



**Vectren Corporation**  
**Board of Directors**  
**Nominating and Corporate Governance Committee Charter**  
Adopted As Of February 26, 2003

**I. Statement of Purpose**

The Nominating and Corporate Governance Committee (“Committee”) is a standing committee of the Board of Directors (“Board”). The purpose of the Committee is to identify individuals qualified to become members of the Board, to recommend director nominees for each annual meeting of shareholders and nominees for election to fill any vacancies on the Board and to address related matters. The Committee shall also develop and recommend to the Board corporate governance principles applicable to the Company and be responsible for leading the annual review of the Board’s performance. The Committee will also be responsible for the development of the Board, as well as oversight of the succession planning process relating to the Company’s Chief Executive Officer.

**II. Organization**

A. *Charter.* At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board for approval.

B. *Members.* The members of the Committee shall be appointed by the Board and shall meet the independence requirements of applicable laws and regulations, as well as the listing standards of the New York Stock Exchange, including any permitted transition period. The Committee shall be comprised of at least three members. Committee members may be removed by the Board. The Board shall also designate a Committee Chair.

C. *Meetings.* In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings; additional meetings may be scheduled as required.

D. *Executive Sessions.* At the conclusion of each meeting, the Chair may conduct an executive session where non-management directors meet without management participation.

E. *Quorum; Action by Committee.* A quorum at any Committee meeting shall be at least a majority of the Committee. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

F. *Agenda, Minutes and Reports.* The Chair of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee shall be prepared to document the Committee’s discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members to ensure an accurate final record, shall be approved at a subsequent meeting of the Committee and shall be distributed periodically to the full Board. The Committee shall make regular reports to the Board.

G. *Performance Evaluation.* The Committee shall evaluate its performance on an annual basis and develop criteria for such evaluation.

**III. Responsibilities**

The following shall be the principal responsibilities of the Committee:

A. *Director Selection Criteria.* The Committee shall establish criteria for selecting new directors, which shall reflect at a minimum any requirements of applicable law or listing standards, as well as a candidate’s strength of character, judgment, business experience, specific areas of expertise, factors relating to the composition of the Board (including its size, structure and the skills of existing members) and principles of diversity, including geographic as well as traditional considerations.

B. *Director Recruitment.* The Committee shall consider (in consultation with the Chair of the Board and Chief Executive Officer) and recruit candidates to fill positions on the Board, including as a result of the removal, resignation or retirement of any director, an increase in the size of the Board or otherwise. The Committee shall also review any candidate recommended by the shareholders of the Company in light of the Committee's criteria for selection of new directors. As part of this responsibility, the Committee shall be responsible for conducting, subject to applicable law, any and all inquiries into the background and qualifications of any candidate for the Board and such candidate's compliance with the independence and other qualification requirements established by the Committee.

C. *Reconsideration of Directors for Re-Election.* In connection with its annual recommendation of a slate of nominees, the Nominating and Corporate Governance Committee shall assess the contributions of those directors selected for re-election, and shall at that time review its criteria for Board candidates in the context of the Board evaluation process and other perceived needs of the Board. Final approval of any candidate shall be determined by the full Board.

D. *Recommendation to the Board.* The Committee shall recommend the director nominees for approval by the Board and the shareholders.

E. *Director Removal Guidelines.* The Committee shall establish and recommend to the Board guidelines for the removal of members of the Board.

F. *Governance Guidelines.* The Committee shall recommend to the Board corporate governance guidelines addressing, among other matters, the size, composition and responsibilities of the Board and its Committees, including its oversight of management and consultation with management. The corporate governance guidelines shall be reviewed not less frequently than annually by the Committee, and the Committee shall make recommendations to the Board with respect to changes to the guidelines.

G. *Advice as to Committee Membership and Operations.* The Committee shall advise the Board with respect to the structure and operations of the various Committees of the Board and qualifications for membership thereon, including policies for removal of members and rotation of members among other Committees of the Board. The Committee shall recommend to the full Board (after consultation with the Chair of the Board and Chief Executive Officer) the composition of each committee of the Board.

H. *Non-Management Board Member Compensation.* The Committee shall be responsible to periodically review, assess and recommend changes to the Board with respect to compensation for non-management members of the Board.

I. *Common Stock Ownership Guidelines.* The Committee shall periodically review and, if concluded to be appropriate, recommend changes to the minimum Company common stock ownership guidelines applicable to the non-management members of the Board. The Committee shall also monitor compliance with these guidelines and periodically report on this subject to the Board.

J. *Director Independence.* The Committee shall develop and recommend to the Board standards to be applied in making determinations as to the absence of material relationships between the Company and a director.

K. *Evaluation and Development of the Board.* The Committee shall oversee the evaluation and development of the Board. In discharging this responsibility, the Committee shall solicit comments from all directors and report annually to the Board on the results of the evaluation. The Committee shall also plan for and implement periodic development opportunities for directors.

L. *Approval of Officer Service on Outside Boards.* The Committee shall establish a process and guidelines governing the review and acceptance by any Company officer of a post as a compensated member of the board of directors of an unrelated entity.

