

VECTREN UTILITY HOLDINGS INC

Form 424B5

October 10, 2006

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Filed pursuant to Rule 424(b)(5)

Registration Statement 333-128286

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission and declared effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated October 10, 2006

to Prospectus dated November 16, 2005

VECTREN UTILITY HOLDINGS, INC.

\$100,000,000

% Insured Quarterly Notes due 2036

(IQ Notes^{SM*})

guaranteed by

Indiana Gas Company, Inc.

Southern Indiana Gas

Vectren Energy Delivery

and Electric Company

of Ohio, Inc.

Our Insured Quarterly Notes due 2036, which we refer to as the IQ Notes or the notes, will bear interest at the rate of % per year and will be payable quarterly in arrears on January 1, April 1, July 1 and October 1, beginning on January 1, 2007. The IQ Notes will mature on October 1, 2036. However, we can redeem the IQ Notes in whole or in part at any time on or after October 1, 2011 at 100% of the principal amount thereof plus any accrued interest thereon. In addition, we will be required to redeem the IQ Notes at the option of the representative of any deceased owner (subject to limitations specified herein), as well as upon the occurrence of certain other events described herein, at 100% of the principal amount thereof plus any accrued interest thereon. The IQ Notes will be issued only in registered form in denominations of \$1,000 and integral multiples thereof.

The notes will be fully and unconditionally guaranteed, jointly and severally, by Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company and Vectren Energy Delivery of Ohio, Inc. Each of these companies is a wholly owned subsidiary of Vectren Utility Holdings, Inc. However, each guarantee is subject to termination upon satisfaction of certain conditions.

The notes will be unsecured and will rank equally with all of our other senior unsecured indebtedness and junior to any of our secured indebtedness to the extent of the underlying collateral.

While our subsidiary guarantees are in effect, the notes will effectively rank equally with all of that subsidiary's other senior unsecured indebtedness, senior to its preferred equity and junior to its secured indebtedness to the extent of the underlying collateral. Absent a guarantee,

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the notes will effectively rank junior to all liabilities and preferred equity of the related subsidiary.

Our timely payment of the regularly scheduled payments of the principal of and interest on the IQ Notes when due and payments in connection with the redemption of IQ Notes at the option of representatives of deceased owners will be insured by a financial guaranty insurance policy issued by Financial Guaranty Insurance Company simultaneously with the delivery of the IQ Notes.

You should carefully consider the factors set forth under Risk Factors beginning on page S-9 of this prospectus supplement, as well as the risk factors contained in our reports filed with the Securities and Exchange Commission.

The underwriter proposes to offer the notes from time to time for sale in negotiated transactions, or otherwise, at varying prices to be determined at the time of each sale. The underwriter has agreed to purchase the notes from us at of their principal amount (\$ _____ aggregate proceeds to us before expenses), subject to the terms and conditions in the Underwriting Agreement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry only form through The Depository Trust Company on or about October _____, 2006.

*IQ Notes is a servicemark of Edward D. Jones & Co., L.P.

The date of this prospectus supplement is October _____, 2006

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This prospectus supplement contains specific information about the terms of the offering of the IQ Notes. The accompanying prospectus provides you with a general description of the securities that may be offered thereunder, some of which do not apply to the IQ Notes. This prospectus supplement may also add, update or change information contained in the accompanying prospectus. If the general description of debt securities in the accompanying prospectus varies from the specific description of the IQ Notes in this prospectus supplement, you should rely on the information in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus together with additional information described in the accompanying prospectus under the headings *Where You Can Find More Information* and *Incorporation of Information We File With the Securities and Exchange Commission*.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriter is not, making an offer to sell the IQ Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate only as of the date on the cover page of this prospectus supplement or the accompanying prospectus, as the case may be, and that the information contained in documents incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate only as of the date of those documents. We undertake no obligation to update these statements in the future. You should understand that our business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement and the accompanying prospectus, *we*, *us*, *Utility Holdings* and *our* refer to Vectren Utility Holdings, Inc. and, where appropriate, our subsidiary companies. The term *underwriter* refers to Edward D. Jones & Co., L.P.

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FORWARD-LOOKING STATEMENTS

Statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus regarding future events and developments are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933. Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. Because those statements are based on expectations and not historical facts, actual results may differ materially from those projected in the particular statements. Important factors that could cause future results to differ include those listed under Risk Factors and the following matters:

Factors affecting utility operations such as unusual weather conditions; catastrophic weather-related damage; unusual maintenance or repairs; unanticipated changes to fossil fuel costs; unanticipated changes to gas supply costs, or availability due to higher demand, shortages, transportation problems or other developments; environmental or pipeline incidents; transmission or distribution incidents; unanticipated changes to electric energy supply costs, or availability due to demand, shortages, transmission problems or other developments; or electric transmission or gas pipeline system constraints.

Increased competition in the energy environment, including effects of industry restructuring and unbundling.

Regulatory factors such as unanticipated changes in rate-setting policies or procedures, recovery of investments and costs and the frequency and timing of rate increases.

