

VECTREN CORP
Form DEF 14A
March 24, 2014

VVC DEF 14A 5/22/2014

Section 1: DEF 14A (DEFINITIVE PROXY STATEMENT)

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
(Amendment No. ___)

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 Pursuant to §240.14a-12

VECTREN CORPORATION
(Name of Registrant as Specified In Its Charter)

(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)(4) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.

Edgar Filing: VECTREN CORP - Form DEF 14A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

VECTREN CORPORATION
One Vectren Square
211 N.W. Riverside Drive
Evansville, Indiana 47708-1251

Notice of 2014 Annual Meeting of Shareholders

TO BE HELD MAY 22, 2014

To The Shareholders Of Vectren Corporation:

You are invited to attend our 2014 annual meeting of shareholders on Thursday, May 22, 2014, at 10:00 a.m. (Central Daylight Time). The meeting will be held at our corporate offices located at One Vectren Square, 211 N.W. Riverside Drive, Evansville, Indiana. The items of business are:

1. The election of all directors;
 2. To approve a non-binding advisory resolution approving the compensation of our named executive officers;
 3. The ratification of the reappointment of Deloitte & Touche LLP as the independent registered public accounting firm for Vectren for 2014; and
 4. The consideration of any other business that is properly brought before the meeting or any adjournment of the meeting.
- Shareholders of record at the close of business on March 14, 2014 are entitled to vote at the meeting and any postponement or adjournment of the meeting. Pursuant to the rules of the Securities and Exchange Commission ("SEC"), we have elected to deliver our proxy materials to many of our shareholders over the Internet. On March 24, 2014, we mailed to these shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and 2013 annual report to shareholders. Shareholders who did not receive the Notice of Internet Availability will receive a copy of the proxy statement and annual report by mail. Whether or not you plan to attend the meeting, your vote is important and we urge you to vote promptly.

You may vote your shares by telephone at
1-866-883-3382 or

If you received a copy of the proxy by mail, you may
vote by returning the enclosed proxy in the
accompanying self-addressed envelope or

You may vote your shares online via the Internet at
www.proxypush.com/vvc or

You may also vote in person at the annual meeting.

If your shares are held by your bank, broker or nominee, please review the voting options provided on your voter instruction form and act accordingly. As required by federal law, absent your vote, your broker, bank or nominee is not permitted to use its own discretion to vote your shares on Items 1 and 2. For your vote to be counted, you will need to communicate your voting decisions on these matters to your bank, broker or nominee. You can revoke your proxy at any time before it is exercised.

By order of the Board of Directors,
VECTREN CORPORATION

By: RONALD E. CHRISTIAN
Executive Vice President, Chief Legal and External
Affairs Officer and Secretary

Evansville, Indiana
March 24, 2014

Location of May 22, 2014 Annual Shareholders Meeting

Vectren Corporation

One Vectren Square, 211 N.W. Riverside Drive

Evansville, IN 47708-1251

Parking for shareholders will be provided in the parking lot for Vectren Corporation at One Vectren Square, 211 N.W. Riverside Drive, Evansville, Indiana. Vectren Corporation is located between Vine and Court Streets off Riverside Drive in Evansville.

Your Vote Is Important

Whether or not you plan to attend the meeting, your vote is important and we urge you to vote promptly. You may vote your shares via a toll-free number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. You may revoke your proxy prior to or at the meeting and vote in person if you wish. If your shares are held by a broker, bank or nominee, it is important that they receive your voting instructions.

Important Notice Regarding the Availability of Proxy Materials for the 2014

Annual Meeting of Shareholders to be Held on

May 22, 2014

10:00 a.m. (CDT)

Our proxy statement for the 2014 annual meeting of shareholders and our annual report on Form 10-K for the fiscal year ended December 31, 2013 are available at www.vectren.com.

Table Of Contents

INTRODUCTION	5
Proxy Statement	5
Purposes of Meeting	5
Voting Securities	5
Solicitations of Proxies	6
Cost and Method of Solicitation	6
Annual Report	6
Revocation Rights	6
Communications to Directors	6
Access to Information	7
ITEM 1. ELECTION OF DIRECTORS	8
Election Process	8
Nominee Biographies	9
OTHER EXECUTIVE OFFICERS	13
OWNERSHIP OF VECTREN STOCK	14
Common Stock Ownership by Directors and Executive Officers	14
Securities Owned by Certain Beneficial Owners	15
Section 16(a) Beneficial Ownership Reporting Compliance	15
CORPORATE GOVERNANCE AND MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS	15
Related Person Transactions	15
Director Independence	16
Nomination of Directors by Shareholders	16
Board Leadership Structure	17
Board's Role in Risk Oversight	17
Board Meetings	18
Director Compensation	19
REPORT OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE	21
Scope of Responsibilities	21
2013 Accomplishments	21
Share Ownership Policy	24
Annual Committee Charter Review and Performance Evaluation	24
Director Independence Standards	24
Selection and Evaluation of Director Candidates	25
Commitment	26
REPORT OF THE CORPORATE AFFAIRS COMMITTEE	27
Scope of Responsibilities	27
2013 Accomplishments	27
Annual Committee Charter Review and Performance Evaluation	28
Commitment	28
REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE	29

Edgar Filing: VECTREN CORP - Form DEF 14A

Scope of Responsibilities	29
2013 Accomplishments	29
Corporate Code of Conduct	30
Risk Management	30
Sarbanes-Oxley Section 404 Compliance	30
Independent Registered Public Accounting Firm Activities	30
Reappointment of Deloitte	31
Delineation of Responsibilities Between Management, the Independent Registered Public Accounting Firm, and the Audit Committee	31
2013 Form 10-K	31

Annual Committee Charter Review and Performance Evaluation	32
Commitment	32
REPORT OF THE FINANCE COMMITTEE	33
Scope of Responsibilities	33
2013 Accomplishments	33
Annual Committee Charter Review and Performance Evaluation	34
Commitment	34
REPORT OF THE COMPENSATION AND BENEFITS COMMITTEE	35
Role of Board Chair, President and Chief Executive Officer in the Compensation Process	35
Share Ownership Policy	36
Compensation Consultant	36
Recoupment or Clawback Policy	37
Oversight of Company Benefit Plans	37
Company's Human Resources Advisory Committee	38
Regulatory Updates and Governance Practices	38
Deductibility of Executive Compensation	38
Annual Committee Charter Review and Performance Evaluation	38
Compensation and Benefits Committee Report	38
Commitment	38
COMPENSATION DISCUSSION AND ANALYSIS	39
Forward-Looking Statements	39
Executive Summary	39
Objectives of Vectren's Compensation Programs	40
Executive Compensation Strategy and Process	41
Material Differences in Compensation Policies for Individual Executive Officers	42
Monitoring of the Company's Pay Practices	42
Shareholder Say-on-Pay Votes	43
Compensation Consultant	43
Role of Management in the Compensation Process	44
Elements of Vectren's Compensation	44
Mr. John Bohls' Severance Agreement	52
EXECUTIVE COMPENSATION TABLES AND DISCLOSURES	52
Realized Compensation	52
2013 Summary Compensation Table	53
2013 Grants of Plan-Based Awards Table	55
2013 Option Exercises and Stock Vested Table	56
2013 Outstanding Equity Awards at Fiscal Year-End Table	56
Retirement Benefit Plans	57
Nonqualified Deferred Compensation	60
Potential Payments Upon Termination or Change in Control	61
COMPENSATION RISK ASSESSMENT	66
ITEM 2. NON-BINDING PROPOSAL TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS	66

ITEM 3. RATIFICATION OF REAPPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	67
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY	68
SHAREHOLDER PROPOSALS FOR 2015 ANNUAL MEETING	69
APPENDIX A DIRECTOR QUALIFICATIONS	70
APPENDIX B QUALIFICATIONS FOR CONTINUED SERVICE, RETIREMENT.	71
APPENDIX C GAAP TO NON-GAAP RECONCILIATIONS.	72

Introduction

Proxy Statement

The following information is furnished in connection with the solicitation of the enclosed proxy by and on behalf of the Board of Directors (Board) of Vectren Corporation (the Company or Vectren). The proxy will be used at the annual meeting of shareholders to be held at our corporate office located at One Vectren Square, 211 N.W. Riverside Drive, Evansville, Indiana, on Thursday, May 22, 2014, at 10:00 a.m. (Central Daylight Time), and at any adjournment of the meeting for the matters to be acted upon under its authority. Under the SEC rules that allow companies to furnish proxy materials to shareholders over the Internet, we have elected to deliver our proxy materials to many of our shareholders in that manner. This delivery process will allow us to provide these shareholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On March 24, 2014, we mailed to these shareholders a Notice of Internet Availability of Proxy Materials (Notice) containing instructions on how to access our proxy statement and 2013 annual report to shareholders. The Notice also provides instructions on how to vote online or by telephone and on how to receive a paper copy of the proxy materials by mail. On March 24, 2014, we also first mailed this proxy statement and the enclosed proxy card to shareholders who will not receive the Notice.

Further, the SEC rules permit us to deliver a single Notice or annual meeting materials to one address shared by two or more of our shareholders. This delivery method is referred to as householding and conserves natural resources and can result in significant cost savings. To take advantage of this opportunity we have delivered only a single Notice or set of annual meeting materials to any shareholder at the shared address to which a single copy of these documents was delivered. If you prefer to receive separate copies of the Notice or annual meeting materials, contact Vectren Corporation Shareholder Services Department by telephone at (800) 227-8625 or by e-mail at vvcir@vectren.com and we will promptly deliver the copies to you. If you are currently a shareholder sharing an address with another shareholder and wish to receive only one copy of future Notices or annual meeting materials, contact Vectren Corporation Shareholder Services Department at the above telephone number or email address.

Purposes of Meeting

As of this date, the only known business to be presented at the 2014 annual meeting of shareholders is (1) the election of directors of the Company to serve for a term of one year or until their successors are duly qualified and elected, (2) the approval of a non-binding advisory resolution approving the compensation of our named executive officers, and (3) the ratification of the reappointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for 2014. The enclosed proxy authorizes the proxy holders to vote on these matters and on all other matters that may properly come before the meeting, and it is the intention of the proxy holders to take any such action utilizing their best judgment. Only shares held by those present at the meeting or for which proxies are returned will be considered to be represented at the meeting. For the purpose of determining a quorum, shares represented at the meeting are counted without regard to whether they are abstentions or broker non-votes as to any particular item.

Voting Securities

As of March 14, 2014, we had one class of capital stock outstanding, consisting of 82,461,559 shares of common stock without par value. The holders of the outstanding shares of common stock are entitled to one vote for each share held of record on each matter presented to a vote of the shareholders at the meeting. However, unless the holder personally appears and votes at the meeting, shares for which no proxy is returned (whether registered in the name of the actual holder thereof or in nominee or street name) will not be voted. Only shareholders of record at the close of business on March 14, 2014 will be entitled to vote at the meeting or at any adjournment of the meeting.

Solicitations of Proxies

The Board of Directors of Vectren Corporation (Board) solicits your proxy for use at the meeting. Shares held in your name and represented by your proxy will be voted as you instruct if your proxy is duly executed and returned prior to the annual meeting. Shares represented by proxies that are returned signed but without instructions for voting will be voted as recommended by the Board. Shares represented by proxies that are returned unsigned or improperly marked will be treated as abstentions for voting purposes. You may revoke your proxy at any time before it is exercised by written notice to the secretary of the Company received prior to the time of the meeting or in person at the meeting.

If you are a participant in our automatic dividend reinvestment and stock purchase plan, your proxy card will represent the number of shares registered in your name and the number of shares credited to your plan account. For those shares held in the plan, your proxy card will serve as direction to the plan administrator as to how your account is to be voted.

