

VECTREN CORP
Form DEFA14A
May 16, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

VECTREN CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

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Vectren Annual Shareholders' Meeting Carl Chapman | Chairman, President and Chief Executive Officer | May 16, 2018 Delivering Your Smart Energy Future

Agenda Ellerbrook Spirit of Community Award Vectren & CenterPoint Energy Merger Corporate Overview & Financial Results Updates on our Smart Energy Future Plan Time for Questions

Ellerbrook Spirit of Community Award 2017 Winner: Joanie Haverstick, administrative assistant in Centerville, Ohio
Recognized for her contributions to the Artemis Center, an organization serving victims and children of domestic violence

Vectren-CenterPoint Energy Merger

Forward-Looking Statements The statements in this document contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this document are forward-looking statements made in good faith by us and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this document, the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “target,” “will” words are intended to identify forward-looking statements. Forward-looking statements include, but are not limited to, statements relating to: (1) CenterPoint Energy’s proposed acquisition of Vectren, (2) shareholder and regulatory approvals, (3) the completion of the proposed transaction, (4) benefits of the proposed transaction, (5) integration plans and expected synergies, (6) the expected timing of completion of the transaction, and (7) anticipated future financial measures and operating performance and results, including estimates for growth and other matters affecting future operations. Risks Related to the Merger Important factors that could cause actual results to differ materially from those indicated by the provided forward-looking information include risks and uncertainties relating to: (1) the risk that Vectren may be unable to obtain shareholder approval for the proposed transaction, (2) the risk that CenterPoint Energy or Vectren may be unable to obtain governmental and regulatory approvals required for the proposed transaction, or that required governmental and regulatory approvals or agreements with other parties interested therein may delay the proposed transaction or may be subject to or impose adverse conditions or costs, (3) the occurrence of any event, change or other circumstances that could give rise to the termination of the proposed transaction or could otherwise cause the failure of the proposed transaction to close, (4) the risk that a condition to the closing of the proposed transaction or the committed financing may not be satisfied, (5) the failure to obtain, or to obtain on favorable terms, any equity, debt or other financing necessary to complete or permanently finance the proposed transaction and the costs of such financing, (6) the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted relating to the proposed transaction, (7) the receipt of an unsolicited offer from another party to acquire assets or capital stock of Vectren that could interfere with the proposed transaction, (8) the timing to consummate the proposed transaction, (9) the costs incurred to consummate the proposed transaction, (10) the possibility that the expected cost savings, synergies or other value creation from the proposed transaction will not be realized, or will not be realized within the expected time period, (11) the risk that the companies may not realize fair values from properties that may be required to be sold in connection with the merger, (12) the credit ratings of the companies following the proposed transaction, (13) disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees, regulators or suppliers, and (14) the diversion of management time and attention on the proposed transaction. Risks Related to CenterPoint Energy Important factors related to CenterPoint Energy, its affiliates, and its and their operations that could cause actual results to differ materially from those indicated by the provided forward-looking information include risks and uncertainties relating to: (1) the performance of Enable Midstream Partners, LP (Enable), the amount of cash distributions CenterPoint Energy receives from Enable, Enable's ability to redeem the Series A Preferred Units in certain circumstances and the value of CenterPoint Energy's interest in Enable, and factors that may have a material impact on such performance, cash distributions and value, including factors such as: (A) competitive conditions in the midstream industry, and actions taken by Enable's customers and competitors, including the extent and timing of the entry of additional competition in the markets served by Enable; (B) the timing and extent of changes in the supply of natural gas and associated commodity prices, particularly prices of natural gas and natural gas liquids (NGLs), the competitive effects of the available pipeline capacity in the regions served by Enable, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable's interstate pipelines; (C) the demand for crude oil, natural gas, NGLs and transportation and storage services; (D) environmental and other governmental regulations, including the availability of drilling permits and the regulation of hydraulic fracturing; (E) recording of non-cash goodwill, long-lived asset or other than temporary impairment charges by or related to Enable; (F) changes in tax status; (G) access to debt and equity capital; and (H) the availability and prices of raw materials and services for current and future construction projects; (2) industrial, commercial and residential growth in CenterPoint Energy's service territories and changes in market demand, including the effects of energy efficiency measures and demographic patterns; (3) timely and appropriate rate actions

that allow recovery of costs and a reasonable return on investment; (4) future economic conditions in regional and national markets and their effect on sales, prices and costs; (5) weather variations and other natural phenomena, including the impact of severe weather events on operations and capital; (6) state and federal legislative and regulatory actions or developments affecting various aspects of CenterPoint Energy's and Enable's businesses, including, among others, energy deregulation or re-regulation, pipeline integrity and safety and changes in regulation and legislation pertaining to trade, health care, finance and actions regarding the rates charged by our regulated businesses; (7) tax reform and legislation, including the effects of the comprehensive tax reform legislation informally referred to as the TCJA and uncertainties involving state commissions' and local municipalities' regulatory requirements and determinations regarding the treatment of excess deferred taxes and CenterPoint Energy's rates; (8) CenterPoint Energy's ability to mitigate weather impacts through normalization or rate mechanisms, and the effectiveness of such mechanisms; (9) the timing and extent of changes in commodity prices, particularly natural gas, and the effects of geographic and seasonal commodity price differentials; (10) problems with regulatory approval, construction, implementation of necessary technology or other issues with respect to major capital projects that result in delays or in cost overruns that cannot be recouped in rates; (11) local, state and federal legislative and regulatory actions or developments relating to the environment, including those related to global climate change; (12) the impact of unplanned facility outages; (13) any direct or indirect effects on CenterPoint Energy's facilities, operations and financial condition resulting from terrorism, cyber-attacks, data security breaches or other attempts to disrupt CenterPoint Energy's businesses or the businesses of third parties, or other catastrophic events such as fires, earthquakes, explosions, leaks, floods, droughts, hurricanes, pandemic health events or other occurrences; (14) CenterPoint Energy's ability to invest planned capital and the timely recovery of CenterPoint Energy's investment in capital; (15) CenterPoint Energy's ability to control operation and maintenance costs; (16) actions by credit rating agencies; (17) the sufficiency of CenterPoint Energy's insurance coverage, including availability, cost, coverage and terms; (18) the investment performance of CenterPoint Energy's pension and postretirement benefit plans; (19) commercial bank and financial market conditions, CenterPoint Energy's access to capital, the cost of such capital, and the results of CenterPoint Energy's financing and refinancing efforts, including availability of funds in the debt capital markets; (20) changes in interest rates and their impact on CenterPoint Energy's costs of borrowing and the valuation of its pension benefit obligation; (21) changes in rates of inflation; (22) inability of various counterparties to meet their obligations to CenterPoint Energy; (23) non-payment for CenterPoint Energy's services due to financial distress of its customers; (24) the extent and effectiveness of CenterPoint Energy's risk management and hedging activities, including, but not limited to, its financial and weather hedges; (25) timely and appropriate regulatory actions allowing securitization for any future hurricanes or natural disasters or other recovery of costs, including costs associated with Hurricane Harvey; (26) CenterPoint Energy's or Enable's potential business strategies and strategic initiatives, including restructurings, joint ventures and acquisitions or dispositions of assets or businesses (including a reduction of CenterPoint Energy's interests in Enable, whether through its decision to sell all or a portion of the Enable common units it owns in the public equity markets or otherwise, subject to certain limitations), which CenterPoint Energy cannot assure will be completed or will have the anticipated benefits to it or Enable; (27) acquisition and merger activities involving CenterPoint Energy or its competitors; (28) CenterPoint Energy's or Enable's ability to recruit, effectively transition and retain management and key employees and maintain good labor relations; (29) the ability of GenOn Energy, Inc. (formerly known as RRI Energy, Inc., Reliant Energy and RRI), a wholly-owned subsidiary of NRG Energy, Inc. (NRG), and its subsidiaries, currently the subject of bankruptcy proceedings, to satisfy their obligations to CenterPoint Energy, including indemnity obligations; (30) the outcome of litigation; (31) the ability of retail electric providers (REPs), including REP affiliates of NRG and Vistra Energy Corp., formerly known as TCEH Corp., to satisfy their obligations to CenterPoint Energy and its subsidiaries; (32) changes in technology, particularly with respect to efficient battery storage or the emergence or growth of new, developing or alternative sources of generation; (33) the timing and outcome of any audits, disputes and other proceedings related to taxes; (34) the effective tax rates; and (35) the effect of changes in and application of accounting standards and pronouncements.

Risks Related to Vectren Important factors related to Vectren, its affiliates, and its and their operations that could cause actual results to differ materially from those indicated by the provided forward-looking information include risks and uncertainties relating to: (1) factors affecting utility operations such as unfavorable or unusual weather conditions; catastrophic weather-related damage; unusual maintenance or repairs; unanticipated changes to coal and natural gas costs; unanticipated changes to gas transportation and storage costs, or availability due to higher demand, shortages, transportation problems or other developments; environmental or pipeline incidents; transmission or distribution incidents; unanticipated changes to electric energy supply costs, or availability due to demand, shortages, transmission problems or other developments; or electric transmission or gas pipeline system constraints, (2) new or proposed legislation, litigation and government regulation or other actions, such as changes in, rescission of or additions to tax laws or rates, pipeline safety regulation and environmental laws and regulations, including laws governing air emissions, carbon, waste water discharges and the handling and disposal of coal combustion residuals that could impact the continued operation, and/or cost recovery of generation plant costs and related assets; compliance with respect to these regulations could substantially change the operation and nature of Vectren's utility operations, (3) catastrophic events such as fires, earthquakes, explosions, floods, ice storms, tornadoes, terrorist acts, physical attacks, cyber attacks, or other similar occurrences could adversely affect Vectren's facilities, operations, financial condition, results of operations, and reputation, (4) approval and timely recovery of new capital investments related to the electric generation transition plan, including timely approval to build and own generation, ability to meet capacity requirements, ability to procure resources needed to build new generation at a reasonable cost, ability to appropriately estimate costs of new generation, the effects of construction delays and cost overruns, ability to fully recover the investments made in retiring portions of the current generation fleet, scarcity of resources and labor, and workforce retention, development and training, (5) increased competition in the energy industry, including the effects of industry restructuring, unbundling, and other sources of energy, (6) regulatory factors such as uncertainty surrounding the composition of state regulatory commissions, adverse regulatory changes, unanticipated changes in rate-setting policies or procedures, recovery of investments and costs made under regulation, interpretation of regulatory-related legislation by the Indiana Utility Regulatory Commission and/or Public Utilities Commission of Ohio and appellate courts that review decisions issued by the agencies, and the frequency and timing of rate increases, (7) financial, regulatory or accounting principles or policies imposed by the Financial Accounting Standards Board; the SEC; the Federal Energy Regulatory Commission; state public utility commissions; state entities which regulate electric and natural gas transmission and distribution, natural gas gathering and processing, electric power supply; and similar entities with regulatory oversight, (8) economic conditions including the effects of inflation, commodity prices, and monetary fluctuations, (9) economic conditions, including increased potential for lower levels of economic activity; uncertainty regarding energy prices and the capital and commodity markets; volatile changes in the demand for natural gas, electricity, and other nonutility products and services; economic impacts of changes in business strategy on both gas and electric large customers; lower residential and commercial customer counts; variance from normal population growth and changes in customer mix; higher operating expenses; and reductions in the value of investments, (10) volatile natural gas and coal commodity prices and the potential impact on customer consumption, uncollectible accounts expense, unaccounted for gas and interest expense, (11) volatile oil prices and the potential impact on customer consumption and price of other fuel commodities, (12) direct or indirect effects on Vectren's business, financial condition, liquidity and results of operations resulting from changes in credit ratings, changes in interest rates, and/or changes in market perceptions of the utility industry and other energy-related industries, (13) the performance of projects undertaken by Vectren's nonutility businesses and the success of efforts to realize value from, invest in and develop new opportunities, including but not limited to, Vectren Infrastructure Services Company, Vectren Energy Services Company, and remaining ProLiance Holdings, LLC assets, (14) factors affecting Infrastructure Services, including the level of success in bidding contracts; fluctuations in volume and mix of contracted work; mix of projects received under blanket contracts; unanticipated cost increases in completion of the contracted work; funding requirements associated with multiemployer pension and benefit plans; changes in legislation and regulations impacting the industries in which the customers served operate; the effects of weather; failure to properly estimate the cost to construct projects; the ability to attract and retain qualified employees in a fast growing market where skills are critical; cancellation and/or reductions in the scope of projects by customers; credit

worthiness of customers; ability to obtain materials and equipment required to perform services; and changing market conditions, including changes in the market prices of oil and natural gas that would affect the demand for infrastructure construction, (15) factors affecting Energy Services, including unanticipated cost increases in completion of the contracted work; changes in legislation and regulations impacting the industries in which the customers served operate; changes in economic influences impacting customers served; failure to properly estimate the cost to construct projects; risks associated with projects owned or operated; failure to appropriately design, construct, or operate projects; the ability to attract and retain qualified employees; cancellation and/or reductions in the scope of projects by customers; changes in the timing of being awarded projects; credit worthiness of customers; lower energy prices negatively impacting the economics of performance contracting business; and changing market conditions, (16) employee or contractor workforce factors including changes in key executives, collective bargaining agreements with union employees, aging workforce issues, work stoppages, or pandemic illness, (17) risks associated with the material business transaction such as acquisitions and divestitures, including, without limitation, legal and regulatory delays; the related time and costs of implementing such transaction; integrating operations as part of this transaction; and possible failures to achieve expected gains, revenue growth and/or expense savings from such transaction, and (18) costs, fines, penalties and other effects of legal and administrative proceedings, settlements, investigations, claims, including, but not limited to, such matters involving compliance with federal and state laws and interpretations of these laws. The foregoing list of factors is not all-inclusive because it is not possible to predict all factors, and any and all differences between the risk factors under the headings “Risks Related to CenterPoint Energy” or “Risks Related to Vectren,” except where context dictates otherwise, are not intended to be, and should not be read as, a representation, warranty, statement, affirmation or acknowledgement of any kind by CenterPoint Energy, Vectren or their respective affiliates that any risk factors present under one heading, but absent under the other, are not potential risk factors for CenterPoint Energy or Vectren, or their respective affiliates, as applicable. Furthermore, it may not be possible to assess the impact of any such factor on CenterPoint Energy’s or Vectren’s respective businesses or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Additional risks and uncertainties will be discussed in other materials that CenterPoint Energy and Vectren will file with the SEC in connection with the proposed transaction. Other risk factors are detailed from time to time in CenterPoint Energy’s and Vectren’s annual reports on Form 10-K and quarterly reports on Form 10-Q filed with the SEC, but any specific factors that may be provided should not be construed as exhaustive. Each forward-looking statement speaks only as of the date of the particular statement. While we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, we undertake no obligation to update or revise any of our forward-looking statements whether as a result of new information, future events or otherwise.

Additional Information and Where to Find It In connection with the proposed transaction, Vectren expects to file a proxy statement, as well as other materials, with the SEC. **WE URGE INVESTORS TO READ THE PROXY STATEMENT AND THESE OTHER MATERIALS FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BEFORE MAKING ANY VOTING OR INVESTMENT DECISION BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER.** Investors will be able to obtain free copies of the proxy statement (when available) and other documents that will be filed by Vectren with the SEC at <http://www.sec.gov>, the SEC's website, or from Vectren's website (<http://www.vectren.com>) under the tab, "Investors" and then under the heading "SEC Filings." Security holders may also read and copy any reports, statements and other information filed by Vectren with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC's website for further information on its public reference room. Participants in the Solicitation CenterPoint Energy, Vectren and certain of their respective directors, executive officers and other persons may be deemed to be participants in the solicitation of proxies from Vectren's shareholders with respect to the proposed transaction. Information regarding the directors and executive officers of CenterPoint Energy is available in its definitive proxy statement for its 2018 annual meeting, filed with the SEC on March 15, 2018, and information regarding the directors and executive officers of Vectren is available in its definitive proxy statement for its 2018 annual meeting, filed with the SEC on March 22, 2018. More detailed information regarding the identity of potential participants, and their direct or indirect interests, by securities, holdings or otherwise, will be set forth in the proxy statement and other materials when they are filed with the SEC in connection with the proposed transaction.

CenterPoint Energy / Vectren Merger Announced April 23, 2018 Vectren shareholders to receive \$72 in cash for each share of Vectren common stock Complementary businesses to operate regulated utility businesses in eight states, have combined footprint in nearly 40 states, and serve more than 7 million customers Combining the two highly complementary companies to create an energy delivery, infrastructure and services leader CenterPoint Energy is the perfect partner for Vectren: sharing the same corporate values and dedication to the customers and communities we each serve

Orange denotes Vectren's current natural gas and electric service territory Blue represents CenterPoint's natural gas distribution and electric transmission/distribution footprint CenterPoint Natural Gas Distribution Electric Transmission and Distribution and Natural Gas Distribution Vectren Natural Gas Distribution Gas & Electric

CenterPoint Commitments to Vectren Stakeholders Combined company scale leads to long-term customer rate benefits The combined company's natural gas utilities operations for at least three years to be headquartered in Evansville; combined utility serves ~4.5 million natural gas customers in 8 states Executive over gas utility operations will report to the CEO Indiana electric operation to be headquartered in Evansville Chief business officer for Vectren's electric business to report to the CEO and also be Evansville based In addition to utility field employees, CenterPoint Energy will retain key operational activities in support of the utilities in Evansville MVerge (Miller Pipeline and Minnesota Limited) and Energy Systems Group headquarters locations intended to remain Vectren Foundation to remain based in Evansville Grants / volunteerism to continue within the communities we serve CenterPoint to increase funding to Foundation by \$3 million per year for 5 years Integration teams will be co-led by Vectren and CenterPoint and centered in Evansville

Corporate Overview & Financial Results

Vectren Overview: A Strong Midwest Utility NYSE Symbol: VVC \$5.8 billion market cap Five-year compounded average annual total shareholder return of 21% as of 12/31/17 58 consecutive years of increasing dividends paid Utility operates in constructive regulatory and legislative environments in Ind. and Ohio that support required capital investments Focused nonutility portfolio of Infrastructure Services (VISCO) and Energy Services (VESCO) Strong credit ratings of: Current S&P rating of A- (VVC; Negative), Moody's rating of A2 (VUHI; Stable)

2017 Highlights Continued Consistent Earnings Growth Vectren consolidated 2017 earnings per share (EPS) of \$2.60; 7th straight year of earnings growth Utility earnings growth driven by gas infrastructure investments offset by a large customer transition to cogeneration Utility earned overall allowed ROE for the 6th year in a row Successful start to 7-year electric grid modernization plan Record revenues for VESCO and VISCO Dividend increased 7.1% in Nov. 2017 to \$1.80/sh., annualized \$2.55 \$0.02 \$0.05 \$2.60 2016 Actual Utility Nonutility 2017 Actual Vectren Consolidated EPS Vectren Utility EPS \$2.10 \$2.12 \$0.12 (\$0.14) SABIC Lost Margin 2016 Actual 2017 Actual Infrastr. Investment \$0.06 Gas Customer Margin (\$0.02) Corp Weather & Other (\$0.02)

2018 Q1 Highlights Infrastructure Investment Drives Q1 EPS Growth Vectren Q1 consolidated EPS of \$0.70, excluding 179D related to 2017 benefit of \$0.06 reflected in Q1 2018 results Utility EPS of \$0.89, up \$0.09, compared to 2017 Infrastructure investments continue to fuel EPS growth More normal weather boosted Q1 2018 EPS Nonutility Q1 EPS declined \$0.06, excluding VESCO's 179D benefit of \$0.06 VISCO's 2018 results declined as expected as cold and wet conditions greatly hampered Q1 2018 construction work; weather in 2017 was very favorable Seasonal VISCO Q1 loss was \$0.03 per share greater than 2017 due to less tax benefit from operating loss in the quarter 2018 Guidance Affirmed Continues to reflect strong utility earnings growth from significant infrastructure investment plan Filed Generation Transition Plan in February 2018 and filed Ohio base rate case in March 2018 50MW solar just filed

* Excludes ProLiance in 2013 & Coal Mining in 2014 - years of disposition Vectren EPS and Earned ROE 6-Year EPS CAGR of 7% 5-Year Total Return Comparison As of 12/31/2017 VVC 5-Year CAGR of 21% Note: Long-term EPS growth of approx. \$0.06-0.10/yr. for Nonutility Long History of Consistent Growth and Execution Vectren Achieved 5-Year Total Shareholder Return of 164% Recognized in 2017 as a Top Long-Term Investment Among EEI Peers

Significant Utility CapEx Drives Earnings Accelerated Rate Base Growth Enhances Long- and Short-Term EPS Performance Growth outlook supporting Vectren's long-term EPS and dividend growth target of 6-8%: Rate base CAGR of ~6% over the next 10 years - foundation for 5-7% Utility EPS growth Natural Gas ~7%, Electric ~5% EPS growth expectation of \$0.06-0.10/yr. for Nonutility 10-Yr Rate Base CAGR: ~6%

Long History of Dividend Stability and Growth 58 Consecutive Years of Dividend Increases 2014 - 2017 CAGR: 5.4% 2000 - 2013 CAGR: 2.9% Annualized dividend increased 7.1% to \$1.80 per share in Nov. 2017

2017 Business Highlights

Diversify generation portfolio (IRP-driven) Improve system optionality/efficiencies Reduce carbon emissions by ~60% by 2024 (base year 2005) Generation Transition Further improve safety & reliability Reduce frequency & duration of outages Enhance customer experience, incl. Advanced Metering Infrastructure (AMI complete by end of 2018) Grid Modernization Continue to execute gas infrastructure upgrade and replacement plans Further improve safety & reliability Gas Infrastructure ...for a Smart Energy Future Transforming Our Utility...

Gas Infrastructure Upgrades Continue Continue to execute long-term infrastructure plans to maintain the safety and reliability of our 22,000-mile gas system Entering year 5 of our 7-year infrastructure modernization plans in Indiana Have replaced nearly 1,000 miles of bare steel cast iron mains in Indiana and Ohio; with nearly 1,000 miles remaining Completed Automated Meter Reading (AMR) installation in Indiana and Ohio to dramatically improve meter reading accuracy and efficiency

Rate Adjustment Requested in Ohio Have invested \$700 million into our Ohio system since the last rate adjustment nearly one decade ago Key projects executed over the last decade include: Robust pipeline integrity programs to test, upgrade and, in some cases, re-locate high-pressure, large-diameter transmission pipelines Expanding gas infrastructure to serve new customers Replacement of Vectren's distribution pipelines with durable plastic to improve system performance The recent completion of automated meter reading technology on all meters leading to greater efficiency of meter reading Moving indoor meters outside, which includes the installation of new service lines, to improve access and safety Minimal impact to net income; includes tax reform reductions; avg. residential bill increase of ~\$7/month

Electric Grid Modernization Now Underway Executing a \$450-million 7-year plan to upgrade our 7,800-mile energy grid in southwestern Indiana Approved in September 2017 Work includes more than 25 programs consisting of 800+ projects to ensure continued electric system reliability and safety Example projects include: Rebuilding High-Voltage Transmission Line Systems Replacing Substation Transformers Underground Cable and Network Replacements Rebuilding Circuits Pole Inspections & Replacements

Smart Meter Deployment Scope: 150,000 electric smart meters and 100,000 gas retrofits to be installed by year-end
Customer benefits include: Faster outage identification Fewer estimated customer bills Quicker electric service for
turn on/turn off processes More information to improve customer control over their energy use

Becoming a next generation energy company 1 2 3 4 5 A Decade of Electric Generation Transition A Smart Energy Future - transitioning to a balanced energy mix Retrofitting the most efficient coal-fired unit Retiring or exiting four coal-fired units Closing coal ash ponds over time Installing a universal solar farm Building a new natural gas plant

Residential electric bills have decreased 2011 and 2017 represent the average monthly bill for each year based on the average ACTUAL weather-normalized usage for a Vectren customer with electric and gas service. 2018 assumes 820 kWh of usage. \$140 880 kilowatt hours per month 2011 No rate increase for 7 years Energy efficiency / customer conservation has helped reduce usage \$130 820 kilowatt hours per month 2017 \$123 includes Federal tax reduction 2018

Customer Experience Enhancements New web site deployed in May 2017 Web transactions are up 225% Mobile responsive site Enhanced communications Implemented outbound calls and bill messages for customers impacted by upcoming electric infrastructure investment projects Door hangers/ information packets and bill messages for gas infrastructure work Future enhancements Text notifications for bill due dates, payment confirmation and service appointments Ability to offer AM/PM appointments companywide Upgraded online preference center to upgrade contact information and enroll in various alerts and customer communications

Vectren performance remains strong Our energy system (gas and electric) infrastructure modernization work continues, with a focus on safety and reliability The longer-term plan will diversify our electric generation fleet to offer customers a more balanced energy mix Key driver is consideration of long-term customer bills Results in a 60% carbon reduction Customer experience enhancements continue to expand Our performance and opportunities have allowed us to partner with a very good company who was willing to make very significant commitments to our other stakeholders, in addition to paying a very strong price to our shareholders Summary

Questions? A Smart Energy Future