Financial, regulatory or accounting principles or policies imposed by the Financial Accounting Standards Board, the Securities and Exchange Commission, the Federal Energy Regulatory Commission, state public utility commissions, state entities which regulate electric and natural gas transmission and distribution, natural gas gathering and processing, electric power supply, and similar entities with regulatory oversight.

Economic conditions, including the effects of an economic downturn, inflation rates, commodity prices, and monetary fluctuations.

Increased natural gas commodity prices and the potential impact on customer consumption, uncollectible accounts expense, unaccounted for gas and interest expense.

Changing market conditions and a variety of other factors associated with physical energy and financial trading activities, including, but not limited to, price, basis, credit, liquidity, volatility, capacity, interest rate, and warranty risks.

Direct or indirect effects on our business, financial condition, liquidity and results of operations resulting from changes in credit ratings, changes in interest rates, and/or changes in market perceptions of the utility industry and other energy-related industries.

Employee or contractor workforce factors, including changes in key executives, collective bargaining agreements with union employees, or work stoppages.

Legal and regulatory delays and other obstacles associated with mergers, acquisitions, and investments in joint ventures.

Costs and other effects of legal and administrative proceedings, settlements, investigations, claims, and other matters.

Changes in Federal, state or local legislature requirements, such as changes in tax laws or rates, environmental laws and regulations.

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These and other matters are difficult to predict, and many are beyond our control, including those we discuss in this prospectus supplement, the accompanying prospectus and our filings with the Securities and Exchange Commission. Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements. These statements speak only as of the date of this prospectus supplement, the accompanying prospectus or, in the case of documents incorporated by reference, the dates of those documents, as applicable. We undertake no obligation to update these statements in the future.

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SUMMARY OF THE OFFERING

This summary provides an overview of the key aspects of the offering of IQ Notes. The summary is not complete and does not contain all of the information you should consider before purchasing the IQ Notes. You should carefully read all of the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus, including the risk factors contained herein and therein and our financial statements and related notes.

Our Company

Vectren Utility Holdings, Inc., an Indiana corporation (Utility Holdings), is a wholly owned subsidiary of Vectren Corporation (Vectren). Utility Holdings was formed on March 31, 2000 to serve as the intermediate holding company for Vectren's three operating public utilities: Indiana Gas Company, Inc. (Indiana Gas), formerly a wholly owned subsidiary of Indiana Energy, Inc., Southern Indiana Gas and Electric Company (SIGECO), formerly a wholly owned subsidiary of SIGCORP, Inc., and the natural gas distribution operations in west central Ohio, which Vectren acquired from The Dayton Power and Light Company on October 31, 2000 (the Ohio operations). We also have other assets that provide information technology and other services to the three utilities.

Indiana Gas provides energy delivery services to approximately 562,000 natural gas customers located in central and southern Indiana. SIGECO provides energy delivery services to approximately 140,000 electric customers and approximately 112,000 natural gas customers located near Evansville in southwestern Indiana. SIGECO also owns and operates electric generation to serve its electric customers and optimizes those assets in the wholesale power market. Indiana Gas and SIGECO generally do business as Vectren Energy Delivery of Indiana.

The Ohio operations provide energy delivery services to approximately 318,000 natural gas customers located near Dayton in west central Ohio. The Ohio operations are owned as a tenancy in common by Vectren Energy Delivery of Ohio, Inc. (Vectren of Ohio), a wholly owned subsidiary of Utility Holdings (53% ownership), and Indiana Gas (47% ownership). The Ohio operations generally do business as Vectren Energy Delivery of Ohio.

Utility Holdings segregates its businesses into three operating segments: Gas Utility Services, Electric Utility Services, and Other Operations. The Gas Utility Services segment includes the operations of Indiana Gas, the Ohio operations, and SIGECO's natural gas distribution business and provides natural gas distribution and transportation services to nearly two-thirds of Indiana and to west central Ohio. The Electric Utility Services segment includes the operations of SIGECO's electric transmission and distribution services, which provides electric distribution services primarily to southwestern Indiana, and includes the power generating and marketing operations of Utility Holdings. Utility Holdings collectively refers to its gas and electric operating segments as its regulated operations. In total, these regulated operations supply natural gas and/or electricity to over one million customers. Other Operations primarily provide information technology and other support services to those utility operations.

We were incorporated under the laws of Indiana on March 31, 2000; Indiana Gas was incorporated under the laws of Indiana on July 16, 1945 and under the laws of Ohio on June 7, 2000; SIGECO was incorporated under the laws of Indiana on June 10, 1912; and Vectren of Ohio was incorporated under the laws of Ohio on November 29, 1999. Our corporate offices are located at One Vectren Square, Evansville, Indiana 47708. Our telephone number is (812) 491-4000.

