the Assignee were the original Borrower under and as defined in the Credit Agreement and the Notes, without further action required on the part of any party hereto or thereto. In addition, on and after the Transfer Date, subject to the terms and provisions hereof, the Assignee assumes, agrees to observe and perform, and promises to pay all obligations, duties and liabilities of the Assignor, now or hereafter existing, arising out of, under or in connection with, the Credit Agreement and the Notes (including, without limitation, the punctual payment when due of the principal, interest and fees owing thereunder from time to time), in each case as though the Assignee were the original Borrower under and as defined therein. Further, subject to the terms and provisions hereof, the Assignor hereby confirms and agrees that each of the Credit Agreement and the Notes is, and the Assignee hereby confirms and agrees that each of the Credit Agreement and the Notes shall on and after the Transfer Date continue to be, in full force and effect in accordance with its terms, and the Assignee hereby ratifies and confirms in all respects, effective on and as of the Transfer Date, each of the Credit Agreement and the Notes.

SECTION 2. REPRESENTATIONS AND WARRANTIES. The Assignor and the Assignee each represents and warrants that it has received copies of and has reviewed the Loan Documents. Effective on and as of the Transfer Date, the Assignee makes each of the representations and warranties of the Borrower set forth in the Credit Agreement all as if Assignee were the original Borrower under and as defined therein and had originally executed and delivered the Credit Agreement and the Notes, and confirms that each such representation and warranty is true and correct on and as of the Transfer Date, and that no Default has occurred and is continuing on and as of the Transfer Date.

SECTION 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ASSIGNEE. The Assignee represents and warrants, as of the date hereof, as follows:

(a) The Assignee is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

(b) The execution, delivery and performance by the Assignee of this Agreement are within the Assignee's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Assignee's charter or by-laws or (ii) any applicable law or any contractual restriction binding on or affecting the Assignee.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Assignee of this Agreement.

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(d) This Agreement has been duly executed and delivered by the Assignee and is a legal, valid and binding obligation of the Assignee enforceable against the Assignee in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors rights generally.

SECTION 4. REFERENCE TO AND EFFECT ON THE ASSIGNED AGREEMENTS. The Assignee further confirms and agrees that, effective on and as of the Transfer Date, each reference in each of the Credit Agreement and the Notes to the

"Borrower" or any like term shall be deemed to refer to the Assignee to the extent the context permits.

SECTION 5. EFFECT OF THE AGREEMENT. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, the Assignor shall remain fully liable to the Agent and the Lenders for any breach of the representations and warranties made by it in the Loan Documents on the date thereof or upon the date of each Borrowing.

SECTION 6. COSTS AND EXPENSES. The Assignee agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution, delivery, modification and amendment of this Agreement, and all costs and expenses, if any (including, without limitation, counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement. The Assignee also agrees to indemnify the Agent and each Lender from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent or any Lender (as the case may be) in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent or any Lender hereunder, except for such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Person seeking such indemnity.

SECTION 7. GOVERNING LAW, ETC. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to any conflicts of law principles, and shall be binding upon the Assignee, the Assignor and their respective successors and assigns; provided, that the parties hereto shall have no right to assign any rights, obligations or liabilities hereunder except in accordance with the terms of the Loan Documents.

SECTION 8. WAIVER OF JURY TRIAL. Each of the Assignor and the Assignee irrevocably waives hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the actions of the Assignor and the Assignee, as the case may be, in the negotiation, administration, performance or enforcement thereof.

SECTION 9. JURISDICTION, ETC.

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably

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and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 10. THIRD PARTY BENEFICIARIES. This Agreement is for the sole benefit of the Assignor, the Assignee, the Agent, the Lenders and their permitted successors and assigns and nothing herein, express or implied, is intended to or shall confer on any other Person any legal or equitable benefit or remedy under or by reason of this Agreement.

SECTION 11. NOTICES. All notices and other communications provided for hereunder shall be in writing (including telecopy transmission) and (except when particular means are specified) mailed, faxed or delivered, if to the Assignor or the Assignee, at its address at 200 Second Avenue, Detroit, MI 48226, Attention: Christopher C. Arvani, telecopy: 313-235-0170; and if to the Agent, at its address at _____, Attention: _____, telecopy: _____, with a copy to _____, _____, telecopy: _____; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed or telecopied, be effective when deposited in the mails or transmitted, respectively.