If your shares are held in a brokerage account, you may instruct your broker, bank or other nominee to vote your shares by following instructions that the broker, bank or nominee provides for you. Most brokers offer voting by mail, telephone and on the Internet.

Cost and Method of Solicitation

The cost of preparing, assembling, printing and mailing this proxy statement, the enclosed proxy and any other material which may be furnished to shareholders in connection with the solicitation of proxies for the meeting will be borne by the Company. The Company has retained D. F. King & Company to assist in soliciting proxies from shareholders, including brokers' accounts, at an estimated fee of \$9,000 plus reasonable out-of-pocket expenses. In addition, some of the officers and regular employees of the Company, who will receive no compensation in addition to their regular salaries for such solicitation, may solicit proxies by telephone, email or personal visits, and it is estimated that the cost of such additional solicitation, if any, will not exceed \$5,000, and will be borne by the Company. The Company expects to reimburse banks, brokerage houses and other custodians of stock for their reasonable charges and expenses in forwarding proxy materials to beneficial owners.

Annual Report

A copy of the Company's combined annual report and Form 10-K for the fiscal year ended December 31, 2013 was mailed to certain of our shareholders on or about March 24, 2014. The Company's consolidated financial statements, including footnotes, are included in the Form 10-K and posted at www.vectren.com. You may request a copy of our 2013 annual report, which includes our 2013 Form 10-K from:

Mailing Address:

Vectren Shareholder Services
One Vectren Square
Evansville, Indiana 47708

Phone Number:

1-800-227-8625

Investor Relations Contact:

Robert L. Goocher
Treasurer and Vice President
Investor Relations
vvcir@vectren.com

Alternatively, you can access the 2013 annual report, which includes the 2013 Form 10-K, on our website at www.vectren.com.

Revocation Rights

A shareholder executing and delivering the enclosed proxy may revoke it by written notice delivered to the secretary of the Company, or in person at the annual meeting, at any time before the authority granted by it is exercised.

Communications to Directors

Our Corporate Governance Guidelines provide that the independent members of the Board elect from the non-management directors a Lead director whose primary responsibilities, including serving as chair of executive sessions of the non-employee and independent directors, are set forth in the Corporate Governance Guidelines. The guidelines are posted on our website at www.vectren.com. Those guidelines provide that the Lead Director is the chair of the Nominating and Corporate Governance Committee (Governance Committee). The Lead Director is J. Timothy McGinley.

The Audit and Risk Management Committee (Audit Committee) is responsible for, among other things, establishing, reviewing and updating a code of ethical conduct and ensuring that management has established a system to enforce this code. The code is posted on our website at www.vectren.com and is titled the Corporate Code of Conduct. The code applies to employees, officers and all directors, including non-employee directors. The Audit Committee also ensures that Vectren Corporation implements and follows necessary and appropriate financial reporting processes. The chair of the Audit Committee is Michael L. Smith.

Shareholders and other parties interested in communicating directly with the Lead Director, chair of the Audit Committee or with the non-employee directors as a group may contact them by writing to:

Lead Director, Audit Committee Chair, or Non-Employee Directors
Vectren Corporation
P.O. Box 3144
Evansville, IN 47731-3144

Interested parties may also contact our one director who is also a member of management by writing to the address below and directing the communication to the chair, president and chief executive officer (CEO).

Vectren Corporation
One Vectren Square
Evansville, IN 47708

[Access to Information](#)

We make available copies of our Corporate Code of Conduct (which is applicable to all of our employees, including the principal executive officer, the principal financial officer and the principal accounting officer, as well as the non-employee members of the Board), our Corporate Governance Guidelines and all committee charters free of charge through our website at www.vectren.com, or by request, directed to Vectren Corporation Shareholder Services at the mailing address, phone number or email address that follow:

Mailing Address:
Vectren Shareholder Services
One Vectren Square
Evansville, Indiana 47708

Phone Number:
1-800-227-8625

Investor Relations Contact:
Robert L. Goocher
Treasurer and Vice President,
Investor Relations
vvcir@vectren.com

Item 1. Election Of Directors

Election Process

Our Board currently consists of one class of 11 directors. The Board recommends that the nominees listed below, all of whom are currently serving as directors, be reelected to a new one-year term. All nominees have consented to serve if elected. Each director will serve until the next annual meeting or until he or she is succeeded by another qualified director.

If the enclosed proxy is returned signed but without voting instructions, the Board intends that the enclosed proxy will be voted by the proxy holders in favor of the election of the nominees named below for the office of director of the Company to hold office for a term of one year or until their respective successors are duly qualified and elected. Directors are elected by a plurality of the votes cast. Plurality means that the individuals who receive the largest number of votes cast are elected up to the maximum number of directors to be chosen at the meeting. Abstentions, broker non-votes, and instructions on the accompanying proxy card to withhold authority to vote for one or more of the nominees might result in some nominees receiving fewer votes. However, the number of votes otherwise received by the nominee will not be reduced by such action. If, however, any situation should arise under which any nominee is unable to serve, the proxy holders may exercise the authority granted in the enclosed proxy for the purpose of voting for a substitute nominee.

The Board has adopted a policy providing for a majority vote standard for uncontested elections. Any nominee for director in an uncontested election who receives a greater number of votes withheld from his or her election than votes for his or her election (majority withheld vote) shall tender his or her resignation to the chair of the Governance Committee promptly following certification of the shareholder vote. The Governance Committee will promptly consider the tendered resignation and recommend to the Board whether to accept or reject it. In determining whether to recommend acceptance or rejection of the tendered resignation, the Governance Committee will consider all factors it deems relevant including, without limitation, the stated reasons why shareholders withheld votes from the director, the director's length of service and qualifications, the director's contributions to the Company, and the Company's Corporate Governance Guidelines.

The Board will act on the Governance Committee's recommendation no later than 90 days following the date of the shareholders meeting at which the election occurred. In deciding whether to accept the tendered resignation, the Board will consider the factors considered by the Governance Committee and any additional information and factors the Board believes to be relevant. Promptly following the Board's decision, we will disclose that decision (and provide a full explanation of the process by which the decision was reached) in a Form 8-K filed with the SEC.

If the Board decides to accept the director's resignation, the Governance Committee will recommend to the Board whether to fill the resulting vacancy or to reduce the size of the Board.

Any director who tenders his or her resignation pursuant to this policy will not participate in the Governance Committee recommendation or the Board consideration whether to accept or reject the resignation. If a majority of the members of the Governance Committee receive a majority withhold vote at the same election, then the independent directors who did not receive a majority withhold vote will appoint a Board committee consisting only of such independent directors solely for the purpose of considering the tendered resignations and will recommend to the Board whether to accept or reject them.

Nominee Biographies

Certain information concerning the nominees of the Company is set forth below and under the caption Meetings and Committees of the Board of Directors. If not otherwise indicated, the principal occupation listed for any individual has been the same for at least five years. The nominees' ages reported below are as of the record date, March 14, 2014.

CARL L. CHAPMAN, age 58, was elected as chair of the Board effective May 11, 2011. He was elected to the Board in 2009 and has served as chief executive officer and president of the Company since June 2010. He served as president and chief operating officer of the Company from November 1, 2007 to May 31, 2010, as chief operating officer from August 1, 2004 to June 2010 and as executive vice president from March 31, 2000 to November 1, 2004. From March 31, 2000 until August 2004, Mr. Chapman also served as president of Vectren Enterprises, Inc. (Vectren Enterprises). Prior to March 31, 2000 and since 1999, Mr. Chapman served as executive vice president and chief financial officer of Indiana Energy, Inc., a predecessor of the Company (Indiana Energy). Mr. Chapman served as president of IGC Energy, Inc., which has been renamed Vectren Energy Marketing and Services, Inc. (VEMS). Mr. Chapman has been a director of Indiana Gas Company, Inc. (Indiana Gas), Southern Indiana Gas and Electric Company (SIGECO), and Vectren Utility Holdings, Inc. (VUHI) since 2004 and Vectren Energy Delivery of Ohio, Inc. (VEDO) since 2005. Mr. Chapman is the chair of the boards of Vectren Infrastructure Services Corporation (VISCO), Vectren Energy Services Corporation (VESCO) and Vectren Fuels, Inc.

Mr. Chapman has been in a leadership position with the Company since its inception in 2000. His decades of energy industry experience and his current and former duties on behalf of the Company and its predecessor, Indiana Energy, have afforded him intimate knowledge of our operations and businesses. His service on the Board enables him to continue to interact directly with the other members of the Board as they make strategic decisions regarding our businesses and their future direction.

JAMES H. DEGRAFFENREIDT, JR., age 60, was elected to the Board in 2010. Mr. DeGraffenreidt is the retired chair and chief executive officer of WGL Holdings, Inc. and Washington Gas Light Company, a natural gas utility serving over 1 million customers in the District of Columbia, Maryland and Virginia. He has significant experience as an attorney working on energy regulatory issues, as well as from his past service as chair of the American Gas Association and as former co-chair and board member of the Alliance to Save Energy. He is lead director of Massachusetts Mutual Life Insurance Company and a director of Maryland State Board of Education. He is also a director of Harbor Bankshares Corporation, which is a public company.

As the former chief executive officer of a New York Stock Exchange listed energy company, Mr. DeGraffenreidt brings not only a utility background to the Board but also significant public company experience. His background and expertise in the energy regulatory area enables him to provide valuable insight as a member of the Board. Mr. DeGraffenreidt serves on the Company's Audit and Risk Management Committee and the Company's Nominating and Corporate Governance Committee.

NIEL C. ELLERBROOK, age 65, has been a director of Indiana Gas, Indiana Energy, SIGECO, VUHI, or the Company since 1991. He served as non-executive chair of the Board from June 2010 to May 2011 and as chair and chief executive officer of the Company from March 2000, when SIGCORP, Inc. and Indiana Energy merged to create the Company, until his retirement from the Company on May 31, 2010. Additionally, Mr. Ellerbrook served as president of the Company from May 2003 until November 2007. Prior to that time and since June 1999, Mr. Ellerbrook served as president and chief executive officer of Indiana Energy. Prior to his retirement in 2010, Mr. Ellerbrook was the chair and chief executive officer and a director of Indiana Gas, SIGECO, VUHI and VEDO. Mr. Ellerbrook was also the chair and a director of Vectren Capital Corporation and Vectren Enterprises. He is a director and the chair of the compensation committee of Old National Bancorp, a publicly-traded company. He also serves on the Board of Trustees of the University of Evansville.

Mr. Ellerbrook's prior experience as the chief executive officer of the Company provides him with keen insight into the Company's challenges and opportunities as well as its day-to-day operations. His decades of experience in the energy industry equip him to assist his fellow Board members in assessing issues affecting the Company's businesses. Mr. Ellerbrook is the chair of the Company's Finance Committee and a member of the Company's Corporate Affairs Committee.

JOHN D. ENGELBRECHT, age 62, has been a director of SIGCORP or the Company since 1996. Mr. Engelbrecht is the chair and president of South Central Communications Corporation, owner and operator of radio stations in Indiana, Kentucky and Tennessee and MUZAK franchises in 15 U.S. cities.

Mr. Engelbrecht, as the chair and president of South Central Communications, brings to our Board strong managerial and marketing experience as the owner and operator of a communications business in one of the service territories of our utility business. His entrepreneurial background is particularly useful to his service as a member of the Board regarding their consideration of the Company's nonutility businesses. These strengths have positioned him as a valued member of the Company's Finance Committee and chair of the Company's Corporate Affairs Committee.

ANTON H. GEORGE, age 54, has been a director of Indiana Energy or the Company since 1990. Mr. George is the principal of Vision Investments, LLC. He is a director and the former chief executive officer of Hulman & Company and its affiliates Clabber Girl Corporation, Indianapolis Motor Speedway Corporation and Indy Racing League, LLC. He is a director of First Financial Corporation, a public company.

