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VECTREN CORP
Form 11-K
June 30, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-15467

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Vectren Corporation Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive officer:

Vectren Corporation
20 N.W. Fourth Street
Evansville, Indiana 47708

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Note: The accompanying financial statements have been prepared for the purpose of filing with Form 5500. Supplemental schedules required by the Department of Labor's rules and regulations for reporting and disclosure under the Employee Retirement Income Security Act of 1974, other than the schedule listed above, are omitted because of the absence of the conditions under which they are required.

INDEPENDENT AUDITOR'S REPORT

To the Investment Committee of the Vectren Corporation Retirement Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Vectren Corporation Retirement Savings Plan as of December 31, 2002 and 2001 and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Vectren Corporation Retirement Savings Plan as of December 31, 2002 and 2001, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and loans in default are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ McGladrey & Pullen LLP
McGLADREY & PULLEN LLP

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Champaign, Illinois,
June 13, 2003

VECTREN CORPORATION
RETIREMENT SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(In Thousands)

	At December 31,	
	2002	2001

ASSETS		
Cash and cash equivalents	\$ -	\$ 56
Investments, at fair value		
Mutual funds	39,732	41,663
Vectren Corporation Common Stock Fund	28,456	33,572
Common trust fund	15,345	12,066
Participants' loans	2,637	2,607

Total investments	86,170	89,908

NET ASSETS AVAILABLE FOR BENEFITS	\$ 86,170	\$ 89,964
=====		

The accompanying notes are an integral part of these financial statements.

VECTREN CORPORATION
RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(In Thousands)

	Year Ended December 31,	
	2002	2001

ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income		
Dividend, interest, and other income	\$ 3,260	\$ 3,680

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Net depreciation of investments	(9,901)	(7,757)

Total investment loss	(6,641)	(4,077)

Contributions		
Employee	6,910	6,693
Employer	2,914	3,221
Plan transfers (Note 1)	897	-

Total contributions	10,721	9,914

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Distribution of benefits to participants	(7,870)	(8,165)
Fees paid to trustee	(4)	(4)

Total deductions	(7,874)	(8,169)

Net decrease	(3,794)	(2,332)

NET ASSETS AVAILABLE FOR PLAN BENEFITS		
Beginning of year	89,964	92,296

End of year	\$ 86,170	\$ 89,964
=====		

The accompanying notes are an integral part of these financial statements.

VECTREN CORPORATION

RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

a. General

The Vectren Corporation Retirement Savings Plan (the Plan) is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended. The Plan's sponsor, Vectren Corporation (Vectren or the Company), serves as the plan administrator. An Investment Committee has been appointed by the Company's Board of Directors to administer the Plan. The following description of the Plan provides only general information. Further details of the Plan are provided in the Summary Plan Description which has been distributed to all plan participants.

Vectren, an Indiana corporation, is an energy and applied technology holding company headquartered in Evansville, Indiana. The Company was organized on June 10, 1999 solely for the purpose of effecting the merger of Indiana Energy, Inc. (Indiana Energy) and SIGCORP, Inc. (SIGCORP). On March 31, 2000, the merger of Indiana Energy with SIGCORP and into Vectren was consummated with a tax-free exchange of shares and has been accounted for as a pooling-of-interests in accordance with Accounting Principles Board Opinion No. 16 "Business Combinations."

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Multiple defined contribution plans of the predecessor companies either became part of or were merged into the Plan during 2000. Plans of predecessor companies that became a part of or were merged into the Vectren Retirement Savings Plan are as follows:

- |X| the Indiana Energy, Inc. Retirement Savings Plan
- |X| the 401(k) Plan for Salaried Employees of Southern Indiana Gas and Electric Company (SIGECO),
- |X| the SIGCORP, Inc. 401(k) Profit Sharing Plan, and
- |X| the SIGECO Advanced Communication, Inc. Non-Standardized 401(k) Profit Sharing Plan.

Effective January 1, 2002, the Plan was again amended and restated in its entirety and the following additional plans of wholly owned subsidiaries of Vectren were merged into the plan:

- |X| the SIGCORP Energy Services, LLC Non-Standardized 401(k) Profit Sharing Plan (SES Plan), and
- |X| the SIGCORP Communication Services, Inc. Non-Standardized 401(k) Profit Sharing Plan (SCS Plan).

The amount of funds transferred into the Plan from the SES Plan and the SCS Plan on January 1, 2002 totaled \$391,521 and \$505,842, respectively.

Substantially all of Vectren's wholly owned subsidiaries participate in the Plan.

b. Participation

Non-bargaining unit employees who have completed at least one hour of service and who are expected to complete 1,000 hours of service during their first year of employment are eligible to participate in the Plan. Non-bargaining unit employees who are not expected to meet the 1,000 hours of service threshold are eligible to participate after completing one year of Period Service, as defined in the Plan document. Employees may enter the Plan on April 1 or October 1 upon meeting the hours of service requirement.

Bargaining unit employees must have either completed 1,000 hours of service or completed one year of service to participate in the Plan.