[Signatures on next page]

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IN WITNESS WHEREOF, the Assignor and the Assignee have each caused this Agreement to be duly executed and delivered by an officer thereunto duly authorized as of the date first above written.

DTE CAPITAL CORPORATION

By _____
Name:
Title:

DTE ENERGY COMPANY

By _____
Name:
Title:

ACCEPTED BY:

CITIBANK, N.A., as Agent

By _____
Name:
Title:

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EXHIBIT H

GUARANTY

GUARANTY, dated as of _____, 2000 (this "GUARANTY"), of DTE ENERGY COMPANY, a Michigan corporation (the "PARENT"), in favor of the Agent and the Lenders under the Credit Agreement referred to herein.

W I T N E S S E T H:

WHEREAS, the Parent is the direct owner of 100% of the outstanding common stock of DTE Capital Corporation, a Michigan corporation (the "BORROWER");

WHEREAS, the Borrower may make borrowings from the Lenders pursuant to that certain Third Amended and Restated Credit Agreement, dated as of January 18, 2000 (said Agreement, as it may hereafter be amended or otherwise modified from time to time, being the "CREDIT AGREEMENT", the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Borrower, the Lenders named therein and Citibank, N.A., as Agent thereunder;

[WHEREAS, under Section 2.18 of the Credit Agreement, the Parent must execute the Guaranty or the Assignment and Assumption Agreement if it incurs any Debt not outstanding on the Effective Date;]

[WHEREAS, the Parent desires both to incur Debt not outstanding on the Effective Date and to enable the Borrower to incur and maintain Debt under the Credit Agreement on more advantageous and reasonable terms;]

[WHEREAS, under Section 5.02(b) of the Credit Agreement, the Parent must execute the Guaranty or the Assignment and Assumption Agreement if the Borrower merges or consolidates with or into any Person besides the Parent;]

[WHEREAS, the Borrower desires to merge or consolidate with or into a Person besides the Parent, and Parent desires to enable the Borrower to incur and maintain Debt under the Credit Agreement on more advantageous and reasonable terms;]

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows for the benefit of the Agent and the Lenders:

SECTION 1. GUARANTY.

The Parent hereby unconditionally guarantees the punctual payment when due, without set off or counterclaim, whether at stated maturity, by acceleration or otherwise, of all obligations (whether payable at scheduled maturity, upon acceleration, as a mandatory prepayment or otherwise) of the Borrower now or hereafter existing under the Credit Agreement

and the Notes, whether for principal, interest, fees, expenses or otherwise (such obligations being the "OBLIGATIONS"), and agrees to pay any and all expenses (including counsel fees and expenses) incurred by the Agent and any Lender in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, the Parent's liability shall extend to all amounts that constitute part of the Obligations and would be owed by the Borrower to the

Agent and the Lenders under the Credit Agreement and the other documents entered into in connection therewith and (collectively, the "LOAN DOCUMENTS") but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower.

SECTION 2. GUARANTY ABSOLUTE.

The Parent guarantees that the Obligations will be paid strictly in accordance with the terms of the Credit Agreement and the other Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or the Lenders, as the case may be, with respect thereto. The obligations of the Parent under this Guaranty are independent of the Obligations, and a separate action or actions may be brought and prosecuted against the Parent to enforce this Guaranty, irrespective of whether any action is brought against the Borrower or whether the Borrower is joined in any such action or actions. The liability of the Parent under this Guaranty shall, to the fullest extent permitted by law, be absolute and unconditional irrespective of, and the Parent waives any defense based upon:

(i) any lack of validity or enforceability against the Borrower of the Credit Agreement, the other Loan Documents or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Credit Agreement or the other Loan Documents, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Borrower or any of its subsidiaries or otherwise;

(iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations;

(iv) any manner of application of collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of the Borrower or any of its subsidiaries;

(v) any change, restructuring or termination of the corporate structure or existence of the Borrower or any of its subsidiaries; or

(vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Borrower or a guarantor.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Agent or any Lender upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though such payment had not been made.

SECTION 3. WAIVER.