Mr. George, as the principal of Vision Investments, LLC, as well as, his prior experience as the chief executive officer of Hulman & Company and its affiliates, demonstrates his leadership ability and unique insight into the challenges and opportunities of running successful businesses. His experiences have made him a valuable contributor to the Company's Compensation and Benefits Committee and the Company's Nominating and Corporate Governance Committee.

MARTIN C. JISCHKE, age 72, was elected to the Board in 2007. Dr. Jischke is the president emeritus of Purdue University, an institution of higher education. He is a director of Duke Realty Corporation and director and chair of the board of Wabash National Corporation, both of which are public companies.

Dr. Jischke has served in leadership positions, including president, of four major research universities, served as a director of a number of publicly-traded corporations and brings to the Board a background of science, engineering and research, as well as experience in public company governance. Dr. Jischke's background has provided expertise to the Company's Corporate Affairs Committee and the Company's Compensation and Benefits Committee.

ROBERT G. JONES, age 57, was elected to the Board on February 2, 2011. Mr. Jones is the president and chief executive officer and a member of the board of directors of Old National Bancorp, which is a public company. He previously served as a director of the Federal Reserve Bank of St. Louis.

Mr. Jones, as the president and chief executive officer of Old National Bancorp, provides the Board with financial, business and management expertise gained through over 34 years in the areas of banking and finance. As a financial leader in the Company's service territory, he brings strong understanding and knowledge of the markets in Indiana that Vectren serves. Mr. Jones' expertise is utilized as a valued member of the Company's Finance Committee and the Company's Corporate Affairs Committee.

J. TIMOTHY MCGINLEY, age 73, has been a director of Indiana Energy or the Company since January 1999. As chair of the Nominating and Corporate Governance Committee of the Board, Mr. McGinley also serves as the Lead Director. Mr. McGinley is the principal and founder of House Investments, Inc., a real estate investment company. He is chairman emeritus of the Board of Trustees of Purdue University after serving 20 years as a trustee and 16 years as the board chair. He was previously a director of Waterfield LLC and Bindley Western Corporation.

Mr. McGinley provides the Board with valuable financial experience and business acumen. The Board has utilized his talents as Lead Director, chair of the Company's Nominating and Corporate Governance Committee and as a member of the Company's Finance Committee.

R. DANIEL SADLIER, age 66, was elected to the Board in 2003. Mr. Sadlier is the retired president and chief executive officer of Fifth Third Bank (Western Ohio). He is the chair of the board of directors of Premier Physician Services, Inc., a privately-held company.

Mr. Sadlier, as the retired president and chief executive officer of Fifth Third Bank (Western Ohio), has nearly 30 years of senior management experience in the financial service sector and significant community involvement and representation in the Company's Ohio footprint. Mr. Sadlier's knowledge of Ohio is particularly helpful to his service as a member of the Board when assessing the Company's Ohio operations. The Board has utilized his leadership skills and background in finance as resources for both the Company's Audit and Risk Management Committee and the Company's Compensation and Benefits Committee of which he is a member.

MICHAEL L. SMITH, age 65, was elected to the Board in 2006. In addition to the Company, Mr. Smith serves as chair of the board of hgregg, Inc. and serves on the board of Envision Healthcare Holding, Inc. (formerly known as Emergency Medical Services Corp.). He serves on the audit committees for both of these companies. Mr. Smith was the executive vice president and chief financial officer of WellPoint, Inc. from 1999 until he retired on January 31, 2005. Previously, he was a director of the following publicly-traded companies: Calumet Specialty Products Partners, InterMune, Inc., First Indiana Corporation (which was acquired by Marshall & Ilsley Corporation in 2008), Brightpoint, Inc. (acquired by Ingram Micro, Inc. in November 2012) and Kite Realty Group Trust. Mr. Smith also serves on the boards of Hulman & Company, LDI Ltd., LLC, Carestream Health Services, Inc., USI, Inc., and Norvax, Inc., which are private companies.

Mr. Smith, as the former executive vice president and chief financial officer of WellPoint, Inc. and current member of other public companies' audit committees, brings to the Board a wealth of knowledge in dealing with financial and accounting matters. His experience in evaluating financial results and overseeing the financial reporting process of a large public company make him an important resource for our Board. He provides skilled advice in his role as Financial Expert as well as chair of the Company's Audit and Risk Management Committee. The Board has further utilized his expertise on the Company's Nominating and Corporate Governance Committee, of which he is a member.

JEAN L. WOJTOWICZ, age 56, has been a director of Indiana Energy or the Company since 1996. Ms. Wojtowicz is the president and founder of Cambridge Capital Management Corp., a consulting and venture capital firm. She is a director of First Merchants Corporation and First Internet Bancorp, which are public companies. For both companies, she serves on the audit committees and as their designated Financial Expert. Ms. Wojtowicz is also a director of American United Mutual Insurance Holding Company, a mutual holding company.

Ms. Wojtowicz is very experienced in matters of finance and entrepreneurship. Her understanding of financial strategy and her business acumen make her a valued resource in the performance of her roles as chair of the Company's Compensation and Benefits Committee and as a member of the Company's Audit and Risk Management Committee.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES.

Other Executive Officers

Other executive officers of the Company during 2013 were Jerome A. Benkert, Jr., age 55, Ronald E. Christian, age 55, and William S. Doty, age 63. All ages are as of the record date, March 14, 2014.

JEROME A. BENKERT, JR. has served as the executive vice president, chief financial officer and president, Vectren Shared Services of the Company, since September 2010. He served as the executive vice president and chief financial officer of the Company since March 2000 and as treasurer of the Company from October 2001 to March 31, 2002. Mr. Benkert has also served as director of Indiana Gas, SIGECO, Vectren Energy Delivery of Ohio, Inc. (VEDO) and VUHI since March 31, 2000. Prior to March 31, 2000 and since October 1, 1997, he was executive vice president and chief operating officer of Indiana Energy's administrative services company. Also, Mr. Benkert is a member of the board of directors of Vectren Enterprises and VESCO.

RONALD E. CHRISTIAN has served as executive vice president, chief legal and external affairs officer and corporate secretary since September 2010. He served as executive vice president, chief administrative officer, general counsel and corporate secretary of the Company from August 1, 2004 to September 2010 and executive vice president, general counsel and secretary of the Company from May 1, 2003 to September 2010. Prior to May 1, 2003 and since March 31, 2000, Mr. Christian served as senior vice president, general counsel and secretary of the Company. Mr. Christian has also served as director of Indiana Gas, SIGECO, VEDO and VUHI since March 31, 2000. Prior to March 31, 2000, and since 1999, he was vice president and general counsel of Indiana Energy. Also, Mr. Christian is a member of the board of directors of Vectren Enterprises and VISCO.

WILLIAM S. DOTY has served as executive vice president of utility operations and president of VUHI since May 1, 2003. Mr. Doty also served as senior vice president of energy delivery for the Company from April 2001 to May 2003. He was senior vice president of customer relationship management from January 2001 to April 2001. From January 1999 to January 2001, Mr. Doty was vice president of energy delivery for SIGECO. Mr. Doty is a member of the board of directors of Indiana Gas, SIGECO, VEDO and VUHI.

Ownership of Vectren Stock

Common Stock Ownership by Directors and Executive Officers

The following table sets forth the number of shares of common stock of the Company beneficially owned by the directors, the chief executive officer, the three additional named executive officers, and all directors and named executive officers as a group, as of January 31, 2014. Except as otherwise indicated, each individual has sole voting and investment power with respect to the shares listed below.

Name of Individuals or Identity of Group	Beneficial Ownership	Phantom Stock Units	Stock Unit Awards	Total
	(1)	(2)	(3)	
Carl L. Chapman	52,266	35,269	242,886	330,421
James H. DeGraffenreidt, Jr.	8,451	0	1,971	10,422
Niel C. Ellerbrook	35,409	0	1,971	37,380
John D. Engelbrecht	11,837	0	1,971	13,808
Anton H. George (4)	16,936	0	1,971	18,907
Martin C. Jischke	1,000	9,527	1,971	12,498
Robert G. Jones	1,589	1,972	1,971	5,532
J. Timothy McGinley	15,283	38	1,971	17,292
R. Daniel Sadlier	585	39,253	1,971	41,809
Michael L. Smith	6,644	11,177	1,971	19,792
Jean L. Wojtowicz	13,401	7,586	1,971	22,958
Jerome A. Benkert, Jr.	47,696	2,934	94,000	144,630
Ronald E. Christian	26,462	39,922	73,586	139,970
William S. Doty (5)	7,909	17,143	64,163	89,215
Directors and Named Executive Officers As a Group (14 Persons)	245,468	164,821	494,345	904,634

- (1) No director or named executive officer owned beneficially as of January 31, 2014 more than 0.07% of the common stock of the Company. All directors and named executive officers owned beneficially an aggregate of 245,468 shares or 0.30% of common stock of the Company.
- (2) This column represents phantom securities held under the Company's nonqualified deferred compensation plans, which are in the form of phantom stock units that are valued as if they were Company common stock. These phantom units are not included in the beneficial ownership column.
- (3) This column includes outstanding stock unit awards as of January 31, 2014. These stock unit awards are not included in the beneficial ownership column.
- (4) These totals do not include any shares held by certain charitable organizations and other corporations with which Mr. George is associated and to which he disclaims beneficial ownership.
- (5) Includes shares held by spouse, jointly with spouse or as custodian for a minor.

Securities Owned by Certain Beneficial Owners

According to information filed with the SEC, the following shareholders were beneficial owners of more than 5 percent of our common stock as of December 31, 2013:

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Class
BlackRock, Inc. (1) 40 East 52nd Street New York, NY 10022	5,526,676	6.7%
The Vanguard Group (2) 100 Vanguard Blvd. Malvern, PA 19355	5,475,642	6.6%
State Street Corporation (3) State Street Financial Center One Lincoln Street Boston, MA 02111	4,573,539	5.6%

- (1) Ownership based on the Schedule 13G/A filed by BlackRock, Inc. on January 31, 2014 which indicated 5,526,676 shares beneficially owned with sole voting power of 4,968,564 shares and sole investment power for all shares.
- (2) Ownership based on the Schedule 13G filed by The Vanguard Group on February 12, 2014, which indicated sole voting power for 155,627 shares, sole investment power for 5,430,815 shares and shared investment power for 44,827 shares with its subsidiary, Vanguard Fiduciary Trust Company.
- (3) Ownership based on the Schedule 13G filed by State Street Corporation on February 5, 2014, which indicated shared voting power and shared investment power for all shares with the following subsidiaries: State Street Global Advisors France S.A., State Street Bank and Trust Company, SSGA Funds Management, Inc., State Street Global Advisors Limited, State Street Global Advisors Ltd, State Street Global Advisors, Australia Limited and State Street Global Advisors, Asia Limited.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's officers, directors, and persons who own more than 10% of the Company's common stock to file reports of ownership and changes in ownership concerning the common stock with the SEC and to furnish the Company with copies of all Section 16(a) forms they file. Based solely on the Company's review of the Section 16(a) filings that the Company has received, and on written representations from the appropriate persons that no other reports are required, the Company believes that all filings required to be made under Section 16(a) during 2013 were timely made except for a single filing for Mr. James H. DeGraffenreidt, Jr. On August 26, 2013, Mr. DeGraffenreidt purchased 2,122 shares of the Company's common stock. This purchase was reported to the SEC on September 3, 2013 on a Form 4, which was not within two business days, resulting in a tardy filing.