Table of Contents**The Offering**

Securities Offered	\$100,000,000 in aggregate principal amount of % Insured Quarterly Notes due 2036.
Interest Rate	% per year.
Interest Payments	We will pay interest on the IQ Notes quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, beginning on January 1, 2007, to the holders of the IQ Notes as of the day which is 15 calendar days (whether or not a business day) prior to the relevant interest payment date, as well as upon presentation and surrender upon any earlier redemption that does not fall on an interest payment date.
Stated Maturity Date	The IQ Notes will mature on October 1, 2036 unless redeemed prior to that date.
Optional Redemption by Utility Holdings	We will have the right to redeem the IQ Notes, in whole at any time or in part from time to time, on or after October 1, 2011. We will also have the right to redeem the IQ Notes, in whole or in part, in connection with a transfer to a non-affiliate of all or substantially all of the voting capital stock or properties and assets of any subsidiary guarantor. Pursuant to the insurance agreement with Financial Guaranty Insurance Company (Financial Guaranty), in the event of such a transfer we will apply the amount of intercompany debt representing that portion of the IQ Notes previously loaned to the subsidiary guarantor that the subsidiary guarantor repays to us pursuant to the requirements of the indenture for any, or a combination of, the following purposes: (i) to make a loan to one of our subsidiaries as of the date hereof, (ii) to redeem IQ Notes in an amount equal to such intercompany debt repaid by the subsidiary less any amounts applied pursuant to clause (i), or (iii) with the prior written consent of Financial Guaranty to make a loan to a subsidiary which is not a subsidiary as of the date hereof or to acquire the stock or assets of another regulated utility company. We also have the right to redeem the IQ Notes, in whole, if we have agreed to enter into a transaction that, upon the consummation thereof, would result in there no longer being at least one subsidiary guarantor which, as of the date hereof, is a public utility regulated by the Indiana Utility Regulatory Commission. If we have the right to redeem the notes, the redemption price will equal 100% of the principal amount to be redeemed plus any accrued and unpaid interest thereon to the date of redemption.
Events of Default Under Supplemental Indenture	The supplemental indenture provides for two Events of Default with regard to the IQ Notes that are in addition to the Events of Default in the indenture. First, the supplemental indenture provides that an Event of Default will occur upon any declaration of acceleration with regard to the debt securities of any other series issued under the indenture. An Event of Default will also occur under the supplemental indenture upon the occurrence of an event of default under the insurance agreement that is not waived or consented to by Financial Guaranty. See Description of the IQ Notes Events of Default Under the Supplemental Indenture.

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Redemption Option of a Deceased Beneficial Owner's Representative	We will be required to redeem the IQ Notes at the option of the representative of any deceased beneficial owner of an IQ Note at 100% of the principal amount to be redeemed, plus any accrued interest to the redemption date, subject to the conditions that, during the period from the original issue date of the IQ Notes through October 1, 2007 and during each twelve-month period after October 1, 2007 the maximum principal amount we are required to redeem is \$25,000 per deceased beneficial owner and an aggregate of \$2,000,000 for all deceased beneficial owners.
Ranking	The notes will be unsecured and will rank equally with all of our other unsecured senior indebtedness. The notes will rank junior to any future secured indebtedness to the extent of the underlying collateral. At June 30, 2006, we had total senior indebtedness of \$700.0 million, none of which was secured. Upon issuance, the notes will be guaranteed by all of our subsidiaries and, while the guarantees are in effect, will rank equally with the unsecured senior indebtedness of the guarantors, junior to the secured indebtedness of the guarantors to the extent of the underlying collateral and senior to any preferred equity of the guarantors. Unless the guarantees are in effect, the notes will effectively rank junior to all liabilities and any preferred equity of our subsidiaries. At June 30, 2006, our subsidiaries had total liabilities of \$1.9 billion, of which \$206.0 million represented secured indebtedness, and no preferred equity outstanding.
Guarantees	Our only subsidiaries, Indiana Gas, SIGECO and Vectren of Ohio, will jointly and severally guarantee the payment of all of our obligations under the notes. The guarantees will be full and unconditional. With respect to each guarantor, the guarantee will be unsecured and will rank equally with all of that guarantor's other senior unsecured indebtedness, senior to its preferred equity and junior to its secured indebtedness to the extent of the underlying collateral. The guarantee of a guarantor may be terminated if we sell all or substantially all of the stock or assets of that guarantor and certain other conditions are met.
Insurance	Our timely payment of the regularly scheduled payments of the principal of and interest on the notes when due and payments in connection with the redemption of the notes at the option of representatives of deceased owners will be insured by a financial guaranty insurance policy to be issued by Financial Guaranty for the benefit of the holders of the notes (the "Policy").
Ratings	We anticipate that the IQ Notes will be rated AAA by S&P and Aaa by Moody's. A rating reflects only the view of a rating agency and is not a recommendation to buy, sell or hold the IQ Notes. Any rating can be revised upward or downward or withdrawn at any time by a rating agency if it decides that circumstances warrant that change.
Use of Proceeds	We estimate that we will receive net proceeds from the sale of the notes of approximately \$, after deducting underwriting discounts and estimated offering expenses of \$ payable by us. We intend to use the net proceeds from the sale of the notes to repay the \$100,000,000 outstanding principal balance of our 7.25% Senior Notes due October 15, 2031, which we previously announced we will redeem on October 19, 2006 at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon.

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RISK FACTORS

Before making an investment decision with respect to the IQ Notes, we encourage you to carefully consider and evaluate all of the information set forth in this prospectus supplement and the accompanying prospectus, including the risk factors set forth below. You should also consider additional information, including other risk factors, incorporated by reference in this prospectus supplement or the accompanying prospectus. Other risks and uncertainties not presently known or that we currently believe to be immaterial may also adversely affect us.

