Maiden Holdings, Ltd.
Form F-N
May 15, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-N

APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

BY FOREIGN BANKS AND FOREIGN INSURANCE

COMPANIES AND CERTAIN OF THEIR HOLDING COMPANIES

AND FINANCE SUBSIDIARIES MAKING PUBLIC OFFERINGS

OF SECURITIES IN THE UNITED STATES

A. Name of issuer or person filing (“Filer”): Maiden Holdings, Ltd.

B. This is (select one):

x an original filing for the Filer

¨ an amended filing for the Filer

C. Identify the filing in conjunction with which this Form is being filed:

Name of registrants: Maiden Holdings, Ltd. and Maiden Holdings North America, Ltd.

Form type: Registration Statement on Form S-3

File Number (if known):

Filed by: Maiden Holdings, Ltd. and Maiden Holdings North America, Ltd.

Date Filed (if filed concurrently, so indicate): Concurrently

D. The Filer is incorporated or organized under the laws of Bermuda and has its principal place of business at 131 Front Street, 2^{nd} Floor, Hamilton HM12 Bermuda, telephone: (441) 298-4900.

E. The Filer designates and appoints CT Corporation System ("Agent"), located at 111 8^{th} Avenue, New York, New York 10011, telephone: (212) 590-9070, as the agent of the Filer upon whom may be served any process, pleadings, subpoenas, or other papers in:

(a) any investigation or administrative proceeding conducted by the Commission, and

(b) arising out of or based on any offering made or purported to be made in connection with the securities registered by the Filer on Form S-3 filed on May 11, 2012 or any purchases or sales of any security in connection therewith. The Filer stipulates and agrees that any such civil suit or action or administrative proceeding may be commenced by the service of process upon, and that service of an administrative subpoena shall be effected by service upon, such agent for service of process, and that the service as aforesaid shall be taken and held in all courts and administrative tribunals to be valid and binding as if personal service thereof had been made.

F. Each person filing this Form stipulates and agrees to appoint a successor agent for service of process and file an amended Form F-N if the Filer discharges the Agent or the Agent is unwilling or unable to accept service on behalf of the Filer at any time until six years have elapsed from the date of the Filer's last registration statement or report, or amendment to any such registration statement or report, filed with the Commission under the Securities Act of 1933 or Securities Exchange Act of 1934. Filer further undertakes to advise the Commission promptly of any change to the Agent's name or address during the applicable period by amendment of this Form referencing the file number of the relevant registration form in conjunction with which the amendment is being filed.

G. Each person filing this form undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities registered pursuant to the form referenced in paragraph E or transactions in said securities.

The Filer certifies that it has duly caused this power of attorney, consent, stipulation and agreement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Hamilton, Country of Bermuda, this 14th day of May, 2012.

Filer: MAIDEN HOLDINGS, LTD.

By: /s/ Lawrence F. Metz
Name: Lawrence F. Metz
Title: Secretary

This statement has been signed by the following persons in the capacities and on the dates indicated.

CT CORPORATION SYSTEM

/s/ Wendy Perez de Alejo
Name: Wendy Perez de Alejo
Title: Vice President
Date: May 14, 2012

solid"> 37.0 35.2

Consolidated goodwill	$242.0	$240.2

No goodwill impairments have been recorded during the periods presented.

-66-

Table of Contents

Regulation

Retail public utility operations affecting Indiana customers are subject to regulation by the IURC, and retail public utility operations affecting Ohio customers are subject to regulation by the PUCO. The Company's accounting policies give recognition to the ratemaking and accounting practices authorized by these agencies.

Refundable or Recoverable Gas Costs & Cost of Fuel & Purchased Power

All metered gas rates contain a gas cost adjustment clause that allows the Company to charge for changes in the cost of purchased gas. Metered electric rates contain a fuel adjustment clause that allows for adjustment in charges for electric energy to reflect changes in the cost of fuel. The net energy cost of purchased power, subject to a variable benchmark based on NYMEX natural gas prices, is also recovered through regulatory proceedings. The Company records any under-or-over-recovery resulting from gas and fuel adjustment clauses each month in revenues. A corresponding asset or liability is recorded until the under or over-recovery is billed or refunded to utility customers. The cost of gas sold is charged to operating expense as delivered to customers, and the cost of fuel and purchased power for electric generation is charged to operating expense when consumed.

Regulatory Assets & Liabilities

Regulatory assets represent probable future revenues associated with certain incurred costs, which will be recovered from customers through the ratemaking process. Regulatory liabilities represent probable expenditures by the Company for removal costs or future reductions in revenues associated with amounts that are to be credited to customers through the ratemaking process. The Company continually assesses the recoverability of costs recognized as regulatory assets and liabilities and the ability to recognize new regulatory assets and liabilities associated with its regulated utility operations. Given the current regulatory environment in its jurisdictions, the Company believes such accounting is appropriate.

The Company collects an estimated cost of removal of its utility plant through depreciation rates established in regulatory proceedings. The Company records amounts expensed in advance of payments as a Regulatory liability because the liability does not meet the threshold of an asset retirement obligation.

Postretirement Obligations & Costs

The Company recognizes the funded status of its pension plans and postretirement plans on its balance sheet date. The funded status of a defined benefit plan is its assets (if any) less its projected benefit obligation (PBO), which reflects service accrued to date and includes the impact of projected salary increases (for pay –related benefits). The funded status of a postretirement plan is its assets (in any) less its accumulated postretirement benefit obligation (APBO), which reflects accrued service to date. To the extent this obligation exceeds amounts previously recognized in the statement of income, the Company records a Regulatory asset for that portion related to its cost-based and rate regulated utilities. To the extent that excess liability does not relate to a cost-based rate-regulated utility, the offset is recorded as a reduction to equity in Accumulated other comprehensive income.

The annual cost of all post retirement plans is recognized in operating expenses or capitalized to plant following the direct labor of current employees. Specific to pension plans, the Company uses the projected unit credit actuarial cost method to calculate service cost and the PBO. This method projects the present value of benefits at retirement and allocates that cost over the projected years of service. Annual service cost represents one year's benefit accrual while the PBO represents benefits allocated to previously accrued service. For other postretirement plans, service cost is calculated by dividing the present value of a participant's projected postretirement benefits into equal parts based upon the number of years between a participant's hire date and first eligible retirement date. Annual service cost represents one year's benefit accrual while the APBO represents benefit allocated to previously accrued service. To calculate the expected return on pension plan assets, the Company uses the plan assets' market-related value and an expected long-term rate of return. For the majority of the Company's pension plans, the fair market value of the assets at the measurement date is adjusted to a market-related value by recognizing the change in fair value experienced in a given year ratably over a five-year period. Interest cost represents the annual accretion of the PBO and APBO at the discount rate. Actuarial gains and losses outside of a corridor (equal to 10% of the greater of the benefit obligation and the market-related value of assets) are amortized over the expected future working lifetime of active participants (except for plans where almost all participants are inactive). Prior service costs related to plan changes are amortized over the expected future working lifetime (or to full eligibility date for postretirement plan other than pensions) of the active participants at the time of the amendment.

-67-

Table of Contents

Asset Retirement Obligations

A portion of removal costs related to interim retirements of gas utility pipeline and utility poles, certain asbestos-related issues, and reclamation activities meet the definition of an asset retirement obligation (ARO). The Company records the fair value of a liability for a legal ARO in the period in which it is incurred. When the liability is initially recorded, the Company capitalizes a cost by increasing the carrying amount of the related long-lived asset. The liability is accreted, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company settles the obligation for its recorded amount or incurs a gain or loss. To the extent regulation is involved, regulatory assets and liabilities result when accretion and amortization is adjusted to match rates established by regulators and any gain or loss is subject to deferral.

ARO's included in Other liabilities total $33.1 million and $27.5 million at December 31, 2009 and 2008, respectively. ARO's included in Accrued liabilities total $3.0 million and $7.2 million at December 31, 2009 and 2008, respectively. During 2009, the Company recorded accretion of $1.5 million and decreases in estimates, net of cash payments of $0.1 million. During 2008, the Company recorded accretion of $1.1 million and increases in estimates, net of cash payments of $5.2 million.

Product Warranties, Performance Guarantees, & Other Guarantees

Liabilities and expenses associated with product warranties and performance guarantees are recognized based on historical experience at the time the associated revenue is recognized. Adjustments are made as changes become reasonably estimable. The Company does not recognize the fair value of an obligation at inception for these guarantees because they are guarantees of the Company's own performance and/or product installations.

While not significant at December 31, 2009 or 2008, the Company does recognize the fair value of an obligation at the inception of a guarantee in certain circumstances. These circumstances would include executing certain indemnification agreements and guaranteeing operating lease residual values, the performance of a third party, or the indebtedness of a third party.

Energy Contracts & Derivatives

The Company occasionally executes derivative contracts in the normal course of operations while buying and selling commodities to be used in operations, optimizing its generation assets, and managing risk. In most cases, a derivative is recognized on the balance sheet as an asset or liability measured at its fair market value and the change in the derivative's fair market value is recognized currently in earnings unless specific hedge criteria are met.

When an energy contract that is a derivative is designated and documented as a normal purchase or normal sale (NPNS), it is exempted from mark-to-market accounting. Most energy contracts executed by the Company are subject to the NPNS exclusion or are not considered derivatives. Such energy contracts include Real Time and Day Ahead purchase and sale contracts with the MISO, natural gas purchases from ProLiance and others, and wind farm and other electric generating capacity contracts.

When the Company engages in energy contracts and financial contracts that are derivatives and are not subject to the NPNS or other exclusions, such contracts are recorded at market value as current or noncurrent assets or liabilities depending on their value and on when the contracts are expected to be settled. Contracts and any associated collateral with counter-parties subject to master netting arrangements are presented net in the Consolidated Balance Sheets. The offset resulting from carrying the derivative at fair value on the balance sheet is charged to earnings unless it qualifies as a hedge or is subject to regulatory accounting treatment. When hedge accounting is appropriate, the Company assesses and documents hedging relationships between the derivative contract and underlying risks as well as its risk management objectives and anticipated effectiveness. When the hedging relationship is highly effective, derivatives are designated as hedges. The market value of the effective portion of the hedge is marked to market in Accumulated other comprehensive income for cash flow hedges. Ineffective portions of hedging arrangements are marked to market through earnings. For fair value hedges, both the derivative and the underlying hedged item are marked to market through earnings. The offset to contracts affected by regulatory accounting treatment are marked to market as a regulatory asset or liability. Market value for derivative contracts is determined using quoted market prices from independent sources. The Company rarely enters into contracts that have a significant impact to the financial statements where internal models are used to calculate fair value. As of and for the periods presented, related derivative activity is not significant to these financial statements.

Revenues

Most revenues are recorded as products and services are delivered to customers. Some nonutility revenues are recognized using the percentage of completion method with such percentage based on project cost. To more closely match revenues and expenses, the Company records revenues for all gas and electricity delivered to customers but not billed at the end of the accounting period.

-68-

Table of Contents

Share-Based Compensation

The Company grants share-based compensation to certain employees and board members. Liability classified share-based compensation awards are re-measured at the end of each period based on their expected settlement date fair value. Equity classified stock-based compensation awards are measured at the grant date, based on the fair value of the award. Expense associated with share-based awards is recognized over the requisite service period, which generally begins on the date the award is granted through the earlier of the date the award vests or the date the employee becomes retirement eligible.

Excise & Utility Receipts Taxes

Excise taxes and a portion of utility receipts taxes are included in rates charged to customers. Accordingly, the Company records these taxes received as a component of operating revenues, which totaled $36.3 million in 2009, $45.0 million in 2008, and $41.8 million in 2007. Expense associated with excise and utility receipts taxes are recorded as a component of Taxes other than income taxes.

Operating Segments

The Company's chief operating decision maker is comprised of a group of executive management led by the Chief Executive Officer. The Company uses net income calculated in accordance with generally accepted accounting principles as its most relevant performance measure. The Company has three operating segments within its Utility Group, one operating segment in its Nonutility Group, and a Corporate and Other segment.

Fair Value Measurements

Certain financial assets and liabilities as well as certain nonfinancial assets and liabilities, such as the initial measurement of an asset retirement obligation or the use of fair value in goodwill, intangible assets and long-lived assets impairment tests, are valued and/or disclosed at fair value. The Company describes its fair value measurements using a hierarchy of inputs based primarily on the level of public data used. Level 1 inputs include quoted market prices in active markets for identical assets or liabilities; Level 2 inputs include inputs other than Level 1 inputs that are directly or indirectly observable; and Level 3 inputs include unobservable inputs using estimates and assumptions developed using internal models, which reflect what a market participant would use to determine fair value.

3. Utility & Nonutility Plant

The original cost of Utility Plant, together with depreciation rates expressed as a percentage of original cost, follows:

	At December 31,			
(In millions)	2009		2008	
	Original Cost	Depreciation Rates as a Percent of Original Cost	Original Cost	Depreciation Rates as a Percent of Original Cost
Gas utility plant	$ 2,299.1	3.5 %	$ 2,157.6	3.5 %
Electric utility plant	2,113.3	3.4 %	1,884.3	3.3 %
Common utility plant	48.7	2.9 %	47.9	2.9 %
Construction work in progress	140.3	-	245.5	-
Total original cost	$ 4,601.4		$ 4,335.3	

SIGECO and Alcoa Generating Corporation (AGC), a subsidiary of ALCOA, own the 300 MW Unit 4 at the Warrick Power Plant as tenants in common. SIGECO's share of the cost of this unit at December 31, 2009, is $178.1 million with accumulated depreciation totaling $53.4 million. The construction work-in-progress balance associated with SIGECO's ownership interest totaled $0.7 million at December 31, 2009. AGC and SIGECO also share equally in the cost of operation and output of the unit. SIGECO's share of operating costs is included in Other operating expenses in the Consolidated Statements of Income.

Table of Contents

Nonutility plant, net of accumulated depreciation and amortization follows:

	At December 31,	
(In millions)	2009	2008
Computer hardware & software	$ 119.9	$ 129.6
Land & buildings	115.1	93.9
Coal mine development costs & equipment	188.6	109.1
Vehicles & equipment	43.7	41.7
All other	15.3	15.9
Nonutility plant - net	$ 482.6	$ 390.2

Nonutility plant is presented net of accumulated depreciation and amortization totaling $334.3 million and $281.6 million as of December 31, 2009 and 2008, respectively. For the years ended December 31, 2009, 2008, and 2007, the Company capitalized interest totaling $6.0 million, $3.7 million, and $2.3 million, respectively, on nonutility plant construction projects.

4. Regulatory Assets & Liabilities

Regulatroy Assets

Regulatory assets consist of the following:

	At December 31,	
(In millions)	2009	2008
Future amounts recoverable from ratepayers related to:		
Benefit obligations	$ 83.9	$ 101.0
Deferred Income taxes	14.7	11.4
Asset retirement obligations & other	4.2	8.5
	102.8	120.9
Amounts deferred for future recovery related to:		
Cost recovery riders & other	1.0	1.7
	1.0	1.7
Amounts currently recovered in customer rates related to:		
Demand side management programs	15.3	21.5
Unamortized debt issue costs & hedging proceeds	38.1	38.4
Indiana authorized trackers	15.6	13.8
Ohio authorized trackers	8.2	11.6
Premiums paid to reacquire debt & other	6.9	8.8
	84.1	94.1
Total regulatory assets	$ 187.9	$ 216.7

Of the $84.1 million currently being recovered in customer rates, $15.3 million is earning a return. The weighted average recovery period of regulatory assets currently being recovered is 11 years. The Company has rate orders for all deferred costs not yet in rates and therefore believes that future recovery is probable.

Regulatory Liabilities

At December 31, 2009 and 2008, the Company has approximately $322.1 million and $315.1 million, respectively, in Regulatory liabilities. Of these amounts, $294.4 million and $292.4 million relate to cost of removal obligations. The remaining amounts primarily relate to timing differences associated with asset retirement obligations and deferred financing costs.

-70-

Table of Contents

5. Investment in ProLiance Holdings, LLC

ProLiance Holdings, LLC (ProLiance), a nonutility energy marketing affiliate of Vectren and Citizens Energy Group (Citizens), provides services to a broad range of municipalities, utilities, industrial operations, schools, and healthcare institutions located throughout the Midwest and Southeast United States. ProLiance's customers include Vectren's Indiana utilities and nonutility gas supply operations as well as Citizens' utilities. ProLiance's primary businesses include gas marketing, gas portfolio optimization, and other portfolio and energy management services. Consistent with its ownership percentage, Vectren is allocated 61 percent of ProLiance's profits and losses; however, governance and voting rights remain at 50 percent for each member; and therefore, the Company accounts for its investment in ProLiance using the equity method of accounting. The Company, including its retail gas supply operations, contracted for approximately 75 percent of its natural gas purchases through ProLiance in 2009, 2008, and 2007.