Corporate Governance and Meetings and Committees of the Board of Directors

Related Person Transactions

We maintain policies, procedures, and practices for monitoring the occurrence of transactions involving the Company and our subsidiaries and related persons (directors and executive officers or their immediate family members, or shareholders owning 5% or greater of our outstanding stock) and for reviewing and approving related person transactions. Our approach to monitoring related party transactions is described in our Corporate Code of Conduct, Code of Ethics for the Board and annual disclosure practices completed by our leadership and Board members. The Corporate Code of Conduct, Code of

Ethics for the Board, and related acknowledgment forms are posted in the Corporate Governance section of our website at www.vectren.com.

Our Corporate Code of Conduct directs all employees and Board members to avoid relationships and financial interests in vendors, suppliers, and contractors with whom we do business or who are seeking to do business with us. Further, our code requires all employees owning or acquiring a financial interest in a vendor, supplier, or contractor to report such relationships to their immediate supervisor using a prescribed form. If the supervisor determines that a conflict exists, the supervisor is required to contact the appropriate executive officer and Corporate Audit department for resolution. Annually, we require all Board members, executive officers, other corporate officers, and key employees to complete a certification that they have read the Corporate Code of Conduct and agree to abide by it. We also annually communicate with our major vendors, suppliers, and contractors to inform them of these restrictions.

Our combined Corporate Code of Conduct and Code of Ethics for the Board require directors to promptly disclose to the chair of the Governance Committee any situation that involves, or may potentially involve, a conflict of interest. These codes also provide for the Governance Committee to review all relationships that exist between Vectren and the non-management directors other than relationships relating to the director's service on the Board. We also obtain information from directors at least annually about any of these relationships or transactions.

In connection with the preparation of this proxy statement and the related Form 10-K, we distributed a director and officer questionnaire to our directors and executive officers to elicit information about, among other matters, related person transactions. Data compiled from these questionnaires is reviewed by management, our executive vice president, chief legal and external affairs officer and secretary, the Governance Committee of the Board and by the full Board. This practice is followed each year in connection with the preparation of these documents.

Director Independence

The Board has determined that with the exception of Mr. Chapman, who is our chair, president and chief executive officer, all members of the Board are independent since they satisfy our Director Independence Standards. The Director Independence Standards are set forth on pages 24-25 of this proxy statement.

Nomination of Directors By Shareholders

If a shareholder entitled to vote for the election of directors at a shareholders' meeting desires to nominate a person for election to the Board, our By-Laws require the shareholder to deliver to or mail a notice that is received at our principal office not later than the close of business on the 90th day nor earlier than the 120th day prior to the first anniversary date of the annual meeting of the shareholders for the preceding year. If, however, the annual meeting is not scheduled to be held within a period that commences 30 days before such anniversary date and ends 30 days after such anniversary date, the shareholder notice shall be given by the later of: (a) the close of business on the 90th day prior to the actual date of the shareholder meeting, or (b) the close of business on the tenth day following the day on which the annual meeting date is first publicly announced or disclosed. The shareholder's notice must set forth (i) the name and address as they appear on the corporate records of the shareholder making the nomination, (ii) the number of shares of capital stock of the Company owned by the shareholder beneficially and of record together with a representation that the shareholder will notify the Company in writing of the class and number of such shares owned beneficially and of record for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (c) a description of any agreement, arrangement or understanding with respect to such nomination between or among the shareholder and any of its affiliates or associates, and any others (including their names) acting in concert with any of the foregoing together with a representation that the shareholder will notify the Company in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (d) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the shareholder's notice by, or on behalf of, the shareholder or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, the shareholder or any of its affiliates or associates with respect to shares of stock of the Company, together with a representation that the shareholder will notify the Company in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (e) a representation that the shareholder is a holder of record of shares of the Company entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to present the nomination contained in the notice, (f) a representation whether the shareholder intends to deliver a proxy statement and/or form of proxy to holders of at least the

percentage of the Company's outstanding capital stock required to elect the director and/or otherwise to solicit proxies from shareholders in support of such nomination, and (g) any other information relating to such shareholder and beneficial owner, if any, on whose behalf the nomination is being made, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the nomination and pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. In addition, such shareholder's notice must set forth, as to each person whom the shareholder proposes to nominate for election or re-election as a director: (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of our shares which are beneficially owned by such person, (iv) any other information relating to such person that is required to be disclosed in the solicitation of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including, without limitation, such person's written consent to be named in the proxy statement as a nominee and to serve as a director, if elected), and (v) the qualifications of the nominee to serve as our director.

The process described in the preceding paragraph is currently the sole formal process for shareholders to nominate persons to our Board. However, there is a framework in place for shareholders to contact the Board's Lead Director, and, as part of that process shareholders may communicate regarding any prospective candidate for membership on the Board. The criteria employed by the Governance Committee when considering all nominees to the Board are contained in our Code of By-Laws and are set forth in Appendix A.

Board Leadership Structure

In May 2011, Mr. Chapman assumed the role of Board chair and he holds the combined positions of Board chair, president and chief executive officer (CEO). Since the inception of the Company's operations in 2000, the combination of the Board chair and CEO positions has positively served the Company's interests because of the efficiencies of having the roles combined. Because of the Board's confidence in Mr. Chapman's leadership, and based upon his performance since he assumed the leadership of the Company, the Board concluded that similar efficiencies would be realized by vesting him with the responsibilities of the Board chair, in addition to the responsibilities of the CEO. By combining the performance of all of these responsibilities with Mr. Chapman, he is able to optimize his first hand knowledge of the operations of the Company, which facilitates his leadership of the Board regarding the Company's business by allowing the Board to have the benefit of his insight and perspective regarding the affairs of the Company during its deliberations. To ensure the preservation of good governance, the Board has and will continue to maintain the position of an independent Lead Director, who is elected by independent Board members, in order that when it is advisable or necessary to have the non-employee, independent directors consider matters and take action, there will be a strong, independent leader in place to facilitate those considerations and actions. As set forth in the Corporate Governance Guidelines and reflected in the practices of the Board, the Lead Director's responsibilities include the following: coordinate the activities of non-management and independent directors; preside and act as chair of Board meetings when the chair of the Board is not in attendance, including executive sessions of the independent directors; provide the chair of the Board with input as appropriate on agendas for the Board and committee meetings; approve the agenda, schedule and information sent to directors for board meetings; serve as chair of the Corporate Governance Committee; coordinate and develop the agenda for, and chair executive sessions of, the non-management directors, which are held at each meeting of the Board; facilitate communications between the chair of the Board and the other members of the Board, including communicating other members' requests to call special meetings of the Board; authority to call additional meetings of independent directors as he/she deems appropriate; and to make himself/ herself available for consultation and direct communication with major shareholders.

The Board is cognizant of the governance structure recommended by leading corporate governance firms and through the board leadership framework that has been established for the Company, the Board believes that the guidance offered by those firms has been implemented.

Board's Role In Risk Oversight

The Board is ultimately responsible for risk oversight across the organization. That responsibility is shared by the committees of the Board in addressing financial, compensation, reputational and governance risks with specific responsibility for reviewing management's risk oversight function delegated to the Company's Audit and Risk Management Committee (Audit Committee), as provided for in its charter. The Risk Management Committee (RMC), which is comprised of the chief executive officer, senior executives and other key members of management and led by the senior vice president of finance and assistant treasurer, meets approximately on a biweekly basis. The RMC identifies and oversees organizational efforts to address the top strategic risks facing the Company, as well as other risks that arise during the course of operations, and ensures that risk management efforts are aligned with the Company's strategic objectives. The types of strategic risks the

RMC considers and monitors include, but are not limited to, financial, regulatory, reputational, environmental and compliance risks that could significantly impact the business. For example, during 2013, the RMC oversaw and monitored issues relating to commodity hedging, coal mining operations, pipeline safety, cyber-security, business resiliency, regulations and compliance, and insurance and credit risks. The Audit Committee and the full Board receive detailed reports throughout the year regarding the activities of the RMC and strategic risk management efforts within the Company. In response to those reports, the Audit Committee and the full Board may direct management to consider additional issues or provide additional information to the Audit Committee and the full Board regarding the RMC's actions. The Audit Committee chair reports regularly to the Board regarding enterprise risk matters presented to the Audit Committee. Similarly, other Board committee chairs regularly report to the Board regarding risk matters overseen by their respective committees. An example of this is the Compensation and Benefits Committee chair reports to the Board regarding the oversight of the consideration of any risks presented by the Company's compensation plans.

Board Meetings

The Board had nine meetings during the last fiscal year. No member attended fewer than 93.3% of the aggregate of Board meetings and meetings of the respective committees of the Board of which they are members. All of the members of the Board attended last year's annual meeting.

The members of our Board are elected to various committees. The standing committees of our Board are: the Nominating and Corporate Governance Committee, the Corporate Affairs Committee, the Audit and Risk Management Committee, the Finance Committee and the Compensation and Benefits Committee. Committee memberships are shown in the following table:

Name	Nominating and Corporate Governance	Corporate Affairs	Audit and Risk Management	Finance	Compensation and Benefits
James H. DeGraffenreidt, Jr.	Member		Member		
Niel C. Ellerbrook		Member		Chair	
John D. Engelbrecht		Chair		Member	
Anton H. George	Member				Member
Martin C. Jischke		Member			Member
Robert G. Jones		Member		Member	
J. Timothy McGinley	Chair			Member	
R. Daniel Sadlier			Member		Member
Michael L. Smith	Member		Chair		
Jean L. Wojtowicz			Member		Chair

Nominating and Corporate Governance Committee: Membership on the Nominating and Corporate Governance Committee is restricted to non-employee members of the Board who must be independent under New York Stock Exchange rules. The functions of the Nominating and Corporate Governance Committee are described under "Report of the Nominating and Corporate Governance Committee" below. There were four meetings of the committee during the past fiscal year.

Corporate Affairs Committee: None of the members of the Corporate Affairs Committee is an officer or employee of the Company. The functions of the Corporate Affairs Committee are described under "Report of the Corporate Affairs Committee" below. There were three meetings of the Corporate Affairs Committee during the past fiscal year.

Audit and Risk Management Committee: The Board has determined that Mr. Smith is the Audit and Risk Management Committee's designated "Financial Expert" under the SEC definition. Membership on the Audit and Risk Management Committee is restricted to non-employee members of the Board who must be independent under New York Stock Exchange rules. The functions of the Audit and Risk Management Committee are described under "Report of the Audit and Risk Management Committee" below. There were eight meetings of the Audit and Risk Management Committee during the past fiscal year.

Finance Committee: The Finance Committee acts on behalf of the Board with respect to financing activities of the Company and its subsidiaries and also in instances where the Board has delegated authority to the Finance Committee to act on its behalf. The functions of the Finance Committee are described under Report of the Finance Committee below. There were three meetings of the Finance Committee during the past fiscal year.

Compensation and Benefits Committee: Membership on the Compensation and Benefits Committee is restricted to non-employee members of the Board who must be independent under the rules of the New York Stock Exchange. The functions of the Compensation and Benefits Committee are described under Report of the Compensation and Benefits Committee below. There were five meetings of the Compensation and Benefits Committee during the past fiscal year.

Director Compensation

As more fully discussed in the Report of the Nominating and Corporate Governance Committee, which begins on page 21 of this proxy statement, the establishment of compensation for non-employee directors is part of the responsibilities of that committee. The philosophy for the compensation decisions is discussed in that report.

In 2013, each non-employee director received an annual cash retainer of \$70,000 per year for service on the Board. The Lead Director received an additional annual cash retainer of \$25,000. The chair of the Audit and Risk Management Committee and chair of the Compensation and Benefits Committee each received an additional annual cash retainer of \$10,000. All other committee chairs each received an additional annual cash retainer of \$5,000. All annual cash retainers were paid in the form of a monthly amount. Also, on May 23, 2013, each non-employee director received an equity grant with a targeted value of \$70,000.

