VECTREN
Live Smart

1st Quarter 2017 Financial Review

May 8, 2017

Management Representatives

Carl Chapman
Chairman, President & CEO

Susan Hardwick
Exec. Vice President & CFO

Ron Christian
Exec. Vice President & Chief Legal and External Affairs Officer

Dave Parker
Director, Investor Relations

Forward-Looking Statements

All statements other than statements of historical fact are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements are based on management's beliefs, as well as assumptions made by and information currently available to management and include such words as "believe", "anticipate", "endeavor", "estimate", "expect", "objective", "projection", "forecast", "goal", "likely", and similar expressions intended to identify forward-looking statements.

Vectren cautions readers that the assumptions forming the basis for forward-looking statements include many factors that are beyond Vectren's ability to control or estimate precisely and actual results could differ materially from those contained in this document. Forward-looking statements speak only as of the date on which our statement is made, and we assume no duty to update them. More detailed information about these factors is set forth in Vectren's filings with the Securities and Exchange Commission, including Vectren's 2016 annual report on Form 10-K filed on February 23, 2017.

Vectren also uses non-GAAP measures to describe its financial results. More information can be found in the Appendix related to the use of such measures.

Dave Parker – Director, Investor Relations

d.parker@vectren.com

812-491-4135

Consolidated Q1 2017 Results

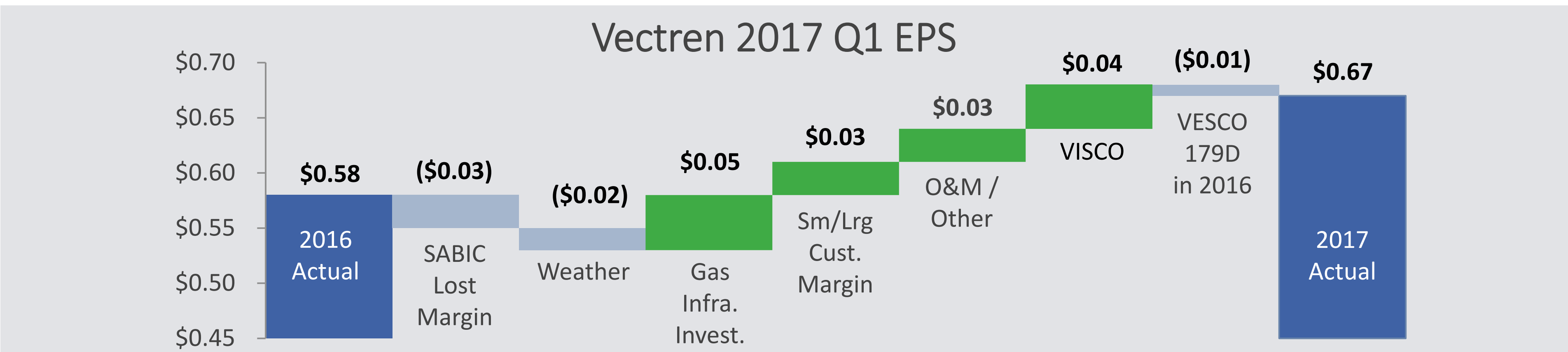
Consistent Earnings Growth Continues

In millions, except per share amounts	3 Months Ended Mar 31 2017		3 Months Ended Mar 31 2016	
Utility Group	**$**	**65.9**	**$**	**61.1**
Nonutility Group				
Infrastructure Services (VISCO)		(9.3)		(12.6)
Energy Services (VESCO)		(1.2)		0.1
Other Businesses		-		(0.2)
Nonutility Group		**(10.5)**		**(12.7)**
Corporate and Other		-		(0.1)
Earnings	**$**	**55.4**	**$**	**48.3**
Utility Group	**$**	**0.80**	**$**	**0.74**
Nonutility Group		**(0.13)**		**(0.16)**
Corporate and Other		-		-
EPS	**$**	**0.67**	**$**	**0.58**
Weighted Avg Shares Outstanding - Basic		82.9		82.8

2017 Q1 Results and Highlights

Despite Mild Weather, Strong Utility Results Boosted EPS in Q1 2017

- Vectren Q1 consolidated EPS of $0.67
  - Utility EPS of $0.80, up 8.1% or $0.06 compared to 2016
    - Gas infrastructure investment continues to fuel Utility EPS growth
    - Warm weather negatively impacted EPS ~($0.05) vs. normal and ~($0.02) compared to Q1 '16
  - Nonutility Q1 EPS improved by $0.03 from 2016
    - VISCO's performance benefitted from continued strong utility demand and favorable construction weather, partially offset by pre-construction costs primarily related to a large pipeline project