Summarized Financial Information

	Year Ended December 31,		
(in millions)	2009	2008	2007
Summarized Statement of Income information:			
Revenues	$ 1,654.9	$ 2,883.6	$ 2,267.1
Operating income	35.2	63.7	61.5
Charge related to Investment in Liberty Gas Storage	(32.7)	-	-
ProLiance's earnings	4.5	64.7	67.2

	As of December 31,	
(In millions)	2009	2008
Summarized balance sheet information:		
Current assets	$ 477.6	$ 661.5
Noncurrent assets	61.7	104.2
Current liabilities	264.5	514.0
Noncurrent liabilities	4.0	3.6
Members' equity	282.4	295.8
Accumulated other comprehensive income (loss)	(11.6)	(47.7)

Vectren records its 61 percent share of ProLiance's earnings after income taxes and an interest expense allocation.

Regulatory Matter Resolved

ProLiance self reported to the FERC in October 2007 possible non-compliance with the FERC's capacity release policies. ProLiance has taken corrective actions to assure that current and future transactions are compliant. During the second quarter of 2009, ProLiance resolved the matter with FERC. The amount of the penalty was not material to the Company's consolidated operating results, financial position or cash flows.

Investment in Liberty Gas Storage

Liberty Gas Storage, LLC (Liberty), a joint venture between a subsidiary of ProLiance and a subsidiary of Sempra Energy (SE), is a development project for salt-cavern natural gas storage facilities. ProLiance is the minority member with a 25 percent interest, which it accounts for using the equity method. The project was expected to include 17 Bcf of capacity in its north facility (previously referred to as the Sulfur site, located near Sulfur, Louisiana), and an additional 17 Bcf of capacity in its south facility (previously referred to as the Hackberry site, near Hackberry, Louisiana). As more fully described below, it is now expected that only the south facility will be completed by the joint venture. This facility is expected to provide at least 17 Bcf of capacity. The Liberty pipeline system is currently connected with several interstate pipelines, including the Cameron Interstate Pipeline operated by Sempra Pipelines & Storage, and will connect area LNG regasification terminals to an interstate natural gas transmission system and storage facilities. ProLiance's investment in Liberty is $37.3 million at December 31, 2009, after reflecting the charge discussed below.

-71-

Table of Contents

In late 2008, SE advised ProLiance that the completion of the phase of Liberty's development at the north site had been delayed by subsurface and well-completion problems. Based on testing performed in the second quarter of 2009, SE determined that attempts at corrective measures had been unsuccessful in development of certain caverns. At June 30, 2009, Liberty recorded a charge of approximately $132 million to write off the north caverns and certain related assets. As an equity investor in Liberty, ProLiance recorded its share of the charge, totaling $33 million at June 30, 2009. The Company's share is $11.9 million after tax, or $0.15 per share. In the Consolidated Statement of Income for the year ended December 31, 2009, the charge is an approximate $19.9 million reduction to Equity in earnings of unconsolidated affiliates and an income tax benefit reflected in Income taxes of approximately $8.0 million. The charge is not material to the Company's financial condition. ProLiance does not expect it to impact its future liquidity or access to capital, nor is it expected that this situation will impact ProLiance's ability to meet the needs of its customers.

Transactions with ProLiance

Purchases from ProLiance for resale and for injections into storage for the years ended December 31, 2009, 2008, and 2007, totaled $533.4 million, $940.1 million, and $792.4 million, respectively. Amounts owed to ProLiance at December 31, 2009, and 2008, for those purchases were $54.1 million and $75.1 million, respectively, and are included in Accounts payable to affiliated companies in the Consolidated Balance Sheets. Vectren received regulatory approval on April 25, 2006, from the IURC for ProLiance to provide natural gas supply services to the Company's Indiana utilities through March 2011. Amounts charged by ProLiance for gas supply services are established by supply agreements with each utility.

Undistributed Earnings

As of December 31, 2009, undistributed earnings of unconsolidated affiliates approximated $154 million and are primarily comprised of the undistributed earnings of ProLiance.

6. Nonutility Real Estate & Other Legacy Holdings

Within the Nonutility business segment, there are legacy investments involved in energy-related infrastructure and services, real estate, leveraged leases, and other ventures. As of December 31, 2009 and 2008, total remaining legacy investments included in the Other Businesses portfolio total $64.5 million and $71.8 million, respectively. Further separation of that 2009 investment by type of investment follows:

	December 31, 2009		
		Value Included In	
(in millions)	Carrying Value	Other Nonutility Investments	Investments in Unconsolidated Affiliates
Commercial real estate investments	$ 21.0	$ 21.0	$ -
Leveraged leases	17.5	17.5	-
Haddington energy partnerships	9.7	0.4	9.3
Affordable housing projects	7.8	0.1	7.7
Other investments	8.5	7.2	1.3
	$ 64.5	$ 46.2	$ 18.3

Commercial Real Estate Charge

The recent recession impacted the value of commercial real estate investments within this portfolio, and the prospect for recovery of that value has diminished. During 2008, the Company assessed its commercial real estate investments for impairment and identified the need to reduce their carrying values. The impairment charge totaled $10.0 million. Of the $10.0 million charge, $5.2 million is included in Other-net and $4.8 million is included in Other operating expenses. The impairment impacted the carrying values of primarily notes receivable collateralized by commercial real estate and an office building of which the Company took possession when a leveraged lease expired in 2008 and that is currently for sale.

Table of Contents

Notes Receivable

At both December 31, 2009 and 2008, notes receivable, inclusive of accrued interest and net of reserves, totaled $16.7 million. Of the $46.2 million in Other nonutility investments identified above, notes receivable comprise approximately $10 million of the Commercial real estate investments and $6 million of the Other investments. A reserve for potential uncollectible notes as of December 31, 2009 and 2008 totaled $9.2 million and $6.3 million, respectively. As of December 31, 2009, the Company is recognizing interest on the cash basis for substantially the entire note portfolio. Such interest income has been insignificant during the past three years. Second mortgages serve as collateral for notes associated with the commercial real estate investments.

Leveraged Leases

The Company is a lessor in leveraged lease agreements under which real estate or equipment is leased to third parties. The total equipment and facilities cost was approximately $45.2 million at December 31, 2009. The cost of the equipment and facilities was partially financed by non-recourse debt provided by lenders who have been granted an assignment of rentals due under the leases and a security interest in the leased property, which they accepted as their sole remedy in the event of default by the lessee. Such debt amounted to approximately $49.2 million at December 31, 2009. At December 31, 2009, the Company's $17.5 million leveraged lease investment when netted against related deferred tax liabilities was $2.8 million.

Haddington Energy Partnerships

The Company has an approximate 40 percent ownership interest in Haddington Energy Partners, LP (Haddington I) and Haddington Energy Partners II, LP (Haddington II). The Company has no further commitments to invest in either Haddington I or II. As of December 31, 2009, these Haddington ventures have interests in two remaining mid-stream energy related investments. Both Haddington ventures are investment companies accounted for using the equity method of accounting.

The following is summarized financial information as to the assets, liabilities, and results of operations of Haddington. For the year ended December 31, 2009, revenues, operating loss, and net income were (in millions) zero, $(0.4), and $7.9, respectively. For the year ended December 31, 2008, revenues, operating loss, and net loss were (in millions) zero, $(0.4), and $(0.3), respectively. For the year ended December 31, 2007, revenues, operating loss, and net loss were (in millions) zero, $(0.4), and $(0.3), respectively. As of December 31, 2009, investments, other assets, and liabilities were (in millions) $26.4, zero, and zero, respectively. As of December 31, 2008, investments, other assets, and liabilities were (in millions) $32.0, $0.5, and $0.1, respectively.

Variable Interest Entities

Some of these legacy nonutility investments are partnership-like structures involved in activities surrounding multifamily housing and office properties and are variable interest entities. The Company is either a limited partner or a subordinated lender and does not consolidate any of these entities. The Company's exposure to loss is limited to its investment which as of December 31, 2009, and 2008, totaled $7.7 million and $9.5 million, respectively, recorded in Investments in unconsolidated affiliates, and $10.1 million for each year recorded in Other nonutility investments.

7. Intangible Assets

Intangible assets, which are included in Other assets, consist of the following:

(In millions)	At December 31,			
	2009		2008	
	Amortizing	Non-amortizing	Amortizing	Non-amortizing
Customer-related assets	$ 8.0	$ -	$ 8.9	$ -
Market-related assets	-	7.0	0.1	7.0
Intangible assets, net	$ 8.0	$ 7.0	$ 9.0	$ 7.0

As of December 31, 2009, the weighted average remaining life for amortizing customer-related assets and all amortizing intangibles is 23 years. These amortizing intangible assets have no significant residual values. Intangible assets are presented net of accumulated amortization totaling $2.8 million for customer-related assets and $0.2 million for market-related assets at December 31, 2009 and $2.6 million for customer-related assets and $0.2 million for market-related assets at December 31, 2008. In 2009, 2008, and 2007, amortization associated with intangible assets was $0.6 million, $0.6 million and $0.7 million, respectively. Amortization should approximate that incurred in 2009 in each of the next five years. Intangible assets are primarily in the Nonutility Group.

Table of Contents

The Company also has emission allowances relating to its wholesale power marketing operations totaling $1.3 million and $1.6 million at December 31, 2009 and 2008, respectively. The value of the emission allowances are recognized as they are consumed or sold.

8. Income Taxes

Deferred income taxes are provided for temporary differences between the tax basis (adjusted for related unrecognized tax benefits, if any) of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are computed based on the currently-enacted statutory income tax rates that are expected to be applicable when the temporary differences are scheduled to reverse. The Company's rate-regulated utilities recognize regulatory liabilities for deferred taxes provided in excess of the current statutory tax rate and regulatory assets for deferred taxes provided at rates less than the current statutory tax rate. Such tax-related regulatory assets and liabilities are reported at the revenue requirement level and amortized to income as the related temporary differences reverse, generally over the lives of the related properties. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that the deferred tax assets will be realized.

Tax benefits associated with income tax positions taken, or expected to be taken, in a tax return are recorded only when the more-likely-than-not recognition threshold is satisfied and measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. The Company reports interest and penalties associated with unrecognized tax benefits within Income taxes in the Consolidated Statements of Income and reports tax liabilities related to unrecognized tax benefits as part of Deferred credits & other liabilities.

Investment tax credits (ITCs) are deferred and amortized to income over the approximate lives of the related property in accordance with the regulatory treatment. Production tax credits (PTCs) are recognized as energy is generated and sold based on a per kilowatt hour rate prescribed in applicable federal and state statutes.

Significant components of the net deferred tax liability follow:

	At December 31,	
(In millions)	2009	2008
Noncurrent deferred tax liabilities (assets):		
Depreciation & cost recovery timing differences	$ 483.3	$ 372.6
Leveraged leases	14.7	15.1
Regulatory assets recoverable through future rates	25.6	27.8
Other comprehensive income	(5.7)	(15.0)
Alternative minimum tax carryforward	(21.6)	-
Employee benefit obligations	(24.0)	(36.2)
Net operating loss & other carryforwards	(0.5)	(2.1)
Regulatory liabilities to be settled through future rates	(11.7)	(15.7)
Other – net	(1.4)	6.9
Net noncurrent deferred tax liability	458.7	353.4
Current deferred tax (assets)/liabilities:		
Deferred fuel costs-net	1.2	2.6
Demand side management programs	5.2	8.8
Alternative minimum tax carryforward	(15.8)	(11.2)
Other – net	(12.3)	(8.4)
Net current deferred tax asset	(21.7)	(8.2)
Net deferred tax liability	$ 437.0	$ 345.2

Table of Contents

At December 31, 2009 and 2008, investment tax credits totaling $5.8 million and $6.9 million, respectively, are included in Deferred credits & other liabilities. At December 31, 2009, the Company has alternative minimum tax carryforwards which do not expire. In addition, the Company has $0.2 million in net operating loss carryforwards that relate to the acquisition of Miller, which will expire in 5 to 20 years. A reconciliation of the federal statutory rate to the effective income tax rate follows:

	Year Ended December 31,		
	2009	2008	2007
Statutory rate:	35.0%	35.0%	35.0%
State & local taxes-net of federal benefit	2.3	3.9	4.3
Amortization of investment tax credit	(0.5)	(0.6)	(0.8)
Depletion	(2.0)	(0.4)	(0.7)
Other tax credits	(0.2)	(0.9)	(0.2)
Synfuel tax credits	-	-	(3.0)
Adjustment of income tax accruals	(2.1)	-	0.2
All other-net	-	0.1	(0.1)
Effective tax rate	32.5%	37.1%	34.7%

The components of income tax expense and utilization of investment tax credits follow:

	Year Ended December 31,		
(In millions)	2009	2008	2007
Current:			
Federal	$ (21.4)	$ (14.8)	$ 35.9
State	0.6	11.3	13.1
Total current taxes	(20.8)	(3.5)	49.0
Deferred:			
Federal	78.7	78.2	24.6
State	7.3	2.7	4.1
Total deferred taxes	86.0	80.9	28.7
Amortization of investment tax credits	(1.1)	(1.3)	(1.7)
Total income tax expense	$ 64.1	$ 76.1	$ 76.0

Uncertain Tax Positions

Following is a roll forward of the total amount of unrecognized tax benefits for the three years ended December 31, 2009 and 2008:

(in millions)	2009	2008	2007
Unrecognized tax benefits at January 1	$ 2.2	$ 6.2	$ 11.6
Gross increases - tax positions in prior periods	1.1	1.7	0.3
Gross decreases - tax positions in prior periods	(1.8)	(6.0)	(7.4)
	9.0	0.3	1.9

Gross increases - current period tax positions			
Gross decreases - current period tax positions	-	-	(0.2)
Settlements	(0.1)	-	-
Lapse of statute of limitations	1.1	-	-
Unrecognized tax benefits at December 31	$ 11.5	$ 2.2	$ 6.2

-75-

Table of Contents

Of the change in unrecognized tax benefits during 2009, 2008, and 2007, almost none impacted the effective rate. The amount of unrecognized tax benefits, which if recognized, that would impact the effective tax rate was $0.5 million at both December 31, 2009 and 2008 and $0.1 million at December 31, 2007.

As of December 31, 2009, the unrecognized tax benefit relates to tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority.

The Company recognized expense related to interest and penalties totaling approximately $0.2 million in 2009 and less than $0.1 million in 2008. During the year ended December 31, 2007, the Company recognized expense related to interest and penalties of approximately $0.5 million. The Company had approximately $0.6 million and $0.8 million for the payment of interest and penalties accrued as of December 31, 2009 and 2008, respectively.

The net liability on the Consolidated Balance Sheet for unrecognized tax benefits inclusive of interest, penalties and net of secondary impacts which are a component of the Deferred income taxes and are benefits, totaled $7.9 million and $0.8 million, respectively, at December 31, 2009 and 2008.

From time to time, the Company may consider changes to filed positions that could impact its unrecognized tax benefits. However, it is not expected that such changes would have a significant impact on earnings and would only affect the timing of payments to taxing authorities.

As the result of adopting changes to the accounting guidance for uncertain tax positions on January 1, 2007, the Company recognized an approximate $0.3 million increase in the liability for unrecognized tax benefits, of which $0.1 million was accounted for as a reduction to the January 1, 2007 balance of Retained earnings and $0.2 million was recorded as an increase to Goodwill.

The Company and/or certain of its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states. The Internal Revenue Service (IRS) has conducted examinations of the Company’s U.S. federal income tax returns for tax years through December 31, 2005. The State of Indiana, the Company’s primary state tax jurisdiction, has conducted examinations of state income tax returns for tax years through December 31, 2007. The statutes of limitations for assessment of federal and Indiana income tax have expired with respect to tax years through 2002.

9. Retirement Plans & Other Postretirement Benefits

At December 31, 2009, the Company maintains three qualified defined benefit pension plans, a nonqualified supplemental executive retirement plan (SERP), and three other postretirement benefit plans. The defined benefit pension and other postretirement benefit plans, which cover eligible full-time regular employees, are primarily noncontributory. The postretirement health care and life insurance plans are a combination of self-insured and fully insured plans. The Company has a Voluntary Employee Beneficiary Association (VEBA) Trust Agreement for the partial funding of postretirement health benefits for retirees and their eligible dependents and beneficiaries in one of the three plans. Annual VEBA funding is discretionary. The qualified pension plans and the SERP are aggregated under the heading “Pension Benefits.” Other postretirement benefit plans are aggregated under the heading “Other Benefits.”

Measurement Date Change

Prior to 2008, the Company measured obligations as of September 30. The Company changed its measurement date due to a required change in the accounting rules. The effects of moving the measurement date were calculated using a measurement of plan assets and benefit obligations as of September 30, 2007 and a 15-month projection of periodic cost to December 31, 2008. The Company recorded three months of that cost totaling $2.7 million, or $1.6 million after tax, directly to Retained earnings on January 1, 2008. Related adjustments to Accumulated other comprehensive income and Regulatory assets were not material.

-76-

Net Periodic Benefit Costs

A summary of the components of net periodic benefit cost for the three years ended December 31, 2009 follows:

	Pension Benefits			Other Benefits		
(In millions)	2009	2008	2007	2009	2008	2007
Service cost	$ 6.3	$ 6.1	$ 5.6	$ 0.5	$ 0.5	$ 0.5
Interest cost	15.8	15.1	14.9	4.4	4.2	4.0
Expected return on plan assets	(16.4)	(16.6)	(14.3)	(0.3)	(0.5)	(0.5)
Amortization of prior service cost (benefit)	1.7	1.7	1.7	(0.8)	(0.8)	(0.8)
Amortization of actuarial loss (gain)	2.2	0.1	1.5	0.4	-	(0.1)
Amortization of transitional obligation	-	-	-	1.1	1.1	1.1
Net periodic benefit cost	$ 9.6	$ 6.4	$ 9.4	$ 5.3	$ 4.5	$ 4.2

A portion of benefit costs are capitalized as Utility plant. Costs capitalized in 2009, 2008, and 2007 are estimated at \$4.5 million, \$3.0 million, and \$3.9 million, respectively.

The Company has used a long-term expected rate of return of 8.25 percent to calculate 2009 periodic benefit cost. For fiscal year 2010, the expected long-term rate of return will be 8 percent.

The Company maintained a consistent discount rate of 6.25 percent to measure periodic cost due to minimal changes in December 31, 2009 and 2008 benchmark interest rates that approximate the expected duration of the Company's benefit obligations. For fiscal year 2010, the discount rate will be 6 percent.

The weighted averages of significant assumptions used to determine net periodic benefit costs follow:

	Pension Benefits			Other Benefits		
	2009	2008	2007	2009	2008	2007
Discount rate	6.25%	6.25%	5.85%	6.25%	6.25%	5.85%
Rate of compensation increase	3.75%	3.75%	3.75%	N/A	N/A	N/A
Expected return on plan assets	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
Expected increase in Consumer Price Index	N/A	N/A	N/A	3.50%	3.50%	3.50%

Health care cost trend rate assumptions do not have a material effect on the service and interest cost components of benefit costs. The Company's benefit plans limit its exposure to increases in health care costs to annual changes in the Consumer Price Index (CPI). Any increase in health care costs in excess of the CPI increase is the responsibility of the plan participants.

Benefit Obligations

A reconciliation of the Company's benefit obligations at December 31, 2009 and 2008 follows:

	Pension Benefits		Other Benefits	
(In millions)	2009	2008	2009	2008
Benefit obligation, beginning of period	$ 260.6	$ 249.6	$ 72.3	$ 70.2
Service cost – benefits earned during the period	6.3	7.7	0.5	0.7

Interest cost on projected benefit obligation	15.8	18.8	4.4	5.2
Plan participants' contributions	-	-	2.8	2.8
Plan amendments	0.1	0.4	-	-
Actuarial loss (gain)	2.0	0.3	7.2	2.5
Medicare subsidy receipts	-	-	0.8	0.7
Benefits paid	(13.3)	(16.2)	(8.4)	(9.8)
Benefit obligation, end of period	$ 271.5	$ 260.6	$ 79.6	$ 72.3

Table of Contents

The accumulated benefit obligation for all defined benefit pension plans was $257.0 million and $245.2 million at December 31, 2009 and 2008, respectively. Due to moving the measurement date from September 30 to December 31, the 2008 roll forward of the projected benefit obligation includes 15 months of activity.

The benefit obligation as of December 31, 2009 and 2008 was calculated using the following assumptions:

	Pension Benefits		Other Benefits	
	2009	2008	2009	2008
Discount rate	6.00%	6.25%	6.00%	6.25%
Rate of compensation increase	3.50%	3.75%	N/A	N/A
Expected increase in Consumer Price Index	N/A	N/A	3.00%	3.50%

To calculate the 2009 ending postretirement benefit obligation, medical claims costs in 2010 were assumed to be 9 percent higher than those incurred in 2009. That trend was assumed to reach its ultimate trending increase of 5 percent by 2014 and remain level thereafter. A one-percentage point change in assumed health care cost trend rates would have changed the benefit obligation by approximately $2.5 million.

Plan Assets

A reconciliation of the Company's plan assets at December 31, 2009 and 2008 follows:

	Pension Benefits		Other Benefits	
(In millions)	2009	2008	2009	2008
Plan assets at fair value, beginning of period	$ 150.9	$ 211.8	$ 4.3	$ 6.8
Actual return on plan assets	38.6	(58.0)	0.9	(1.4)
Employer contributions	34.9	13.3	4.4	5.9
Plan participants' contributions	-	-	2.8	2.8
Benefits paid	(13.3)	(16.2)	(8.4)	(9.8)
Fair value of plan assets, end of period	$ 211.1	$ 150.9	$ 4.0	$ 4.3

Due to moving the measurement date from September 30 to December 31, the 2008 roll forward of plan assets includes 15 months of activity.

The Company's overall investment strategy for its retirement plan trusts is maintain investments in a diversified portfolio, comprised of primarily equity and fixed income investments, which are further diversified among various asset classes. The diversification is designed to minimize the risk of large losses while maximizing total return within reasonable and prudent levels of risk. The investment objectives specify a targeted investment allocation for the pension plans of 60 percent equities, 35 percent debt, and 5 percent for other investments, including real estate. The both the equity and debt securities have a blend of domestic and international exposures. For other benefit plans the targeted allocation is 75 percent equities and 25 percent debt. Objectives do not target a specific return by asset class. The portfolios' return is monitored in total. Following is a description of the valuation methodologies used for trust assets measured at fair value at December 31, 2009.

Mutual Funds

The fair values of mutual funds are derived from quoted market prices or net asset values as these instruments have active markets (Level 1 inputs).

Other Trust Funds
The Company’s plans have investments in trust funds similar to mutual funds in that they are created by pooling of funds from investors into a common trust and such funds are managed by a third party investment manager. These trust funds typically give investors a wider range of investment options through this pooling of funds than that generally available to investors on an individual basis. However, unlike mutual funds, these trusts are not publicly traded in an active market. The fair values of these trusts consist of a daily calculated unit value containing observable (Level 2) market inputs. These funds are primarily comprised of investments in equity and fixed income securities which represent approximately 46 percent and 48 percent, respectively, of their fair value as of December 31, 2009. Equity securities within these funds are primarily valued using quoted market prices as these instruments have active markets. From time to time, less liquid equity securities are valued using Level 2 inputs, such as bid prices or a closing price, as determined in good faith by the investment manager. Fixed income securities are valued at the last available bid prices quoted by an independent pricing service. When valuations are not readily available, fixed income securities are valued using primarily other Level 2 inputs as determined in good faith by the investment manager.

-78-

Table of Contents

Guaranteed Annuity Contract

One of the Company's pension plans is party to a group annuity contract with John Hancock Life Insurance Company. At December 31, 2009, the estimate of undiscounted funds necessary to satisfy John Hancock's remaining obligation was $2.9 million. If funds retained by John Hancock are not sufficient to satisfy retirement payments due these retirees, the shortfall must be funded by the Company. The composite investment return, net of manger fees and other charges for the year ended December 31, 2009 was 5.98 percent. The Company values this illiquid investment using long-term interest rate and mortality assumptions, among others, and is therefore considered a Level 3 investment.

The fair values of the Company's pension and other retirement plan assets at December 31, 2009 by asset category and by fair value hierarchy are as follows:

(In millions)	Level 1	Level 2	Level 3	Total
Common stocks	$ 46.7	48.3	$ -	$ 95.0
Fixed income securities	31.1	50.4	-	81.5
International, real estate, & other	28.2	6.8	-	35.0
Guaranteed annuity contract	-	-	3.6	3.6
Total Plan Investments	$ 106.0	$ 105.5	$ 3.6	$ 215.1

A roll forward of the fair value of guaranteed annuity contract calculated using Level 3 valuation assumptions follows:

(In millions)	2009
Fair value, beginning of year	$ 3.5
Unrealized gains related to investments still held at reporting date	0.2
Purchases, sales and settlements, net	(0.1)
Fair value, end of year	$ 3.6

Funded Status

The funded status of the plans as of December 31, 2009 and 2008 follows:

	Pension Benefits		Other Benefits	
(In millions)	2009	2008	2009	2008
Qualified Plans				
Benefit obligation, end of period	$ (256.8)	$ (246.0)	$ (79.6)	$ (72.3)
Fair value of plan assets, end of period	211.1	150.9	4.0	4.3
Funded Status of Qualified Plans, end of period	(45.7)	(95.1)	(75.6)	(68.0)
Benefit obligation of SERP Plan, end of period	(14.7)	(14.6)	-	-
Total funded status, end of period	$ (60.4)	$ (109.7)	$ (75.6)	$ (68.0)
Accrued liabilities	$ 6.0	$ 0.7	$ 4.5	$ 4.3
Other liabilities	$ 54.4	$ 109.0	$ 71.1	$ 63.7

Prior Service Cost, Actuarial Gains and Losses, and Transition Obligation Effects

Following is a roll forward of prior service cost, actuarial gains and losses, and transition obligations.

(In millions)	Pensions		Other Benefits		
	Prior Service Cost	Net Gain or Loss	Prior Service Cost	Net Gain or Loss	Transition Obligation
Balance January 1, 2007	$ 12.9	$ 35.3	$ (5.5)	$ (2.2)	$ 8.7
Amounts arising during the period	-	(21.9)	-	1.2	-
Reclassification to benefit costs	(1.7)	(1.5)	0.8	(0.1)	(1.1)
Balance December 31, 2007	11.2	11.9	(4.7)	(1.1)	7.6
Amounts arising during the period	0.4	79.1	-	4.6	-
Reclassification to benefit costs	(2.1)	(0.1)	1.0	-	(1.4)
Balance December 31, 2008	$ 9.5	$ 90.9	$ (3.7)	$ 3.5	$ 6.2
Amounts arising during the period	0.1	(20.2)	0.1	6.6	(0.1)
Reclassification to benefit costs	(1.7)	(2.2)	0.8	(0.4)	(1.1)
Balance December 31, 2009	$ 7.9	$ 68.5	$ (2.8)	$ 9.7	$ 5.0

Due to moving the measurement date from September 30 to December 31, the 2008 roll forwards of prior service cost, actuarial gains and losses, and transition obligations include 15 months of activity.

Following is a reconciliation of the amounts in Accumulated other comprehensive income (AOCI) and Regulatory assets related to retirement plan obligations at December 31, 2009 and 2008:

(In millions)	2009		2008		2007	
	Pensions	Other Benefits	Pensions	Other Benefits	Pensions	Other Benefits
Prior service cost	$ 7.9	$ (2.8)	$ 9.5	$ (3.7)	$ 11.2	$ (4.7)
Unamortized actuarial gain/(loss)	68.5	9.7	90.9	3.5	11.9	(1.1)
Transition obligation	-	5.0	-	6.2	-	7.6
	76.4	11.9	100.4	6.0	23.1	1.8
Less: Regulatory asset deferral	(72.6)	(11.3)	(95.4)	(5.7)	(21.9)	(1.7)
AOCI before taxes	$ 3.8	$ 0.6	$ 5.0	$ 0.3	$ 1.2	$ 0.1

Related to pension plans, $1.6 million of prior service cost and $2.0 million of actuarial gain/loss is expected to be amortized to cost in 2010. Related to other benefits, $1.1 million of the transition obligation and $0.5 million of actuarial gain/loss is expected to be amortized to periodic cost in 2010, and $0.8 million of prior service cost is expected to reduce cost in 2010.

Expected Cash Flows

In 2010, the Company expects to make contributions of approximately $12 million to its pension plan trusts. In addition, the Company expects to make payments totaling approximately $6 million directly to SERP participants and approximately $5 million directly to those participating in other postretirement plans.

Estimated retiree pension benefit payments, including the SERP, projected to be required during the years following 2009 (in millions) are approximately $14 in 2010, $15 in 2011 $16 in 2012, $16 in 2013, $17 in 2014 and $105 in years 2015-2019. Expected benefit payments projected to be required for postretirement benefits during the years following 2009 (in millions) are approximately $7 in 2010, $7 in 2011, $8 in 2012, $8 in 2013, and $9 in 2014 and $53 in years 2015-2019.

-80-

Table of Contents

Defined Contribution Plan

The Company also has defined contribution retirement savings plans that are qualified under sections 401(a) and 401(k) of the Internal Revenue Code and include an option to invest in Vectren common stock, among other alternatives. During 2009, 2008 and 2007, the Company made contributions to these plans of $4.6 million, $4.1 million, and $4.0 million, respectively.

Deferred Compensation Plans

The Company has nonqualified deferred compensation plans, which permit eligible executives and non-employee directors to defer portions of their compensation and vested restricted stock. A record keeping account is established for each participant, and the participant chooses from a variety of measurement funds for the deemed investment of their accounts. The measurement funds are similar to the funds in the Company's defined contribution plan and include an investment in phantom stock units of the Company. The account balance fluctuates with the investment returns on those funds. At December 31, 2009 and 2008, the liability associated with these plans totaled $22.8 million and $21.1 million, respectively. Other than $6.6 million which is classified in Accrued liabilities at December 31, 2009, the liability is included in Deferred credits & other liabilities. The impact of these plans on Other operating expenses was expense of $0.8 million in 2009, income of $2.6 million in 2008 and expense of $2.2 million in 2007.

The Company has certain investments currently funded primarily through corporate-owned life insurance policies. These investments, which are consolidated, are available to pay deferred compensation benefits. These investments are also subject to the claims of the Company's creditors. The cash surrender value of these policies included in Other corporate & utility investments on the Consolidated Balance Sheets were $24.7 million and $19.8 million at December 31, 2009 and 2008, respectively. Earnings from those investments, which are recorded in Other-net, were earnings $4.1 million in 2009, a loss of $2.8 million in 2008, and earnings of $0.6 million in 2007.

10. Borrowing Arrangements

Short-Term Borrowings

At December 31, 2009, the Company had $775 million of short-term borrowing capacity, including $520 million for the Utility Group operations and $255 million for the wholly owned Nonutility Group and corporate operations, of which approximately $462 million was available for the Utility Group operations as reduced for approximately $41.7 million in outstanding letters of credit. Approximately $48 million was available for wholly owned Nonutility Group and corporate operations, as reduced for approximately $9.7 million in outstanding letters of credit. Interest rates and outstanding balances associated with short-term borrowing arrangements follows:

	Year Ended December 31,		
(In millions)	2009	2008	2007
Weighted average commercial paper and bank loans outstanding during the year	$ 180.4	$ 388.0	$ 391.3
Weighted average interest rates during the year			
Bank loans	0.79 %	3.22 %	5.61 %
Commercial paper	1.29 %	3.76 %	5.54 %

	At December 31,	
(In millions)	2009	2008
Bank loans	$ 197.1	$ 428.0
Commercial paper	16.4	91.5
Total short-term borrowings	$ 213.5	$ 519.5

Vectren Capital Short-Term Debt Issuance

On September 11, 2008, Vectren Capital entered into a 364-day $120 million credit agreement that was syndicated with 7 banks. The agreement provided for revolving loans and letters of credit up to $120 million and was in addition to Vectren Capital's $255 million which expires in November 2010. This agreement expired in 2009, was no longer needed, and was not renewed.