The Parent hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Guaranty and any requirement that the Agent or any Lender protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the Borrower or any other Person or any collateral.

SECTION 4. SUBROGATION.

The Parent will not exercise any rights which it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, until all the Obligations and all other amounts payable under this Guaranty shall have been paid in full and the Commitments shall have expired or terminated. If any amount shall be paid to the Parent on account of such subrogation rights at any time prior to the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, such amount shall be held in trust for the benefit of the Agent and the Lenders and shall forthwith be paid to the Agent to be credited and applied upon the Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement and the other Loan Documents or to be held by the Agent as collateral security for any Obligations thereafter existing. If (i) the Parent shall make payment to the Agent and the Lenders of all or any part of the Obligations, (ii) all the Obligations and all other amounts payable under this Guaranty shall be paid in full and (iii) the Commitments shall have expired or terminated, the Agent and the Lenders (as appropriate) will, at the Parent's request, execute and deliver to the Parent appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Parent of an interest in the Obligations resulting from such payment by the Parent.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE PARENT.

The Parent represents and warrants, as of the date hereof, as follows:

(a) The Parent is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

(b) The execution, delivery and performance by the Parent of this Guaranty are within the Parent's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Parent's charter or by-laws or (ii) law or any contractual restriction binding on or affecting the Parent.

(c) No authorization or approval or other action by, and no notice to or filing

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with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Parent of this Guaranty.

(d) This Guaranty has been duly executed and delivered by the Parent and is a legal, valid and binding obligation of the Parent enforceable against the Parent in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors rights generally.

(e) The 1998 Audited Statements and the 1999 Interim Statements, copies of each of which have been furnished to each Lender, fairly present, subject in the case of the 1999 Interim Statements, to year-end audit adjustments, the Consolidated financial condition of the relevant Person, as at such dates all in accordance with generally accepted accounting principles consistently applied. Since December 31, 1998, there has been no Material Adverse Change, except as shall have been disclosed in the SEC Reports.

(f) The Parent owns beneficially and of record, free and clear of all Liens, 100% of the common stock of the Borrower.

(g) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan.

(h) Schedule B (Actuarial Information) to the most recent

annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(i) Neither the Parent nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(j) Neither the Parent nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV or ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(k) Except as set forth in the financial statements referred to in this Section 5, the Parent and its Subsidiaries have no material liability with respect to "expected post retirement benefit obligations" within the meaning of Statement of Financial Accounting Standards No. 106.

(l) There is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Parent or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect (other than the Disclosed Litigation) or (ii) purports to affect the legality, validity or enforceability of this Guaranty, the Credit Agreement, any Note or any other Loan Document or the consummation of the transactions

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contemplated hereby or thereby and there has been no material adverse change in the status of any Disclosed Litigation, or its financial effect on any Loan Party or any of its Subsidiaries from that described in the SEC Reports.

(m) The operations and properties of the Parent and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws and Environmental Permits, all past non-compliance with such Environmental Laws and Environmental Permits has been resolved without ongoing obligations or costs except as disclosed in the SEC Reports, and no circumstances exist that could be reasonably likely to (i) form the basis of an Environmental Action against the Borrower or any of its Subsidiaries or any of their properties that could have a Material Adverse Effect or (ii) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law that could have a Material Adverse Effect.

(n) Neither the Parent nor any of its Subsidiaries is, or after the making of any Advance or the application of the proceeds or repayment thereof, or the consummation of any of the other transactions contemplated hereby, will be, an "investment company", or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company" (within the meaning of the Investment Company Act of 1940, as amended).

SECTION 6. AFFIRMATIVE COVENANTS OF THE PARENT.

So long as any amount in respect of any Note shall remain unpaid or any Lender shall have any Commitment, the Parent will or will cause the Borrower to, unless the Required Lenders shall otherwise consent in writing:

(a) CREDIT AGREEMENT. Cause the Borrower to perform and observe for the benefit of the Agent and the Lenders each and every covenant and agreement of the Borrower set forth in Article V of the Credit Agreement,

including but not limited to delivering to the Agent and the Lenders all financial statements and financial and other information required to be delivered pursuant to Section 5.01 of the Credit Agreement.

(b) COMPLIANCE WITH LAWS, ETC. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and Environmental Laws.

