

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

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FILER

SOUTHEASTERN MICHIGAN GAS ENTERPRISES INC

CIK: **277158** | IRS No.: **382144267** | State of Incorpor.: **MI** | Fiscal Year End: **1231**
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SIC: **4924** Natural gas distribution

Mailing Address
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PORT HURON MI 48060

Business Address
405 WATER ST
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8109872200

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF
THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)

Filed by the registrant /X/

Filed by a party other than the registrant / /

Check the appropriate box:

/ / Preliminary proxy statement

/X/ Definitive proxy statement

/ / Definitive additional materials

/ / Soliciting material pursuant to Section 240.14a-11(c) or Section
240.14a-12

SOUTHEASTERN MICHIGAN GAS ENTERPRISES, INC.
(Name of registrant as specified in its charter)

LAWRENCE J. GAGNON
(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):

/X/ \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or
14a-6(j)(2).

/ / \$500 per each party to the controversy pursuant to Exchange Act Rule
14a-6(i)(3).

/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and
0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11: 1
- (4) Proposed maximum aggregate value of transaction:

1 Set forth the amount on which the filing fee is calculated and state how it
was determined.

/ / Check box if any part of the fee is offset as provided by Exchange Act
Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid
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the form or schedule and the date of its filing.

- (1) Amount previously paid:
- (2) Form, schedule or registration statement no.:
- (3) Filing party:
- (4) Date filed:

[LETTERHEAD]

March 21, 1994

TO OUR COMMON SHAREHOLDERS:

Here are your Proxy, Proxy Statement, Notice of Annual Meeting and Annual
Report.

You are cordially invited to attend the Annual Shareholders Meeting on
April 19, 1994, at 2:00 p.m. at the McMorran Auditorium, 701 McMorran Boulevard,
Port Huron, Michigan (see map on back). The Proxy Statement and Notice of Annual
Meeting describe the formal matters to be acted upon at the meeting. In
addition, we will discuss current matters concerning the Company and review the
Company's operation during the past year. Light refreshments will be served
after the meeting.

We feel that representation of your shares at the meeting is very important
and urge you to date, SIGN AND RETURN THE ENCLOSED PROXY CARD PROMPTLY in the
envelope furnished, whether or not you plan to attend the meeting. If you do

attend the meeting, you may, if you wish, withdraw your Proxy and vote in person.

I hope you will find it possible to attend the meeting.

Sincerely,

[SIG.]

Ward N. Kirby, President and C.E.O.

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[LETTERHEAD]
NOTICE OF ANNUAL MEETING OF COMMON SHAREHOLDERS
TO BE HELD ON APRIL 19, 1994

To the Common Shareholders of

SOUTHEASTERN MICHIGAN GAS ENTERPRISES, INC.

NOTICE IS HEREBY GIVEN pursuant to call by the Board of Directors of the Company in accordance with the laws of Michigan that the Annual Meeting of Shareholders of Southeastern Michigan Gas Enterprises, Inc. (the Company) will be held at the McMorran Auditorium, 701 McMorran Boulevard, Port Huron, Michigan, on Tuesday, April 19, 1994 at 2:00 p.m., for the following purposes:

I. To elect four members to the Board of Directors.

II. To transact such other business as may properly come before the meeting or any adjournment thereof.

Common Shareholders of record at the close of business on February 21, 1994, will be entitled to notice of and to vote at the meeting or at any adjournment thereof.

Whether or not you expect to attend the meeting, please sign, date and return the accompanying proxy in the enclosed envelope, which requires no postage if mailed in the United States. If you should attend, you may vote in person, if you wish, whether or not you have sent in your proxy.

By order of the Board of Directors

[SIG.]

Lawrence J. Gagnon, Secretary

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[LETTERHEAD]
PROXY STATEMENT

The enclosed proxy, mailed on or about March 21, 1994, is solicited on behalf of the Board of Directors of Southeastern Michigan Gas Enterprises, Inc. (the Company) for use at the Annual Meeting of the Shareholders of the Company on Tuesday, April 19, 1994, at 2:00 p.m., and any adjournments thereof.