M. *Succession Planning.* The Committee shall oversee the succession planning process for the office of Chief Executive Officer of the Company. Periodically, the Committee will review that process with the Board, as well as make recommendations to the Board with respect to candidates for that office.

N. *Periodic Review of the Shareholder Rights Agreement, the Code of By-Laws and the Articles of Incorporation.* The Committee shall periodically review and, if concluded to be appropriate, make recommendations for changes to the Company's Shareholder Rights Agreement, the Code of By-Laws and the Articles of Incorporation.

O. *Access to Records, Consultants and Others.* In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company and may retain outside consultants, at the Company's expense, to advise the Committee. The Committee shall have the ultimate authority and responsibility to engage or terminate any such outside consultant and to approve the terms of any such engagement and the fees of any such consultant. The Committee may also request that any officer or other employee of the Company, the Company's outside legal counsel or any other person meet with any members of, or consultants to, the Committee.

P. *Delegation.* The Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.

Q. *Other Delegated Responsibilities.* The Committee shall also carry out such other duties that may be delegated to it by the Board from time to time.

**VECTREN CORPORATION**  
**BOARD OF DIRECTORS RETENTION CRITERIA**

The following represents a non-exclusive list of criteria that are to be considered by the Board of Directors (“Board”) in assessing whether a member of the Board should be retained for service. Generally, the criteria will be employed at the time the Board is required to recommend to the shareholders whether a director should be reelected for another term of office. However, there are circumstances during a director’s term when certain of the criteria are relevant and could result in a director being removed from the Board prior to the conclusion of their term of office. The criteria are as follows:

1. The loss of “independence” as that concept is established from time to time by the Board;
2. Service on more than three public company boards, excluding the Board;
3. Changes in principal business responsibilities, which affect the director’s continuing ability to contribute to the Board;
4. Failure to comply with the Board share ownership guidelines following an appropriate transition period commencing with the initiation of service as a director or an increase in the ownership requirements;
5. Failure to consistently attend Board functions, including meetings and development activities;
6. Failure to adhere to the Code of Conduct applicable to the Board;
7. Failure to comply with the Corporate Governance Guidelines; and
8. Receiving more than a fifty percent withhold vote at an election where the director is on the ballot.

Each instance of assessment of retention/removal of a director will occur within the context of all of the relevant facts and circumstances. With respect to the foregoing criteria, the applicability of one or more of the criteria to a director does not unconditionally require a determination that a director should not be retained. For instance, a failure to attend Board functions for a period of time may be attributable to an illness, which, once cured, no longer serves as an impediment to the director fulfilling their responsibilities.

The review and application of these criteria and the assessment whether a director should not be retained/removed from the Board will initially be conducted by the Nominating and Corporate Governance committee (“Governance Committee”), and, following that action, the matter will then be presented to the Board, with the affected director being excused from that process.

## VECTREN CORPORATION BOARD OF DIRECTORS SELECTION CRITERIA

The following represents a non-exclusive list of criteria that are to be considered by the Board of Directors (“Board”) in assessing whether a proposed candidate/nominee should be considered for membership on the Board. Generally, the criteria will be employed by the Board when recruiting individuals for membership, as well as responding to properly submitted nominees provided to the Board in accordance with the procedures and requirements applicable to that process. The criteria are as follows:

The satisfaction of the requirements for “independence” as that concept is established from time to time by the Board;

1. The satisfaction of other potentially applicable “independence” and eligibility requirements, such as those required of members of the Audit committee and the Compensation and Benefits committee;
2. The person’s professional experiences, including achievements, and whether those experiences and achievements would be useful to the Board, given its existing composition, in discharging its responsibilities;
3. The person’s subject matter expertise, i.e., finance, accounting, legal, management, technology, strategic visioning, marketing, and the desirability of that particular expertise given the existing composition of the Board;
4. The viewpoint, background and demographics of the person and whether they would positively contribute to the overall diversity of the Board;
5. The person’s professional ethics, integrity and values;
6. The person’s intelligence and ability to make independent analytical inquiries;
7. The person’s stated willingness to devote adequate time to Board activities, including attending meetings and development sessions and adequately preparing for those activities;
8. Whether the person serves on more than three public company boards, excluding the Board;
9. The person’s principal business responsibilities;
  10. Whether the person would be able to serve on the Board for an extended period of time;
  11. Whether the person has, or potentially could have, a conflict of interest which would affect their ability to serve on the Board; and
  12. Whether and to what extent the person has an ownership interest in the Company.

The foregoing criteria represent a non-exclusive list of factors to be considered when evaluating potential candidates and responding to properly submitted nominees. In each case, the then existing composition of the Board, its current and prospective needs, the operating requirements of the Company, and the long-term interests of the Company’s shareholders will be included in the mix of factors to be reviewed and assessed when performing this evaluation.

The review and application of these criteria will initially be conducted by the Nominating and Corporate Governance committee, and, following that action, the matter will then be presented to the Board for action, if appropriate and advisable.