As part of the total compensation package provided to non-employee directors, subject to each director's re-election to the Board, a grant of stock unit awards with a targeted value of \$70,000 will be made as of May 22, 2014, and the grant will vest on May 1, 2015. The equity compensation provided to non-employee directors is solely in the form of stock unit awards.

The nature and amount of the non-employee director compensation was determined based upon advice provided by an independent compensation consultant who was employed by the Nominating and Corporate Governance Committee. This action occurred in 2012. It is anticipated that a review of the market competitiveness of non-employee director compensation will occur again in 2014.

Pursuant to a director expense reimbursement policy approved by the Board, we reimburse the reasonable travel and accommodation expenses of directors to attend meetings and other corporate functions.

The Board has adopted a director education policy. The Vectren Corporation Director Education Policy is administered by the chair, president and chief executive officer, with oversight by the Governance Committee, and provides each non-employee director with an annual education allowance of up to \$7,500 to use for continuing education programs to assist with the discharge of their duties.

Under the Vectren Foundation Directors Matching Policy, the Vectren Foundation will match qualifying contributions up to \$5,000 annually, made by active non-employee members of the Board. Qualifying organizations must be designated a 501(c)(3) Federal tax exempt entity by the Internal Revenue Service. This policy encourages and supports contributions that promote the preservation and restoration of natural resources, energy efficiency and renewable resources and institutions of higher education. The maximum match amount of \$5,000 may be used by matching college or university gifts not to exceed \$2,500 in total, and matching gifts to organizations focused on preservation and restoration of natural resources, energy efficiency and renewable resources not to exceed \$2,500 in total.

Directors are eligible to participate in the Vectren Corporation Nonqualified Deferred Compensation Plans described starting on page 60 under the heading Nonqualified Deferred Compensation. At the present time, directors may defer all or a portion of their director fees and stock unit awards upon the lapse of restrictions applicable to those stock unit awards into the Vectren Corporation Nonqualified Deferred Compensation Plan, effective January 1, 2005, which is designed to comply with Section 409A of the Internal Revenue Code of 1986, as amended (Internal Revenue Code).

The plans' measurement funds mirror the investment options in the Company's 401(k) plan except that the deferred compensation plans do not include any limitation on the amount of the contributions which can be allocated to the Company's common stock. Participants have the ability to elect a scheduled distribution of any amounts deferred into the plans as long as the distribution is at least three plan years after the end of the plan year for which the participant elects the deferral. Once the director's service on our Board has ended, the balance in these plans is paid in either a lump sum or annual installments over 5, 10 or 15 years.

The following table summarizes the compensation paid to non-employee directors for the fiscal year ended December 31, 2013. As an active employee, Mr. Chapman does not receive any additional compensation for his service as a director. No option awards or non-equity incentive plan awards were made to directors. Directors do not receive pensions and did not receive any above-market or preferential earnings on deferred compensation.

2013 DIRECTOR COMPENSATION TABLE

Name (a)	Fees Earned or Paid in Cash (1) (b)	Stock Awards (2) (c)	All Other Compensation (3) (d)	Total (e)
James H. DeGraffenreidt, Jr.	\$70,000	\$70,108	\$2,034	\$142,142
Niel C. Ellerbrook	\$75,000	\$70,108	\$4,534	\$149,642
John D. Engelbrecht	\$75,000	\$70,108	\$4,534	\$149,642
Anton H. George	\$70,000	\$70,108	\$7,034	\$147,142
Martin C. Jischke	\$70,000	\$70,108	\$4,534	\$144,642
Robert G. Jones	\$70,000	\$70,108	\$4,534	\$144,642
J. Timothy McGinley	\$100,000	\$70,108	\$4,534	\$174,642
R. Daniel Sadlier	\$70,000	\$70,108	\$4,034	\$144,142
Michael L. Smith	\$80,000	\$70,108	\$4,534	\$154,642
Jean W. Wojtowicz	\$80,000	\$70,108	\$7,034	\$157,142

- (1) This column represents annual cash retainers paid to Board members. These amounts are more fully discussed above under Director Compensation.
- (2) This column reflects the aggregate fair value at the grant date based on FASB ASC Topic 718, which in this instance is the number of stock units issued multiplied by the share price on the date of grant.
- (3) This column includes dividends paid on stock unit awards in 2013 and matching of qualifying charitable contributions. The table below discloses the breakdown of payments in the All Other Compensation column.

Name	Stock Unit Dividends	Directors Matching Policy Contributions	All Other Compensation
James H. DeGraffenreidt, Jr.	\$2,034	\$0	\$2,034
Niel C. Ellerbrook	\$2,034	\$2,500	\$4,534
John D. Engelbrecht	\$2,034	\$2,500	\$4,534
Anton H. George	\$2,034	\$5,000	\$7,034
Martin C. Jischke	\$2,034	\$2,500	\$4,534
Robert G. Jones	\$2,034	\$2,500	\$4,534
J. Timothy McGinley	\$2,034	\$2,500	\$4,534
R. Daniel Sadlier	\$2,034	\$2,000	\$4,034
Michael L. Smith	\$2,034	\$2,500	\$4,534
Jean W. Wojtowicz	\$2,034	\$5,000	\$7,034

Report Of The Nominating And Corporate Governance Committee

The Nominating and Corporate Governance Committee (Governance Committee) is primarily responsible for corporate governance matters affecting the Company and its subsidiaries. The Governance Committee has 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 (NYSE). The chair of the Governance Committee is J. Timothy McGinley, who is also the Lead Director. The Governance Committee met four times during the past fiscal year. At each meeting, the Governance Committee conducts an executive session without management present.

Scope of Responsibilities

The Governance Committee has a number of significant responsibilities which are set forth in its charter posted at www.vectren.com, including:

- Serving as a conduit for shareholders and other interested parties to communicate with the non-employee members of the Board regarding nominees and other matters affecting Company business;
- Overseeing the succession planning process for the office of chief executive officer, senior management and the primary leadership of the Company s subsidiaries and affiliates;
- Monitoring other corporate governance matters, including periodically reviewing the Company s Code of By-Laws and Articles of Incorporation as they relate to corporate governance;
- Formulating recommendations concerning the composition, organization and functions of the Board and its committees;
- Identifying and selecting qualified nominees for election to the Board, including assessing the viewpoint, background and demographics of nominees, and whether their presence on the Board would contribute to the overall diversity of the Board;
- Recommending programs for continuing Board member education and development;
- Establishing qualification criteria for service as a member of the Board, including independence;
- Assessing the contributions of existing members of the Board for re-election;
- Monitoring the effectiveness and functioning of the Board and its various committees;
- Approving management participation on compensated third party boards of directors; and
- Establishing compensation for non-employee members of the Board.

2013 Accomplishments

Throughout the year, the Governance Committee gathered, assessed, and, as appropriate, acted upon information relating to corporate governance, including governance-related items described in the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), and those regulatory changes affecting listed companies established by the NYSE and the Securities and Exchange Commission (SEC). These efforts by the Governance Committee are ongoing.

As required by the Governance Committee s charter, which is posted on the Company s website at www.vectren.com, the Governance Committee conducted an annual review of the Corporate Governance Guidelines applicable to the full Board. Based upon that review, the Governance Committee concluded that a number of modifications, which are discussed later in this report, were advisable and appropriate to ensure the guidelines reflect the practices of the full Board and the Governance Committee. The current Corporate Governance Guidelines are posted on the Company s website at www.vectren.com.

The Governance Committee is responsible for considering nominees for director, including nominees recommended by security holders. The policy for director nominations by shareholders is included under Nomination of Directors by Shareholders beginning on page 16 of this proxy statement. The criteria considered by the Governance Committee and the

full Board when assessing candidates are contained in the Company's Code of By-Laws (By-Laws) and are also set forth in Appendix A of this proxy statement.

From time to time, the Lead Director and the Governance Committee receive unsolicited inquiries from individuals interested in serving as a member of the Board. In the event such inquiries are sent to management, they are forwarded on to the Lead Director. Upon receipt of these inquiries they are vetted by the entire Governance Committee and a determination is made in light of the needs of the Board whether to pursue the matter further, which would include an analysis of the individuals under the Board's qualification criteria. Each inquiry is evaluated on its individual merits.

In connection with the 2014 annual meeting, and employing the qualification criteria set forth in the Company's Code of By-Laws, as well as the director retention criteria approved by the Board, the Governance Committee evaluated all of the nominees who are standing for re-election. As a result of that process, the Governance Committee concluded that the full Board should recommend to the shareholders the re-election of the existing directors.

During the year, the Governance Committee provided ongoing oversight with respect to each Board member's relationship with the Company and its subsidiaries. This action was required under the independence standards for the Board, which were developed by the Governance Committee as required by the Company's Corporate Governance Guidelines, and were approved by the full Board. The independence standards are set forth and discussed on pages 24-25 of this proxy statement. Based on these standards, the Board has determined that, with the exception of Mr. Chapman, who is an active employee and serves as the Board chair, president and chief executive officer of the Company, all members of the Board are independent.

During the year, the Governance Committee evaluated each Board member's presence on committees in light of the applicable qualification requirements, including additional independence requirements pertinent to certain of the committees. Based upon this evaluation, the Governance Committee determined to recommend and made its recommendation to the full Board regarding the composition and leadership of each committee. Thereafter, those recommendations were adopted by the full Board.

During the year, the Governance Committee oversaw a formal communication process to ensure the Board receives adequate information regarding the actions taken by the boards of directors at the Company's wholly-owned subsidiaries and affiliates. That process requires regular periodic management updates to the Governance Committee regarding such actions.

The Governance Committee oversees non-employee directors' compliance with the stock ownership guidelines that have been established by the Board. Those guidelines are more fully discussed on page 24 of this proxy statement. During the year, stock ownership by directors was monitored and, as discussed on page 24 of this proxy statement, as of January 31, 2014, each director, with the exception of Robert G. Jones met the ownership threshold required by those guidelines. There is a five year transition period for compliance by directors, and Mr. Jones is within that transition period.

During the year, the Governance Committee continued with the administration of the succession planning process for the senior management of the Company and the primary leadership of the Company's subsidiaries and affiliates. The Governance Committee believes that actively engaging in the succession planning process is a critical part of the Company's long-term management continuity preparedness. Succession planning is an ongoing process with respect to management positions across the Company and is an integral part of the Company's normal personnel planning activities. As part of this effort, during the year a number of organizational changes were made, resulting in the reallocation of responsibilities among a number of vice presidents, as well as the creation of new officer roles for certain functions. This process is expected to enhance the professional development of the persons involved, as well as result in better execution of the Company's strategies and processes. The accomplishment of these outcomes will be the subject of continuing oversight by the Governance Committee as it administers the succession planning process. Reports on the succession planning process were provided to the Governance Committee during the year. On a regular basis, the chair of the Governance Committee provides updates on this subject to the Board as part of the executive session segments of Board meetings.

During the year, the Governance Committee reviewed the slate of individuals to serve as officers for the Company and recommended that the full Board re-elect the current officers to their respective positions in May of 2013. This review and recommendation was done in light of the Governance Committee's ongoing assessment of the succession planning process. The Governance Committee also reviewed responsibilities within the management group and determined which individuals should be deemed to be insiders for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.

During the year, the Governance Committee evaluated the leadership strengths of the Board, including the determination to consolidate the roles of Board chair and chief executive officer into a single position, as well as the Lead Director position and its attendant role and responsibilities. Mr. Chapman has served as chair since the 2011 annual meeting. Mr. McGinley

has also served as the Lead Director since that time. This subject is discussed more fully at page 17 of this proxy statement with respect to the organizational structure of the Board. During the year, the Governance Committee also amended the Corporate Governance Guidelines to memorialize the existing practices of the full Board and the Governance Committee with respect to the role and responsibilities of the Lead Director.