A Shareholder giving the enclosed proxy (or his authorized representative) may revoke it any time before it is exercised by executing a subsequent proxy, or by oral or written notice to the Company or by voting in person at the meeting.

The Company will bear the cost of management soliciting proxies, including charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of stock. In addition to mailings, proxies may be solicited by personal interview, telephone or telegraph by certain of the Company's employees without compensation. The Company may also retain and compensate one or more outside organizations to assist in soliciting proxies.

A copy of the Company's 1993 Annual Report is enclosed.

STOCK OUTSTANDING, VOTING RIGHTS AND VOTES REQUIRED

Only Common Shareholders of record on the Company's stock transfer books at the close of business on February 21, 1994 (the record date) will be entitled to vote at the meeting.

The Company had approximately 10,491,000 shares of Common Stock, \$1 Par Value (Common Shares), outstanding on the record date. A majority of the Common Shares entitled to vote constitutes a quorum.

Common Shareholders are entitled to cumulative voting for directors. Each Common Shareholder may cast a number of votes equal to the number of shares held on the record date multiplied by the number of directors to be elected. The shareholder may cast all votes for a single director or distribute them among

the directors to be voted for, as the shareholder sees fit.

To the Company's knowledge, only the following persons own beneficially more than 5% of the common stock as of the record date:

<TABLE>

<CAPTION>

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENT OF CLASS
<S> Common Stock, \$1 Par Value	<C> Southeastern Michigan Gas Enterprises, Inc. Employee Stock Ownership Trust 405 Water Street Port Huron, Michigan 48060	<C> 806,123*	<C> 7.7%

</TABLE>

(*) The Company's Employee Stock Ownership Trust (ESOT) has the following trustees: Ward N. Kirby, George T. Ferris, Robert F. Caldwell, D. Kent Herzer and Agnes M. Myron. The shares held by the ESOT will be voted by the individual participant to the extent such shares are allocated to the participant's account. The Trustees have the power to sell shares in the ESOT and can vote unallocated shares (approximately 7,980 shares).

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Management's security ownership as of the record date is:

<TABLE>

<CAPTION>

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENT OF CLASS
<S> Common Stock, \$1 Par Value	<C> Directors and Nominees -- Frank G. Andreoni Daniel A. Burkhardt Robert F. Caldwell George T. Ferris John T. Ferris (3) Michael O. Frazer Ward N. Kirby Harvey I. Klein William March Edith A. Stotler Robert J. Thomson John W. Wirtz All directors and officers as a group	<C> 14,304 500 11,918 (2) 220,167 14,447 4,791 6,263 (2) 403 1,992 781 83,957 11,508 378,185 (2)	<C> * * * 2.1 * * * * * * * * * 3.6
Cumulative Preferred Stock of Subsidiary -- Southeastern Michigan Gas Company	Robert F. Caldwell Ward N. Kirby All directors and officers as a group	43 32 75	* * *

</TABLE>

* Less than one percent.

(1) Each of the identified beneficial owners has sole voting and investment power as to all of the shares shown with the exception of those held by certain officers and directors jointly with their spouses or directly by their spouses, minor children, or certain other relatives, and with the exceptions described in (2) below. None of the shares shown is a share as to which the person shown as the beneficial owner has the right to acquire beneficial ownership in the future.

(2) Inclusive of the individual's beneficial interest in shares held by ESOT as follows:

<TABLE>

<CAPTION>

NAME	COMMON SHARES HELD BY ESOT
<S> Ward N. Kirby.....	<C> 3,348
Robert F. Caldwell.....	7,326

</TABLE>

Such persons may vote their shares held by ESOT. Such persons have no investment power as to the shares held by the ESOT except for certain limited rights of diversification required to be granted under the Internal Revenue Code.

- (3) Mr. John T. Ferris is the son of George T. Ferris, who retires as a director effective April 19, 1994.

RESPECTING THE ELECTION OF DIRECTORS

The Company's Articles of Incorporation provide for three classes of directors. The term of office of each class is three years and the term of one class expires each year. The Company's Bylaws provide for a Board of Directors with eleven members. The classes will be comprised of as nearly equal a number of directors as possible. Therefore, approximately one-third of the Board of Directors will be elected at each Annual Meeting of Shareholders. In case of a vacancy in the Board of Directors, the remaining Directors, by a majority vote, could elect a successor to serve until the next election of the class for which the director was chosen.