(c) PAYMENT OF TAXES, ETC. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(d) PERFORMANCE AND COMPLIANCE WITH OTHER AGREEMENTS. Perform and comply

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with, and with respect to the Borrower, cause the performance by and compliance with, each of the material provisions of each material indenture, credit agreement, contract or other agreement by which such Loan Party is bound, non-performance or non-compliance with which would have a material adverse effect upon such Loan Party's business or credit or, in the case of the Parent, materially and adversely affect its ability to perform its obligations hereunder except material contracts or other agreements being contested in good faith.

(e) PRESERVATION OF CORPORATE EXISTENCE. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Borrower may consummate any merger or consolidation permitted under Section 5.02(b) of the Credit Agreement and the Parent may consummate any merger or consolidation permitted under Section 7(c) of this Guaranty and provided further that a Subsidiary shall not be required to preserve its corporate existence or any right or franchise if the failure to preserve such corporate existence, right or franchise will not cause or result in a Material Adverse Change.

(f) MAINTENANCE OF INSURANCE. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties (including, without limitation, the operation and ownership of nuclear generating facilities) in the same general areas in which the Borrower or such Subsidiary operates.

(g) INSPECTION RIGHTS. At any reasonable time and from time to time, permit the Agent or any of the Lenders or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Parent and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Parent and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants.

(h) KEEPING OF BOOKS. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Parent and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(i) OWNERSHIP OF SUBSIDIARIES. Maintain at all times beneficial ownership, free and clear of all Liens, of 100% of the Voting Stock of the Borrower and DECO.

(j) FINANCIAL COVENANTS.

(i) Maintain a ratio of Consolidated EBITDA to cash interest payable on all Debt (excluding, (A) such Nonrecourse Debt of their own and of their Subsidiaries and Affiliates as would be listed as such in the financial statements of the Parent of the kind delivered pursuant to Section 5.01(h)(ii) and (iii) and (B) the Junior Subordinated Debentures) of not less than 2:1 for each period of four consecutive fiscal quarters ending on the last day of September, December, March and June of each year, or

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(ii) Maintain a ratio of Consolidated Debt (excluding, (A) such Nonrecourse Debt of their own and of their Subsidiaries as would be listed in the financial statements of the Parent and (B) the Junior Subordinated Debentures) to Capitalization of not greater than .65:1

(k) MAINTENANCE OF PROPERTIES, ETC. Subject to clause (e) above, maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(l) REPORTING REQUIREMENTS. Furnish, or cause the Borrower to furnish, to the Lenders:

(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Parent, Consolidated balance sheet of the Parent and its Consolidated Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Parent, a copy of the annual report to Shareholders for such year for the Parent and its Consolidated Subsidiaries, containing the Consolidated balance sheet of the Parent and its Consolidated Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Parent and its Subsidiaries for such fiscal year, in each case accompanied by (A) an opinion by Deloitte & Touche LLP or other independent public accountants acceptable to the Required Lenders and (B) the report by the Parent filed with the Securities and Exchange Commission on Form U-3A-2 for such fiscal year, containing the Consolidating balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidating statements of income and Consolidating statements of retained earnings of the Borrower and its Subsidiaries for such fiscal year, in each case, having been prepared in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01 of the Credit Agreement;

(iii) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, unaudited Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such quarter and unaudited Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, in each case duly certified (subject to year-end audit adjustments) by a Financial Officer of the Borrower as having been prepared in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01 of the Credit Agreement;

(iv) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an

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opinion by Deloitte & Touche LLP or other independent public accountants acceptable to the Required Lenders;

(v) as soon as possible and in any event within five days after the occurrence of each Default continuing on the date of such statement, a statement of a Financial Officer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(vi) promptly after the sending or filing thereof copies of all reports and registration statements that the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange;

(vii) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Borrower or any of its Subsidiaries of the type described in Section 4.01(f);

(viii) promptly upon becoming aware of any fact or circumstance affecting the Parent or any of its Subsidiaries that would at any time render the Borrower unable to make the representation and warranty contained in Section 4.01(q) on such date, a statement of a duly authorized officer of the Borrower setting forth the details of such fact or circumstance and what action the Parent or such Subsidiary, as the case may be, has taken and proposes to take with respect thereto; and

(ix) such other information respecting the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

SECTION 7. NEGATIVE COVENANTS OF THE PARENT.