2017 Guidance Affirmed

Continues to Reflect Strong Utility Earnings
Growth from Significant Infrastructure Investment Plan

	2017 EPS Guidance	2016 Actual
Utility	\$2.10 - \$2.15	\$2.10
Nonutility/Corp	\$0.45 - \$0.50	\$0.45
Consolidated	\$2.55 - \$2.65	\$2.55

- Affirming 2017 guidance despite Q1 unfavorable weather EPS impact of ~(\$0.05) compared to normal

Utility Regulatory Update

Electric Utility Update - Including New Indiana Law Just Signed

Indiana Senate Bill 309

- Governor Holcomb signed on May 2nd
- Ensures net metering customers who generate their own power will be compensated at a fair, market-based rate for power they deliver back to the system, ending the existing subsidies over time
- Requires a competitive bid for construction of new generation (RFP) over 80 MWs; utility builds and owns the plant or owns it after construction is complete

Generation Diversification

- RFPs for gas-fired generation needs to be issued in ~Q2 2017
  - Key criteria will include location, reliability and creditworthiness
- Integrated Resource Plan (IRP) – comments from various parties received by Indiana Commission in April; our comments in response to be submitted in May
- Commission Staff report on our IRP will likely come later this summer

Utility Regulatory Update *(continued)*

Additional Key Topics - Gas and Electric

Indiana Gas Utilities

- Aug. '14: Initial 7-year ('14-'20) gas infrastructure plan approved
- Jan. '17: Commission issued 5th semi-annual order ($950M) – no issues; 6th semi-annual update case filed in Apr. '17
- Apr. '17: Lost appeal related to ability to "update" 7-year plan
  - No material impact to Vectren as ~$65M utility transmission line project, which was the project at issue in appeal, was pre-approved for recovery in the next gas rate case

Ohio Gas Utility

- Feb. '14: Commission approved 5-yr. extension ('13-'17, ~$200M) of distribution replacement rider (DRR)
- May '17: Filed annual DRR update for costs incurred in 2016; approval expected later this summer

Indiana Electric Utility

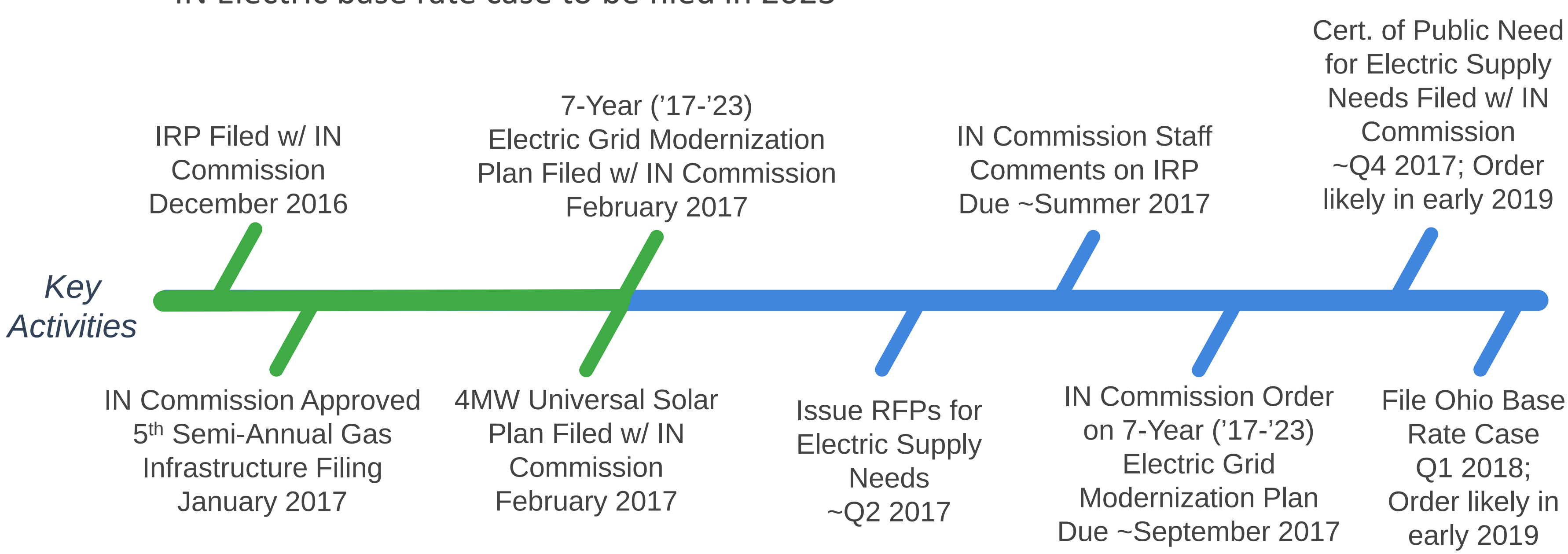
- Mar. '17: Won appeal of the 4-year cap on lost margin recovery related to 2016-17 energy efficiency plan
  - Case remanded back to Commission for review of reasonableness of plan as originally filed; expect Order by end of 2017
  - Plan also includes continued cost recovery for program and administrative expenses
- Apr. '17: Filed 2018-20 energy efficiency plan; plan is consistent with prior filings; expect Order by end of 2017