Each participant's account is adjusted daily for contributions, withdrawals, distributions, income earned, changes in the value of trust fund assets, and expenses directly related to investment transactions. Adjustments are based on participant earnings or account balances, as defined.

c. Contributions and Vesting

Contributions are subject to maximum limitations as defined in the Internal Revenue Code and are invested in 5% increments in the Vectren Corporation Common Stock Fund, a common trust fund, and ten mutual funds, as directed by participants. Plan participants may elect to contribute from 1% to 50% beginning in 2002 and 19% prior to 2002, in whole percentages, of their eligible compensation, as defined in the amended and restated plan document. Additionally, bargaining unit participants may contribute 100% of any pay out under their performance incentive plan and any guaranteed annual payment earned by the employee. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Contributions are subject to limitations established by federal law. All

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participant contributions are fully vested.

Non-Bargaining Employees Since January 1, 2001, the Company matches 50% of the first 6% of eligible compensation contributed by all non-bargaining unit employees. Participants, who were SIGCORP or SIGECO employees on March 30, 2000, were given the option to choose an additional 3% contribution in lieu of rights available under other qualified retirement plans. All other non-bargaining unit employees, other than certain participants of subsidiaries in Vectren's nonregulated operations, automatically receive the additional 3% contribution on eligible compensation. Participants vest ratably in 20% increments over five years in employer matching contributions and cliff vest at the end of five years in the additional 3% contribution.

Bargaining Unit Employees The Company's matching contribution depends on the negotiated collective bargaining arrangement, but is generally 50% of the first 3% or 4% of eligible compensation. The Company's matching contribution for bargaining unit employees covered under the Utility Workers Union of America, Local 175 (UWUA) agreement is limited to \$1,000 per year. Additionally, the Company will contribute an annual contribution for employees covered under the UWUA, which increases annually as defined in the Plan document (\$1,100 in 2002 and \$1,000 in 2001). Vesting in employer contributions also depends on the collective bargaining arrangement. Some arrangements cliff-vest in employer contributions after five years of service while others vest ratably in 20% increments over five years.

d. Distributions

Upon termination, retirement, or disability, participants have the option to receive either a lump sum distribution equal to the value of their vested account balance, or periodic installments over a period not to exceed 10 years, unless benefits are less than \$5,000. If benefits are less than \$5,000, participants are required to receive a lump sum distribution. Also, if a lump sum distribution is received, the participant or beneficiary may elect to receive their existing investments in the Vectren Corporation Common Stock Fund in whole shares with fractional shares paid in cash.

Upon death of a participant, the beneficiary will continue to receive benefits if the participant was already receiving benefit payments. If the participant had not began receiving benefit payments, the beneficiary will receive a lump sum distribution of the participant's account balance within 5 years of the participant's death unless an election was made to distribute the participant's account balance in equal installments over a period not greater than 10 years to the beneficiary. If the beneficiary is the participant's spouse, an election can be made not to begin distributions before the participant would have reached age 70-1/2.

e. Forfeited Accounts

Forfeited non-vested accounts are used to reduce future employer contributions. At both December 31, 2002 and 2001, the amount of forfeited non-vested accounts was not significant.

f. Withdrawals While Employed

Once an employee reaches age 59-1/2 and has completed 5 years of service, the employee can withdraw the partial or full value of his/her account at any time without penalty.

Prior to age 59-1/2, an employee can withdraw employee contributions and employer matching and discretionary contributions if the employee satisfies certain hardship requirements as defined in the Plan. The distribution can be the amount necessary to satisfy the immediate financial need of the participant

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and is only available after the participant has obtained all other distributions and loans available under the Plan.

g. Participant Loans

The Plan allows eligible participants to borrow up to 50% of the vested amount of their account balance up to \$50,000 with a minimum borrowing of \$1,000. Each loan shall bear interest at a rate determined by the Investment Committee and is collateralized by the participant's remaining balance in his/her account. The term of the loan is mutually agreed upon by the Investment Committee and the participant. The loan repayment period shall not exceed 5 years, except in instances where the loan proceeds were used to acquire the principal residence of the participant. Each participant for whom a loan is approved will be charged a \$50 fee which is deducted from the participant's account.

A participant may have no more than one active loan outstanding. Loan payments, both principal and interest, shall be reapplied to the participant's account and reinvested in the applicable fund based on the participant's current election.

h. Party-in-Interest Transactions

The Plan invests in shares of mutual funds managed by T. Rowe Price (the Trustee) and invests in shares of common stock of the Plan's sponsor, Vectren. Investment management fees paid by the Plan for investment management services to T. Rowe Price amounted to \$4,400 and \$4,000 for the years ended December 31, 2002 and 2001, respectively. Additionally, Vectren performs certain services at no cost to the Plan and pays certain trustee fees and record keeping costs for the benefit of the Plan.

i. Plan Termination

While it has not expressed any intention to do so, the Company has the right to terminate the Plan subject to the provisions of ERISA. Upon partial or total termination of the Plan, the participants' accounts shall become fully vested and non-forfeitable.

j. Voting Rights of Vectren Corporation Common Stock Fund Participants

Each participant who has an account balance in the Vectren Corporation Common Stock Fund is entitled to direct the Trustee as to the manner of voting at each meeting of shareholders for all shares of Vectren Corporation common stock (including fractional shares), represented by the value of the participant's interest in the Vectren Corporation Common Stock Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The accompanying financial statements of the Plan have been prepared under the accrual method of accounting.

b. Investments

Investments are stated at fair value as determined by the Trustee using quoted market prices. Shares of mutual funds are valued at quoted market prices which represent the net asset value of shares held by the plan at year end. Participant loans are valued at cost which approximates fair value. Investment transactions are reported on the trade date. All investment transactions are participant directed. The Plan provides for various investment options in investment securities. Investment securities are exposed to various risks, such as interest rate and market volatility risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that

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changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Net Assets Available for Benefits.

c. Distributions

Distributions to withdrawing participants are recorded when paid.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

3. INVESTMENTS

The following table presents the fair value of investments at December 31, 2002 and 2001, respectively. Investments that represent 5% or more of the Plan's net assets are separately identified.

(in thousands)	2002	2001
1) Vectren Corporation Common Stock Fund	\$ 28,456	\$ 33,572
1) T. Rowe Price		
Equity Income Fund	11,674	13,360
Stable Value Common Trust Fund	15,345	12,066
Balanced Fund	8,081	8,719
Equity Index 500 Fund	4,409	5,169
Janus Fund	5,297	6,028
Franklin Small Cap Growth Fund	4,464	5,310
2) Other investments less than 5% of net assets	5,807	3,077
Participants' loans	2,637	2,607
Total investments	\$ 86,170	\$ 89,908

1) A party-in-interest to the Plan

2) The Plan held \$1,438,838 and \$1,748,134 in the T. Rowe Price International Stock Fund as of December 31, 2002 and 2001, respectively and \$59,659 in the T. Rowe Price Growth Fund as of December 31, 2002. T. Rowe Price is a party-in-interest to the Plan.

During the years ended December 31, 2002 and 2001, the Plan's investments (including realized and unrealized gains and losses on investments) depreciated in value as follows:

(in thousands)	2002	2001
Mutual Funds and Common Trust Fund	\$ (8,899)	\$ (5,544)
Vectren Corporation Common Stock Fund	(1,002)	(2,213)
Total depreciation	\$ (9,901)	\$ (7,757)

4. TAX STATUS

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The Company has made certain amendments to the Plan since receiving its last determination letter, dated August 5, 1999, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. In the opinion of the Investment Committee, the Plan is currently designed, and continues to operate, in a manner that qualifies it under Internal Revenue Code Section 401(a) and, therefore, is exempt from income taxes under the provisions of Internal Revenue Code Section 501(a). Accordingly, no provision for Federal income taxes has been made.

SCHEDULE H

VECTREN CORPORATION

RETIREMENT SAVINGS PLAN

SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

AS OF DECEMBER 31, 2002

EIN (35-2086905)

(in thousands)

Identity of Issuer, Borrower, Lessor, or Similar Party	Market Value
Investments at Fair Value	
1) Vectren Corporation Common Stock Fund	\$ 28,456
1) T. Rowe Price Stable Value Common Trust Fund	15,345
Mutual Funds	
1) T. Rowe Price	
Equity Income Fund	11,674
Balanced Fund	8,081
Equity Index 500 Fund	4,409
International Stock Fund	1,439
Growth Fund	60
Janus Fund	5,297
Franklin Small Cap Growth Fund	4,464
PIMCO Total Return Fund	2,743
Sterling Capital Small Cap Value Fund	950
Morgan Stanley Institutional Equity Fund	615
Other Investments	
Participants' loans, interest rates from 5.25% to 10.0%	2,637
Total assets held for investment purposes	\$ 86,170

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1) Party-in-interest to the Plan.

SCHEDULE G

VECTREN CORPORATION

RETIREMENT SAVINGS PLAN

SCHEDULE G, PART I - SCHEDULE OF LOANS OR FIXED INCOME OBLIGATIONS
IN DEFAULT OR CLASSIFIED AS UNCOLLECTIBLE

AS OF DECEMBER 31, 2002

EIN (35-2086905)

Identity and Address of Obligor -----	Original Amount of Loan -----	Amount Received During Reporting Year -----		Unpaid Balance, End of Year -----	Amount Overdue -----	
		Principal -----	Interest -----		Principal -----	Interest -----
Various	\$ 49,228	\$ -	\$ -	\$ 40,217	\$ 40,217	\$ -

The above loans in default are loans from participants and have been deemed distributions for tax purposes.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Vectren Corporation Investment Committee has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

VECTREN CORPORATION
RETIREMENT SAVINGS PLAN

Dated June 27, 2003

/s/ Robert L. Goocher

Robert L. Goocher, Vice President
Treasurer, and Chairman of the Vectren
Corporation Investment Committee

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2002 Form 11-K
Attached Exhibits

The following Exhibits were filed electronically with the SEC with this filing.

Exhibit

Number Document

23.1 Consent of Independent Auditors

99.1 Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.