



REPORT OF THE FINANCE COMMITTEE

The Finance Committee is primarily responsible for ensuring the discharge of the Board's duties relating to the financing activities of the Company's utility and non-utility businesses. The Finance Committee consists of four members, three of whom are non-employee directors. The fourth member and chair of the Finance Committee is Niel C. Ellerbrook, Chair of the Board and Chief Executive Officer. The Finance Committee met three times during the last fiscal year. At each meeting, the Finance Committee conducts an executive session with only Committee members present.

Scope of Responsibilities

The Finance Committee's responsibilities are set forth in its charter, which is posted on the Company's website at www.vectren.com. Those responsibilities include:

- Acting within parameters established by the full Board with respect to financing activities of the Company, including, as necessary or advisable, financing activities of one or more of its subsidiaries or affiliates; and
- Acting on behalf of the full Board in limited instances where it is not practical for the full Board to meet and take action with respect to finance matters and only within parameters prescribed and delegated by the full Board.

2009 Accomplishments

In the spring of 2009, the Finance Committee reviewed and approved updates to the Company's 2009 financing program. As part of this action, the Committee received presentations from management regarding the Company's credit ratings and capitalization ratios, as well as the forms of financing instruments that are available to the Company to effectuate its financing requirements. In addition, the Committee reviewed the status of make whole provisions contained in debt instruments issued by Vectren Utility Holdings, Inc., as well as other Company subsidiaries. The Committee also received an extensive overview of the state of the financial markets. In exercising the authority provided by the Committee, the Company issued \$150 Million of debt at Vectren Capital Corp. and \$100 Million of debt at Vectren Utility Holdings, Inc.

In the middle of the year, the Committee reviewed the Company's execution of the remainder of its 2009 financing program. This review included a strategic analysis of corporate finance matters. At that meeting the Committee also authorized the issuance of up to \$30 million in tax exempt debt at Southern Indiana Gas and Electric Company in order to fund environmental projects. In exercising this authority, the Company issued approximately \$22 million of long-term tax exempt debt.

At its final meeting in the fall of the year, the Committee received a credit facility and capital markets update by one of the Company's investment banking advisors. The Committee also reviewed the Company's 2010 financing plans, as well as management's recommended dividend level to be effective December 1, 2009. At that meeting, the Committee approved the Company's 2010 financing program.

Annual Committee Charter Review and Performance Evaluation

As required by the Finance Committee's charter, in early 2010 the Committee reviewed the charter and determined that no changes were necessary or advisable at this time. At its April 2010 meeting, the Finance Committee anticipates revising its charter to explicitly assume oversight responsibilities with respect to investments in Company benefit plans. Also, as required by the Finance Committee's charter, the Committee has conducted an annual performance evaluation, the results of which will be discussed with the Committee at its next meeting.

Commitment

The Finance Committee is committed to overseeing the financing activities of the Company on behalf of the full Board and, in limited circumstances, to act on behalf of the Board with respect to financing matters when delegated authority to respond to certain circumstances. The Finance Committee anticipates meeting at least two times in 2010 to continue to focus on the matters set forth in its charter.

Finance Committee

Niel C. Ellerbrook, *Chair*,
John D. Engelbrecht,
Robert L. Koch II, and
J. Timothy McGinley