Four directors are to be elected at this Annual Meeting, each to hold office for a term of three years or until his successor shall have been fully elected and qualified. It is the intention of the persons named in the

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enclosed Form of Proxy, unless otherwise instructed by the shareholder, to vote for the election of the persons listed below.

John T. Ferris
Michael O. Frazer
Edith A. Stotler
Robert J. Thomson

Management does not contemplate that any nominee will become unavailable for any reason. Should that occur before the meeting, however, proxies will be voted for another person selected by management.

The persons named in the enclosed proxy form also reserve the right to vote the proxies cumulatively and for less than all of management's nominees, but do not intend to do so unless other nominees are nominated at the meeting. In any case, the proxies will not vote for any nominees other than those named, unless a nominee becomes unavailable as described above.

INFORMATION ABOUT DIRECTORS AND EXECUTIVE OFFICERS

<TABLE>

<CAPTION>

NAME, POSITION WITH THE COMPANY* AND BUSINESS EXPERIENCE DURING PAST FIVE YEARS	AGE	DIRECTOR SINCE*
<S>	<C>	<C>
NOMINEES		
John T. Ferris..... Senior Partner in law firm of Ferris & Schwedler, P.C. in Bad Axe, Michigan, former prosecutor for Huron County, Michigan.	43	--
Michael O. Frazer..... Director of the Company; Attorney.	55	1986
Edith A. Stotler..... Director of the Company; Partner, Stotler Grain Company; President, Homer Grain Company since 1990; Vice President and Director, Utilities Group, Canadian Imperial Bank of Commerce, Inc., Chicago, Illinois from December 1988 to February 1990 and Assistant General Manager -- Utilities Group prior thereto.	47	1987
Robert J. Thomson..... Chairman of the Board of Directors of the Company; Retired as President of the Company in April 1993.	66	1964
OTHER DIRECTORS (TERMS EXPIRING 1995)		
Robert F. Caldwell..... Director of the Company; Executive Vice President of the Company since April 1993, Senior Vice President of the Company from April 1991 to April 1993, Vice President from February 1989 to April 1991, Secretary from January 1985 to February 1991, Treasurer from January 1985 to February 1989.	38	1992
Ward N. Kirby..... Director of the Company; President of the Company since April 1993, Executive Vice President of the Company from April 1991 to April 1993, Vice President from February 1989 to April 1991, President of Southeastern Michigan Gas Company from April 1986 to February 1989.	54	1992
John W. Wirtz..... Director of the Company; Chairman and C.O.O. since 1991 and prior thereto President and C.E.O. of Wirtz Manufacturing Co., Inc. at Port Huron, Michigan, a manufacturer of battery equipment and rubber molds.	68	1979
OTHER DIRECTORS (TERMS EXPIRING 1996)		
Frank G. Andreoni..... Director of the Company; Port Huron City President of Michigan National Bank.	64	1978

Daniel A. Burkhardt.....	46	1993
Associated with Edward D. Jones & Co., a securities brokerage firm, since 1978; Principal in Investment Banking Department of Jones; Member of Jones' Investment Policy Committee; Director of: Essex County Gas Co., Galaxy Cablevision Management, Dial Real Estate Investment Trust and St. Joseph Light & Power Co.		
Harvey I. Klein.....	54	1993
Employed by Ford Motor Company since 1962 in positions of increasing responsibility including most recently Manager of Ford's Advanced Vehicle and Safety Planning Department, which includes Ford's Alternative Fuels Engineering and Planning Department.		
William March.....	68	1990
Director of the Company; President of Peninsular Gas Company, a gas utility serving a portion of the upper peninsula of Michigan.		

</TABLE>

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(*) Includes time prior to 1977 as director of subsidiary and predecessor company, Southeastern Michigan Gas Company. Other than Messrs. Thomson, Kirby and Caldwell, each director's and nominee's principal employment is and has been with a company which is not affiliated with the Company.