Structure Risks

The Policy will not cover all of our payments on the notes, and Financial Guaranty will control noteholders' rights and remedies if the Policy is not in default.

Since Financial Guaranty is required to issue the Policy simultaneously with the initial issuance of the notes, Financial Guaranty, so long as it is not in default under the Policy, shall be entitled to control and direct the enforcement of all rights and remedies with respect to the notes upon the occurrence and continuation of an Event of Default under the indenture. Therefore, in such circumstances, Financial Guaranty, and not the holders of the notes, will be entitled to direct the acceleration of the maturity of the notes upon the occurrence of an Event of Default, which definition has been expanded as discussed herein under "Description of the IQ Notes—Events of Default under the Supplemental Indenture." Our timely payment of the regularly scheduled payments of the principal of and interest on the notes when due and principal and interest payments in connection with the redemption of notes at the option of the representatives of deceased owners thereof will be insured by the Policy. However, all other redemption payments, if applicable, and payments due upon any acceleration of the maturity of the notes permitted in accordance with the terms of the indenture and the Policy will not be insured by the Policy. Furthermore, in no event may amounts payable under the Policy be accelerated in advance of their original due dates, even if Financial Guaranty fails to make a required payment under the Policy or becomes subject to a receivership, liquidation or insolvency proceeding. In any such proceeding, payments that are insured under the Policy but which are not due for payment may be deemed to be contingent claims against Financial Guaranty and, thus, the right to receive such payments from Financial Guaranty may be subject to a priority granted in favor of matured claims against Financial Guaranty.

The notes will rank junior to the claims of our secured creditors and all secured creditors of our subsidiaries. Except during the time that the notes are covered by guarantees of our subsidiaries, the notes will effectively rank junior to the claims of all unsecured creditors and preferred equity holders of our subsidiaries.

The notes will not be secured by any of our assets or those of our subsidiaries. As a result, the notes are effectively subordinated to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness. In addition, because we are a holding company and conduct our operations through our subsidiaries, our ability to meet our obligations under our indebtedness, including our payment of principal of and any premium and interest on the notes, depends on the earnings and cash flows of our subsidiaries and the ability of our subsidiaries to pay dividends or loan or repay funds to us. Absent the existence of guarantees from our subsidiaries, in any liquidation, dissolution, bankruptcy or other similar proceeding involving our subsidiaries, holders of our notes would be subject to the prior claims of the particular subsidiary's creditors (whether secured or unsecured) and preferred equity holders. Accordingly, in such circumstances, the notes would effectively rank junior to the claims of all creditors, including trade creditors, and preferred equity holders of our subsidiaries unless we are recognized as a creditor of a particular subsidiary, in which case the notes would continue to effectively rank junior to the claims of secured creditors of that subsidiary to the extent of the value of the assets securing the related indebtedness. Initially, the notes will be guaranteed by Indiana Gas, SIGECO and Vectren of Ohio. With respect to each guarantor, the guarantee will be unsecured and will rank equally with all of that guarantor's other senior unsecured indebtedness, senior to its preferred equity and junior to its secured indebtedness to the extent of the underlying collateral. However, these guarantees may be terminated upon our disposition of a guarantor or its assets, but only if certain conditions are satisfied and such conditions may not prohibit a transaction that is not in the best interests of noteholders. See "Description of the Notes—The Guarantees."

At June 30, 2006, we had senior indebtedness of \$700.0 million, none of which was secured, and our subsidiaries had total liabilities of \$1.9 billion, of which \$206.0 million represented secured indebtedness, and no preferred equity outstanding.

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A court may be able to void any guarantees of the notes and require holders of the notes to return payments received from the subsidiary guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee of the notes by one or more of our subsidiary guarantors could be voided, or claims in respect of a guarantee could be subordinated to all other debts of any subsidiary guarantor, if, among other things, that subsidiary guarantor, at the time it issued the guarantee:

issued the guarantee to delay, hinder or defraud present or future creditors; or

received less than reasonably equivalent value or fair consideration for issuing the guarantee; and at the time that subsidiary guarantor issued the guarantee, it:

was insolvent or rendered insolvent by reason of issuing the guarantee or would be rendered insolvent upon payment of the guarantee;

was engaged or about to engage in a business or transaction for which that subsidiary guarantor's remaining unencumbered assets constituted unreasonably small capital to carry on its business; or

intended to incur, or believed that it would incur, debts beyond its ability to pay the debts as they mature.

If a court determined that the issuance of a guarantee of the notes by a subsidiary guarantor violated applicable federal and state law as described above, any payment by a subsidiary guarantor pursuant to its guarantee of the notes could be voided and required to be returned to that subsidiary guarantor or a fund for the benefit of the creditors of that subsidiary guarantor, or the guarantee could be subordinated to other debts of that subsidiary guarantor.