Anticipated Timeline for Near-Term Regulatory Activity

Limited Base Rate Activity Expected for Next Several Years

Key Observations:

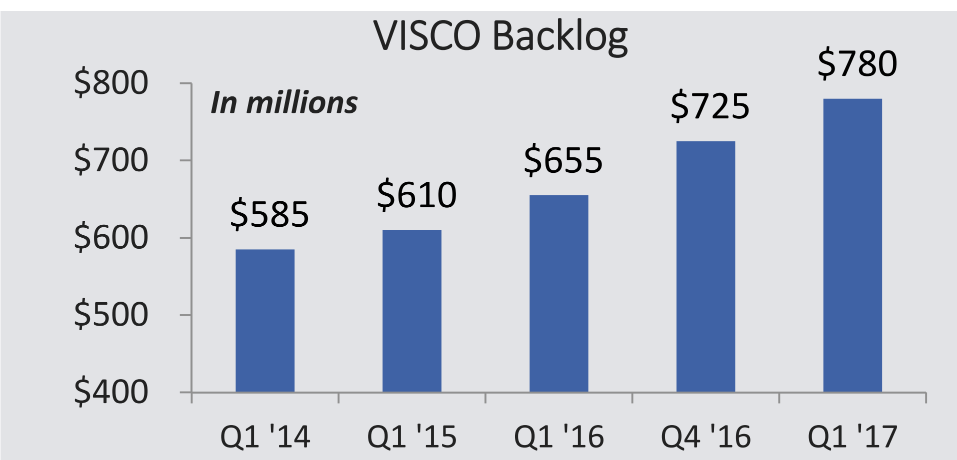
- Recovery mechanisms allow for timely recovery of investments and costs requiring fewer base rate cases
- Rate cases to be filed as required by mechanisms/legislation and unlikely before
  - OH Gas base rate case to be filed in 2018
  - IN Gas base rate case to be filed in 2020
  - IN Electric base rate case to be filed in 2023

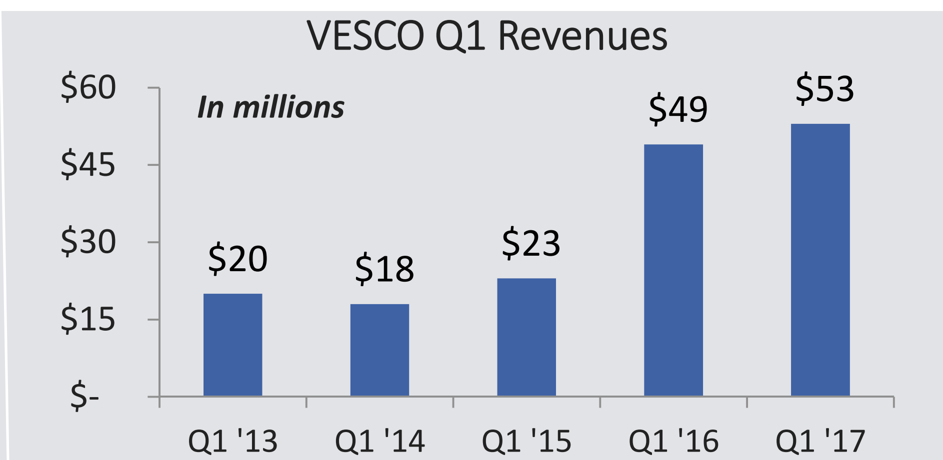


2017 Q1 Nonutility Results

VISCO's Results Reflect Steady Improvement, Including the Trailing Twelve-Month (TTM) Comparison