During the year, the Governance Committee undertook an analysis of the appropriate size of the board. As a result of that effort, the Governance Committee concluded that the average size of boards at companies in the Company's peer group is ten (10) directors. Benchmarking with other groups, including the S&P 500, was also undertaken. The Governance Committee concluded that the current size of the board, which currently has eleven (11) directors, remained appropriate and meets the needs of the Company and its stakeholders. As a result of this analysis, the Governance Committee amended Section 2.A of the Corporate Governance Guidelines to indicate the optimal size of the Board is ten to twelve members.

Under the oversight of the Governance Committee, formal Board development activities were undertaken during the year. The Board conducted a multi-day development session where they heard presentations from various external professionals with respect to important issues affecting the Company. As part of that session, the Board also received in-depth presentations from senior management regarding industry issues and processes affecting the Company and its subsidiaries. In addition, some members of the Board attended training activities focused on the development of directors' skills.

The Governance Committee is charged with oversight of compensation for the non-employee members of the Board. Periodically, the Governance Committee directs the preparation of an analysis of the continuing market competitiveness of that compensation. Most recently, in 2012, the Governance Committee had such an analysis prepared by Hay Group, Inc., which is the independent compensation consultant employed by the Compensation and Benefits Committee. The analysis included a review of the annual board retainer, board meeting attendance fees, committee retainers, committee meeting attendance fees, and equity grants. The analysis primarily relied upon a review of comparative data from the group of companies within the industry peer group that has been used by the Company to measure its performance and used by the Compensation and Benefits Committee when establishing executive compensation. Based upon the analysis and review of current market data, it was the conclusion of the independent consultant that the compensation to outside directors was well below both the average and the median for the Company's peer group. In August of 2012, the Governance Committee took action in response to that information and recommended an adjustment to director compensation. That recommendation was adopted by the Board at its September meeting, with an effective date of January 1, 2013. The specifics of director compensation are more fully discussed on pages 19-20 of this proxy statement under the heading Director Compensation. In 2014, the Governance Committee anticipates continuing to review, with assistance from an independent compensation consultant, the on-going market competitiveness of director compensation.

As the plan administrator of the Vectren Corporation At Risk Compensation Plan (At Risk Plan) with respect to compensation for non-employee members of the Board, the Governance Committee has made annual awards of restricted units for directors effective as of May 22, 2014 (subject to their re-election by the shareholders). The role of equity compensation as part of the total compensation provided to non-employee directors is more fully discussed beginning on page 19 of this proxy statement.

Early in 2014, the chair of the Governance Committee administered the annual Board performance evaluation process pursuant to which the Board critiqued its performance. The chair of the Governance Committee then presented the evaluation results to the full Board. In response, senior management developed an action plan that will be executed over the course of 2014.

During the year, the Governance Committee oversaw a process pursuant to which the review of compliance activities at the Company is formally apportioned among the existing committees of the Board. The Governance Committee received reports from the Company's chief compliance officer on this subject and reviewed the allocation of those review responsibilities among the existing Board committees. The Governance Committee anticipates continuing to review the apportionment of compliance activities in 2014 and beyond.

During the year, the Governance Committee received a detailed report with respect to diversity at the board of directors' level. While the Governance Committee concluded the Board is diverse, from the perspectives of both identity and skills and experience diversity, and has the requisite skills to fulfill its responsibilities, the Governance Committee also concluded that as part of the director succession process it will continue to focus further upon enhancing the diversity of the full Board as opportunities arise to add new members. That process is ongoing and is expected to continue in 2014 and beyond.

During the year, the Governance Committee conducted its annual review of the collective strengths and weaknesses of the Board members and their respective skill sets. This effort is used by the Governance Committee to ensure that the Board has the appropriate resources to function in a manner that is in the best interests of all of the Company's stakeholders.

Following this effort, a presentation and discussion was held with the full Board, which evaluated each director in light of the criteria prescribed by the Governance Committee and, following that process, confirmed the conclusions of the Governance Committee.

During the year, the Governance Committee reviewed the best practices for conducting the performance evaluation of the Chief Executive Officer. Based upon the review and consideration of the research presented with respect to this process, the Governance Committee concluded that the Board's existing process of providing for the Compensation and Benefits Committee to perform the review should continue. As part of that process, the chair of the Compensation and Benefits Committee provides a report to the full Board, excluding the Chief Executive Officer, during an executive session segment of a full Board meeting.

During the year, the Governance Committee reviewed the subjects of Board tenure and average director age. After reviewing these subjects, the Governance Committee concluded that no changes were necessary or advisable at this time with respect to Board tenure and confirmed the Board should not have a formal term limit policy. The Governance Committee also concluded that the existing composition of the Board is in line with the market relative to the average age of directors.

During the year, the Governance Committee developed, in concert with Mr. Chapman, the Chairman, President and Chief Executive Officer, an emergency succession plan to be implemented in the event he is unexpectedly rendered unable to perform his duties. That plan was vetted with the full Board and is available for execution should the need arise.

At the February 2014 meeting of the Governance Committee, the committee confirmed that all Board committees had complied with their respective charters during 2013. The Governance Committee will continue to oversee any future recommended revisions to Board committee charters to ensure that the apportionment of responsibilities among the committees is appropriate.

Share Ownership Policy

Our Company's share ownership policy requires officers and non-employee directors to meet share ownership targets. The Governance Committee adopted that policy in 2000 and it provides a five year transition period for non-employee directors to comply with their applicable share ownership targets. The Board expects the covered persons to make ratable progress toward compliance each year. The program includes these key features:

Participants who are non-employee directors have a share ownership target based on a multiple of five times their annual cash retainer, which calculated as of January 1, 2014, equaled \$350,000. As of January 31, 2014, all of the non-employee directors, excluding Mr. Jones who is in the transitional five year compliance period, exceeded the established ownership requirements. The Governance Committee reviews non-employee director stock ownership on an annual basis.

A participant may count toward his or her target the value of owned shares, phantom units of our stock in our nonqualified deferred compensation plans and vested in the money stock options, restricted shares and stock unit awards, with value based on the market price of our common stock.

In 2012, the Governance Committee, with assistance from the Hay Group, reviewed the reasonableness of the director share ownership guideline from a market perspective and concluded that it is, in fact, in line with the market. The Governance Committee anticipates reviewing the continuing appropriateness of the guidelines again in 2014.

Annual Committee Charter Review and Performance Evaluation

As required by the Governance Committee's charter, during the year, the Committee reviewed its charter and determined that no changes were necessary or advisable. Also, as required by the Governance Committee's charter, the Governance Committee conducted an annual performance evaluation, the results of which have been discussed among the members.

Director Independence Standards

In determining director independence, the Board considers broadly all relevant facts and circumstances, including the corporate governance listing standards of the NYSE, which are summarized below. The Board considers the issue not merely from the perspective of the particular director, but also from the perspective of persons or organizations with which the director has an affiliation. An independent director must be free of any relationship with the Company that impairs the director's ability to make independent judgments, including indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company.

At a minimum, in making the independence determination, the Board applies the following standards, and it also considers any other relationships it deems relevant. A director will not be considered independent if any of the following criteria apply:

1. The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer,¹ of the Company.
2. The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
3. (A) The director is a current partner or employee of a firm that is the Company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the Company's audit; or, (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time.
4. The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company at which any of the Company's present executive officers at the same time serves or served on that company's compensation committee.
5. The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

The NYSE listing standards require that the Board affirmatively determine that a director has no material relationship at the Company. In determining whether a particular director satisfied the independence criteria, the Governance Committee considered the following transactions. In 2013, the Company purchased approximately \$10,000 of advertising time from South Central Communications, Inc., a corporation in which Mr. Engelbrecht has an interest, which represents a very small percentage, less than 1%, of that corporation's 2013 revenues. In 2013, the Company had banking relationships with Old National Bank, of which Mr. Jones is president and chief executive officer. The total fees paid for those relationships, which consisted of approximately \$121,000 represents a very small percentage, significantly less than 1%, of that corporation's 2013 revenues. These fees were solely transactional fees and included: \$19,000 in payments for participation in the \$600 million VUHI and Capital Corporation syndicated credit facilities at the level of \$15 million and in the \$100 million Vectren Capital Term Loan at the level of \$5 million, in which Old National Bank was a non-lead bank; a \$53,000 payment for provision of three letters of credit to Vectren Fuels, Inc. totaling approximately \$5.2 million; and \$49,000 in payments for bank account service charges related to provision of the Company's payroll account, which serves several subsidiary companies, provision of the account processing automated customer checking account drafts for Vectren South, provision of the miscellaneous customer billings lockbox account, and provision of the checking account used in connection with a not-for-profit energy payment assistance fund. In addition, Old National Bank purchased utility services from the Company which represents a very small percentage, significantly less than 1%, of Old National Bank's and the Company's respective gross revenues. The Governance Committee determined that the amounts involved in these transactions were well below the levels provided in the director independence standards and were not material to the relevant directors or to any person or organization with whom they are affiliated.

¹ For purposes of this standard, the term "executive officer" has the same meaning specified for the term "officer" in Rule 16a-1(f) under the Securities Exchange Act of 1934.

Selection and Evaluation of Director Candidates

All director candidates must meet the requirements established by the Governance Committee from time to time and the director qualification standards included in the Company's Corporate Governance Guidelines. Candidates are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of shareholders. In considering director nominees pursuant to its charter, the Governance Committee employs a holistic approach to diversity, taking into consideration factors that affect a candidate's life and work experiences, including, racial, ethnic, social, economic, educational, professional, geographic and community experiences. In discharging this responsibility, the Governance Committee assesses the viewpoint, background and demographics of the candidates. The Governance Committee seeks to create a board that is strong in identity diversity, as well as having a collective knowledge and diversity of skills and experience with respect to accounting and finance, management and leadership, vision and

strategy, business operations, business judgment, industry knowledge, corporate governance and other factors the Governance Committee deems appropriate. When considering a candidate, the Governance Committee looks specifically at the candidate's qualifications in light of the needs of the Board and the Company at that time, given the then current mix of director attributes, including the matters discussed above. Specific selection criteria are set forth in the By-Laws and are also included in Appendix A.

Commitment

The Governance Committee is committed to ensuring that the Company implements and follows corporate governance principles that fulfill its responsibilities under its charter and to enhance, where appropriate, the Company's corporate governance practices. The Governance Committee anticipates meeting at least three times in 2014.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

J. Timothy McGinley, *Chair*,
James H. DeGraffenreidt, Jr.,
Anton H. George, and
Michael L. Smith

Report Of The Corporate Affairs Committee

The Corporate Affairs Committee is primarily responsible for both ensuring the discharge of the Board's duties relating to the Company's policies, practices and procedures as a responsible corporate citizen and monitoring compliance with governmental regulations (other than SEC regulations). The Corporate Affairs Committee consists of four members. The Corporate Affairs Committee met three times during the past fiscal year. At each meeting, the Corporate Affairs Committee conducts an executive session without management present.

Scope of Responsibilities

The Corporate Affairs Committee's responsibilities are set forth in its charter, which is posted on the Company's website at www.vectren.com. Those responsibilities include:

Generally overseeing policies, practices and procedures relating to business practices, and legal compliance, including compliance by utility operations;

Overseeing policies, practices and procedures relating to public communications with key stakeholders, other than the financial community;

Overseeing policies, practices and procedures relating to community relations, including charitable contributions and community affairs;

Overseeing policies, practices and procedures relating to customer relations, including customer satisfaction and quality of customer service;

Overseeing policies, practices and procedures relating to employer practices and procedures, including the Company's objective of being an employer of choice, the attainment of workforce diversity, and compliance with employment related laws, regulations and policies and the promotion of a culture of safety; and

Overseeing policies, practices and procedures relating to environmental compliance and stewardship, including adherence to environmental laws and regulations.