The measure of insolvency for purposes of fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a person would be considered insolvent if, at the time it incurred the debt:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

We cannot be sure as to the standard that a court would use to determine whether or not a subsidiary guarantor was solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantee of the notes would not be voided or the guarantee of the notes would not be subordinated to that subsidiary guarantor's other debts.

A downgrade in our credit rating is likely to adversely affect the market price of the notes and may adversely affect your ability to sell the notes.

We expect the notes initially to be rated AAA by S&P and Aaa by Moody's. Ratings are not a recommendation to purchase, sell or hold the notes, and are not necessarily a reflection of the market price of the notes or a comment as to the suitability of the notes for a particularly investor. Nevertheless, the rating of the notes may change and there is no assurance that a rating will be maintained or that a rating will not be lowered or withdrawn at any time. Downgrades in or withdrawals of a rating of the notes or our other indebtedness or the indebtedness of our

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subsidiaries is likely to adversely affect the market price of the notes and may adversely affect your ability to sell, and the price at which you may sell, the notes. Although the rating of the notes may not reflect the potential impact of all of the risks related to an investment in the notes, it could be an indication of the rating agencies' views regarding the risks associated with an investment in the notes. Therefore, negative ratings actions are likely to indicate that the rating agencies believe that the risks associated with an investment in the notes have increased.

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The following table shows the current ratings assigned to certain of our outstanding debt by Moody's and S&P:

	Current Rating	
	Moody's	S&P
Utility Holdings senior unsecured debt	Baa1	A-
Indiana Gas senior unsecured debt	Baa1	A-
SIGECO senior unsecured debt	Baa1	A-
Utility Holdings commercial paper program	P-2	A-2

The current outlook of both Moody's and S&P is stable and is categorized as investment grade. S&P revised its current outlook to stable from negative in April 2005 and in March 2005 revised its secured debt rating of SIGECO to A from A- and its unsecured debt rating to A- from BBB+. All other ratings are unchanged from December 31, 2004. A security rating is not a recommendation to buy, sell, or hold securities. These ratings are subject to revision or withdrawal at any time, and each rating should be evaluated independently of any other rating. S&P's and Moody's lowest level investment grade rating is BBB- and Baa3, respectively.

We may be required in the future to obtain additional debt financing to (1) fund our capital expenditures, investments and debt security redemptions and maturities and (2) further strengthen our capital structure and the capital structures of our subsidiaries. If the rating agencies downgrade our credit ratings, particularly below investment grade, or withdraw our ratings, or in each case the ratings of our subsidiaries, it may significantly limit our access to the debt capital markets and the commercial paper market, and our outstanding borrowing costs would increase. In addition, we would likely be required to pay a higher interest rate in future financings, and our potential pool of investors and funding sources would likely decrease. Finally, there is no assurance that we will have access to the equity capital markets to obtain financing when necessary or desirable, especially since we are wholly owned by Vectren.

You may not be able to resell the notes.

We do not expect to list the notes on any securities exchange. The underwriter has advised us that it intends to make a market in the notes. The underwriter will have no obligation to make a market in the notes, however, and may discontinue market making activities, if commenced, at any time without the consent of, or notice to, the noteholders. There can be no assurance that an active trading market for the notes will develop or, if one develops, will be maintained or be liquid. If an active trading market does not develop or is not maintained, you may not be able to sell your notes when desired, or perhaps at all, or be able to sell your notes at a price equal to or above the price you paid for them. The notes may not be appropriate as a short-term investment, and you should consider the potentially illiquid and long-term nature of your investment in the notes.

Business Risks**We operate in an increasingly competitive industry, which may affect our future earnings.**

The utility industry has been undergoing dramatic structural change for several years, resulting in increasing competitive pressure faced by electric and gas utility companies. Increased competition may create greater risks to the stability of our earnings generally and may in the future reduce our earnings from retail electric and gas sales. Currently, several states, including Ohio but not Indiana, have passed legislation that allow electricity customers to choose their electricity supplier in a competitive electricity market, and several other states are considering such legislation. Ohio regulation also provides for choice of commodity providers for all gas customers. In 2003, we implemented this choice for our gas customers in Ohio. Indiana has not adopted any regulation requiring gas choice except for large-volume customers. We cannot assure you that increased competition or other changes in legislation, regulation or policies will not have a material adverse effect on our business, prospects, financial condition or results of operations.

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A significant portion of our gas and electric utility sales is used for heating and air conditioning. Accordingly, our operating results fluctuate depending on the weather.

Our gas and electric utility sales are sensitive to variations in weather conditions. We forecast utility sales on the basis of normal weather, which represents a long-term historical average. Since we do not have a weather-normalization mechanism for our electric operations or our Ohio natural gas operations, significant variations from normal weather could have, have had, and will have, a material impact on our earnings. However, the impact of weather on the operations of Indiana Gas and the gas operations of SIGECO has been significantly mitigated through the implementation on October 15, 2005 of a normal temperature adjustment mechanism.

Our gas and electric utility sales are concentrated in the Midwest.

The operations of our regulated utilities are concentrated in central and southern Indiana and west central Ohio and are therefore impacted by changes in the Midwest economy in general and changes in particular industries concentrated in the Midwest. These industries include automotive assembly, parts and accessories, feed, flour and grain processing, metal castings, aluminum products, appliance manufacturing, polycarbonate resin (Lexan[®]) and plastic products, gypsum products, electrical equipment, metal specialties, glass, steel finishing, pharmaceutical and nutritional products, gasoline and oil products, and coal mining.

