

Vectren Corporation
Board of Directors
Corporate Governance Guidelines

Adopted As Of February 26, 2003
As Amended and Restated As of March 1, 2006 And
As Further Amended And Restated As of October 1, 2006 And
As Further Amended And Restated As of February 27, 2008
As Further Amended And Restated As of October 1, 2008

1. Director Qualification Standards

- A. A majority of the members of the Board of Directors (Board) must qualify as independent directors in accordance with the applicable provisions of the Securities Exchange Act of 1934, and the rules promulgated thereunder, and the applicable rules of the New York Stock Exchange.
- B. The Nominating & Corporate Governance Committee (Governance Committee) shall be responsible for developing additional qualifications for directors, including the establishment of criteria for determining the independence of directors, which qualifications will be subject to approval by the full Board.
- C. Recognizing the value of continuity of directors who have experience with the Company, there are no limits on the number of terms in which a director may hold office.
- D. No member of the Board shall serve on the board of directors of more than 3 other public companies, unless the Governance Committee determines, based upon a review of all the facts and circumstances, that such service on more than 3 other public companies boards will not impair the director's ability to discharge their responsibilities as a member of the Board, and, provided further, in no event will a director serve on more than 5 other public company boards.
- E. Directors are expected to advise the Chair of the Board and the Chair of the Governance Committee promptly upon accepting any other public company directorship or any assignment to the audit committee or compensation committee of the board of directors of any public company of which such director is a member.
- F. Directors are expected to report changes in their principal business responsibilities, including retirement, to the Chair of the Board and the Chair of the Governance Committee. Together with such a report the reporting director will also tender their resignation to the Chair of the Board and the Chair of the Governance Committee. The Governance Committee will review whether the new occupation, or retirement, of the Director is consistent with the specific rationale for originally selecting that individual and the guidelines for board membership. The Governance Committee will recommend action to be taken by the full Board regarding the resignation based on the circumstances of retirement, if that is the case, or in the case of a new position, the responsibility and type of position and industry involved. The bias of the Governance Committee will be to accept the resignation if the basis for originally selecting the individual no longer exists. The Director who has experienced the change in circumstance shall not participate in the deliberations by the Governance Committee and the Board with respect to the resignation.

- G. Following the adoption of these guidelines, if the Company's Chief Executive Officer (CEO) leaves that office, the CEO will tender to the Governance Committee his or her resignation from the Board to be effective following such transition period that is determined by the Governance Committee to be necessary or advisable to provide for the transfer of responsibility to the new CEO.
- H. Upon reaching the age of seventy (72), a director shall be deemed to have retired from the Board effective as of the end of the term of office during which the director reached the age of seventy two (72). Moreover, a person shall not be eligible to stand for election to the Board if at the commencement of their term of office they would be age seventy two (72) or older.

2. Board Composition

- A. The optimal size of the Board shall be between twelve (12) and fourteen (14) directors. However, the Board would be willing to have a somewhat larger number of directors to accommodate the availability of an outstanding candidate. Similarly, the Board is willing to reduce the size of the Board, or maintain a vacancy, if it cannot identify available candidates meeting the Board's qualification standards.
- B. The Chair of the Board and the Chair of the Governance Committee shall jointly extend invitations to new nominees to the Board.
- C. The Board reserves the right to determine, from time to time, how to configure the leadership of the Board and the Company in the way that best serves the Company.
- D. The Board specifically reserves the right to vest the responsibilities of Chair of the Board and Chief Executive Officer in the same individual and the Board has no fixed policy with respect to combining or separating the offices of Chair of the Board and Chief Executive Officer.
- E. The Board will schedule at each meeting executive sessions where non-management directors meet without management participation.

3. Director Responsibilities

- A. Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company in a manner consistent with their fiduciary duties.
- B. In all matters relating to the Company's business and stakeholders, directors shall diligently discharge their responsibilities, as well as conduct themselves with integrity and in an honest manner.
- C. In considering the best long-term and short-term interests of the Company, directors may consider the effects of any action on shareholders, employees, suppliers and customers of Company and its subsidiaries, communities in which the Company and its subsidiaries conduct business and other pertinent factors.
- D. Directors should regularly attend meetings of the Board and of all Board committees upon which they serve.
- E. Directors should participate in Board development activities arranged by the Company.

- F. To prepare for meetings, directors should review the materials that are sent to directors in advance of those meetings.
- G. Directors shall preserve the confidentiality of confidential material given or presented to the Board.
- H. The Chair of the Board shall set the agenda of meetings of the Board and the Chair of each committee shall set the agenda of meetings of the applicable committee. Any director may suggest agenda items and may raise at meetings other matters that they consider worthy of discussion.
- I. Directors must disclose to other directors any potential conflicts of interest they may have with respect to any matter under discussion and, if appropriate, refrain from voting on a matter in which they may have a conflict.