-81-

Table of Contents

Long-Term Debt

Long-term senior unsecured obligations and first mortgage bonds outstanding by subsidiary follow:

	At December 31,	
(In millions)	2009	2008
Utility Holdings		
Fixed Rate Senior Unsecured Notes		
2011, 6.625%	$ 250.0	$ 250.0
2013, 5.25%	100.0	100.0
2015, 5.45%	75.0	75.0
2018, 5.75%	100.0	100.0
2020, 6.28%	100.0	-
2035, 6.10%	75.0	75.0
2036, 5.95%	97.8	99.1
2039, 6.25%	122.5	124.3
Total Utility Holdings	920.3	823.4
SIGECO		
First Mortgage Bonds		
2015, 1985 Pollution Control Series A, current adjustable rate 0.27%, tax exempt, 2009 weighted average: 0.37%	9.8	9.8
2016, 1986 Series, 8.875%	13.0	13.0
2020, 1998 Pollution Control Series B, 4.50%, tax exempt	4.6	4.6
2023, 1993 Environmental Improvement Series B, 5.15%, tax exempt	22.6	22.6
2024, 2000 Environmental Improvement Series A, 4.65%, tax exempt	22.5	22.5
2025, 1998 Pollution Control Series A, current adjustable rate 0.27%, tax exempt, 2009 weighted average: 0.44%	31.5	31.5
2029, 1999 Senior Notes, 6.72%	80.0	80.0
2030, 1998 Pollution Control Series B, 5.00%, tax exempt	22.0	22.0
2030, 1998 Pollution Control Series C, 5.35%, tax exempt	22.2	22.2
2040, 2009 Environmental Improvement Series, 5.40%, tax exempt	22.3	-
2041, 2007 Pollution Control Series, 5.45%, tax exempt	17.0	17.0
Total SIGECO	267.5	245.2
Indiana Gas		
Fixed Rate Senior Unsecured Notes		
2013, Series E, 6.69%	5.0	5.0
2015, Series E, 7.15%	5.0	5.0
2015, Series E, 6.69%	5.0	5.0
2015, Series E, 6.69%	10.0	10.0
2025, Series E, 6.53%	10.0	10.0
2027, Series E, 6.42%	5.0	5.0
2027, Series E, 6.68%	1.0	1.0
2027, Series F, 6.34%	20.0	20.0
2028, Series F, 6.36%	10.0	10.0
2028, Series F, 6.55%	20.0	20.0

2029, Series G, 7.08%	30.0	30.0
Total Indiana Gas	121.0	121.0

Table of Contents

(In millions)	At December 31, 2009	2008
Vectren Capital Corp.		
Fixed Rate Senior Unsecured Notes		
2010, 4.99%	25.0	25.0
2010, 7.98%	22.5	22.5
2012, 5.13%	25.0	25.0
2012, 7.43%	35.0	35.0
2014, 6.37%	30.0	-
2015, 5.31%	75.0	75.0
2016, 6.92%	60.0	-
2019, 7.30%	60.0	-
Total Vectren Capital Corp.	332.5	182.5
Other Long-Term Notes Payable	1.2	0.7
Total long-term debt outstanding	1,642.5	1,372.8
Current maturities of long-term debt	(48.0)	(0.4)
Debt subject to tender	(51.3)	(80.0)
Unamortized debt premium & discount - net	(2.7)	(3.2)
Treasury debt	-	(41.3)
Total long-term debt-net	$ 1,540.5	$ 1,247.9

Utility Holdings 2009 Debt Issuance

On April 7, 2009, Utility Holdings entered into a private placement Note Purchase Agreement pursuant to which institutional investors purchased from Utility Holdings $100 million in 6.28 percent senior unsecured notes due April 7, 2020 (2020 Notes). The 2020 Notes are guaranteed by Utility Holdings' three utilities: SIGECO, Indiana Gas, and VEDO. These guarantees are full and unconditional and joint and several. The proceeds from the sale of the 2020 Notes, net of issuance costs, totaled approximately $99.5 million.

The 2020 Notes have no sinking fund requirements, and interest payments are due semi-annually. The 2020 Notes contain customary representations, warranties and covenants, including a leverage covenant consistent with leverage covenants contained in the Utility Holdings' $515 million short-term credit facility.

SIGECO 2009 Debt Issuance

On August 19, 2009 SIGECO also completed a $22.3 million tax-exempt first mortgage bond issuance at an interest rate of 5.4 percent that is fixed through maturity. The bonds mature in 2040. The proceeds from the sale of the bonds, net of issuance costs, totaled approximately $21.3 million.

Vectren Capital Corp. 2009 Debt Issuance

On March 11, 2009, Vectren and Vectren Capital Corp., its wholly-owned subsidiary (Vectren Capital), entered into a private placement Note Purchase Agreement (the "2009 Note Purchase Agreement") pursuant to which various institutional investors purchased the following tranches of notes from Vectren Capital: (i) $30 million in 6.37 percent senior notes, Series A due 2014, (ii) $60 million in 6.92 percent senior notes, Series B due 2016 and (iii) $60 million in 7.30 percent senior notes, Series C due 2019. These senior notes are unconditionally guaranteed by Vectren, the parent of Vectren Capital. These notes have no sinking fund requirements, and interest payments are due semi-annually. The proceeds from the sale of the notes, net of issuance costs, totaled approximately $149.0 million.

The 2009 Note Purchase Agreement contains customary representations, warranties and covenants, including a leverage covenant consistent with leverage covenants contained in the Vectren Capital $255 million short-term credit facility.

On March 11, 2009, Vectren and Vectren Capital also entered into a first amendment with respect to prior note purchase agreements for the remaining outstanding Vectren Capital debt, other than the $22.5 million series due in 2010, to conform the covenants in certain respects to those contained in the 2009 Note Purchase Agreement.

Table of Contents

Long-Term Debt Put and Call Provisions

Certain long-term debt issues contain put and call provisions that can be exercised on various dates before maturity. Other than certain instruments that can be put to the Company upon the death of the holder (death puts), these put or call provisions are not triggered by specific events, but are based upon dates stated in the note agreements. During 2009 and 2008, the Company repaid approximately $3.0 million and $1.6 million, respectively, related to death puts. In 2007, no debt was put to the Company. Debt which may be put to the Company for reasons other than a death during the years following 2009 (in millions) is $10.0 in 2010, $30.0 in 2011, zero in 2012 and thereafter. Debt that may be put to the Company within one year or debt that is supported by lines of credit that expire within one year are classified as Long-term debt subject to tender in current liabilities.

Auction Rate Securities

On December 6, 2007, SIGECO closed on $17 million of auction rate tax-exempt long-term debt. The debt had a life of 33 years, maturing on January 1, 2041. The initial interest rate was set at 4.50 percent but the rate was to reset every 7 days through an auction process that began December 13, 2007. This new debt was collateralized through the issuance of first mortgage bonds and the payment of interest and principal was insured through Ambac Assurance Corporation (Ambac).

In February 2008, SIGECO provided notice to the current holders of approximately $103 million of tax-exempt auction rate mode long-term debt, including the $17 million issued in December 2007, of its plans to convert that debt from its current auction rate mode into a daily interest rate mode. In March 2008, the debt was tendered at 100 percent of the principal amount plus accrued interest. During March 2008, SIGECO remarketed approximately $61.8 million of these instruments at interest rates that are fixed to maturity, receiving proceeds, net of issuance costs, of approximately $60.0 million. The terms are $22.6 million at 5.15 percent due in 2023, $22.2 million at 5.35 percent due in 2030 and $17.0 million at 5.45 percent due in 2041.

On March 26, 2009, SIGECO remarketed the remaining $41.3 million of long-term debt held in treasury at December 31, 2008, receiving proceeds, net of issuance costs of approximately $40.6 million. The remarketed notes have a variable rate interest rate which is reset weekly and are supported by a standby letter of credit backed by Utility Holdings' $515 million short-term credit facility. The notes are collateralized by SIGECO's utility plant, and $9.8 million are due in 2015 and $31.5 million are due in 2025. The initial interest rate paid to investors was 0.55 percent. The equivalent rate of the debt at inception, inclusive of interest, weekly remarketing fees, and letter of credit fees, approximated 1 percent. Because these notes are supported by Utility Holdings' short term credit facility and that facility expires within one year, such debt is classified as Long-term debt subject to tender in current liabilities.

Future Long-Term Debt Sinking Fund Requirements and Maturities

The annual sinking fund requirement of SIGECO's first mortgage bonds is 1 percent of the greatest amount of bonds outstanding under the Mortgage Indenture. This requirement may be satisfied by certification to the Trustee of unfunded property additions in the prescribed amount as provided in the Mortgage Indenture. SIGECO intends to meet the 2010 sinking fund requirement by this means and, accordingly, the sinking fund requirement for 2010 is excluded from Current liabilities in the Consolidated Balance Sheets. At December 31, 2009, $1.2 billion of SIGECO's utility plant remained unfunded under SIGECO's Mortgage Indenture. SIGECO's gross utility plant balance subject to the Mortgage Indenture approximated $2.5 billion at December 31, 2009.

Consolidated maturities of long-term debt during the five years following 2009 (in millions) are $48.0 in 2010, $250.0 in 2011, $60.0 in 2012, $105.0 in 2013, and $30.0 in 2014.

Debt Guarantees

Vectren Corporation guarantees Vectren Capital's long-term and short-term debt, which totaled $332 million and $197 million, respectively, at December 31, 2009. Utility Holdings' currently outstanding long-term and short-term debt is jointly and severally guaranteed by Indiana Gas, SIGECO, and VEDO. Utility Holdings' long-term and short-term debt outstanding at December 31, 2009, totaled $920 million and $16 million, respectively.

Covenants

Both long-term and short-term borrowing arrangements contain customary default provisions; restrictions on liens, sale-leaseback transactions, mergers or consolidations, and sales of assets; and restrictions on leverage and interest coverage, among other restrictions. As an example, the Vectren Capital's short-term debt agreement expiring in 2010 contains a covenant that the ratio of consolidated total debt to consolidated total capitalization will not exceed 65 percent. As of December 31, 2009, the Company was in compliance with all financial covenants.

-84-

Table of Contents

11. Common Shareholders' Equity

Common Stock Offering

In February 2007, the Company sold 4.6 million authorized but previously unissued shares of its common stock to a group of underwriters in an SEC-registered primary offering at a price of $28.33 per share. The transaction generated proceeds, net of underwriting discounts and commissions, of approximately $125.7 million. The Company executed an equity forward sale agreement (equity forward) in connection with the offering, and therefore, did not receive proceeds at the time of the equity offering. The equity forward allowed the Company to price an offering under market conditions existing at that time, and to better match the receipt of the offering proceeds and the associated share dilution with the implementation of regulatory initiatives.

On June 27, 2008, the Company physically settled the equity forward by delivering the 4.6 million shares, receiving proceeds of approximately $124.9 million. The slight difference between the proceeds generated by the public offering and those received by the Company were due to adjustments defined in the equity forward agreement including: 1) daily increases in the forward sale price based on a floating interest factor equal to the federal funds rate, less a 35 basis point fixed spread, and 2) structured quarterly decreases to the forward sale price that align with expected Company dividend payments.

Vectren transferred the proceeds to Utility Holdings, and Utility Holdings used the proceeds to repay short-term debt obligations incurred primarily to fund its capital expenditure program. The proceeds received were recorded as an increase to Common Stock in Common Shareholders' Equity and are presented in the Statement of Cash Flows as a financing activity.

Authorized, Reserved Common and Preferred Shares

At December 31, 2009 and 2008, the Company was authorized to issue 480.0 million shares of common stock and 20.0 million shares of preferred stock. Of the authorized common shares, approximately 6.2 million shares at December 31, 2009 and 5.6 million shares at December 31, 2008, were reserved by the board of directors for issuance through the Company's share-based compensation plans, benefit plans, and dividend reinvestment plan. At December 31, 2009, and 2008, there were 392.7 million and 393.4 million, respectively, of authorized shares of common stock and all authorized shares of preferred stock, available for a variety of general corporate purposes, including future public offerings to raise additional capital and for facilitating acquisitions.

12. Accumulated Other Comprehensive Income

A summary of the components of and changes in Accumulated other comprehensive income for the past three years follows:

	2007			2008		2009	
(In millions)	Beginning of Year Balance	Changes During Year	End of Year Balance	Changes During Year	End of Year Balance	Changes During Year	End of Year Balance
Unconsolidated affiliates	$ 10.2	$ 11.0	$ 21.2	$ (50.2)	$ (29.0)	$ 21.9	$ (7.1)
Pension & other benefit costs	(2.5)	1.2	(1.3)	(4.0)	(5.3)	0.9	(4.4)
Cash flow hedges	0.7	(0.1)	0.6	(0.5)	0.1	-	0.1
Deferred income taxes	(3.3)	(4.7)	(8.0)	21.9	13.9	(9.3)	4.6
Accumulated other comprehensive	$ 5.1	$ 7.4	$ 12.5	$ (32.8)	$ (20.3)	$ 13.5	$ (6.8)

income (loss)

Accumulated other comprehensive income arising from unconsolidated affiliates is primarily the Company’s portion of ProLiance Holdings, LLC’s accumulated comprehensive income related to use of cash flow hedges. (See Note 5 for more information on ProLiance.)

Table of Contents

13. Earnings Per Share

The FASB recently clarified that unvested share-based payment awards that contain rights to nonforfeitable dividends are participating securities subject to the two class method. As a result of that clarification, the Company began using the two class method to calculate EPS on January 1, 2009. The Company has recalculated all prior periods using the two class method to conform to the current year presentation with immaterial impacts. The two class method is an earnings allocation formula that treats a participating security as having rights to earnings that otherwise would have been available to common shareholders. Under the two-class method, earnings for a period are allocated between common shareholders and participating security holders based on their respective rights to receive dividends as if all undistributed book earnings for the period were distributed. Basic earnings per share is computed by dividing net income attributable to only the common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share includes the impact of stock options and other equity based instruments to the extent the effect is dilutive. The following table illustrates the basic and dilutive earnings per share calculations for the three years ended December 31, 2009:

	Year Ended December 31,		
(In millions, except per share data)	2009	2008	2007
Numerator:			
Numerator for basic EPS	$ 132.9	$ 128.8	$ 142.8
Add back earnings attributable to participating securities	0.2	0.2	0.4
Reported net income (Numerator for Diluted EPS)	$ 133.1	$ 129.0	$ 143.2
Denominator:			
Weighted average common shares outstanding (Basic EPS)	$ 80.7	$ 78.3	$ 75.9
Equity forward contract	-	0.1	0.1
Conversion of share based compensation arrangements	0.3	0.3	0.4
Adjusted weighted average shares outstanding and assumed conversions outstanding (Diluted EPS)	$ 81.0	$ 78.7	$ 76.4
Basic earnings per share	$ 1.65	$ 1.65	$ 1.89
Diluted earnings per share	$ 1.64	$ 1.63	$ 1.87

For the year ended December 31, 2009, options to purchase 837,100 of additional shares of the Company’s common stock were outstanding, but were not included in the computation of diluted EPS because their effect would be antidilutive. The exercise prices for these options ranged from $23.19 to $27.15 for the year ended December 31, 2009. For the years ended December 31, 2008 and 2007, all options were dilutive.

14. Share-Based Compensation

The Company has various share-based compensation programs to encourage executives, key non-officer employees, and non-employee directors to remain with the Company and to more closely align their interests with those of the Company’s shareholders. Under these programs, the Company issues stock options, non-vested shares (herein referred to as restricted stock), and restricted stock units. All share-based compensation programs are shareholder approved. In addition, the Company maintains a deferred compensation plan for executives and non-employee directors where participants have the option to invest earned compensation and vested restricted stock and restricted units in phantom Company stock units. Certain option and share awards provide for accelerated vesting if there is a change in control or upon the participant's retirement.

Table of Contents

Following is a reconciliation of the total cost associated with share-based awards recognized in the Company's financial statements to its after tax effect on net income:

	Year ended December 31,		
(in millions)	2009	2008	2007
Total cost of share-based compensation	$4.6	$3.7	$2.5
Less capitalized cost	1.6	0.9	0.5
Total in other operating expense	3.0	2.8	2.0
Less income tax benefit in earnings	1.2	1.1	0.8
After tax effect of share-based compensation	$1.8	$1.7	$1.2

Restricted Stock & Restricted Stock Unit Related Matters

The Company periodically grants restricted stock and/or restricted stock units to executives and other key non-officer employees. The vesting of those grants is contingent upon meeting a total return and/or return on equity performance objectives. In addition non-employee directors receive a portion of their fees in restricted stock. Grants to executives and key non-officer employees generally vest at the end of a four-year period, with performance measured at the end of the third year. Based on that performance, awards could double or could be entirely forfeited. However, some awards are also time-vested awards that vest ratably over a four year period. Awards to non-employee directors are not performance based and generally vest over one year. Because executives and non-employee directors have the choice of settling awards in shares, cash, or deferring their receipt into a deferred compensation plan (where the value is eventually withdrawn in cash), these awards are accounted for as liability awards at their settlement date fair value. Certain share awards to key non-officer employees must be settled in shares and are therefore accounted for in equity at their grant date fair value.

A summary of the status of the Company's restricted stock and restricted unit awards separated between those accounted for as liabilities and equity as of December 31, 2009, and changes during the year ended December 31, 2009, follows:

	Equity Awards		Liability Awards	
	Shares	Wtd. Avg. Grant Date Fair value	Shares/Units	Fair value
Restricted at January 1, 2009	36,235	$ 28.24	524,393	
Granted	12,370	$ 24.76	269,429	
Vested	(6,761)	$ 26.65	(129,937)	
Forfeited	(2,931)	$ 27.73	(57,532)	
Restricted at December 31, 2009	38,913	$ 27.55	606,353	$ 24.68

As of December 31, 2009, there was $6.5 million of total unrecognized compensation cost related to restricted stock awards. That cost is expected to be recognized over a weighted-average period of 2.7 years. The total fair value of shares vested for liability awards during the years ended December 31, 2009, 2008, and 2007, was $2.8 million, $0.4 million, and $1.9 million, respectively. The total fair value of equity awards vesting during the year ended December 31, 2009 and 2007 was $0.1 million and $0.1 million, respectively. No equity awards vested in 2008.