Risks related to the regulation of our businesses, including environmental regulation, could affect the rates we are able to charge, our costs and our profitability.

Our businesses are subject to regulation by federal, state and local regulatory authorities. In particular, we are subject to regulation by the Federal Energy Regulatory Commission (FERC), the Indiana Utility Regulatory Commission (IURC) and the Public Utility Commission of Ohio. These authorities regulate many aspects of our transmission and distribution operations, including construction and maintenance of facilities, operations, safety, the rates that we can charge customers and the rate of return that we are allowed to realize. Our ability to obtain rate increases and rate supplements to maintain our current authorized rate of return depends upon regulatory discretion, and there can be no assurance that we will be able to obtain rate increases or rate supplements or continue receiving our current authorized rate of return.

In addition, our operations and properties are subject to extensive environmental regulation pursuant to a variety of federal, state and municipal laws and regulations. These environmental regulations impose, among other things, restrictions, liabilities and obligations in connection with storage, transportation, treatment and disposal of hazardous substances and waste and in connection with spills, releases and emissions of various substances in the environment. Such emissions from electric generating facilities include particulate matter, sulfur dioxide (SO₂), and nitrogen oxide (NO_x), among others. Environmental legislation also requires that facilities, sites and other properties associated with our operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Our current costs to comply with these laws and regulations are significant to our results of operations and financial condition. In addition, claims against us under environmental laws and regulations could result in material costs and liabilities. With the trend toward stricter standards, greater regulation, more extensive permit requirements and an increase in the number and types of assets operated by us subject to environmental regulation, our investment in environmentally compliant equipment has increased and is expected to increase in the future.

From time to time, we are subject to material litigation and regulatory proceedings.

We may be subject to material litigation and regulatory proceedings from time to time. There can be no assurance that the outcome of these matters will not have a material adverse effect on our business, prospects, results of operations or financial condition.

Our electric operations are subject to various risks.

Our electric generating facilities are subject to operational risks that could result in unscheduled plant outages, unanticipated operation and maintenance expenses and increased power purchase costs. Such operational risks can arise from circumstances such as:

facility shutdowns due to equipment failure or operator error;

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interruption of fuel supply or increased prices of fuel as contracts expire;

disruptions in the delivery of electricity;

inability to comply with regulatory or permit requirements;

labor disputes; and

natural disasters.

We may experience significantly increased gas costs.

Recently, commodity prices for natural gas purchases have increased and have become more volatile. Subject to regulatory approval, our subsidiaries are allowed recovery of gas costs from their retail customers through commission-approved gas cost adjustment mechanisms. As a result, profit margins on gas sales are not expected to be impacted. Nevertheless, regulators may disallow, and have in the past disallowed, recovery of a portion of gas costs for various reasons, including, but limited to, a finding by the regulator that natural gas was not prudently procured, as an example. In addition, it is possible that as a result of this near term change in natural gas commodity prices, our subsidiaries may experience increased interest expense due to higher working capital requirements, increased uncollectible accounts expense and unaccounted for gas and some level of price sensitive reduction in volumes sold or delivered.

The impact of MISO participation is uncertain.

Since February 2002 and with the IURC's approval, we have been a member of the Midwest Independent System Operator, Inc. (MISO), a FERC approved regional transmission organization. The MISO serves the electrical transmission needs of much of the Midwest and maintains operational control over our electric transmission facilities as well as that of other Midwest utilities.

On April 1, 2005, the MISO energy market commenced operation (the Day 2 energy market). As a result of being a market participant, we now bid our owned generation into the Day Ahead and Real Time markets and procure power for our retail electric customers at Locational Marginal Pricing (LMP) as determined by the MISO market.

As a result of MISO's operational control over much of the Midwestern electric transmission grid, including our electric transmission facilities, our 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 uncertainties around Day 2 energy market operations, it is difficult to predict near term operational impacts. However, it is believed that MISO's regional operation of the transmission system will ultimately lead to reliability improvements.

The potential need to expend capital for improvements to the transmission system, both to our own facilities as well as to those facilities of adjacent utilities, over the next several years will become more predictable as MISO completes studies related to regional transmission planning and improvements. Such expenditures may be significant.

Wholesale power marketing activities may add volatility to earnings.

Our regulated electric utility engages in wholesale power marketing activities that primarily involve asset optimization strategies. These optimization strategies manage the utilization of available electric generating capacity and include the execution of energy contracts that are integrated with portfolio requirements around power supply and delivery. As part of these strategies, we will execute forward contracts and option contracts that may not result in the physical flow of electricity, but hedge, other commitments. While most physical forward positions to sell electricity are hedged with these contracts or with planned unutilized generation capability, we do not hedge our entire portfolio from market price volatility. To the extent we have unhedged positions or our hedging procedures do not work as planned, fluctuating prices for electricity are likely to cause our earnings to be volatile and may lower net income. Beginning in April 2005, substantially all physically delivered off-system sales occur in the MISO day-ahead and real-time markets.