OTHER EXECUTIVE OFFICERS

Marcia M. Chmielewski (age 35) was elected Treasurer and Assistant Secretary of the Company on August 20, 1992. She served as Assistant Secretary-Assistant Treasurer since October 18, 1990, and has been with the Company in other capacities since 1986.

Lawrence J. Gagnon (age 47) was elected Secretary and General Counsel of the Company effective February 1, 1991. Prior thereto he was a partner in the law firm of Loomis, Ewert, Ederer, Parsley, Davis and Gotting and acted as outside counsel to the Company since 1977.

Gary E. Olmstead (age 37) was elected Director, Audit and Corporate Services of the Company on August 20, 1992. He served as Treasurer and Assistant Secretary since February 22, 1989, and as Assistant Secretary-Assistant Treasurer since January 1, 1988, and has been with the Company and Southeastern Michigan Gas Company in other capacities since 1981.

The term of each executive officer expires April 19, 1994, or when a successor is elected and qualified.

CERTAIN BUSINESS RELATIONSHIPS OF DIRECTORS

In January 1994 the Company issued 747,500 shares of Common Stock in a public offering. Edward D. Jones & Co. acted as one member of the selling group for this offering and sold 75,000 of these shares. Mr. Burkhardt is a Principal of Jones' Investment Banking Department and a member of Jones' Investment Policy Committee.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company's Audit Committee members are Frank G. Andreoni, Chairman, George T. Ferris, Michael O. Frazer and Harvey I. Klein. The committee held 3 formal meetings in 1993. The Audit Committee's functions are primarily to review with the independent public accountants and the Company's internal auditors their respective reports and audit findings and the scopes and plans of their future audit programs and to meet with the officers of the Company and separately with the independent public accountants and with the internal auditors to review annual financial statements, accounting and financial controls and compliance with appropriate codes of conduct. The committee also recommends to the Board the independent public accountants.

The Company's Executive Compensation Committee members are John W. Wirtz, Chairman, Frank G. Andreoni, William March and Edith A. Stotler. The committee held 6 formal meetings in 1993. The Executive Compensation Committee, after review and analysis of available data, recommends compensation of Executive Officers and Directors to the Board of Directors.

The Company's Nominating Committee members are Edith A. Stotler, Chairman, Daniel A. Burkhardt and John W. Wirtz. The committee held 3 meetings in 1993. The functions of the Nominating Committee are to recommend to the Board: directors to serve as chairmen and members of the Board committees, candidates to serve as trustees of employee benefit plan trusts, candidates to fill Board vacancies, the slate of director candidates for shareholder approval, personal qualifications criteria for Board membership and general criteria regarding Board committee composition. Recommendations by shareholders of candidates for Board membership will be considered by the Nominating Committee. Such recommendations should be sent to the Nominating Committee of the Board of Directors at 405 Water Street, Port Huron, Michigan 48060.

The Board of Directors held 7 meetings during 1993. Each director attended 75% or more of the total meetings of the board and the committees on which each

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

SUMMARY COMPENSATION TABLE

Only the following four executive officers of the Company had salary and bonus exceeding \$100,000 in 1993.

<TABLE>

<CAPTION>

NAME AND PRINCIPAL POSITION	YEAR	SALARY (1)	BONUS (2)	OTHER ANNUAL COMPENSATION (3)	ALL OTHER COMPENSATION (4)
<S>	<C>	<C>	<C>	<C>	<C>
Ward N. Kirby, President and CEO.....	1993	\$ 192,400	\$ 64,251	\$ 2,590	\$ 8,912
	1992	\$ 181,000	\$ 46,527	\$ 2,590	\$ 8,580
	1991	\$ 146,500	\$ 47,484	\$ 2,590	\$ 7,196
Robert J. Thomson, Retired President and CEO.....	1993	\$ 120,400	\$ 35,011	\$ 0	\$ 7,638
	1992	\$ 292,600	\$ 93,547	\$ 7,740	\$ 8,841
	1991	\$ 276,000	\$ 106,966	\$ 7,740	\$ 8,520
Robert F. Caldwell, Executive Vice President and COO.....	1993	\$ 167,800	\$ 53,483	\$ 1,008	\$ 7,990
	1992	\$ 158,000	\$ 38,071	\$ 1,008	\$ 7,694
	1991	\$ 131,250	\$ 39,950	\$ 1,008	\$ 6,535
Lawrence J. Gagnon, Vice President, Secretary and General Counsel.....	1993	\$ 117,600	\$ 39,778	\$ 1,841	\$ 5,353
	1992	\$ 111,000	\$ 20,610	\$ 1,841	\$ 5,234
	1991	\$ 91,700	\$ 25,409	\$ 1,841	\$ 2,736

