



## **REPORT OF THE CORPORATE AFFAIRS COMMITTEE**

The Corporate Affairs Committee is primarily responsible for ensuring the discharge of the Board's duties relating to the Company's policies, practices and procedures as a responsible corporate citizen. The Corporate Affairs Committee consists of five members and is composed entirely of non-employee directors, all of whom the Board has determined to be independent pursuant to the NYSE rules. The Corporate Affairs Committee met three times during the past fiscal year. At each meeting, the Corporate Affairs Committee conducts an executive session without management present.

### **Scope of Responsibilities**

The Corporate Affairs Committee's responsibilities are set forth in its charter, which is posted on the Company's website at [www.vectren.com](http://www.vectren.com). Those responsibilities include:

- Overseeing policies, practices and procedures relating to business practices, including compliance with applicable laws and regulations;
- Overseeing policies, practices and procedures relating to public communications with key stakeholders, other than the financial community;
- Overseeing policies, practices and procedures relating to community relations, including charitable contributions and community affairs;
- Overseeing policies, practices and procedures relating to customer relations, including customer satisfaction and quality of customer service;
- Overseeing policies, practices and procedures relating to employer practices and procedures, including the Company's objective of being an employer of choice, the attainment of workforce diversity, and compliance with employment related laws, regulations and policies and the promotion of a culture of safety; and
- Overseeing policies, practices and procedures relating to environmental compliance and stewardship, including adherence to environment related laws and regulations.

### **2009 Accomplishments**

The Company's environmental compliance and stewardship was considered at each meeting of the Corporate Affairs Committee. Presentations were provided regarding the Company's carbon footprint, potential greenhouse gas legislation and the cost implications of such regulation, as well as the Environmental Protection Agency's ("EPA") potential regulation of fly ash from the Company's coal fired electric generating units as a hazardous material. Reports were also provided on the status of former manufactured gas plant remediation efforts.

The Corporate Affairs Committee monitored activities related to the Company's relationships with its customers, including the ongoing measurement of customer satisfaction which is used by the Compensation and Benefits Committee as a performance metric for annual incentive awards under the Company's At Risk Compensation Plan ("At Risk Plan"). That performance metric is discussed further at pages 35-36 of this proxy statement. The Corporate Affairs Committee also regularly received reports relative to the measurement of customer satisfaction as determined by the firm of J.D. Power and Associates. Reports were also provided regarding the Company's Universal Service Program that provides bill discounts to low income customers, the Company's study of Smart Grid technologies that would provide greater communication with customers regarding energy use, and utility operations call center performance. The Company also regularly reported on ongoing regulatory proceedings before the Indiana Utility Regulatory Commission and the Public Utilities Commission of Ohio.

The Corporate Affairs Committee monitored the activities of the Vectren Foundation. This monitoring included receiving regular reports regarding the Foundation's activities in the Company's operating areas.

The Company's safety performance was monitored by the Corporate Affairs Committee. Considerable attention was given to vehicular safety training, the Company's safety focus through communications to employees, as well as efforts that can and should be implemented to minimize workplace accidents and injuries. Safety performance is also used by the Compensation and Benefits

Committee as a metric in establishing annual incentive payment awards under the At Risk Plan. That performance metric is discussed further at pages 35-36 of this proxy statement.

The Corporate Affairs Committee monitored the Company's employment practices. This monitoring including reports on negotiations related to a new labor contract at one of the Company's operating utilities and the Company's continuing diversity efforts. These reports included a review of the Company's workforce diversity, as well as the Company's focus on its supplier diversity program.

Finally, legislative matters of importance to the Company at the federal level, as well as in Indiana and Ohio, were reviewed and discussed with the Corporate Affairs Committee.

#### **Annual Committee Charter Review and Performance Evaluation**

As required by the Corporate Affairs Committee's charter, in late 2009 the Committee reviewed its charter and determined that no modifications were necessary or advisable at this time. Also, as required by the Corporate Affairs Committee's charter, the Committee conducted an annual performance evaluation, the results of which will be discussed by the Committee at the next regularly scheduled meeting.

#### **Commitment**

The Corporate Affairs Committee is committed to ensuring that the Company conducts its operations consistent with being a good corporate citizen. The Corporate Affairs Committee anticipates meeting at least three times in 2010 to continue to focus on the matters set forth in its charter.

Corporate Affairs Committee

William G. Mays, *Chair*,  
John M. Dunn,  
John D. Engelbrecht,  
Martin C. Jischke, and  
Richard P. Rechter.