Table of Contents**Catastrophic events could adversely affect our facilities and operations.**

Catastrophic events such as fires, explosions, floods, earthquakes, terrorist acts or other similar occurrences could adversely affect our facilities and operations.

The performance of Vectren's nonregulated businesses may impact our ability to access the debt markets and bank financing and may adversely affect the market price of the notes.

Execution of Vectren's coal mining and synfuel operations, gas marketing, performance contracting and utility infrastructure strategies and the success of its efforts to invest in and develop new opportunities in nonregulated business areas is subject to a number of risks. These risks include, but are not limited to: the effects of weather; the operation of performance contracting products; storage field and mining property development; coal mining industry regulation; creditworthiness of customers and joint venture partners; and factors associated with energy trading activities, including price, basis, credit liquidity, volatility, capacity and interest rate risks and changing market conditions. While Vectren's nonregulated businesses may not have a direct impact on our business, financial condition or results of operations, material adverse developments affecting these businesses may result in a downgrade in our credit ratings, limit our ability to access the debt markets, bank financing and commercial paper markets and, thus, our liquidity, and adversely affect the market price of the notes.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of the notes of approximately \$_____ after deducting the underwriting discounts and commissions and estimated offering expenses of \$_____ payable by us. We intend to use the net proceeds from the sale of the notes to repay the \$100,000,000 outstanding principal balance of our 7.25% Senior Notes due October 15, 2031, which we previously announced we will redeem on October 19, 2006 at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon.

CAPITALIZATION

The following table sets forth our historical capitalization at June 30, 2006 and as adjusted to reflect the issuance of the notes and use of the net proceeds therefrom. The following information is not complete, and you should read it together with the more detailed information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

	At June 30, 2006	
	Actual	As Adjusted (1)
	(dollars in millions)	
Long Term Debt	\$ 1,051.6	\$ 1,051.6
Common Shareholder's Equity	1,034.0	1,034.0
Total Capitalization	\$ 2,085.6	\$ 2,085.6

(1) Adjusted to reflect the issuance of the notes and the use of the net proceeds therefrom.

Table of Contents**CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth the historical consolidated ratios of earnings to fixed charges for Utility Holdings for the periods indicated. This information has been restated to reflect the reorganization of Indiana Gas and SIGECO into subsidiary companies of Utility Holdings.

	Twelve Months Ended June 30, 2006	Fiscal Year Ended December 31,				
		2005	2004	2003	2002	2001
Ratio of Earnings to Fixed Charges	2.9x	3.1x	3.0x	3.1x	3.1x	1.9x

For the purpose of computing these ratios, earnings consist of pretax net income before income (losses) from equity investees, fixed charges, and less preferred stock dividends of a consolidated subsidiary. Fixed charges consist of total interest, amortization of debt discount, premium and expense, the estimated portion of interest implicit in rentals, and preferred stock dividends of a consolidated subsidiary. In June 2001, Utility Holdings began implementing a restructuring plan to eliminate administrative and supervisory positions in its utility operations and corporate office. The fiscal year ended December 31, 2001 includes costs of \$7.7 million (after tax) related to the merger of Indiana Energy, Inc. and SIGCORP Inc. to form Vectren Corporation on March 31, 2000 and restructuring-related charges of \$9.3 million (after tax).

DESCRIPTION OF THE IQ NOTES

Set forth below is a description of the specific terms of the IQ Notes. This description is not complete, and you should read it together with the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus under the caption Description of the Debt Securities. In addition, you should read all of the provisions of the indenture (as amended or supplemented from time to time, the indenture), dated as of October 19, 2001, as amended by the fifth supplemental indenture relating to the IQ Notes (the supplemental indenture), by and among us, as issuer, Indiana Gas, SIGECO and Vectren of Ohio, as guarantors, and U.S. Bank Trust National Association, as trustee (the note trustee). Capitalized terms not defined in this prospectus supplement are used as defined in the indenture or as otherwise provided in the accompanying prospectus.

General

The IQ Notes will be issued as a single series of debt securities under the indenture and will be limited in aggregate principal amount to \$100,000,000, subject to the reopening provisions of the indenture. The IQ Notes will be denominated in U.S. dollars and will be issuable only in fully registered form in minimum denominations of \$1,000 and integral multiples of \$1,000. The entire principal amount of the IQ Notes will mature and become due and payable, together with any unpaid interest accrued thereon, on October 1, 2036, unless redeemed prior to that date in accordance with provisions described below.

Each note will be issued as a book-entry note registered in the name of the depository or its nominee. So long as the depository is the registered owner of the notes (as described below under Book-Entry Only System), the depository or its nominee, as the case may be, will be considered the holder of the notes for all purposes under the indenture. See Book-Entry Only System below. Initially, The Depository Trust Company (DTC) will be the depository for the notes. Beneficial owners of the notes will not receive certificates representing their ownership interests in the notes, except in the event that use of the book-entry system for the notes is discontinued and we determine that beneficial owners may exchange their ownership interests for such certificates, or if an Event of Default under the indenture occurs.