So long as any amount in respect of any Note shall remain unpaid, any Lender shall have any Commitment, the Parent will not and will not cause the Borrower to, unless the Required Lenders shall otherwise consent in writing:

(a) LIENS, ETC. Create or suffer to exist, or permit any Significant Subsidiary to create or suffer to exist, any Lien on or with respect to any shares of any class of equity securities (including, without limitation, Voting Stock) of any Significant Subsidiary, whether such shares are now owned or hereafter acquired.

(b) DEBT. Create, incur, assume or suffer to exist any Debt except Debt that is expressly or effectively pari passu with or expressly subordinated to the Debt of the Parent hereunder.

(c) MERGERS, ETC. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any Significant Subsidiary to do so, except that (i) any Significant Subsidiary may merge or consolidate with or into any other Significant Subsidiary, (ii) any Significant Subsidiary may

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merge into or dispose of assets to the Parent, and (iii) the Parent may merge or consolidate with or into any other Person if the surviving entity has senior unsecured Debt outstanding rated at least BBB- by S&P and Baa3 by Moody's; provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(d) CHANGE IN NATURE OF BUSINESS. Make, or permit any Significant Subsidiary to make, any material change in the nature of its business as carried on January 18, 2000 other than as disclosed in the SEC Reports.

(e) ACCOUNTING CHANGES. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles.

SECTION 8. WAIVERS.

(a) The Parent hereby waives any failure or delay on the part of the Borrower in asserting or enforcing any of its rights or in making any claims or demands hereunder. The Borrower, the Agent or any Lender may at any time, without the Parent's consent, without notice to the Parent and without affecting or impairing the Borrower's, the Agent's or such Lender's rights or the Parent's obligations hereunder, do any of the following with respect to any Loan Document to which it is a party: (i) make changes, modifications, amendments or alterations thereto, by operation of law or otherwise, including, without limitation (in the case of the Credit Agreement and the Notes), any increase in the Commitments or the rate of interest payable with respect to Advances or any change in the method of calculating the rate of interest payable with respect thereto, (ii) grant renewals and extensions of time, for payment or otherwise, (iii) accept new or additional documents, instruments or agreements relating to or in substitution thereof, or (iv) otherwise handle the enforcement of their respective rights and remedies in accordance with their business judgment.

(b) If the Parent shall at any time or from time to time fail to perform or comply with any of its obligations contained herein and if for any reason the Agent or any Lender shall have failed to receive when due and payable (whether at stated maturity, by acceleration, or otherwise) the payment of all or any part of principal of, or interest on, or any other amount payable by the Borrower in respect of any Obligations owing to the Agent or such Lender (as the case may be), then in each case, to the fullest extent permitted by law, (i) it shall be assumed conclusively without necessity of proof that such failure by the Parent was the sole and direct cause of the Agent's or such Lender's (as the case may be) failure to receive such payment when due irrespective of any other contributing or intervening cause whatsoever, and (ii) the Parent further irrevocably waives any right or defense that the Parent may have to cause the Agent or any Lender (as the case may be) to prove the cause or amount of any damages or to mitigate the same.

(c) The Parent irrevocably waives, to the fullest extent permitted by law and for the benefit of, and as a separate undertaking with, the Agent and each Lender, any defense to the performance of this Guaranty that may be available to the Parent as a consequence of this Guaranty's being rejected or otherwise not assumed by the Borrower or any trustee or similar

official for the Borrower or for any substantial part of the property of the Borrower, or as a consequence of this Guaranty's being otherwise terminated or modified, in any bankruptcy or insolvency proceeding, whether such rejection, non-assumption, termination or modification shall have been by reason of this Guaranty's being held to be an executory contract or by reason of any other circumstance. If, notwithstanding the foregoing, this Guaranty shall be rejected

or otherwise not assumed, or terminated or modified, the Parent agrees, to the fullest extent permitted by law, for the benefit of, and as a separate undertaking with, the Agent and each Lender, that the Parent will be unconditionally liable to pay to the Agent and each Lender (as the case may be) an amount equal to each payment that would otherwise be payable by the Parent under or in connection with this Guaranty if this Guaranty were not so rejected or otherwise not assumed or terminated or modified.

