

# 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 nonutility businesses. The Finance Committee consists of four members and is composed entirely of non-employee directors all of whom the Board has determined to be independent pursuant to the rules of the New York Stock Exchange.

The chair of the Finance Committee is Robert G. Jones. The "Nominee Biographies" section of this proxy statement beginning on page 6 contains biographies on each Finance Committee member. The Finance Committee met four times during the last year. At each meeting, the Finance Committee conducted an executive session without management.

## Scope of Responsibilities

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The Finance 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:

- Acting within parameters established by the full Board with respect to the financing activities of the Company, including, as necessary or advisable, financing activities of its subsidiaries or affiliates;
- 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; and
- Appointing, from among management, the members of the Company's Investment Committee, which is charged with monitoring certain retirement plan investments; developing retirement plan investment policies; selecting and reviewing investment managers and investment advisors; reviewing the funded status of the pension plans; and recommending Company contribution levels. The Finance Committee is also kept informed of the general activities of the Investment Committee, but does not make investment decisions, nor does it perform any functions delegated to the Investment Committee.

## 2017 Accomplishments

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### *FINANCING PLAN AND CAPITAL MARKET DEVELOPMENTS*

The Finance Committee reviewed and discussed with management its expected financing plan and the Company initiatives driving the plan. This review focused on the Company's five and ten year outlook of planned debt issuances and retirements, short-term borrowing levels, and prospects for issuing equity. Different scenarios, including scenarios reflecting the impacts of tax reform, were also discussed. The Finance Committee also received an update on capital market developments. This update focused on developments in the private placement market, which has been a primary source of funding, and how environmental matters impacting utilities may affect capital market access.

### *AUTHORIZATION OF 2017 FINANCING TRANSACTIONS*

The Finance Committee provided authorization to execute specific financing transactions including: 1) the issuance of long-term debt by Vectren Utility Holdings, Inc. (VUHI); 2) the renewal and extension of Vectren Capital Corporation's and VUHI's short-term credit facilities; and 3) the remarketing, refinancing, and interest rate hedging of pollution control bonds outstanding at Southern Indiana Gas and Electric Company.

### *INTERACTIONS WITH INVESTORS*

The Finance Committee reviewed and discussed with management the planned investor relations strategies for 2017 inclusive of the implementation of new materials and use of those materials in meetings with analysts and investors. In addition, and together with the full Board, the members of the Finance Committee received reports from a large investor and a member of the investment community at the Board's Fall Retreat.

### *DIVIDEND POLICY*

During 2017, the Finance Committee also received a detailed report and recommendation from management regarding a change in the Company's quarterly dividend on common stock.

## *BANKING, RATING AGENCY, AND STATE REGULATOR RELATIONSHIPS*

The Finance Committee discussed with management its various banking partners that will assist with meeting the Company's longer term financing plans and the partners that assisted with completing its 2017 financing transactions. The Finance Committee reviewed with management its credit ratings and communications with rating agencies. During 2017, the Finance Committee also reviewed recent filings with, and financing orders issued by, the Indiana Utility Regulatory Commission and the Public Utilities Commission of Ohio.

## *RETIREMENT PLANS AND APPROVAL OF INVESTMENT COMMITTEE MEMBERS*

The Finance Committee received a report on the status of the Company's benefit plans, including the funding of and investments in those plans, and also received reports with respect to the Company's 401(k) plans. The Finance Committee evaluated candidates for, and appointed the members of, the Company's Investment Committee.

## Annual Committee Charter Review and Performance Evaluation

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As required by the Finance Committee's charter, the Finance Committee reviewed its charter and determined no changes were necessary or advisable at this time. Also, as required by that charter, the Finance Committee completed its 2016 performance evaluation at its first meeting in 2017 and will conduct its 2017 annual performance evaluation at its first meeting in 2018, which is expected to occur in April 2018.

## Commitment

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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 is also committed to discharging its role with respect to certain of the Company's benefit plans, as more fully defined in the Committee's charter. The Finance Committee anticipates meeting at least three times in 2018 and will continue to focus on the matters set forth in its charter.

### **FINANCE COMMITTEE**

Robert G. Jones, *Chair*,  
Derrick Burks,\*  
John D. Engelbrecht, and  
Teresa J. Tanner

\* Following his election to the Board in the fall of 2017, Mr. Burks was appointed to replace R. Daniel Sadlier as a member of the Finance Committee. That appointment occurred after the date of the Finance Committee's last meeting for the year. Mr. Sadlier remains a member of the Audit and Risk Management Committee, as well as chair of the Compensation and Benefits Committee. This change was made to equitably balance committee service among all board members.