</TABLE>

- (1) Actual salary earned during the year. Messrs. Kirby, Caldwell and Gagnon received base salary increases when promoted to their present positions as President, Executive Vice President and Vice President, respectively, on April 20, 1993. Mr. Gagnon began employment on February 1, 1991.
- (2) Cash incentive earned during the year pursuant to the Company's incentive plan then in effect and bonus paid to reimburse the premium cost of a \$250,000 whole life insurance policy.
- (3) Amount paid to reimburse the executive for taxes relating to the bonus for life insurance discussed in the preceding note.
- (4) Portion of the Company's contribution to the Employee Stock Ownership Trust which is applicable to the executive plus the cost to the Company of maintaining a term life insurance policy on the life of the executive.

EMPLOYMENT CONTRACTS

Each of the above executive officers (except Mr. Thomson) is a party to an employment agreement with the Company. Each employment agreement provides for a lump sum payment to the executive officer if the Company terminates the executive's employment other than for "cause" or if the executive resigns due to a required relocation of personal residence or a reduction in base salary. "Cause" is limited to certain intentional misconduct. The lump sum payment will equal the executive's present salary for the remainder of the term of the agreement, provided that not less than six nor more than twelve months salary shall be paid. The Company also agrees to continue insurance, medical, dental and similar benefit plans for the term of the agreement. Certain other limitations apply. In addition, the agreements give each officer the right to resign in case of a change of control and receive severance compensation equal to 2.99 times his average annual compensation over the last five years.

PENSION PLAN

The Company retirement plan is a non-contributory plan. Substantially all employees are eligible to participate. All above-named executive officers participate. The plan covers base salary excluding overtime, bonuses, etc., and is based on three years average salary.

Under the retirement plan, at normal retirement (age 65) a member will receive an annual retirement income equal to 1.5% of his highest average earnings over a three-year period multiplied by years of credited service prior to November 1, 1970 and 1.75% of such average earnings multiplied by years of credited service after October 31, 1970. As of January 1, 1994, Messrs. Kirby, Caldwell and Gagnon had 19, 14 and 3 years of credited service, respectively. Mr. Thomson retired in 1993 with 34 years of service. The following table is meant to illustrate the level of annual retirement incomes available under the plan at normal retirement age,

based on the accrual rate for years of service after October 31, 1970 and the highest three year average annual remuneration.

<TABLE>
<CAPTION>

ANNUAL REMUNERATION	YEARS OF CREDITED SERVICE						
	5	10	15	20	25	30	35
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
90,000	7,875	15,750	23,625	31,500	39,375	47,250	55,125
120,000	10,500	21,000	31,500	42,000	52,500	63,000	73,500
150,000	13,125	26,250	39,375	52,500	65,625	78,750	91,875
180,000	15,750	31,500	47,250	63,000	78,750	94,500	110,250
210,000	18,375	36,750	55,125	73,500	91,875	110,250	128,625
270,000	23,625	47,250	70,875	94,500	118,125	141,750	165,375
300,000	26,250	52,500	78,750	105,000	131,250	157,500	183,750

<CAPTION>

ANNUAL REMUNERATION	40
<S>	<C>
90,000	63,000
120,000	84,000
150,000	105,000
180,000	126,000
210,000	147,000
270,000	189,000
300,000	210,000

</TABLE>

Employees who are directors receive no additional compensation for service as directors. All other directors were paid \$1,000 per month and \$550 for each directors' meeting attended in 1993 except that the chairman of the board was paid \$2,000 per month and \$750 per meeting attended after retiring as an employee. Non-employee directors received \$550 for each committee meeting attended except that committee chairmen were paid \$750. Non-employee directors also receive \$3,000 per year in the form of deferred compensation.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As previously mentioned, Ms. Stotler and Messrs. Wirtz, March and Andreoni are members of the Executive Compensation Committee. The Company from time to time makes short-term and long-term borrowings from Michigan National Bank, of which Mr. Andreoni is Port Huron City President. During 1993, the maximum amount of such indebtedness at any one time outstanding was \$35,000,000 at an interest rate of approximately 4.0% per annum which was used for working capital for the Company and its subsidiaries. Such borrowings were at rates considered to be competitive and were on terms and conditions similar to other like loans made by such bank. At December 31, 1993 the outstanding indebtedness to such bank was \$17,650,000.

Prior to his retirement as Chief Executive Officer in April 1993, Mr. Thomson served as a member of the Executive Compensation Committee. While Mr. Thomson was allowed to participate in most Executive Compensation Committee discussions, he could not vote on any matters before that Committee.

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933, or the Securities Exchange Act of 1934, the following report and the Performance Graph shall not be deemed to be incorporated by reference into any such filings except to the extent that they are specifically incorporated.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Executive Compensation Committee (ECC) is responsible for recommending to the full Board the pay rates of the executive officers. The ECC is composed of four non-employee directors. The ECC has adopted a strategy to adjust all compensation elements for an executive to reflect an average of compensation packages for executives with similar experience, responsibilities and authority in other companies. The elements of compensation include base salary, benefits, perquisites and incentive. An independent consulting firm was employed by the ECC to assist in developing and implementing this strategy and in developing an incentive plan. This plan is meant to provide an executive with an opportunity for above-average total compensation but only if his performance is above average and the corporate income targets, which also reward the shareholder, are achieved. This plan replaces the executive incentive plan which was in effect through 1991. The incentive plan for 1993 provided for cash bonuses to the Company's executives based on the degree of achievement of the Company's income target for 1993 which was established by the Board of Directors and the executive's individual performance which is monitored by the ECC. All the incentive awards for 1993 are included in the above compensation table in the "Bonus" column. The 1993 base salary amounts were determined by the

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ECC after consultation with an outside consulting firm. Mr. Kirby's base salary was increased by 4% effective April 1993 when he was promoted to President.

EXECUTIVE COMPENSATION COMMITTEE

John W. Wirtz, Chair
 Frank G. Andreoni
 William March
 Edith A. Stotler

PERFORMANCE GRAPH

The following graph compares cumulative total returns (assuming reinvestment of dividends). The stock price performance shown on the graph below is not necessarily indicative of future price performance.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
 AMONG SOUTHEASTERN MICHIGAN GAS ENTERPRISES, INC.,
 S&P 500 INDEX AND
 EDWARD D. JONES & CO. NATURAL GAS DISTRIBUTION COMPANY INDEX

<TABLE>
 <CAPTION>

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	SOUTHEASTERN MICHIGAN GAS ENTERPRISES	EDJ UTILITIES WEIGHTED	S&P 500 INDEX
<S>	<C>	<C>	<C>
1988	100	100	100
1989	124	134	132
1990	100	133	128
1991	120	161	166
1992	165	195	179
1993	215	227	197

</TABLE>

INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen & Co. have been the auditors for the Company and Southeastern Michigan Gas Company for over thirty (30) years and have been appointed by the Board of Directors to continue in that capacity during 1994. A member of Arthur Andersen & Co. will be available at the Shareholders Meeting to make a statement if he so desires and to answer appropriate questions.

SHAREHOLDER PROPOSALS

A proposal to be included in the proxy statement or form of proxy for the Company's next annual meeting of shareholders must be received at the Company's principal executive office not later than November 18, 1994.

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OTHER BUSINESS

The management of the Company knows of no matters other than those above stated which are to be brought before the meeting. However, if any other such matters should be presented for action, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such matters.

It is important that proxies be returned promptly to avoid unnecessary expenses. Therefore, all Common Shareholders (even those planning to attend the meeting) are urged, regardless of the number of shares of stock owned, to sign, date and return the enclosed proxy in the business-reply envelope, also enclosed. Shareholders attending in person may withdraw their proxies and vote in person.

By order of the Board of Directors

[SIG.]
 Lawrence J. Gagnon, Secretary

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[MAP]

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