On February 10, 2010, the Company issued 270,810 restricted units to executives and other key non-officer employees. These awards were primarily in the form of restricted units, and contained primarily performance based provisions. Some awards, however, contain only time based vesting provisions. Most awards can only be settled in cash. Dividends on performance based awards are converted into equivalent restricted units based on the closing price of Vectren's stock on the payment date, and therefore are subject to forfeiture. In addition, on February 10, 2010, participants forfeited 24,333 shares related to awards measured during the three year performance period ending December 31, 2009.

-87-

Stock Option Related Matters
In the past, option awards were granted to executives and other key employees with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards generally required 3 years of continuous service and have 10-year contractual terms. These awards generally vested on a pro-rata basis over 3 years. The last option grant occurred in 2005, and the Company does not intend to issue options in the future.

The fair value of option awards granted in prior years was estimated on the date of grant using a Black-Scholes option valuation model. Expected volatilities were based on historical volatility of the Company's stock and other factors. The Company used historical data to estimate the expected term and forfeiture patterns of the options. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve in effect at the time of grant.

A summary of the status of the Company's stock option awards as of December 31, 2009, and changes during the year ended December 31, 2009, follows:

	Shares	Weighted average Exercise Price	Weighted average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In millions)
Outstanding at January 1, 2009	1,335,214	$ 23.95		
Exercised	(5,652)	$ 20.26		
Outstanding at December 31, 2009	1,329,562	$ 23.97	3.0	$ 1.5
Exercisable at December 31, 2009	1,329,562	$ 23.97	3.0	$ 1.5

The total intrinsic value of options exercised during the year ended December 31, 2008 and 2007 was $0.5 million, and $3.6 million, respectively. As of December 31, 2009, all compensation cost has been recognized. The actual tax benefit realized for tax deductions from option exercises was approximately $0.1 million in 2008 and $1.2 million in 2007.

The Company periodically issues new shares and also from time to time repurchases shares to satisfy share option exercises. During the year ended December 31, 2008 and 2007, the Company received cash upon exercise of stock options totaling approximately $1.9 million and $11.4 million, respectively. During those periods, the Company repurchased shares totaling approximately $2.2 million in 2008 and $6.9 million in 2007. During the year ended December 31, 2009, stock option activity was insignificant.

Deferred Compensation Plan Matters
The Company has nonqualified deferred compensation plans that include an option to invest in Company phantom stock. The amount recorded in earnings related to the investment activities in Vectren phantom stock associated with these plans during the years ended December 31, 2009, 2008, and 2007, was a benefit of $1.5 million, a cost of $0.6 million and a cost of $0.4 million, respectively.

15. Commitments & Contingencies

Commitments
Future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year during the five years following 2009 and thereafter (in millions) are $4.5 in 2010, $2.6 in 2011, $1.4 in 2012, $0.8 in 2013, $0.7 in 2014, and $0.3 thereafter. Total lease expense (in millions) was $8.0 in 2009, $8.8 in 2008, and $8.7 in 2007.

Firm nonutility purchase commitments for commodities by consolidated companies total (in millions) $4.9 in 2010, $3.8 in 2011, $8.2 in 2012, $8.4 in 2013, and $8.6 in 2014.

The Company's regulated utilities have both firm and non-firm commitments to purchase natural gas, electricity, and coal as well as certain transportation and storage rights. Costs arising from these commitments, while significant, are pass-through costs, generally collected dollar-for-dollar from retail customers through regulator-approved cost recovery mechanisms.

-88-

Table of Contents

Corporate Guarantees

The Company issues corporate guarantees to certain vendors and customers of its wholly owned subsidiaries and unconsolidated affiliates. These guarantees do not represent incremental consolidated obligations; rather, they represent parental guarantees of subsidiary and unconsolidated affiliate obligations in order to allow those subsidiaries and affiliates the flexibility to conduct business without posting other forms of collateral. At December 31, 2009, corporate issued guarantees support a portion of ESG's performance contracting commitments and warranty obligations described below. In addition, the Company has approximately $60 million of other guarantees outstanding supporting other consolidated subsidiary operations, of which $46 million support non-regulated retail gas supply operations. Guarantees issued and outstanding on behalf of unconsolidated affiliates approximated $3 million at December 31, 2009. These guarantees relate primarily to arrangements between ProLiance and various natural gas pipeline operators. The Company has not been called upon to satisfy any obligations pursuant to these parental guarantees and has accrued no significant liabilities related to these guarantees.

Performance Guarantees & Product Warranties

In the normal course of business, ESG and other wholly owned subsidiaries issue performance bonds or other forms of assurance that commit them to timely install infrastructure, operate facilities, pay vendors or subcontractors, and/or support warranty obligations. Based on a history of meeting performance obligations and installed products operating effectively, no significant liability or cost has been recognized for the periods presented.

Specific to ESG, in its role as a general contractor in the performance contracting industry, at December 31, 2009, there are 54 open surety bonds supporting future performance. The average face amount of these obligations is $3.6 million, and the largest obligation has a face amount of $30.4 million. These surety bonds are guaranteed by Vectren Corporation. The maximum exposure of these obligations is less than these amounts for several factors, including the level of work already completed. At December 31, 2009, over 50 percent of work was completed on projects with open surety bonds. A significant portion of these commitments will be fulfilled within one year. In instances where ESG operates facilities, project guarantees extend over a longer period.

In addition to its performance obligations, ESG also warrants the functionality of certain installed infrastructure generally for one year and the associated energy savings over a specified number of years. In certain instances, these warranty obligations are also backed by Vectren Corporation.

Legal & Regulatory Proceedings

The Company is party to various legal proceedings, audits, and reviews by taxing authorities and other government agencies arising in the normal course of business. In the opinion of management, there are no legal proceedings or other regulatory reviews or audits pending against the Company that are likely to have a material adverse effect on its financial position, results of operations or cash flows.

16. Environmental Matters

Clean Air Act

The Clean Air Interstate Rule (CAIR) is an allowance cap and trade program requiring further reductions from coal-burning power plants in NOx emissions beginning January 1, 2009 and SO2 emissions beginning January 1, 2010, with a second phase of reductions in 2015. On July 11, 2008, the US Court of Appeals for the District of Columbia vacated the federal CAIR regulations. Various parties filed motions for reconsideration, and on December 23, 2008, the Court reinstated the CAIR regulations and remanded the regulations back to the USEPA for promulgation of revisions in accordance with the Court's July 11, 2008 Order. Thus, the original version of CAIR promulgated in March of 2005 remains effective while USEPA revises it per the Court's guidance. It is possible that a revised CAIR will require further reductions in NOx and SO2 from SIGECO's generating units. SIGECO is in compliance with the current CAIR Phase I annual NOx reduction requirements in effect on January 1, 2009 and is positioned to comply with SO2 reductions effective January 1, 2010. Utilization of the Company's inventory of NOx and SO2 allowances may also be impacted if CAIR is further revised; however, most of these allowances were granted to the Company at zero cost, so a reduction in carrying value is not expected.

Similarly, in March of 2005, USEPA promulgated the Clean Air Mercury Rule (CAMR). CAMR is an allowance cap and trade program requiring further reductions in mercury emissions from coal-burning power plants. The CAMR regulations were vacated by the US Court of Appeals for the DC Circuit in July 2008. In response to the court decision, USEPA has announced that it intends to publish proposed Maximum Achievable Control Technology standards for mercury in 2010. It is uncertain what emission limit the USEPA is considering, and whether they will address hazardous pollutants in addition to mercury. It is also possible that the vacatur of the CAMR regulations will lead to increased support for the passage of a multi-pollutant bill in Congress.

To comply with Indiana's implementation plan of the Clean Air Act of 1990, the CAIR regulations, and to comply with potential future regulations of mercury and further NOx and SO2 reductions, SIGECO has IURC authority to invest in clean coal technology. Using this authorization, SIGECO has invested approximately $307 million in pollution control equipment, including Selective Catalytic Reduction (SCR) systems and fabric filters. SCR technology is the most effective method of reducing NOx emissions where high removal efficiencies are required and fabric filters control particulate matter emissions. These investments were included in rate base for purposes of determining new base rates that went into effect on August 15, 2007. Prior to being included in base rates, return on investments made and recovery of related operating expenses were recovered through a rider mechanism.

Further, the IURC granted SIGECO authority to invest in an SO2 scrubber at its generating facility that is jointly owned with ALCOA (the Company's portion is 150 MW). The order allows SIGECO to recover an approximate 8 percent return on capital investments through a rider mechanism which is periodically updated for actual costs incurred less post in-service depreciation expense. The Company has invested approximately $100 million in this project. The scrubber was placed into service on January 1, 2009. Recovery through a rider mechanism of associated operating expenses including depreciation expense associated with the scrubber also began on January 1, 2009. With the SO2 scrubber fully operational, SIGECO is positioned for compliance with the additional SO2 reductions required by Phase I CAIR commencing on January 1, 2010.

SIGECO's coal fired generating fleet is 100 percent scrubbed for SO2 and 90 percent controlled for NOx. SIGECO's investments in scrubber, SCR and fabric filter technology allows for compliance with existing regulations and should position it to comply with future reasonable pollution control legislation, if and when, reductions in mercury and further reductions in NOx and SO2 are promulgated by USEPA.

Climate Change

The U.S. House of Representatives has passed a comprehensive energy bill that includes a carbon cap and trade program in which there is a progressive cap on greenhouse gas emissions and an auctioning and subsequent trading of allowances among those that emit greenhouse gases, a federal renewable portfolio standard, and utility energy efficiency targets. Current proposed legislation also requires local natural gas distribution companies to hold allowances for the benefit of their customers. As of the date of this filing, the Senate has not passed a bill, and the House bill is not law. The U.S. Senate is currently debating a cap and trade proposal that is similar in structure to the House bill.

In the absence of federal legislation, several regional initiatives throughout the United States are in the process of establishing regional cap and trade programs. While no climate change legislation is pending in Indiana, the state is an observer to the Midwestern Regional Greenhouse Gas Reduction Accord, and in its completed 2009 session, the state's legislature debated, but did not pass, a renewable energy portfolio standard.

In advance of a federal or state renewable portfolio standard, SIGECO received regulatory approval to purchase a 3 MW landfill gas generation facility from a related entity. The facility was purchased in 2009 and is directly interconnected to the Company's distribution system. In 2009, the Company also executed a long term purchase power commitment for 50 MW of wind energy. These transactions supplement a 30 MW wind energy purchase power agreement executed in 2008.

In April of 2007, the US Supreme Court determined that greenhouse gases meet the definition of "air pollutant" under the Clean Air Act and ordered the USEPA to determine whether greenhouse gas emissions from motor vehicles cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. In April of 2009, the USEPA published its proposed endangerment finding for public comment. The proposed endangerment finding concludes that carbon emissions from mobile sources pose an endangerment to public health and the environment. The endangerment finding was finalized in December of 2009, and is the first step toward USEPA regulating carbon emissions through the existing Clean Air Act in the absence of specific carbon legislation from Congress. Therefore, any new regulations would likely also impact major stationary sources of greenhouse gases. The USEPA has recently finalized a mandatory greenhouse gas emissions registry which will require reporting of emissions beginning in 2011 (for the emission year 2010). The USEPA has also recently proposed a revision to the PSD (Prevention of Significant Deterioration) and Title V permitting rules which would require facilities that emit 25,000 tons or more of greenhouse gases a year to obtain a PSD permit for new construction or a significant modification of an existing facility. If these proposed rules were adopted, they would apply to SIGECO's generating facilities.

Table of Contents

Impact of Legislative Actions & Other Initiatives is Unknown

If legislation requiring reductions in CO2 and other greenhouse gases or legislation mandating a renewable energy portfolio standard is adopted, such regulation could substantially affect both the costs and operating characteristics of the Company's fossil fuel generating plants, nonutility coal mining operations, and natural gas distribution businesses. Further, any legislation would likely impact the Company's generation resource planning decisions. At this time and in the absence of final legislation, compliance costs and other effects associated with reductions in greenhouse gas emissions or obtaining renewable energy sources remain uncertain. The Company has gathered preliminary estimates of the costs to comply with a cap and trade approach to controlling greenhouse gas emissions. A preliminary investigation demonstrated costs to comply would be significant, first with regard operating expenses for the purchase of allowances, and later for capital expenditures as technology becomes available to control greenhouse gas emissions. However, these compliance cost estimates are based on highly uncertain assumptions, including allowance prices and energy efficiency targets. Costs to purchase allowances that cap greenhouse gas emissions should be considered a cost of providing electricity, and as such, the Company believes recovery should be timely reflected in rates charged to customers. Approximately 20 percent of electric volumes sold in 2008 were delivered to municipal and other wholesale customers. As such, reductions in these volumes in 2009 coupled with the flexibility to further modify the level of these transactions in future periods may help with compliance if emission targets are based on pre-2008 levels.

Ash Ponds & Coal Ash Disposal Regulations

The USEPA is considering additional regulatory measures affecting the management and disposal of coal combustion products, such as ash generated by the Company's coal-fired power plants. Additional laws and regulations under consideration more stringently regulate these byproducts, including the potential for coal ash to be considered a hazardous waste in certain circumstances. The USEPA has indicated that it intends to propose a rule during 2010. At this time, the Company is unable to predict the outcome any such revised regulations might have on operating results, financial position, or liquidity.

Jacobsville Superfund Site

On July 22, 2004, the USEPA listed the Jacobsville Neighborhood Soil Contamination site in Evansville, Indiana, on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The USEPA has identified four sources of historic lead contamination. These four sources shut down manufacturing operations years ago. When drawing up the boundaries for the listing, the USEPA included a 250 acre block of properties surrounding the Jacobsville neighborhood, including Vectren's Wagner Operations Center. Vectren's property has not been named as a source of the lead contamination. Vectren's own soil testing, completed during the construction of the Operations Center, did not indicate that the Vectren property contains lead contaminated soils above industrial cleanup levels. At this time, it is anticipated that the USEPA may request only additional soil testing at some future date.

Environmental Remediation Efforts

In the past, Indiana Gas, SIGECO, and others operated facilities for the manufacture of gas. Given the availability of natural gas transported by pipelines, these facilities have not been operated for many years. Under currently applicable environmental laws and regulations, those that owned or operated these facilities may now be required to take remedial action if certain contaminants are found above the regulatory thresholds at these sites.

Indiana Gas identified the existence, location, and certain general characteristics of 26 gas manufacturing and storage sites for which it may have some remedial responsibility. Indiana Gas completed a remedial investigation/feasibility study (RI/FS) at one of the sites under an agreed order between Indiana Gas and the IDEM, and a Record of Decision was issued by the IDEM in January 2000. Indiana Gas submitted the remainder of the sites to the IDEM's Voluntary Remediation Program (VRP) and is currently conducting some level of remedial activities, including groundwater monitoring at certain sites, where deemed appropriate, and will continue remedial activities at the sites as appropriate and necessary.

Indiana Gas accrued the estimated costs for further investigation, remediation, groundwater monitoring, and related costs for the sites. While the total costs that may be incurred in connection with addressing these sites cannot be determined at this time, Indiana Gas has recorded cumulative costs that it reasonably expects to incur totaling approximately $23.2 million. The estimated accrued costs are limited to Indiana Gas' share of the remediation efforts. Indiana Gas has arrangements in place for 19 of the 26 sites with other potentially responsible parties (PRP), which limit Indiana Gas' costs at these 19 sites to between 20 percent and 50 percent.

-91-

Table of Contents

With respect to insurance coverage, Indiana Gas has settled with all known insurance carriers under insurance policies in effect when these plants were in operation in an aggregate amount approximating $20.8 million.

In October 2002, SIGECO received a formal information request letter from the IDEM regarding five manufactured gas plants that it owned and/or operated and were not enrolled in the IDEM's VRP. In October 2003, SIGECO filed applications to enter four of the manufactured gas plant sites in IDEM's VRP. The remaining site is currently being addressed in the VRP by another Indiana utility. SIGECO added those four sites into the renewal of the global Voluntary Remediation Agreement that Indiana Gas has in place with IDEM for its manufactured gas plant sites. That renewal was approved by the IDEM in February 2004. SIGECO is also named in a lawsuit filed in federal district court in May 2007, involving another waste disposal site subject to potential environmental remediation efforts. With respect to that lawsuit, in an October 2009 court decision, SIGECO was found to be a PRP at the site. However, the Court must still determine whether such costs should be allocated among a number of PRPs, including the former owners of the site. SIGECO has filed a declaratory judgment action against its insurance carriers seeking a judgment finding its carriers liable under the policies for coverage of further investigation and any necessary remediation costs that SIGECO may accrue under the VRP program and/or related to the site subject to the May 2007 lawsuit.