- VISCO EPS – 2017 Q1 up $0.04 vs. 2016; TTM of $0.34, up $0.10 vs. TTM 2016 Q1
  - Improved Q1 results were driven by continued strong demand from gas utilities for distribution construction work and favorable weather, tempered by pre-construction costs largely related to the approximate 150-mile, and now $170M transmission project in Ohio, with revenues just starting in late Q1
    - Record backlog of $780M at 3/31/17 driven by Distrib. growth and the $170M Ohio project
- VESCO – 2017 Q1 revenues of $53M, exceeding last year's Q1 record
  - Continued strong margins for Energy Services in the quarter; year-over-year net income comparisons in 2017 will reflect 2016 expiration of 179D tax credits
  - U.S. DOE continues focus on performance contracting work; ESG one of the contractors selected



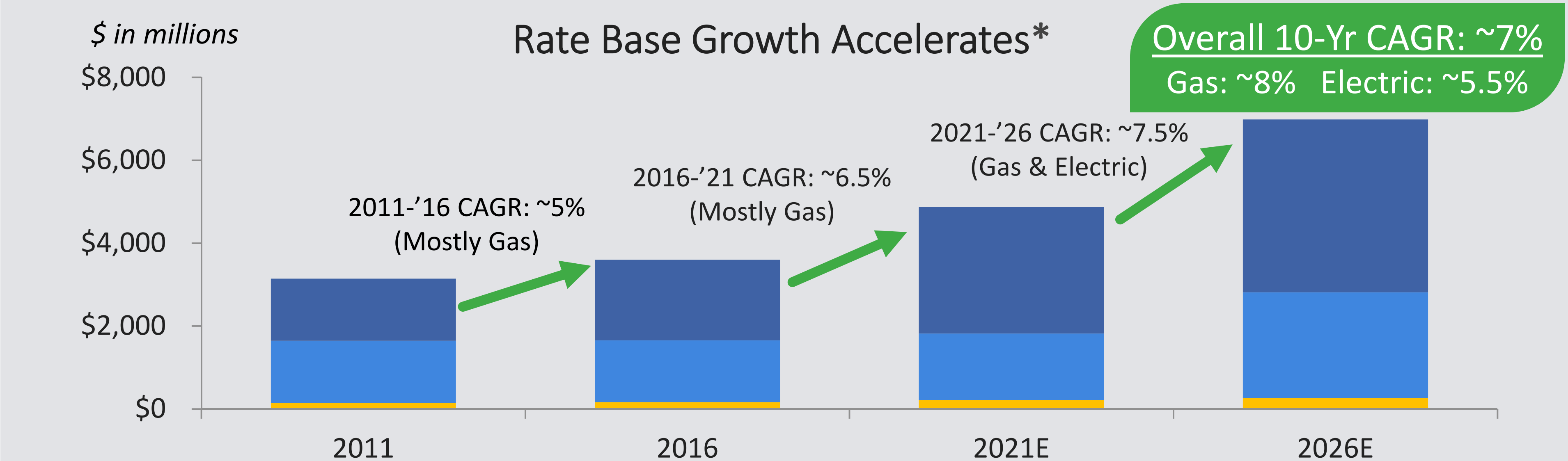


Vectren's Long-Term Outlook Remains Strong

EPS and Dividend Growth Targets Reflect Long-Term Utility Capital Investment Plan of $6.5 Billion

Long-Term Targets	
Consolidated EPS growth	**6-8%**
Dividend growth	**6-8%**
Consolidated payout ratio	**60-65%**
Utility EPS growth	**5-7%**

Note: Long-term EPS growth of approx. $0.06-0.10/yr. for Nonutility



** Reflects electric infrastructure plan and IRP filed with IN Commission*

Appendix

Favorable Utility Environments

Constructive Regulatory and Legislative Environments in Indiana & Ohio Support Required Capital Investment