2013 Accomplishments

During the past year, the Company's compliance with regulations at its utility operations was overseen by the Corporate Affairs Committee. Reports related to North American Electric Reliability Corporation compliance, facility locating and third party damage, and the Company's response to existing and anticipated pipeline safety regulations were provided to the Committee. The Company's compliance framework and the Committee's oversight of compliance was benchmarked, and further improvements were made to facilitate such oversight, including conducting executive sessions between the Committee and the Chief Compliance Officer. The Chief Compliance Officer also reported on the process used to oversee compliance by the non-utility subsidiaries.

Throughout the past year, legislative matters of importance to the Company at the federal level, as well as in Indiana and Ohio, and the activities of the Company's Political Action Committee were reviewed and discussed with the Corporate Affairs Committee.

During the past year, the Corporate Affairs Committee monitored the activities of the Vectren Foundation. This monitoring included receiving regular updates regarding the Foundation's activities in the Company's utility operating areas. The Committee recommended approval of the contribution level of the Foundation for 2014. In addition, the Committee received reports related to Community Sustainability initiatives being supported by the Company.

During the past year, the Corporate Affairs Committee monitored activities related to the Company's relationships with its customers, including the ongoing measurement of customer satisfaction which is used by the Compensation and Benefits Committee as a performance metric for annual incentive awards under the Company's At Risk Compensation Plan (At Risk Plan). That performance metric is discussed further on page 45 of this proxy statement. The Corporate Affairs Committee also regularly received reports relative to the measurement of customer satisfaction as determined by the firm of J.D. Power and Associates. Reports were provided regarding the Company's continued implementation of gas and electric efficiency programs. Management also regularly reported on ongoing regulatory proceedings before the Indiana Utility Regulatory Commission and the Public Utilities Commission of Ohio.

During the past year, the Company's safety performance was monitored by the Corporate Affairs Committee. Considerable attention was given to the company's utility operations safety performance compared to peer companies, as well as efforts being implemented to minimize workplace accidents and injuries. Safety performance is also used by the Compensation and Benefits Committee as a metric in establishing annual incentive payment awards under the At Risk Plan. That performance metric is discussed further on page 45 of this proxy statement.

During the past year, the Corporate Affairs Committee monitored the Company's employment practices. This monitoring included a report on negotiations related to a labor contract at one of the Company's operating utilities. The Corporate Affairs Committee also monitored management's continuing efforts to enhance employee diversity at the Company.

The Company's environmental compliance and stewardship was considered at each meeting of the Corporate Affairs Committee. Presentations were provided regarding potential new or revised Environmental Protection Agency (EPA) regulations, including (1) regulation of mercury and other emissions from the Company's coal fired electric generating units and (2) planned controls to be used at the plants to assure compliance with applicable regulations. Ongoing legal challenges to certain EPA regulations were reviewed. Reports were also provided on the status of former manufactured gas plant remediation activities and associated cost recovery efforts. In addition, the Corporate Affairs Committee received reports related to corporate sustainability initiatives, including the issuance of the Company's 2013 Corporate Sustainability Report.

Annual Committee Charter Review and Performance Evaluation

As required by the Corporate Affairs Committee's charter, in 2013 the Corporate Affairs Committee reviewed its charter and determined that no revisions were required. Also, as required by the Corporate Affairs Committee's charter, the Corporate Affairs Committee conducted an annual performance evaluation, the results of which will be discussed by the Committee at its first meeting of the year in April of 2014.

Commitment

The Corporate Affairs Committee is committed to ensuring that the Company conducts its operations consistent with being a good corporate citizen. The Corporate Affairs Committee anticipates meeting at least three times in 2014 to continue to focus on the matters set forth in its charter.

CORPORATE AFFAIRS COMMITTEE

John D. Engelbrecht, *Chair*,
Niel C. Ellerbrook,
Martin C. Jischke, and
Robert G. Jones

Report Of The Audit And Risk Management Committee

The Audit and Risk Management Committee (Audit Committee) oversees the Company s financial reporting process on behalf of the full Board. The Audit Committee currently consists of four members, who each satisfy the independence standard established by the full Board, as well as the independence requirements contained in the Corporate Governance Listing Standards of the New York Stock Exchange (NYSE). The Audit Committee met eight times during the past fiscal year.

Scope of Responsibilities

The Audit Committee operates under a written Audit and Risk Management Committee Charter containing provisions that address requirements imposed by the Securities and Exchange Commission (SEC) and the NYSE. That charter is posted on the Corporate Governance section of the Company s website at www.vectren.com. The charter, as revised and restated in September 2012, clarifies the Audit Committee s oversight of SEC and other financial compliance matters in addition to a number of other responsibilities that the Audit Committee performs. Those responsibilities include:

- Overseeing the integrity of the Company s financial statements;

- Overseeing the independent registered public accounting firm s qualifications and independence;

- Overseeing the performance of the Company s internal audit function (Corporate Audit) and independent auditor;

- Overseeing the Company s system of disclosure controls and system of internal controls regarding finance, accounting, SEC compliance, and ethics that management and the Board have established; and

- Overseeing the Company s practices and processes relating to risk assessment and risk management.

2013 Accomplishments

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management and the independent registered public accounting firm, Deloitte & Touche, LLP (Deloitte), the financial statements and report of management on the effectiveness of internal control over financial reporting included in the annual report on Form 10-K. The Audit Committee also received reports from management with respect to each of the Company s quarterly reports on Form 10-Q and reviewed drafts of the Company s earnings releases prior to public dissemination.

Mr. Michael L. Smith serves as the Audit Committee s designated Audit Committee Financial Expert, as previously determined by the Board. This appointment and designation was reviewed and approved by the Nominating and Corporate Governance Committee and confirmed by the Board. The other three committee members have significant financial acumen and have been determined by the Nominating and Corporate Governance Committee to be financially literate as that term is defined by the NYSE Corporate Governance Listing Standards. The Nominee Biographies section starting on page 9 of this proxy statement contains biographies of each Audit Committee member.

The Audit Committee has discussed with Deloitte matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standard 16, Communications with Audit Committees. Such matters include the timing of the audit, audit strategy and scope, and significant risks and unusual transactions. The Audit Committee has received from Deloitte the written disclosures required by the PCAOB regarding Deloitte s independence, and has discussed with Deloitte their independence. The Audit Committee has approved the terms of Deloitte s engagement letter.

The vice president of Corporate Audit reports functionally to the Audit Committee, and in early 2013, the Audit Committee reviewed and approved the Corporate Audit department s charter, work plan, and budget for activities to be undertaken during 2013.

The Audit Committee met periodically with the vice president of Corporate Audit and Deloitte, with and without management present, to discuss the results of their audits and other activities, their evaluations of the Company s internal controls, and their judgments as to the quality and the acceptability of the Company s financial reporting.

During the year, the Audit Committee received updates from the Company s legal counsel with respect to compliance with SEC rules and regulations and other litigation, claims, and legal matters that have potential to affect the Company s financial statements.

In addition, the Audit Committee and the Compensation and Benefits Committee each received reports from management with respect to a risk analysis of compensation plans used by the Company and its subsidiaries. The analysis assessed whether these compensation plans promote excessive risk taking which would be reasonably likely to have a material adverse impact on the Company. Based upon that analysis, management concluded that none of the plans has that effect. This subject is discussed more fully on page 66.

Corporate Code of Conduct

As provided for in its charter, the Audit Committee is responsible for establishing, reviewing, and updating periodically a Corporate Code of Conduct (Code) and ensuring that management has established a system to enforce this Code. This process includes confirming that the Code is in compliance with all applicable rules and regulations. Additionally, processes have been outlined within the Code providing Company employees and others with the ability to directly contact the chair of the Audit Committee with issues arising under the Code or to utilize other methods to report issues, such as the Company s anonymous third party administered hotline. A copy of the Code titled Corp Code of Conduct is posted on the Corporate Governance section of the Company s website at www.vectren.com. The Audit Committee reviews management s monitoring of the Company s compliance with the Code and confirms that management has the proper review system in place to provide that the Company s financial statements, reports, and other financial information disseminated to governmental organizations and the public satisfy applicable legal requirements. The Audit Committee also confirmed, with assistance from the Corporate Audit department, that during 2013 the members of the Board have complied with the Code.

Risk Management

As provided for in its charter, the Audit Committee, throughout the year, received and reviewed reports from management regarding enterprise risk issues affecting the Company and considered by management s Risk Management Committee. This included a comprehensive and regular review of numerous business matters that present potential risks for the Company. As part of risk management, the Audit Committee received reports regarding the Company s approach to cyber-security issues.

Sarbanes-Oxley Section 404 Compliance

Throughout the year the Audit Committee received and reviewed reports from the vice president of Corporate Audit regarding the Company s ongoing compliance with the certification and attestation requirements of Sarbanes-Oxley Section 404. The Audit Committee also received reports on this subject from the Company s chief financial officer and chief accounting officer, as well as commentary from Deloitte with respect to the Company s compliance.

Independent Registered Public Accounting Firm Activities

Pursuant to the Audit Committee s responsibility to oversee the qualifications, independence, and performance of the Company s independent registered public accounting firm, the Audit Committee appoints the firm and submits the appointment to the shareholders for ratification. With management s assistance, the Audit Committee is actively involved in setting and approving the fees paid to Deloitte for its services.

The Audit Committee has adopted a formal policy with respect to the pre-approval of audit and permissible non-audit services provided by the independent registered public accounting firm. Pre-approval is assessed on a case-by-case basis. In assessing requests for services to be provided by the independent registered public accounting firm, the Audit Committee considers whether such services are consistent with the auditors independence, whether the independent registered public accounting firm is likely to provide the most effective and efficient service based upon the firm s familiarity with the Company, and whether the service could enhance the Company s ability to manage or control risk or improve audit quality. The audit-related, tax, and other services provided by Deloitte in the last year and related fees were approved by the Audit Committee in accordance with this policy. Audit fees are disclosed in more detail on page 68 of this proxy statement.

When necessary, the Audit Committee assists the Company with the transition of engagement partners. This assistance includes an interview of the candidates. Audit partner transitions are required by PCAOB rules that mandate firms rotate engagement partners. The current Deloitte lead engagement partner has led the Company s audit for two years.

Reappointment of Deloitte

The Audit Committee considered and has recommended to the full Board that Deloitte be reappointed as the Company's independent registered public accounting firm for 2014. That recommendation calls for the reappointment to be subject to ratification by the Company's shareholders at the 2014 annual meeting. In determining whether to make the recommendation to reappoint Deloitte, the Audit Committee took into consideration a number of factors including, but not limited to:

The quality of the Audit Committee's ongoing discussions with Deloitte;

Deloitte's independence;

Management's perceptions of Deloitte's industry expertise and past performance;

External data relating to audit quality and performance, including recent PCAOB reports on Deloitte and its peer firms; and

The appropriateness of fees charged.

Deloitte has been the Company's independent auditor since May 17, 2002.

Delineation of Responsibilities Between Management, the Independent Registered Public Accounting Firm, and the Audit Committee

Management is responsible for the Company's financial reporting process, including its system of internal control, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; establishing and maintaining disclosure controls and procedures; establishing and maintaining internal control over financial reporting; evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of its internal control over financial reporting; and evaluating any change in its internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

The Company's independent registered public accounting firm is responsible for auditing the financial statements prepared by management and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on the effectiveness of the Company's internal control over financial reporting.