SIGECO has recorded cumulative costs that it reasonably expects to incur related to these environmental matters totaling approximately $11.1 million. However, given the uncertainty surrounding the allocation of PRP responsibility associated with the May 2007 lawsuit and other matters, the total costs that may be incurred in connection with addressing all of these sites cannot be determined at this time. With respect to insurance coverage, SIGECO has settled with certain of its known insurance carriers under insurance policies in effect when these sites were in operation in an aggregate amount of $8.1 million; negotiations are ongoing with others. SIGECO has undertaken significant remediation efforts at two MGP sites.

Environmental remediation costs related to Indiana Gas' and SIGECO's manufactured gas plants and other sites have had a minor impact on results of operations or financial condition since cumulative costs recorded to date approximate PRP and insurance settlement recoveries. Such cumulative costs are estimated by management using assumptions based on actual costs incurred, the timing of expected future payments, and inflation factors, among others. While the Company's utilities have recorded all costs which they presently expect to incur in connection with activities at these sites, it is possible that future events may require some level of additional remedial activities which are not presently foreseen and those costs may not be subject to PRP or insurance recovery. As of December 31, 2009 and December 31, 2008, approximately $6.5 million of accrued, but not yet spent, remediation costs are included in Other Liabilities related to both the Indiana Gas and SIGECO sites.

17. Rate & Regulatory Matters

Vectren South Electric Base Rate Filings

On December 11, 2009, the Company filed a request with the IURC to adjust its electric base rates in its South service territory. The requested increase in base rates addresses capital investments, a modified electric rate design that facilitates a partnership between the Company and customers to pursue energy efficiency and conservation, and new energy efficiency programs to complement those currently offered for natural gas customers. In total the request approximated $54 million. The request addresses the roughly $325 million spent in infrastructure construction since its last base rate increase in August 2007 that was needed to continue to provide reliable service. Most of the remainder of the request is to account for the now lower overall sales levels resulting from the recession. A portion of the request reflects a slight increase in annual operating and maintenance costs since the last rate case, nearly four years ago. The rate design proposed in the filing would break the link between customers' consumption and the utility's rate of return, thereby aligning the utility's and customers' interests in using less energy. The request assumes an overall rate of return of 7.62 percent on rate base of approximately $1,294 million and an allowed return on equity (ROE) of 10.7 percent. Based upon timelines prescribed by the IURC at the start of these proceedings, a decision is expected to be issued at the end of 2010.

VEDO Gas Base Rate Order Received

On January 7, 2009, the PUCO issued an order approving the stipulation reached in the VEDO rate case. The order provides for a rate increase of nearly $14.8 million, an overall rate of return of 8.89 percent on rate base of about $235 million; an opportunity to recover costs of a program to accelerate replacement of cast iron and bare steel pipes, as well as certain service risers; and base rate recovery of an additional $2.9 million in conservation program spending.

-92-

Table of Contents

The order also adjusted the rate design used to collect the agreed-upon revenue from VEDO's customers. The order allows for the phased movement toward a straight fixed variable rate design which places substantially all of the fixed cost recovery in the customer service charge. A straight fixed variable design mitigates most weather risk as well as the effects of declining usage, similar to the Company's lost margin recovery mechanism, which expired when this new rate design went into effect on February 22, 2009. In 2008, annual results include approximately $4.3 million of revenue from a lost margin recovery mechanism that did not continue once this base rate increase went into effect. After year one, nearly 90 percent of the combined residential and commercial base rate margins were recovered through the customer service charge. The OCC has filed a request for rehearing on the rate design finding by the PUCO. The rehearing request mirrors similar requests filed by the OCC in each case where the PUCO has approved similar rate designs. The Ohio Supreme Court has yet to act on the OCC's request in this instance, but in two similar cases, the Court denied such requests.

With this rate order the Company has in place for its Ohio gas territory rates that allow for the phased implementation of a straight fixed variable rate design that mitigates both weather risk and lost margin; tracking of uncollectible accounts and percent of income payment plan (PIPP) expenses; base rate recovery of pipeline integrity management expense; timely recovery of costs associated with the accelerated replacement of bare steel and cast iron pipes, as well as certain service risers; and expanded conservation programs now totaling up to $5 million in annual expenditures. The straight fixed variable rate design will be fully phased in by February 2010.

VEDO Continues the Process to Exit the Merchant Function

On August 20, 2008, the PUCO approved an auction selecting qualified wholesale suppliers to provide the gas commodity to the Company for resale to its customers at auction-determined standard pricing. This standard pricing is comprised of the monthly NYMEX settlement price plus a fixed adder. This auction, which is effective from October 1, 2008 through March 31, 2010, is the initial step in exiting the merchant function in the Company's Ohio service territory. The approach eliminated the need for monthly gas cost recovery (GCR) filings and prospective PUCO GCR audits. On October 1, 2008, VEDO's entire natural gas inventory was transferred, receiving proceeds of approximately $107 million.

The second phase of the exit process begins on April 1, 2010, during which the Company will no longer sell natural gas directly to these customers. Rather, state-certified Competitive Retail Natural Gas Suppliers, that are successful bidders in a second regulatory-approved auction, will sell the gas commodity to specific customers for 12 months at auction-determined standard pricing. That auction was conducted on January 12, 2010, and the auction results were approved by the PUCO on January 13. The plan approved by the PUCO requires that the Company conduct at least two auctions during this phase. As such, the Company will conduct another auction in advance of the second 12-month term, which will commence on April 1, 2011. Consistent with current practice, customers will continue to receive one bill for the delivery of natural gas service.

The PUCO has also provided for an Exit Transition Cost rider, which allows the Company to recover costs associated with the transition. As the cost of gas is currently passed through to customers through a PUCO approved recovery mechanism, the impact of exiting the merchant function should not have a material impact on Company earnings or financial condition.

Vectren North (Indiana Gas Company, Inc.) Gas Base Rate Order Received

On February 13, 2008, the Company received an order from the IURC which approved the settlement agreement reached in its Vectren North gas rate case. The order provided for a base rate increase of $16.3 million and a return on equity (ROE) of 10.2 percent, with an overall rate of return of 7.8 percent on rate base of approximately $793 million. The order also provides for the recovery of $10.6 million of costs through separate cost recovery mechanisms rather than base rates.

Further, additional expenditures for a multi-year bare steel and cast iron capital replacement program will be afforded certain accounting treatment that mitigates earnings attrition from the investment between rate cases. The accounting treatment allows for the continuation of the accrual for AFUDC and the deferral of depreciation expense after the projects go in service but before they are included in base rates. To qualify for this treatment, the annual expenditures are limited to $20 million and the treatment cannot extend beyond four years on each project.

With this order, the Company has in place for its North gas territory weather normalization, a conservation and lost margin recovery tariff, tracking of gas cost expense related to a uncollectible accounts expense level based on historical experience and unaccounted for gas through the existing gas cost adjustment mechanism, and tracking of pipeline integrity management expense.

Table of Contents

Vectren South Gas Base Rate Order Received

On August 1, 2007, the Company received an order from the IURC which approved the settlement reached in Vectren South’s gas rate case. The order provided for a base rate increase of $5.1 million and a ROE of 10.15 percent, with an overall rate of return of 7.2 percent on rate base of approximately $122 million. The order also provided for the recovery of $2.6 million of costs through separate cost recovery mechanisms rather than base rates.

Further, additional expenditures for a multi-year bare steel and cast iron capital replacement program will be afforded certain accounting treatment that mitigates earnings attrition from the investment between rate cases. The accounting treatment allows for the continuation of the accrual for AFUDC and the deferral of depreciation expense after the projects go in service but before they are included in base rates. To qualify for this treatment, the annual expenditures are limited to $3 million and the treatment cannot extend beyond three years on each project.

With this order, the Company now has in place for its South gas territory weather normalization, a conservation and lost margin recovery tariff, tracking of gas cost expense related to a uncollectible accounts expense level based on historical experience and unaccounted for gas through the existing gas cost adjustment mechanism, and tracking of pipeline integrity management expense.

Vectren South (SIGECO) Electric Base Rate Order Received

In August 2007, the Company received an order from the IURC which approved the settlement reached in Vectren South’s electric rate case. The order provided for an approximate $60.8 million electric rate increase to cover the Company’s cost of system growth, maintenance, safety and reliability. The order provided for, among other things: recovery of ongoing costs and deferred costs associated with the MISO; operations and maintenance (O&M) expense increases related to managing the aging workforce, including the development of expanded apprenticeship programs and the creation of defined training programs to ensure proper knowledge transfer, safety and system stability; increased O&M expense necessary to maintain and improve system reliability; benefit to customers from the sale of wholesale power by Vectren sharing equally with customers any profit earned above or below $10.5 million of wholesale power margin; recovery of and return on the investment in past demand side management programs to help encourage conservation during peak load periods; timely recovery of the Company’s investment in certain new electric transmission projects that benefit the MISO infrastructure; an overall rate of return of 7.32 percent on rate base of approximately $1,044 million and an allowed ROE of 10.4 percent.

MISO

Since 2002 and with the IURC’s approval, the Company has been a member of the MISO, a FERC approved regional transmission organization. The MISO serves the electrical transmission needs of much of the Midwest and maintains operational control over the Company’s electric transmission facilities as well as that of other Midwest utilities. Since April 1, 2005, the Company has been an active participant in the MISO energy markets, bidding its owned generation into the Day Ahead and Real Time markets and procuring power for its retail customers at Locational Marginal Pricing (LMP) as determined by the MISO market.

MISO-related purchase and sale transactions are recorded using settlement information provided by MISO. These purchase and sale transactions are accounted for on a net hourly position. Net purchases in a single hour are recorded in Cost of fuel & purchased power and net sales in a single hour are recorded in Electric utility revenues. On occasion, prior period transactions are resettled outside the routine process due to a change in MISO’s tariff or a material interpretation thereof. Expenses associated with resettlements are recorded once the resettlement is probable and the resettlement amount can be estimated. Revenues associated with resettlements are recognized when the amount is determinable and collectability is reasonably assured.

Since the Company became an active MISO member, its generation optimization strategies primarily involve the sale of excess generation into the MISO day ahead and real-time markets. The Company also has municipal customers served through the MISO and for which the Company transmits power to the MISO for delivery to those customers. Net revenues from wholesale activities, inclusive of revenues associated with these municipal contracts, totaled $20.8 million in 2009, $57.6 million in 2008, and $35.0 million in 2007 and are recorded in Electric utility revenues. The base rate case effective August 17, 2007, requires that wholesale margin (net revenues less the cost of fuel and purchased power) inclusive of this MISO wholesale activity earned above or below $10.5 million be shared equally with retail customers as measured on a fiscal year ending in August.

Recently, MISO market prices have fallen and the Company has more frequently been a net purchaser. In addition, the Company also receives power through the MISO associated with its wind and other power purchase agreements. Including these power purchase agreements, the Company purchased energy from the MISO totaling $34.2 million in 2009, $16.6 million in 2008, and $18.2 million in 2007. To the extent these power purchases are used for retail load, they are included in FAC filings.

Table of Contents

The Company also receives transmission revenue that results from other members' use of the Company's transmission system. These revenues are also included in Electric utility revenues. Generally, these transmission revenues along with costs charged by the MISO are considered components of base rates and any variance from that included in base rates is recovered from / refunded to retail customers through tracking mechanisms.

As a result of MISO's operational control over much of the Midwestern electric transmission grid, including SIGECO's transmission facilities, SIGECO's continued ability to import power, when necessary, and export power to the wholesale market has been, and may continue to be, impacted. Given the nature of MISO's policies regarding use of transmission facilities, as well as ongoing FERC initiatives, and a Day 3 ancillary services market (ASM), where MISO began providing a bid-based regulation and contingency operating reserve markets on January 6, 2009, it is difficult to predict near term operational impacts. The IURC has approved the Company's participation in the ASM and has granted authority to recover costs associated with ASM. To date impacts from the ASM have been minor.

The need to expend capital for improvements to the regional transmission system, both to SIGECO's facilities as well as to those facilities of adjacent utilities, over the next several years is expected to be significant. Beginning in June 2008, the Company began timely recovering its investment in certain new electric transmission projects that benefit the MISO infrastructure at a FERC approved rate of return. Such revenues recorded in Electric utility revenues associated with projects meeting the criteria of MISO's transmission expansion plans totaled $9.1 million in 2009 and $4.8 million in 2008.

18. Fair Value Measurements

The carrying values and estimated fair values of the Company's other financial instruments follow:

	At December 31,			
	2009		2008	
(In millions)	Carrying Amount	Est. Fair Value	Carrying Amount	Est. Fair Value
Long-term debt	$1,642.5	$1,720.1	$1,372.8	$1,251.0
Short-term borrowings & notes payable	213.5	213.5	519.5	519.5
Cash & cash equivalents	11.9	11.9	93.2	93.2

For the balance sheet dates presented in these financial statements, other than $75 million invested in money market funds and included in Cash and cash equivalents as of December 31, 2008, the Company had no material assets or liabilities recorded at fair value outstanding, and no material assets or liabilities valued using Level 3 inputs. The money market investments were valued using Level 1 inputs.

Certain methods and assumptions must be used to estimate the fair value of financial instruments. The fair value of the Company's long-term debt was estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for instruments with similar characteristics. Because of the maturity dates and variable interest rates of short-term borrowings and cash & cash equivalents, those carrying amounts approximate fair value. Because of the inherent difficulty of estimating interest rate and other market risks, the methods used to estimate fair value may not always be indicative of actual realizable value, and different methodologies could produce different fair value estimates at the reporting date.

Under current regulatory treatment, call premiums on reacquisition of long-term debt are generally recovered in customer rates over the life of the refunding issue or over a 15-year period. Accordingly, any reacquisition would not be expected to have a material effect on the Company's results of operations.

Because of the customized nature of notes receivable investments and lack of a readily available market, it is not practical to estimate the fair value of these financial instruments at specific dates without considerable effort and cost. At December 31, 2009 and 2008, the fair value for these financial instruments was not estimated. The carrying value of notes receivable, inclusive of any accrued interest and net of impairment reserves, was approximately $16.7 million at both December 31, 2009 and 2008.

Table of Contents

19. Segment Reporting

The Company segregates its operations into three groups: 1) Utility Group, 2) Nonutility Group, and 3) Corporate and Other.

The Utility Group is comprised of Vectren Utility Holdings, Inc.'s operations, which consist of the Company's regulated operations and other operations that provide information technology and other support services to those regulated operations. The Company segregates its regulated operations into a Gas Utility Services operating segment and an Electric Utility Services operating segment. The Gas Utility Services segment provides natural gas distribution and transportation services to nearly two-thirds of Indiana and to west central Ohio. The Electric Utility Services segment provides electric distribution services primarily to southwestern Indiana, and includes the Company's power generating and wholesale power operations. The Company manages its regulated operations as separated between Energy Delivery, which includes the gas and electric transmission and distribution functions, and Power Supply, which includes the power generating and wholesale power operations. In total, regulated operations supply natural gas and /or electricity to over one million customers.

The Nonutility Group is comprised of one operating segment that includes various subsidiaries and affiliates investing in energy marketing and services, coal mining, and energy infrastructure services, among other energy-related opportunities.

Corporate and Other includes unallocated corporate expenses such as advertising and charitable contributions, among other activities, that benefit the Company's other operating segments. Net income is the measure of profitability used by management for all operations.

Information related to the Company's business segments is summarized below:

	Year Ended December 31,		
(In millions)	2009 1/	2008	2007
Revenues			
Utility Group			
Gas Utility Services	$1,066.0	$1,432.7	$1,269.4
Electric Utility Services	528.6	524.2	487.9
Other Operations	42.8	36.8	40.4
Eliminations	(41.2)	(35.0)	(38.7)
Total Utility Group	1,596.2	1,958.7	1,759.0
Nonutility Group	673.9	664.7	643.4
Eliminations	(181.2)	(138.7)	(120.5)
Consolidated Revenues	$2,088.9	$2,484.7	$2,281.9
Profitability Measures - Net Income			
Gas Utility Services	$50.2	$53.3	$41.7
Electric Utility Services	48.3	50.7	52.6
Other Operations	8.9	7.1	12.2
Utility Group Net Income	107.4	111.1	106.5
Nonutility Group Net Income	25.8	18.9	37.0
Corporate & Other Net Loss	(0.1)	(1.0)	(0.4)
Consolidated Net Income	$133.1	$129.0	$143.1

1/ Net income during the year ended December 31, 2009 includes the impact of a charge discussed in Note 5 in the Company's Consolidated Financial Statements totaling $11.9 million after tax related to ProLiance's investment in Liberty Gas Storage. Excluding this charge, there was Nonutility Group Net Income of $37.7 million and Consolidated Net Income of $145.0 million.

Table of Contents

	Year Ended December 31,		
(In millions)	2009	2008	2007
Amounts Included in Profitability Measures			
Depreciation & Amortization			
Utility Group			
Gas Utility Services	$ 76.9	$ 74.1	$ 70.6
Electric Utility Services	77.5	68.5	66.0
Other Operations	26.5	22.9	21.8
Total Utility Group	180.9	165.5	158.4
Nonutility Group	31.0	26.8	26.4
Consolidated Depreciation & Amortization	$ 211.9	$ 192.3	$ 184.8
Interest Expense			
Utility Group			
Gas Utility Services	$ 38.8	$ 42.0	$ 39.8
Electric Utility Services	34.8	32.0	29.6
Other Operations	5.6	5.9	11.2
Total Utility Group	79.2	79.9	80.6
Nonutility Group	20.9	17.3	21.9
Corporate & Other	(0.1)	0.6	(1.5)
Consolidated Interest Expense	$ 100.0	$ 97.8	$ 101.0
Income Taxes			
Utility Group			
Gas Utility Services	$ 31.3	$ 35.5	$ 33.2
Electric Utility Services	27.4	32.0	38.0
Other Operations	0.5	0.1	(4.5)
Total Utility Group	59.2	67.6	66.7
Nonutility Group	5.9	9.5	10.5
Corporate & Other	(1.0)	(1.0)	(1.2)
Consolidated Income Taxes	$ 64.1	$ 76.1	$ 76.0
Capital Expenditures			
Utility Group			
Gas Utility Services	$ 121.1	$ 110.4	$ 128.9
Electric Utility Services	154.1	172.0	134.7
Other Operations	16.7	29.6	36.4
Non-cash costs & changes in accruals	10.8	(8.3)	(0.2)
Total Utility Group	302.7	303.7	299.8
Nonutility Group	129.3	87.3	34.7
Consolidated Capital Expenditures	$ 432.0	$ 391.0	$ 334.5

(In millions)	At December 31, 2009	2008
Assets		
Utility Group		
Gas Utility Services	$ 2,102.4	$ 2,204.7
Electric Utility Services	1,592.4	1,462.1
Other Operations, net of eliminations	128.3	171.3
Total Utility Group	3,823.1	3,838.1
Nonutility Group	836.0	780.1
Corporate & Other	715.9	737.5
Eliminations	(703.2)	(722.8)
Consolidated Assets	$ 4,671.8	$ 4,632.9

20. Synfuel-Related Activity

Tax laws authorizing synfuel credits expired on December 31, 2007. Prior to that date, the Company had active synthetic fuel investments, including an investment in Pace Carbon Synfuels, LP. The Company accounts for its 8.3 percent ownership interest in Pace Carbon using the equity method. Activity since December 31, 2007 has been insignificant and is generally focused on winding down partnership operations.

Generally, the statute of limitations for the IRS to audit a tax return is three years from filing. Therefore tax credits utilized in 2006 – 2007 are still subject to IRS examination. However, avenues remain where the IRS could challenge tax credits for the years prior to 2006. As a partner of Pace Carbon, Vectren reflected cumulative synfuel tax credits of approximately $101 million in its consolidated results, of which approximately $22 million were generated in 2006 and 2007. Vectren has utilized all of the credits generated.

Synfuel tax credits were only available when the price of oil was less than a base price specified by the IRC, as adjusted for inflation. Because of high oil prices in 2007, only $6.0 million of the approximate $23.1 million in tax credits generated were reflected as a reduction to the Company's income tax expense. The Company executed several financial contracts to hedge oil price risk. Income statement activity associated with these contracts was a gain of $13.4 million in 2007. This activity is reflected in Other-net along with the effects of impairing the Pace Carbon investment in 2006 in advance of equity method losses experienced in 2007. Synfuel-related results, inclusive of equity method losses in Pace Carbon, related tax benefits and tax credits, and other related activity, were earnings of $6.8 million in 2007.

The following is summarized financial information as to the assets, liabilities, and results of operations of Pace Carbon. For the year ended December 31, 2007, revenues, operating loss, and net loss were (in millions) $471.1, ($158.8), and ($240.2), respectively.

21. Additional Balance Sheet & Operational Information

Prepayments & other current assets in the Consolidated Balance Sheets consist of the following:

(In millions)	At December 31, 2009	2008
Prepaid gas delivery service	$ 38.7	$ 75.0
Deferred income taxes	21.7	8.2
Prepaid taxes	20.6	14.1

Other prepayments & current assets		14.1		27.3
Total prepayments & other current assets	$	95.1	$	124.6

-98-

Table of Contents

Other utility & corporate Investments in the Consolidated Balance Sheets consist of the following:

	At December 31,	
(In millions)	2009	2008
Cash surrender value of life insurance policies	$ 24.7	$ 19.8
Municipal bond	4.3	4.5
Restricted cash	2.8	-
Other investments	1.4	1.4
Other utility & corporate investments	$ 33.2	$ 25.7

Accrued liabilities in the Consolidated Balance Sheets consist of the following:

	At December 31,	
(In millions)	2009	2008
Refunds to customers & customer deposits	$ 51.0	$ 45.5
Accrued taxes	32.7	46.3
Accrued interest	23.7	19.2
Asset retirement obligation	3.0	7.2
Accrued retirement & deferred compensation benefits	19.6	5.0
Accrued salaries & other	44.7	51.8
Total accrued liabilities	$ 174.7	$ 175.0

Other – net in the Consolidated Statements of Income consists of the following:

		Year Ended December 31,	
(In millions)	2009	2008	2007
AFUDC – borrowed funds	$ 1.3	$ 2.2	$ 3.5
AFUDC – equity funds	0.7	0.3	0.5
Nonutility plant capitalized interest	6.0	3.7	2.3
Interest income, net	1.4	2.3	2.9
Synfuel-related activity	-	-	23.4
Commercial real estate impairment charge	-	(5.2)	-
Cash surrender value of life insurance policies	4.1	(2.8)	0.6
All other income	0.2	1.6	3.5
Total other – net	$ 13.7	$ 2.1	$ 36.7

Supplemental Cash Flow Information:

	Year Ended December 31,		
(In millions)	2009	2008	2007
Cash paid			

for:			
Interest	95.5	92.6	97.3
Income taxes	(12.2)	(3.5)	43.7

As of December 31, 2009 and 2008, the Company has accruals related to utility and nonutility plant purchases totaling approximately $12.4 million and $35.5 million, respectively.

-99-

Table of Contents

22. Impact of Recently Issued Accounting Guidance

Variable Interest Entities
In June 2009, the FASB issued new accounting guidance regarding variable interest entities (VIE's). This new guidance is effective for annual reporting periods beginning after November 15, 2009. This guidance requires a qualitative analysis of which holder of a variable interest controls the VIE and if that interest holder must consolidate a VIE. Additionally, it requires additional disclosures and an ongoing reassessment of who must consolidate a VIE. The Company adopted this guidance on January 1, 2010. The Company does not expect the adoption will have a material impact on the consolidated financial statements.

Fair Value Measurements & Disclosures
In January 2010, the FASB issued new accounting guidance on improving disclosures about fair market value. This guidance amends prior disclosure requirements involving fair value measurements to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. The guidance also clarifies existing fair value disclosures in regard to the level of disaggregation and about inputs and valuation techniques used to measure fair value. The guidance also amends prior disclosure requirements regarding postretirement benefit plan assets to require that disclosures be provided by classes of assets instead of major categories of assets. This guidance is effective for the first reporting period beginning after December 15, 2009. The Company will adopt this guidance in its first quarter 2010 reporting. The Company does not expect the adoption will have a material impact on the consolidated financial statements.

23. Quarterly Financial Data (Unaudited)

Information in any one quarterly period is not indicative of annual results due to the seasonal variations common to the Company's utility operations. Summarized quarterly financial data for 2009 and 2008 follows:

(In millions, except per share amounts)	Q1	Q2 1/	Q3	Q4
2009				
Operating revenues	$ 795.2	$ 375.5	$ 349.6	$ 568.6
Operating income	121.8	32.4	40.5	85.4
Net income	72.8	(6.7)	12.4	54.6
Earnings per share:				
Basic	$ 0.90	$ (0.08)	$ 0.15	$ 0.68
Diluted	0.90	(0.08)	0.15	0.67
2008				
Operating revenues	$ 902.1	$ 463.9	$ 411.4	$ 707.3
Operating income	108.8	33.0	43.2	78.4
Net income	64.0	4.7	23.2	37.1
Earnings per share:				
Basic	$ 0.84	$ 0.06	$ 0.29	$ 0.46
Diluted	0.84	0.06	0.29	0.46

1/ The second quarter of 2009 excludes the impact of a charge discussed in Note 5 in the Company's Consolidated Financial Statements totaling $11.9 million after tax, or $0.15 per share, related to ProLiance's investment in Liberty Gas Storage. Including this charge, there was consolidated net income of $5.2 million, or $0.07 per share in the second quarter of 2009.

-100-

Table of Contents

ITEM 9. CHANGE IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Changes in Internal Controls over Financial Reporting

During the quarter ended December 31, 2009, there have been no changes to the Company’s internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

As of December 31, 2009, the Company conducted an evaluation under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer of the effectiveness and the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of December 31, 2009, to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is:

1) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and
2) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control over Financial Reporting

Vectren Corporation’s management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation under the framework in Internal Control — Integrated Framework, the Company concluded that its internal control over financial reporting was effective as of December 31, 2009.

The effectiveness of internal control over financial reporting as of December 31, 2009, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included in Item 8 of this annual report.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Part III, Item 10 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2010 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year. The Company's executive officers are the same as those named executive officers detailed in the Proxy Statement.

Management Succession

Niel C. Ellerbrook, chairman and CEO of the Company, will retire May 31, 2010, as the Company's CEO, after a decade of service in the position. Ellerbrook will serve in the role of non-executive chairman for the Company.

Ellerbrook joined Indiana Gas Company, Inc., in 1980 where he assumed increasing responsibilities culminating in 1999 with his election as president and CEO of Indiana Energy, Inc., the holding company of Indiana Gas and a predecessor of Vectren. The Vectren board of directors elected Ellerbrook as chairman and chief executive officer effective upon its formation in March 2000. Ellerbrook was instrumental in merging two energy holding companies together to create Vectren while concurrently purchasing the natural gas distribution assets of Dayton Power and Light. These transactions have produced one of Indiana's largest publicly traded corporations. Vectren provides products and services in nearly half of the United States, including 1.1 million utility customers in Indiana and Ohio.

Table of Contents

As part of the Company’s succession planning process, the board of directors chose Carl L. Chapman, Vectren’s president and chief operating officer, to replace Ellerbrook as the next CEO. Chapman was elected to the board of directors in May 2009 and has served as an officer of the company for more than 20 years.

Chapman joined Indiana Gas Company, Inc., in 1985 after eight years of service with Arthur Andersen & Co. Chapman has held various executive management roles including executive vice president and COO of Vectren, president of Vectren Enterprises, Vectren’s holding company for its nonregulated subsidiaries and affiliates, and executive vice president and chief financial officer of Indiana Energy, Inc. He was also instrumental in forming ProLiance Energy, the company’s largest nonutility affiliate, where he served as the first president.

Corporate Code of Conduct

The Company’s Corporate Governance Guidelines, its charters for each of its Audit, Compensation and Benefits and Nominating and Corporate Governance Committees, and its Corporate Code of Conduct that covers the Company’s directors, officers and employees are available in the Corporate Governance section of the Company’s website, www.vectren.com. The Corporate Code of Conduct (titled “Corp Code of Conduct”) contains specific codes of ethics pertaining to the CEO and senior financial officers and the Board of Directors in Exhibits D and E, respectively. A copy will be mailed upon request to Investor Relations, Attention: Steve Schein, One Vectren Square, Evansville, Indiana 47708. The Company intends to disclose any amendments to the Corporate Code of Conduct or waivers of the Corporate Code of Conduct on behalf of the Company’s directors or officers including, but not limited to, the principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions on the Company’s website at the internet address set forth above promptly following the date of such amendment or waiver and such information will also be available by mail upon request to the address listed above.

ITEM 11. EXECUTIVE COMPENSATION

Information required by Part III, Item 11 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2010 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except with respect to equity compensation plan information of the Registrant, which is included herein, the information required by Part III, Item 12 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2010 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year.

Table of Contents

Shares Issuable under Share-Based Compensation Plans

As of December 31, 2009, the following shares were authorized to be issued under share-based compensation plans:

Plan category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights	B Weighted average exercise price of outstanding options, warrants and rights	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
Equity compensation plans approved by security holders	1,329,562 (1)	$ 23.97 (1)	2,286,193(2)
Equity compensation plans not approved by security holders	-	-	-
Total	1,329,562	$ 23.97	2,286,193

(1) Includes the following Vectren Corporation Plans: Vectren Corporation At-Risk Compensation Plan.

(2) Future issuances of shares awards can only be made under the Vectren Corporation At-Risk Plan. Shares available for issuance under the At-Risk Plan have been reduced by the issuance of 270,810 restricted units approved by the board of directors' Compensation Committee on February 10, 2010. In addition, on February 10, 2010, participants forfeited 24,333 shares related to awards measured during the three year performance period ending December 31, 2009, and shares available for future issue have been increased by that amount. The issuance and forfeiture of the shares on February 10, 2010 are included in the above table.

The At-Risk Compensation plan was approved by Vectren Corporation common shareholders after the merger forming Vectren and was reapproved at the 2006 annual meeting of shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information required by Part III, Item 13 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2010 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by Part III, Item 14 of this Form 10-K is incorporated by reference herein, and made part of this Form 10-K, from the Company's Proxy Statement for its 2010 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, within 120 days after the end of the fiscal year.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

List of Documents Filed as Part of This Report

Consolidated Financial Statements
The consolidated financial statements and related notes, together with the report of Deloitte & Touche LLP, appear in Part II "Item 8 Financial Statements and Supplementary Data" of this Form 10-K. The financial statements of ProLiance Holdings, LLC are attached as Exhibit 99.1 to this Form 10-K.

Supplemental Schedules
For the years ended December 31, 2009, 2008, and 2007, the Company's Schedule II -- Valuation and Qualifying Accounts Consolidated Financial Statement Schedules is presented herein. The report of Deloitte & Touche LLP on the schedule may be found in Item 8. All other schedules are omitted as the required information is inapplicable or the information is presented in the Consolidated Financial Statements or related notes in Item 8.

SCHEDULE II
Vectren Corporation and Subsidiaries
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Year	Charged to Expenses	Charged to Other Accounts	Deductions from Reserves, Net	Balance at End of Year
(In millions)					
VALUATION AND QUALIFYING ACCOUNTS:					
Year 2009 – Accumulated provision for uncollectible accounts	$5.6	$15.1	$-	$15.5	$5.2
Year 2008 – Accumulated provision for uncollectible accounts	$3.7	$16.9	$0.3	$15.3	$5.6
Year 2007 – Accumulated provision for uncollectible accounts	$3.3	$16.6	$-	$16.2	$3.7
Year 2009 – Reserve for impaired notes receivable	$6.3	$2.9	$-	$-	$9.2
Year 2008 – Reserve for impaired notes receivable	$1.7	$4.6	$-	$-	$6.3
Year 2007 – Reserve for impaired notes receivable	$1.6	$0.3	$-	$0.2	$1.7
OTHER RESERVES:					
Year 2009 – Restructuring costs	$0.6	$-	$-	$0.1	$0.5
Year 2008 – Restructuring costs	$0.6	$-	$-	$-	$0.6
Year 2007 – Restructuring costs	$1.7	$-	$-	$1.1	$0.6

List of Exhibits

The Company has incorporated by reference herein certain exhibits as specified below pursuant to Rule 12b-32 under the Exchange Act. Exhibits for the Company attached to this filing filed electronically with the SEC are listed below. Exhibits for the Company are listed in the Index to Exhibits.

-104-

Table of Contents

Vectren Corporation
Form 10-K
Attached Exhibits

The following Exhibits are included in this Annual Report on Form 10-K.

Exhibit Number	Document
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The following Exhibits, as well as the Exhibits listed above, were filed electronically with the SEC with this filing.

Exhibit Number	Document
4.1	SIGECO Mortgage Indenture Amendment
10.1	Coal Supply Agreement Amendment
21.1	List of Company's Significant Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Independent Auditors
99.1	ProLiance Holdings, LLC Consolidated Financial Statements

INDEX TO EXHIBITS

3. Articles of Incorporation and By-Laws
3.1 Amended and Restated Articles of Incorporation of Vectren Corporation effective March 31, 2000. (Filed and designated in Current Report on Form 8-K filed April 14, 2000, File No. 1-15467, as Exhibit 4.1.)
3.2 Code of By-Laws of Vectren Corporation as Most Recently Amended and Restated as of June 24, 2009. (Filed and designated in Current Report on Form 8-K filed June 26, 2009, File No. 1-15467, as Exhibit 3.1.)

4. Instruments Defining the Rights of Security Holders, Including Indentures
4.1 Mortgage and Deed of Trust dated as of April 1, 1932 between Southern Indiana Gas and Electric Company and Bankers Trust Company, as Trustee, and Supplemental Indentures thereto dated August 31, 1936, October 1,

1937, March 22, 1939, July 1, 1948, June 1, 1949, October 1, 1949, January 1, 1951, April 1, 1954, March 1, 1957, October 1, 1965, September 1, 1966, August 1, 1968, May 1, 1970, August 1, 1971, April 1, 1972, October 1, 1973, April 1, 1975, January 15, 1977, April 1, 1978, June 4, 1981, January 20, 1983, November 1, 1983, March 1, 1984, June 1, 1984, November 1, 1984, July 1, 1985, November 1, 1985, June 1, 1986. (Filed and designated in Registration No. 2-2536 as Exhibits B-1 and B-2; in Post-effective Amendment No. 1 to Registration No. 2-62032 as Exhibit (b)(4)(ii), in Registration No. 2-88923 as Exhibit 4(b)(2), in Form 8-K, File No. 1-3553, dated June 1, 1984 as Exhibit (4), File No. 1-3553, dated March 24, 1986 as Exhibit 4-A, in Form 8-K, File No. 1-3553, dated June 3, 1986 as Exhibit (4).) July 1, 1985 and November 1, 1985 (Filed and designated in Form 10-K, for the fiscal year 1985, File No. 1-3553, as Exhibit 4-A.) November 15, 1986 and January 15, 1987. (Filed and designated in Form 10-K, for the fiscal year 1986, File No. 1-3553, as Exhibit 4-A.) December 15, 1987. (Filed and designated in Form 10-K, for the fiscal year 1987, File No. 1-3553, as Exhibit 4-A.) December 13, 1990. (Filed and designated in Form 10-K, for the fiscal year 1990, File No. 1-3553, as Exhibit 4-A.) April 1, 1993. (Filed and designated in Form 8-K, dated April 13, 1993, File No. 1-3553, as Exhibit 4.) June 1, 1993 (Filed and designated in Form 8-K, dated June 14, 1993, File No. 1-3553, as Exhibit 4.) May 1, 1993. (Filed and designated in Form 10-K, for the fiscal year 1993, File No. 1-3553, as Exhibit 4(a).) July 1, 1999. (Filed and designated in Form 10-Q, dated August 16, 1999, File No. 1-3553, as Exhibit 4(a).) March 1, 2000. (Filed and designated in Form 10-K for the year ended December 31, 2001, File No. 1-15467, as Exhibit 4.1.) August 1, 2004. (Filed and designated in Form 10-K for the year ended December 31, 2004, File No. 1-15467, as Exhibit 4.1.) October 1, 2004. (Filed and designated in Form 10-K for the year ended December 31, 2004, File No. 1-15467, as Exhibit 4.2.) April 1, 2005 (Filed and designated in Form 10-K for the year ended December 31, 2007, File No 1-15467, as Exhibit 4.1) March 1, 2006 (Filed and designated in Form 10-K for the year ended December 31, 2007, File No 1-15467, as Exhibit 4.2) December 1, 2007 (Filed and designated in Form 10-K for the year ended December 31, 2007, File No 1-15467, as Exhibit 4.3) August 1, 2009 (Filed herewith, as Exhibit 4.1)

-105-

Table of Contents

4.2 Indenture dated February 1, 1991, between Indiana Gas and U.S. Bank Trust National Association (formerly know as First Trust National Association, which was formerly know as Bank of America Illinois, which was formerly know as Continental Bank, National Association. Inc.'s. (Filed and designated in Current Report on Form 8-K filed February 15, 1991, File No. 1-6494.); First Supplemental Indenture thereto dated as of February 15, 1991. (Filed and designated in Current Report on Form 8-K filed February 15, 1991, File No. 1-6494, as Exhibit 4(b).); Second Supplemental Indenture thereto dated as of September 15, 1991, (Filed and designated in Current Report on Form 8-K filed September 25, 1991, File No. 1-6494, as Exhibit 4(b).); Third supplemental Indenture thereto dated as of September 15, 1991 (Filed and designated in Current Report on Form 8-K filed September 25, 1991, File No. 1-6494, as Exhibit 4(c).); Fourth Supplemental Indenture thereto dated as of December 2, 1992, (Filed and designated in Current Report on Form 8-K filed December 8, 1992, File No. 1-6494, as Exhibit 4(b).); Fifth Supplemental Indenture thereto dated as of December 28, 2000, (Filed and designated in Current Report on Form 8-K filed December 27, 2000, File No. 1-6494, as Exhibit 4.)

4.3 Indenture dated October 19, 2001, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated October 19, 2001, File No. 1-16739, as Exhibit 4.1); First Supplemental Indenture, dated October 19, 2001, between Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated October 19, 2001, File No. 1-16739, as Exhibit 4.2); Second Supplemental Indenture, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated November 29, 2001, File No. 1-16739, as Exhibit 4.1); Third Supplemental Indenture, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated July 24, 2003, File No. 1-16739, as Exhibit 4.1); Fourth Supplemental Indenture, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated November 18, 2005, File No. 1-16739, as Exhibit 4.1). Form of Fifth Supplemental Indenture, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas & Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank Trust National Association. (Filed and designated in Form 8-K, dated October 16, 2006, File No. 1-16739, as Exhibit 4.1). Sixth Supplemental Indenture, dated March 10, 2008, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company, Vectren Energy Delivery of Ohio, Inc., and U.S. Bank National Association (Filed and designated in Form 8-K, dated March 10, 2008, File No. 1-16739, as Exhibit 4.1)

4.4 Note purchase agreement, dated October 11, 2005, between Vectren Capital Corp. and each of the purchasers named therein. (Filed designated in Form 10-K for the year ended December 31, 2005, File No. 1-15467, as Exhibit 4.4.) First Amendment, dated March 11, 2009, to Note Purchase Agreement dated October 11, 2005, among Vectren Corporation, Vectren Capital, Corp. and each of the holders named herein. (Filed and designated in Form 8-K dated March 16, 2009 File No. 1-15467, as Exhibit 4.6)

4.5 Note Purchase Agreement, dated March 11, 2009, among Vectren Corporation, Vectren Capital, Corp. and each of the purchasers named therein. (Filed and designated in Form 8-K dated March 16, 2009 File No. 1-15467, as Exhibit 4.5)

4.6 Note Purchase Agreement, dated April 7, 2009, among Vectren Utility Holdings, Inc., Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company and Vectren Energy Delivery of Ohio, Inc. and the purchasers named therein. (Filed and designated in Form 8-K dated April 7, 2009 File No. 1-15467, as Exhibit 4.5)

Table of Contents

10. Material Contracts

10.1 Summary description of Southern Indiana Gas and Electric Company's nonqualified Supplemental Retirement Plan (Filed and designated in Form 10-K for the fiscal year 1992, File No. 1-3553, as Exhibit 10-A-17.) First Amendment, effective April 16, 1997 (Filed and designated in Form 10-K for the fiscal year 1997, File No. 1-3553, as Exhibit 10.29.).

10.2 Southern Indiana Gas and Electric Company 1994 Stock Option Plan (Filed and designated in Southern Indiana Gas and Electric Company's Proxy Statement dated February 22, 1994, File No. 1-3553, as Exhibit A.)

10.3 Vectren Corporation At Risk Compensation Plan effective May 1, 2001,(as amended and restated s of May 1, 2006). (Filed and designated in Vectren Corporation's Proxy Statement dated March 15, 2006, File No. 1-15467, as Appendix H.)

10.4 Vectren Corporation Non-Qualified Deferred Compensation Plan, as amended and restated effective January 1, 2001. (Filed and designated in Form 10-K, for the year ended December 31, 2001, File No. 1-15467, as Exhibit 10.32.)

10.5 Vectren Corporation Nonqualified Deferred Compensation Plan, effective January 1, 2005. (Filed and designated in Form 8-K dated September 29, 2008, File No. 1-15467, as Exhibit 10.3.)

10.6 Vectren Corporation Unfunded Supplemental Retirement Plan for a Select Group of Management Employees (As Amended and Restated Effective January 1, 2005).(Filed and designated in Form 8-K dated December 17, 2008, File No. 1-15467, as Exhibit 10.1.)

10.7 Vectren Corporation Nonqualified Defined Benefit Restoration Plan (As Amended and Restated Effective January 1, 2005). (Filed and designated in Form 8-K dated December 17, 2008, File No. 1-15467, as Exhibit 10.2.)

10.8 Vectren Corporation Change in Control Agreement between Vectren Corporation and Niel C. Ellerbrook dated as of March 1, 2005. (Filed and designated in Form 8-K dated March 1, 2005, File No. 1-15467, as Exhibit 99.1.). Amendment Number One to the Vectren Corporation Change in Control Agreement, effective as of March 1, 2005 between Vectren Corporation and Niel C. Ellerbrook (Filed and designated in Form 8-K dated September 29, 2008, File No. 1-15467, as Exhibit 10.1.)

10.9 Vectren Corporation At Risk Compensation Plan specimen restricted stock grant agreement for officers, effective January 1, 2006. (Filed and designated in Form 8-K, dated February 27, 2006, File No. 1-15467, as Exhibit 99.1.)

10.10 Vectren Corporation At Risk Compensation Plan specimen unit award agreement for officers, effective January 1, 2010. (Filed and designated in Form 8-K, dated January 7, 2010, File No. 1-15467, as Exhibit 10.1.)

10.11 Vectren Corporation At Risk Compensation Plan specimen unit award agreement for officers, effective January 1, 2009. (Filed and designated in Form 8-K, dated February 17, 2009, File No. 1-15467, as Exhibit 10.1.)

10.12 Vectren Corporation At Risk Compensation Plan specimen restricted stock grant agreement for officers, effective January 1, 2008. (Filed and designated in Form 8-K, dated December 28, 2007, File No. 1-15467, as Exhibit 99.1.)

10.13 Vectren Corporation At Risk Compensation Plan specimen restricted stock units agreement for officers, effective January 1, 2008. (Filed and designated in Form 8-K, dated December 28, 2007, File No. 1-15467, as Exhibit 99.2.)

10.14 Vectren Corporation At Risk Compensation Plan specimen Stock Option Grant Agreement for officers, effective January 1, 2005. (Filed and designated in Form 8-K, dated January 1, 2005, File No. 1-15467, as Exhibit 99.2.)

10.15 Vectren Corporation At Risk Compensation Plan stock unit award agreement for non-employee directors, effective May 1, 2009. (Filed and designation in Form 8-K, dated February 20, 2009, File No. 1-15467, as Exhibit 10.1)

10.16 Vectren Corporation specimen employment agreement dated February 1, 2005. (Filed and designated in Form 8-K, dated February 1, 2005, File No. 1-15467, as Exhibit 99.1.) Amendment Number One to the Specimen Vectren Corporation Employment Agreement between Vectren Corporation and Executive Officers (Filed and designated in Form 8-K dated September 29, 2008, File No. 1-15467, as Exhibit 10.2.) The specimen agreements and related amendments differ among named executive officers only to the extent severance and change in control benefits are provided in the amount of three times base salary and bonus for Messrs. Benkert, Chapman, and Christian and two times for Mr. Doty.

10.17 Coal Supply Agreement for Warrick 4 Generating Station between Southern Indiana Gas and Electric Company and Vectren Fuels, Inc., effective January 1, 2009. (Filed and designated in Form 8-K dated January 5, 2009, File No. 1-15467, as Exhibit 10.1.)

10.18 Coal Supply Agreement for F.B. Culley Generating Station between Southern Indiana Gas and Electric Company and Vectren Fuels, Inc., effective January 1, 2009. (Filed and designated in Form 8-K dated January 5, 2009, File No. 1-15467, as Exhibit 10.2.)

10.19 Coal Supply Agreement for A.B. Brown Generating Station for 410,000 tons between Southern Indiana Gas and Electric Company and Vectren Fuels, Inc., effective January 1, 2009. (Filed and designated in Form 8-K dated January 5, 2009, File No. 1-15467, as Exhibit 10.3.)

10.20 Coal Supply Agreement for A.B. Brown Generating Station for 1 million tons between Southern Indiana Gas and Electric Company and Vectren Fuels, Inc., effective January 1, 2009. (Filed and designated in Form 8-K dated January 5, 2009, File No. 1-15467, as Exhibit 10.4.)

10.21 Amendment to F.B. Culley and A.B. Brown Coal Supply Agreements dated December 21, 2009. (Filed herewith as exhibit 10.1)

10.22 Gas Sales and Portfolio Administration Agreement between Indiana Gas Company, Inc. and ProLiance Energy, LLC, effective August 30, 2003. (Filed and designated in Form 10-K, for the year ended December 31, 2003, File No. 1-15467, as Exhibit 10.15.)

10.23 Gas Sales and Portfolio Administration Agreement between Southern Indiana Gas and Electric Company and ProLiance Energy, LLC, effective September 1, 2002. (Filed and designated in Form 10-K, for the year ended December 31, 2003, File No. 1-15467, as Exhibit 10.16.)

10.24 Formation Agreement among Indiana Energy, Inc., Indiana Gas Company, Inc., IGC Energy, Inc., Indiana Energy Services, Inc., Citizens Energy Group, Citizens Energy Services Corporation and ProLiance Energy, LLC, effective March 15, 1996. (Filed and designated in Form 10-Q for the quarterly period ended March 31, 1996, File No. 1-9091, as Exhibit 10-C.)

-107-

Table of Contents

10.25 Revolving Credit Agreement (5 year facility), dated November 10, 2005, among Vectren Utility Holdings, Inc., and each of the purchasers named therein. (Filed and designated in Form 10-Q, for the period ended September 30, 2009, File No. 1-15467, as Exhibit 10.24.)

10.26 Revolving Credit Agreement (5 year facility), dated November 10, 2005, among Vectren Capital Corp., and each of the purchasers named therein. (Filed and designated in Form 10-Q, for the period ended September 30, 2009, File No. 1-15467, as Exhibit 10.25.)

10.27 Niel C. Ellerbrook Retirement Agreement, dated February 3, 2010. (Filed and designated in Form 8-K dated February 4, 2010 File No. 1-15467, as Exhibit 99.2)

21. Subsidiaries of the Company
The list of the Company's significant subsidiaries is attached hereto as Exhibit 21.1. (Filed herewith.)

23. Consents of Experts and Counsel
The consents of Deloitte & Touche LLP are attached hereto as Exhibits 23.1 and 23.2. (Filed herewith.)

31. Certification Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002
Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002 is attached hereto as Exhibit 31.1 (Filed herewith.)

Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002 is attached hereto as Exhibit 31.2 (Filed herewith.)

32. Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Certification Pursuant To Section 906 of the Sarbanes-Oxley Act Of 2002 is attached hereto as Exhibit 32 (Filed herewith.)

99.1 ProLiance Holdings, LLC Consolidated Financial Statements for the Fiscal Years Ended September 30, 2009, 2008, and 2007. (Filed herewith.)

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VECTREN CORPORATION

Dated February 26, 2010 /s/ Niel C.
Ellerbrook
Niel C. Ellerbrook,
Chairman, Chief Executive Officer, and Director

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in capacities and on the dates indicated.

Signature	Title	Date
/s/ Niel C. Ellerbrook Niel C. Ellerbrook	Chairman, Chief Executive Officer, and Director (Principal Executive Officer)	February 26, 2010
/s/ Jerome A. Benkert, Jr. Jerome A. Benkert, Jr.	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2010
/s/ M. Susan Hardwick M. Susan Hardwick	Vice President, Controller and Assistant Treasurer (Principal Accounting Officer)	February 26, 2010
/s/ Carl L. Chapman Carl L. Chapman	Director	February 26, 2010
/s/ John M. Dunn John M. Dunn	Director	February 26, 2010
/s/ John D. Engelbrecht John D. Engelbrecht	Director	February 26, 2010
/s/ Anton H. George Anton H. George	Director	February 26, 2010
/s/ Martin C. Jischke	Director	February 26, 2010

Martin C. Jischke		
/s/ Robert L. Koch II Robert L. Koch II	Director	February 26, 2010
/s/ William G Mays William G. Mays	Director	February 26, 2010
/s/ J. Timothy McGinley J. Timothy McGinley	Director	February 26, 2010
/s/ Richard P. Rechter Richard P. Rechter	Director	February 26, 2010
/s/ R. Daniel Sadlier R. Daniel Sadlier	Director	February 26, 2010
/s/ Michael L Smith Michael L Smith	Director	February 26, 2010
/s/ Jean L. Wojtowicz Jean L. Wojtowicz	Director	February 26, 2010

-109-