		Gas			Electric
		IN-South	IN-North	Ohio	IN-South
Infrastructure	Infrastructure Investment Recovery (1)	✓	✓	✓	✓
	Recovery of Federal Mandates Under SB 251	✓	✓		✓
	Environmental CapEx Recovery Under SB 29				✓
	Non-DRR CapEx Deferral Under House Bill 95			✓	
Margin	Decoupling or Lost Margin Recovery	✓	✓		✓
	Straight Fixed Variable Rate Design			✓	
	Normal Temperature Adjustment	✓	✓		
	Gas Cost and Fuel Cost Recovery	✓	✓	✓	✓
Costs	Unaccounted for Gas	✓	✓	✓	
	Bad Debt Expense	✓	✓	✓	
	DSM/Energy Efficiency/MISO Transmission Costs	✓	✓		✓

DRR: Distribution Replacement Rider
DSM: Demand Side Management
(1) Under SB 560 in Indiana; Under DRR in Ohio

Appendix

Infrastructure Services (VISCO)

Metrics

$ in millions	3 Months Ended Mar 31 2017	3 Months Ended Mar 31 2016	Trailing 12 Months Ended Mar 31 2017	Trailing 12 Months Ended Mar 31 2016
Gross Revenue	$ 147.3	$ 112.5	$ 848.0	$ 779.0
Gross Margin %	5.0%	1.5%	14.0%	14.0%
EBITDA [1]	$ (0.3)	$ (4.9)	$ 98.2	$ 92.9
Depreciation & Amortization [2]	$ 9.9	$ 9.6	$ 38.5	$ 44.1
Earnings From Operations [1]	$ (9.3)	$ (13.5)	$ 60.8	$ 51.5
Interest	$ 3.0	$ 3.7	$ 11.9	$ 15.2
Net Income [1]	$ (9.3)	$ (12.6)	$ 28.2	$ 19.8
Earnings Per Share [1]	**$ (0.11)**	**$ (0.15)**	**$ 0.34**	**$ 0.24**
Ending Backlog	$ 780	$ 655	$ 780	$ 655

Footnotes:

1) After allocations

2) Lower D&A beginning in 2016 due to adjustments of depreciable lives; lower D&A is being reflected in bidding

Appendix

Infrastructure Services (VISCO)

Metrics – 5 year look

$ in millions	2017E Guidance Midpoint *(unchanged)*	2016	2015	2014	2013	2012
Gross Revenue	$ 945	$ 813.3	$ 843.3	$ 779.0	$ 783.5	$ 663.6
Gross Margin %	14.0%	14.0%	14.5%	17.5%	18.0%	18.0%
EBITDA (1)	$ 115	$ 93.6	$ 109.2	$ 118.6	$ 122.0	$ 98.2
Depreciation & Amortization (2)	$ 40	$ 38.2	$ 44.5	$ 36.2	$ 28.8	$ 20.7
Earnings From Operations (1)	$ 75	$ 56.2	$ 67.1	$ 82.6	$ 92.8	$ 77.8
Interest	$ 12	$ 12.5	$ 15.3	$ 10.2	$ 9.9	$ 7.4
Net Income (1)	$ 35	$ 25.0	$ 29.7	$ 43.1	$ 49.0	$ 40.5
Earnings Per Share (1)	**$ 0.42**	**$ 0.30**	**$ 0.36**	**$ 0.52**	**$ 0.60**	**$ 0.49**
Ending Backlog		$ 725	$ 665	$ 625	$ 535	$ 380

Footnotes:

1) After allocations

2) Lower D&A beginning in 2016 due to adjustments of depreciable lives; lower D&A is being reflected in bidding

Infrastructure Services (VISCO)

Estimated Backlog

- **General Description of Types of Customer Contracts for Infrastructure Services**
  - Infrastructure Services operates primarily under two types of contracts – blanket contracts and bid contracts. Blanket contracts are ones which a customer is not committed to specific volumes of services, but where we have been or expect to be chosen to perform work needed by a customer in a given time frame (typically awarded on a yearly basis). Bid contracts are ones which a customer will commit to a specific service to be performed for a specific price, whether in total for a project or on a per unit basis (e.g., per dig or per foot).
- **General Description of Backlog for Infrastructure Services**
  - For blanket work, backlog represents an estimate of the amount of gross revenue that we expect to realize from work to be performed in the next 12 months on existing contracts or contracts we reasonably expect to be renewed or awarded based upon recent history or discussions with customers.
  - For bid work, backlog represents the value remaining on contracts awarded or that we reasonably expect to be awarded, but are not yet completed.
  - While there is a reasonable basis to estimate backlog, there can be no assurance as to our customers' eventual demand for our services each year or, therefore, the accuracy of our estimate of backlog.
- **Backlog for Infrastructure Services estimated as follows:**
  - For blanket work, estimated backlog as of 3/31/17 is $430 million compared to $435 million at 12/31/16. The estimate of the amount of gross revenue that we expect to realize from work to be performed in the next 12 months is multiplied by 80% to factor in such unknowns as weather and potential budgetary restrictions of customers.
  - For bid work, estimated backlog as of 3/31/17 is $350 million compared to $290 million at 12/31/16.
  - **Total estimated backlog as of 3/31/17: $780 million compared to $725 million at 12/31/16 and $655 million at 3/31/16**