SECTION 9. AMENDMENTS, ETC.

No amendment or waiver of any provision of this Guaranty, nor consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the Parent and consented to by the Required Lenders.

SECTION 10. NOTICES.

All notices and other communications provided for hereunder shall be in writing (including telecopy transmission) and (except when particular means are specified) mailed, faxed or delivered, if to the Parent or the Borrower, at its address at 200 Second Avenue, Detroit, MI 48226, Attention: Christopher C. Arvani, telecopy: 313-235-0170; if to any Lender, at its Domestic Lending Office specified opposite its name on Schedule I to the Credit Agreement; if to any Lender not a Lender on the date hereof, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at _____, Attention: _____, telecopy: _____, with a copy to _____, telecopy: _____; or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed or telecopied, be effective when deposited in the mails or transmitted, respectively.

SECTION 11. COSTS, EXPENSES AND TAXES.

(a) The Parent agrees to pay on demand all reasonable costs and reasonable expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Guaranty and the other documents to be delivered hereunder and thereunder, including, without limitation, the reasonable fees and reasonable expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under the Guaranty. The Parent further agrees to pay on demand all costs and expenses of the Agent and the Lenders, if any (including, without limitation, internal and external counsel fees and expenses, provided such fees and expenses are not duplicative), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Guaranty and the other documents to be delivered hereunder, including, without

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limitation, fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 11(a).

(b) The Parent agrees to indemnify, to the extent legally permissible, and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "INDEMNIFIED PARTY") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with the Guaranty or any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. The Parent

also agrees not to assert any claim against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Guaranty any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) Any and all payments made by the Parent hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of the Agent and each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which the Agent or such Lender (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender's Applicable Lending Office or political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payment hereunder being hereinafter referred to as "TAXES"). If the Parent shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under the Notes to the Agent or any Lender, (A) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this subsection (b)) the Agent or such Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (B) the Parent shall make such deductions and (C) the Parent shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(d) In addition, the Parent agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, performing under or otherwise with respect to, this Guaranty (hereinafter referred to as "OTHER TAXES").

(e) The Parent shall indemnify each Lender and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any taxes imposed by any jurisdiction on

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amounts payable under this Section 11) imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Beneficiary makes written demand therefor.

(f) Within 30 days after the date of any payment of Taxes, the Parent will furnish to the Agent, at its address referred to in Section 10 hereof, the original or a certified copy of a receipt evidencing payment thereof. In the case of any payment hereunder by or on behalf of the Parent through an account or branch outside the United States or by or on behalf of the Parent by a payor that is not a United States person, if the Parent determines that no Taxes are payable in respect thereof, the Parent shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(g) Without prejudice to the survival of any other agreement of the Parent hereunder, the agreements and obligations of the Parent contained in this Section 11 shall survive the payment in full of the Obligations.

SECTION 12. CONTINUING GUARANTY; ASSIGNMENT UNDER CREDIT AGREEMENT.

This Guaranty is a continuing guaranty and shall (i) remain in full

force and effect, until the later of (x) the payment in full of the Obligations and all other amounts payable under this Guaranty and (y) the expiration or termination of the Commitments, (ii) be binding upon the Parent, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Agent and the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement in accordance with Section 8.07 of the Credit Agreement and the transferee shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject, however, to the provisions of Article VII (concerning the Agent) of the Credit Agreement.

SECTION 13 GOVERNING LAW.

This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 14. REMEDIES.

The remedies herein provided shall be cumulative and non-exclusive and shall be in addition to any other rights and remedies the Agent or the Lenders may have under this Guaranty.

SECTION 15. WAIVER OF JURY TRIAL.

The Parent irrevocably waives hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of

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or relating to this Guaranty the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

SECTION 16. JURISDICTION, ETC.

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Guaranty in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

[Signatures on next page]

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IN WITNESS WHEREOF, the parties hereto have caused this Guaranty to be
duly executed as of the day and year first above written.

DTE ENERGY COMPANY

By

Name:

Title:

ACKNOWLEDGED AND ACCEPTED:

CITIBANK, N.A., as Agent

By

Name:

Title:

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SCHEDULE I

OUTSTANDING DEBT DOCUMENTS