The Audit Committee's responsibility is to monitor and review the processes performed by management and Deloitte. It is not the Audit Committee's duty or responsibility to conduct auditing or accounting reviews or procedures. The Audit Committee members are not employees of the Company. Therefore, the Audit Committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and on the representations of Deloitte included in its reports on the Company's financial statements and internal control over financial reporting. Furthermore, the Audit Committee's considerations and discussions with management and the independent registered public accounting firm concerning the Company's audited and unaudited financial statements, internal controls and related matters do not assure that the Company's financial statements are presented in accordance with generally accepted accounting principles; that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards; or that the Company's independent registered public accounting firm is in fact independent.

2013 Form 10-K

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the full Board that the audited consolidated financial statements of the Company and its subsidiaries for 2013 be included in the annual report on Form 10-K for the fiscal year ended December 31, 2013 for filing with the SEC.

A copy of the Company's 10-K is available without charge upon request. Send your request to:

Attn: Investor Relations
Vectren Corporation
One Vectren Square
Evansville, IN 47708

vcir@vectren.com

Annual Committee Charter Review and Performance Evaluation

As required by its charter, the Audit Committee reviewed its charter during 2013. Based on the review, no actions were taken to amend the charter. The Audit Committee also confirmed it fulfilled the requirements of the charter over the course of 2013. Also, as required by the Audit Committee's charter, the Audit Committee conducted an annual performance evaluation, the results of which have been discussed among the Audit Committee members.

Commitment

The Audit Committee is committed to ensuring that the Company implements and follows necessary and appropriate financial reporting processes. The Audit Committee anticipates meeting at least quarterly throughout 2014.

AUDIT AND RISK MANAGEMENT COMMITTEE

Michael L. Smith, *Chair*,
James H. DeGraffenreidt,
R. Daniel Sadler, and
Jean L. Wojtowicz

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 Niel C. Ellerbrook. The Finance Committee met three times during the last fiscal 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 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.

2013 Accomplishments

At the first meeting in 2013, the Finance Committee reviewed and approved the Company's 2013 financing program. As part of this action, the Finance Committee received presentations from management regarding the Company's credit ratings and capitalization ratios, as well as the forms of financing instruments that are available to the Company to effectuate both our short and long-term financing requirements. The Finance Committee received an overview of the state of the financial markets. The Finance Committee also received a report from management with respect to the Company's investor relations activities. The Finance Committee reviewed and approved parameters for proposed financing transactions by the Company's utility subsidiaries. The Finance Committee concluded by confirming the fulfillment of the responsibilities under the charter in 2012 and conducting their 2012 performance evaluation.

At the second meeting of the year, the Finance Committee reviewed the state of financing transactions in the utility industry. The Finance Committee also reviewed the status of the Company's 2013 financing plans, including financings relating to a number of the Company's nonutility businesses that were effectuated through Vectren Capital Corp. and were approved by the Board due to the timing of the transactions relative to the meeting schedule for the Finance Committee. The Finance Committee reviewed detailed reports regarding the status of the credit ratings for the Company's various debt arrangements and discussed recent meetings management had conducted with representatives of rating agencies. The Finance Committee modified approved parameters for proposed financing transactions by the Company's utility subsidiaries. They also reviewed the status of investments in the Company's various retirement plans. Finally, the Finance Committee appointed the members of the Investment Committee that oversees investments in the Company's benefit plans.

At the third meeting of the year, the Finance Committee reviewed the status of the Company's execution of its 2013 financing plans. They also reviewed the Company's proposed 2014 financing plans, as well as management's recommended change to the common stock dividend payable December 1, 2013. The Finance Committee reviewed a report with respect to the Company's credit ratings. Finally, the Finance Committee confirmed the fulfillment of their duties under the charter in 2013.

Annual Committee Charter Review and Performance Evaluation

As required by the Finance Committee's charter, the Finance Committee reviewed its charter and determined that no changes were necessary or advisable at this time. Also, as required by its charter, the Finance Committee conducted its 2012 annual performance evaluation at its first meeting in 2013, which occurred in February. The Finance Committee will conduct its 2013 annual performance evaluation in April of 2014 at its first meeting of the year.

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 the Company's benefit plans, as more fully defined in its charter. The Finance Committee anticipates meeting at least three times in 2014 to continue to focus on the matters set forth in its charter.

FINANCE COMMITTEE

Niel C. Ellerbrook, *Chair*,
John D. Engelbrecht,
Robert G. Jones, and
J. Timothy McGinley

Report Of The Compensation And Benefits Committee

The Compensation and Benefits Committee (Compensation Committee) has four members and met five times in 2013. The Compensation Committee is comprised solely of non-employee directors, all of whom the Board has determined are independent pursuant to the New York Stock Exchange (NYSE) rules. The Compensation Committee members are also required to meet other independence requirements imposed by federal laws and regulations. The Board has adopted a charter for the Compensation Committee, which is available on the Company s website at www.vectren.com. At each meeting, the Compensation Committee conducts an executive session without management present.

The Compensation Committee s responsibilities, which are discussed in detail in its charter, include, among other duties, the responsibility to:

Establish the base salary, incentive compensation and any other compensation for the Company s president and chief executive officer and each of the other executive officers of the Company;

Administer the Company s management incentive and stock-based compensation plans, and oversee the administration of the Company s retirement and welfare plans and discharge the duties imposed on the Compensation Committee by the terms of the plans; and

Conduct the performance appraisal for the president and chief executive officer; and perform other functions or duties that are deemed appropriate by the full Board.

Compensation decisions for the Company s executive officers named in the Summary Compensation Table in this proxy statement, which include the president and chief executive officer and other executive officers of the Company (collectively, executive officers), are made by the Compensation Committee. Decisions regarding non-equity compensation for other officers of the Company and the officers of the Company s primary subsidiaries are made by the Company s president and chief executive officer and, in certain cases, are reviewed and evaluated by the Compensation Committee. The Compensation Committee has engaged Hay Group, Inc. (Hay Group), an independent outside global human resources consulting firm, to conduct an annual review of the Company s total compensation program (base salaries, annual incentives and long-term incentives) for the executive officers. At the Compensation Committee s direction, Hay Group also provides advice with respect to the total compensation for the Company s other officers, as well as the officers of the Company s primary subsidiaries.

The agendas for meetings of the Compensation Committee are established by its chair with assistance from the other members of the Compensation Committee, the Compensation Committee s independent compensation consultant, and the Company s president and chief executive officer, chief financial officer, and chief legal and external affairs officer and secretary. Compensation Committee meetings are regularly attended by the president and chief executive officer, chief financial officer, chief legal and external affairs officer and secretary, and the vice president of Human Resources. The Compensation Committee s chair reports the Compensation Committee s recommendations on executive compensation to the Board and the Board approves the base salaries for the executive officers. Independent advisors, as directed by the Compensation Committee, support the Compensation Committee in its duties. In addition, one or more of the Company s officers, as well as the Company s Human Resources department, may be delegated authority to fulfill certain administrative duties regarding the compensation programs. The Company s Human Resources department is charged by the Compensation Committee with the task of executing the compensation plans and programs adopted by the Compensation Committee, as well as implementing changes in compensation levels as directed by the Compensation Committee. The Compensation Committee has authority under its charter to retain, approve fees for and terminate advisors, consultants and agents as it deems necessary or advisable to assist in the fulfillment of its responsibilities.

Role of Board Chair, President and Chief Executive Officer in the Compensation Process

Compensation determinations for our executive officers, including the president and chief executive officer, are made by the Compensation Committee. The Compensation Committee delegates certain administrative duties to, and solicits recommendations from, Mr. Chapman, the chair of the Board, president and chief executive officer. He provides recommendations to the Compensation Committee regarding the base salary, annual incentive and stock-based compensation opportunity for each of the other executive officers. He receives and reviews market data from the Compensation Committee s independent compensation consultant. Mr. Chapman considers that data, as well as the overall performance of each other executive officer, such executive officer s contributions to the Company over the past year, such executive officer s experience and potential, any change in such executive officer s functional responsibility, and internal pay equity in making

his recommendations. Mr. Chapman's recommendations are reviewed by the Compensation Committee with assistance from its independent compensation consultant, and the Compensation Committee can accept or make upward or downward adjustments to the recommended amounts. Determinations regarding short-term and long-term incentive opportunities under the Vectren Corporation At Risk Compensation Plan (At Risk Plan) for the other executive officers are approved by the Compensation Committee. The chairman, president and chief executive officer also provides recommendations with respect to those opportunities to the Compensation Committee for the Company's other officers and certain of the officers of the Company's primary subsidiaries.

The chairman, president and chief executive officer regularly attends Compensation Committee meetings to provide input as a representative of management. At each meeting when the Compensation Committee goes into an executive session, it excuses Mr. Chapman and any other members of management who may be present. Depending upon the matters to be considered during the executive session, the Compensation Committee's independent compensation consultant may participate in portions of those sessions to advise the members. Actions required by the Compensation Committee relating to the establishment of executive compensation are deferred to and acted upon during the executive sessions.

Share Ownership Policy

Our Company's share ownership policy requires officers and non-employee directors to meet share ownership targets. The Compensation Committee adopted that policy in 2000 and it provides a five year transition period for officers to comply with their applicable share ownership targets. The Compensation Committee expects the officers to make ratable progress toward compliance each year. The program includes these key features:

Participants who are officers have a share ownership target based on a multiple of their base salary, which is three times base salary for Messrs. Benkert, Christian, and Doty, and five times base salary for Mr. Chapman. As of January 31, 2014, all of the current executive officers listed in the Summary Compensation Table exceeded the established ownership requirements. The Compensation Committee reviews executive officers' stock ownership on an annual basis. As of January 31, 2014, all of the Company's current officers, as well as the presidents of the Company's primary non-regulated businesses, who are subject to the share ownership policy either held the required level of shares or they were still in their five year compliance transition period. Moreover, based upon research conducted at the Compensation Committee's direction, the Compensation Committee determined in 2013 that the existing share ownership targets are in line with the market for such matters.

A participant may count toward his or her target the value of owned shares, phantom units of our stock in our nonqualified deferred compensation plans and vested in the money stock options, restricted shares and stock unit awards, with value based on the market price of our common stock. Presently, there are no outstanding stock options held by the current executive officers of the Company.

Compensation Consultant

The Compensation Committee has the authority under its charter to retain outside consultants. In accordance with this authority, the Compensation Committee engaged Hay Group as its independent compensation consultant for 2013. The Compensation Committee began its relationship with Hay Group in 2005. The representatives of Hay Group report directly to the Compensation Committee and in performing their engagements work under the direction and supervision of the chair of the Compensation Committee. Once that work is completed, it is then reported to the entire Compensation Committee for review, discussion and, if appropriate, action by the Compensation Committee. As discussed on page 23 of this proxy statement, Hay Group is also engaged from time to time by the Nominating and Corporate Governance Committee to assist with the review and establishment of appropriate, market based compensation for the non-employee members of the Board. Under the direction and supervision of the chair of the Compensation Committee, Hay Group provides market data concerning compensation of executives at comparable companies in order to assist the Compensation Committee in determining whether the compensation system is a reasonable and appropriate means to achieve the Company's business objectives. From time to time, Hay Group is also engaged by the Compensation Committee to provide advice with respect to other elements of executive compensation, including providing regulatory updates and advice on the positions on compensation matters taken by corporate governance firms, as well as advice with respect to employment, change in control, severance and retention agreements, and other arrangements and practices affecting executives. The Compensation Committee has re-engaged Hay Group as its independent compensation consultant for 2014.

The Compensation Committee requires that its compensation consultant must be independent. To ensure that occurs, the consultant can only perform work for the Company pursuant to an engagement of the Compensation Committee which

provides that t