4. The “Lead” Non-Management Director

- A. The Board will select from the non-management directors a “lead” non-management director who shall have the following duties:
 - Coordinate the activities of non-management directors;
 - Provide the Chair of the Board with input as appropriate on agendas for the Board and committee meetings;
 - Serve as Chair of the Governance Committee;
 - Coordinate and develop the agenda for, and chair executive sessions of, the non-management directors; and
 - Facilitate communications between the Chair of the Board and the other members of the Board, including communicating other members’ requests to call special meetings of the Board.

In performing the duties described above, the “lead” non-management director will consult with the Chairs of the appropriate Board committees and solicit their participation in order to avoid diluting the authority or responsibilities of such committee Chairs.

- B. The Board will establish methods by which interested parties may communicate directly with the “lead” non-management director or with the non-management directors of the Board as a group and cause such methods to be disclosed to the public.

5. Board Committees

- A. The Board shall at all times maintain an Audit Committee, a Compensation and Benefits Committee, a Corporate Affairs Committee, a Finance Committee, and a Nominating and Corporate Governance Committee which must operate in accordance with applicable law, their respective charters as adopted and amended from time to time by the Board, and the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Company’s Code of By-Laws as the Board sees fit.

- B. The Board, with assistance from the Governance Committee, shall annually review the Committee assignments and shall consider the rotation of Chairs and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

6. Public Comments on Behalf of the Company

- A. Except in unusual circumstances or as required by committee charters or as requested by senior management, directors are expected to follow the principle that senior management, as opposed to individual directors, provides the public voice of the Company. Directors receiving inquiries from institutional investors, the press or others should refer them to the Chief Executive Officer or other appropriate officer of the Company.

7. Director Access to Management and Independent Advisors

- A. The Company shall provide each director with complete access to the management of the Company, subject to reasonable advance notice to the Company and reasonable efforts to avoid disruption to the Company's management, business and operations.
- B. The Board and Board committees, to the extent set forth in the applicable committee charter, have the right to consult and retain independent legal counsel and other advisors at the expense of the Company.

8. Director Compensation and Stock Ownership

- A. The Governance Committee will determine, as well as periodically review, the form and amount of director compensation, including cash, equity-based awards and other compensation.
- B. The Board will be aware that the independence of directors could be questioned if substantial charitable contributions are made to organizations in which a director is affiliated or if the Company enters into consulting contracts with, or provides other indirect compensation to, a director. The Board, with assistance from the Governance Committee, will critically evaluate each of these matters when determining the form and amount of director compensation, and the independence of a director.
- C. The Board believes that directors should be stockholders and have a financial stake in the Company. The Governance Committee shall establish Company stock ownership guidelines for directors and monitor compliance with those guidelines.

9. Director Orientation and Development

- A. The Company, with oversight from the Governance Committee, will establish, or identify and provide access to, appropriate orientation programs and sessions for newly elected directors of the Company for their benefit either prior to or within a reasonable period of time after their nomination or election as a director.
- B. The Company, with oversight from the Governance Committee, will arrange for directors to periodically participate in appropriate programs, sessions or materials regarding the responsibilities of directors of publicly-traded companies and the Company's businesses.

10. Management Evaluation and Succession

- A. The Board (not including any members of management of the Company), with assistance from the Compensation and Benefits Committee, will conduct an annual review of the performance and compensation of the Chief Executive Officer.
- B. The Chief Executive Officer will provide an annual report on succession planning and related development recommendations to the Governance Committee, including a short-term succession plan delineating temporary delegation of authority in the event that the Chief Executive Officer or any other executive officer is unexpectedly unable to perform his or her duties.
- C. The Corporate Affairs Committee will review, at least annually, the Company's succession planning process for all positions other than the Chief Executive Officer.

11. Annual Performance Evaluation of the Board

- A. The Board, with assistance from the Governance Committee, will conduct a self-evaluation annually to determine whether the Board and its committees are functioning effectively. The full Board will discuss the evaluation report to determine what, if any, action could improve Board and Board committee performance.
- B. The Board, with assistance from the Governance Committee, shall review these Corporate Governance Guidelines no less frequently than annually to determine whether any changes are necessary or advisable.

12. Amendment, Modification and Waiver

- A. These Guidelines may be amended, modified or waived by the Board and waivers of these Guidelines may also be granted by the Governance Committee, subject to the disclosure and other provisions of the Securities and Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange.