



**Vectren Corporation  
Board of Directors**

**Compensation and Benefits Committee Charter**

Adopted As of February 26, 2003

As Amended and Restated Effective February 1, 2007

As Further Amended and Restated Effective March 3, 2010

As Further Amended and Restated Effective March 7, 2013

**I. Statement of Purpose**

The Compensation and Benefits Committee (Committee) is a standing committee of the Board of Directors (Board). The purpose of the Committee is to discharge the responsibility of the Board relating to total compensation of the Company's executive officers and such other senior executives as the Committee may determine (together, "management") and related matters. The Committee shall also prepare a report on executive compensation for inclusion in the Company's annual proxy statement.

**II. Organization**

A. Charter. At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board for approval.

B. Members. The members of the Committee shall be appointed by the Board and shall meet the independence requirements of applicable law and the listing standards of the New York Stock Exchange, the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the requirements of a "non-employee director" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended. The Committee shall be comprised of at least three members. Committee members may be removed by the Board. The Board shall also designate a Committee Chair.

C. Meetings. In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings; additional meetings may be scheduled as required.

D. Executive Sessions. At the conclusion of each meeting, the Chair may conduct an executive session where non-management directors (i.e., directors who are not Company officers) meet without management participation.

E. Quorum; Action by Committee. A quorum at any Committee meeting shall be a majority of the Committee. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

F. Agenda, Minutes and Reports. The Chair of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members to ensure an accurate final record, shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the full Board. The Committee shall make regular reports to the Board.

G. Performance Evaluation. The Committee shall evaluate its performance on an annual basis and develop criteria for such evaluation.

### III. Responsibilities

The following shall be the principal responsibilities of the Committee:

A. Goals and Objectives. The Committee shall review and approve periodically, but no less frequently than annually, the Company's goals and objectives relevant to compensation of the Chief Executive Officer and management, including the balance between short-term compensation and long-term incentives, shall evaluate the performance of the Chief Executive Officer and management in light of those goals and objectives, and shall set the compensation level of the Chief Executive Officer and management based on such evaluation.

B. Compensation Levels. The Committee shall establish the compensation level (including base and incentive compensation) and direct and indirect benefits of the Chief Executive Officer and management. In determining incentive compensation, the Committee shall consider, among other factors it deems appropriate from time to time, the Company's performance and relative shareholder return (or other criteria) during such periods as the Committee may deem appropriate, the value of similar incentive awards to persons holding comparable positions at comparable companies and the awards given to management in prior years. The Chair of the Committee shall be responsible for communicating to the Chief Executive Officer the evaluation of the performance of the Chief Executive Officer conducted by the outside Directors of the Company and the level of compensation approved for the Chief Executive Officer.

C. Post-Service Arrangements. The Committee shall evaluate the post-service arrangements and benefits of the Chief Executive Officer and management and their reasonableness in light of practices at comparable companies and any benefits received by the Company in connection with such arrangements. The Committee shall also review for reasonableness all other post-service arrangements between the Company, including its wholly-owned subsidiaries, and current or former employees to the extent those arrangements involve an annual Company obligation of or in excess of \$100,000.00.

D. Incentive Compensation Plans. The Committee shall make recommendations to the Board with respect to the establishment and terms of incentive compensation plans and equity-based plans and, unless determined otherwise by the Board, shall be the principal administrator of such plans, including determining any awards to be granted to the Chief Executive Officer and management under any such plan implemented by the Company.

E. Consulting and Employment Agreements. The Committee shall have the responsibility for reviewing and approving all consulting and employment agreements of the Company with any of the Company's executive officers, or with any director, provided that any such agreement must also be approved by the full Board. The Committee shall also review for reasonableness all other consulting agreements between the Company, including its wholly-owned subsidiaries, and former employees to the extent those agreements involve an annual Company obligation of or in excess of \$100,000.00.

F. Administration of Employee Benefits and Benefit Plans. The Committee shall have the responsibility for overseeing the administration of employee benefits and benefit plans for the Company and its subsidiaries; reviewing new benefits or changes in existing benefits; and appointing from among the management of the Company committees to administer such employee benefits and benefit plans.

G. Common Stock Ownership Guidelines. The Committee shall periodically review, assess and recommend changes to the minimum Company common stock ownership guidelines applicable to the officers of the Company.

### III. Responsibilities (cont'd.)

H. Evaluation of Total Compensation Program. The Committee shall review on a periodic basis the operation of the Company's total compensation program to evaluate its coordination and execution and shall recommend to the Board steps to modify compensation programs that provide benefits or payments that are not reasonably related or are disproportionate to the benefits received by the Company.

I. Perquisite Policies. The Committee shall establish and review periodically policies with respect to management perquisites.

J. Communication with the Audit and Risk Management Committee. The Committee will communicate with the Audit and Risk Management committee, as determined to be necessary or advisable, with respect to risk related matters arising from the Company's compensation programs and arrangements.

K. Access to Records, Consultants and Others. The Committee shall have the ultimate authority and responsibility for the engagement, oversight and termination of any compensation consultant, independent legal counsel or other adviser that the Committee engages to assist with the discharge of its responsibilities, including the determination of the appropriate compensation levels for the Chief Executive Officer or other senior executive management pursuant to the following rights and responsibilities:

- i. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser.
- ii. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser retained by the Committee.
- iii. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the Committee.
- iv. The Committee may select a compensation consultant, legal counsel or other adviser to the Committee only after taking into consideration, all factors relevant to that person's independence from management, including the following:
  - a. The provision of other services to the listed company by the person that employs the compensation consultant, legal counsel or other adviser;
  - b. The amount of fees received from the listed company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
  - c. The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
  - d. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
  - e. Any stock of the listed company owned by the compensation consultant, legal counsel or other adviser; and
  - f. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

Notwithstanding the consideration of such factors, the Committee shall not be required to implement or act consistently with the advice or recommendations of the compensation consultant, independent legal counsel or other adviser, and the obligation to consider such factors shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company and may also request that any officer or other employee of the Company, including the Company's senior compensation or human resources executives, the Company's outside legal counsel or any other person meet with any members of, or consultants to, the Committee.

L. Annual Compensation and Benefits Committee Report. The Committee shall produce an annual report on executive compensation for inclusion in the Company's annual proxy statement, all in accordance with applicable rules and regulations.

M. Delegation. The Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.

N. Other Duties. The Committee shall also carry out such other duties that may be delegated to it by the Board from time to time.