Appendix

Energy Services (VESCO)

Metrics

$ in millions	3 Months Ended Mar 31 2017	3 Months Ended Mar 31 2016	Trailing 12 Months Ended Mar 31 2017	Trailing 12 Months Ended Mar 31 2016
Revenue	$ 52.8	$ 49.4	$ 263.4	$ 226.1
Gross Margin as % of Revenue	23%	23%	24%	22%
EBITDA [1]	$ (1.1)	$ 0.2	$ 12.0	$ 8.1
Interest	$ 0.3	$ 0.5	$ 1.7	$ 1.4
179D Tax Deductions [2]	$ -	$ 0.7	$ 4.8	$ 6.8
Net Income / (Loss) [1]	$ (1.2)	$ 0.1	$ 11.2	$ 10.6
Earnings Per Share [1]	**$ (0.01)**	**$ -**	**$ 0.14**	**$ 0.13**
Ending Backlog [3]	$ 195	$ 208	$ 195	$ 208
New Contracts [3]	$ 7	$ 24	$ 223	$ 247

Footnotes:

1) After allocations

2) Net income impact to VESCO, net of related expenses; 179D tax law expired in 2016

3) Represents signed construction contracts; does not include multi-year O&M agreements

Energy Services (VESCO)

Metrics – 5 year look

$ in millions	2017E Guidance Midpoint *(unchanged)*	2016	2015	2014	2013	2012
Revenue	$ 300	$ 260.0	$ 199.9	$ 129.8	$ 91.3	$ 117.7
Gross Margin as % of Revenue	21%	24%	22%	24%	27%	27%
EBITDA [(1)]	$ 13	$ 13.3	$ 3.5	$ (5.9)	$ (8.7)	$ (1.1)
Interest	$ 2	$ 1.9	$ 1.2	$ 1.2	$ 0.5	$ 0.3
179D Tax Deductions [(2)]	$ -	$ 5.5	$ 6.1	$ 3.7	$ 6.4	$ 6.2
Net Income / (Loss) [(1)]	$ 7	$ 12.5	$ 7.3	$ (3.2)	$ 1.0	$ 5.7
Earnings Per Share [(1)]	**$ 0.09**	**$ 0.15**	**$ 0.09**	**$ (0.04)**	**$ 0.01**	**$ 0.07**
Ending Backlog [(3)]	$ 250	$ 234	$ 226	$ 144	$ 72	$ 77
New Contracts [(3)]	$ 290	$ 239	$ 258	$ 189	$ 86	$ 104

Footnotes:

1) After allocations

2) Net income impact to VESCO, net of related expenses; 179D tax law expired in 2016

Use of Non-GAAP Performance Measures and Per Share Measures

Contribution to Vectren's Basic EPS

Per share earnings contributions of the Utility Group, Nonutility Group, and Corporate and Other are presented and are non-GAAP measures. Such per share amounts are based on the earnings contribution of each group included in the Company's consolidated results divided by the Company's basic average shares outstanding during the period. The earnings per share of the groups do not represent a direct legal interest in the assets and liabilities allocated to the groups; instead they represent a direct equity interest in the Company's assets and liabilities as a whole. These non-GAAP measures are used by management to evaluate the performance of individual businesses. In addition, other items giving rise to period over period variances, such as weather, may be presented on an after tax and per share basis. These amounts are calculated at a statutory tax rate divided by the Company's basic average shares outstanding during the period. Accordingly, management believes these measures are useful to investors in understanding each business' contribution to consolidated earnings per share and in analyzing consolidated period to period changes and the potential for earnings per share contributions in future periods. Per share amounts of the Utility Group and the Nonutility Group are reconciled to the GAAP financial measure of basic EPS by combining the two. Any resulting differences are attributable to results from Corporate and Other operations. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP.