

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 Finance Committee met three times during the last year. At each meeting, the Finance Committee conducted an executive session without management.

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 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.

2016 Accomplishments

At the first meeting of the year, the Finance Committee met at the New York Stock Exchange in New York City and used that time as an opportunity to meet with bankers and other members of the financial community, including a representative of a credit rating agency and a sell side analyst, to obtain a first-hand perspective on the financing environment in which the Company operates. The Finance Committee received a detailed update on financing-related activities conducted by the Company since the time of the Committee's last meeting in 2015. During the meeting, the Finance Committee reviewed the financing, cash and regulatory implications resulting from the use of bonus depreciation, reviewed developments in the private placement market where the Company conducts financing activities, and reviewed the results of a third-party conducted investor perception study and provided comments on the same. The Finance Committee also received a report on the status of the Company's benefit plans, including the funding of and investments in those plans. The Finance Committee evaluated candidates for and appointed the members of the Company's Investment Committee. The Finance Committee also conducted its 2015 performance evaluation.

At the second meeting, the Finance Committee received an update on developments in the private placement market, a detailed report on matters relating to credit rating agencies, and a detailed report on the status of the Company's existing and projected financing needs. A follow-up report was also provided with respect to the previously mentioned investor perception study. Finally, the Finance Committee received reports on developments in the financing community relating to environmental matters that could affect utilities, as well as reports with respect to matters pertaining to the Company's 401 (k) plan.

At the third and final meeting, the Finance Committee received a detailed update on ongoing financing matters, as well as the Company's projected financing plans for 2017 and beyond. In addition, the Finance Committee received a detailed report and recommendation with respect to a change in the Company's quarterly dividend on common stock and a report on the possible framework for providing 2017 earnings guidance.

Annual Committee Charter Review and Performance Evaluation

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 will conduct its 2016 annual performance evaluation at its first meeting in 2017, which is expected to occur in April 2017.

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 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 2017 and will continue to focus on the matters set forth in its charter.

FINANCE COMMITTEE

Robert G. Jones, *Chair*,
John D. Engelbrecht,
R. Daniel Sadlier, and
Teresa J. Tanner