In the event that the notes are issued in certificated form (as described below under Book-Entry Only System), the notes may be presented for registration of transfer or exchange at the Corporate Trust Office of U.S. Bank National Association, in the Borough of Manhattan, The City of New York.

We will be entitled to defease the notes subject to compliance with the terms of the indenture. See Description of the Debt Securities - Certain Covenants - Defeasance in the accompanying prospectus. We may at any time purchase

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notes at any price in the open market or otherwise. Notes so purchased by us may be held or resold or, at our discretion, may be surrendered to the trustee for cancellation. The notes will not be entitled to the benefits of a sinking fund.

Events of Default under the Supplemental Indenture

The supplemental indenture provides for two Events of Default with regard to the IQ Notes that are in addition to the Events of Default in the indenture. First, the supplemental indenture provides that an Event of Default will occur upon any declaration of acceleration with regard to the debt securities of any other series issued under the indenture. An Event of Default will also occur under the supplemental indenture upon the occurrence of an event of default under the insurance agreement that is not waived or consented to by Financial Guaranty. An event of default under the insurance agreement will occur upon (i) our failure to pay to Financial Guaranty any amounts owed under the Policy within 10 days after receipt of notice of nonpayment, (ii) our breach of a representation, warranty or covenant, or our failure to perform an obligation, under the insurance agreement or any related agreement following a 30-day notice and cure period, or (iii) an insolvency proceeding is commenced by or against us or a subsidiary guarantor under the United States Bankruptcy Code or other insolvency statutes.

We covenant in the insurance agreement that, if we transfer to a non-affiliate all or substantially all of the voting capital stock or properties and assets of any subsidiary guarantor, then we will apply the amount of intercompany debt representing that portion of the IQ Notes previously loaned to the subsidiary guarantor that the subsidiary guarantor repays to us pursuant to the requirements of the indenture for any, or a combination of, the following purposes: (i) to make a loan to one of our subsidiaries as of the date hereof, (ii) to redeem IQ Notes in an amount equal to such intercompany debt repaid by the subsidiary less any amounts applied pursuant to clause (i), or (iii) with the prior written consent of Financial Guaranty to make a loan to a subsidiary which is not a subsidiary as of the date hereof or to acquire the stock or assets of another regulated utility company. We have also entered into a covenant in the insurance agreement requiring that a subsidiary guarantor currently regulated by the Indiana Utility Regulatory Commission continue to be an obligor with respect to the IQ Notes unless certain conditions are met, including a redemption in full of the IQ Notes.

Interest

The notes will bear interest at _____ % per year from the date of original issuance. Interest on each note will be payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, beginning on January 1, 2007 (each, an interest payment date), to the person in whose name the note is registered at the close of business as of the day (whether or not a business day) which is 15 days prior to the relevant interest payment date and, if applicable, upon presentation and surrender upon any earlier redemption that does not fall on an interest payment date. The amount of interest payable will be computed on the basis of a 360-day year of twelve 30-day months.

In the event that any interest payment date, the stated maturity date or any redemption date is not a business day, then the required payment of principal of and/or premium or interest on the related notes will be made on the next business day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on the original date. Business day means any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York.

Ranking

The notes will be unsecured and will rank equally with all of our other unsecured senior indebtedness and will be junior to our secured indebtedness, if any, to the extent of the underlying collateral. Since the notes, upon issuance, will be guaranteed by all of our subsidiaries, the notes will, while the guarantees are in effect, rank equally with the other unsecured senior indebtedness of the subsidiary guarantors, junior to any secured indebtedness of the subsidiary guarantors to the extent of the underlying collateral and senior to any preferred equity of the subsidiary guarantors. Unless the guarantees are in effect, the notes will effectively rank junior to all liabilities and preferred equity of our subsidiaries. At June 30, 2006, we had total senior indebtedness of \$700.0 million, none of which was secured, and our subsidiaries had total liabilities of \$1.9 billion, of which \$206.0 million represented secured indebtedness, and no preferred equity outstanding. See Risk Factors - The notes will rank junior to the claims of our secured creditors and all secured creditors of our subsidiaries. Except during the time that the notes are covered by guarantees of our subsidiaries, the notes will effectively rank junior to the claims of all unsecured creditors and preferred equity holders of our

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subsidiaries. See also - The Guarantees below for a discussion of the circumstances in which the guarantees of our subsidiary guarantors may be terminated.

Special Insurance Provisions of the Indenture

Subject to the provisions of the indenture, so long as Financial Guaranty is not in default under the Policy, Financial Guaranty shall be entitled to control and direct the enforcement of all rights and remedies with respect to the notes upon the occurrence and continuation of an Event of Default under the indenture. See Risk Factors The Policy will not cover all of our payments on the notes, and Financial Guaranty will control noteholders rights and remedies if the Policy is not in default.

Optional Redemption

We will have the right to redeem the IQ Notes, in whole at any time or in part from time to time, on or after October 1, 2011. We will also have the right to redeem the IQ Notes, in whole or in part, in connection with a transfer to a non-affiliate of all or substantially all of the voting capital stock or properties and assets of any subsidiary guarantor. Pursuant to the insurance agreement with Financial Guaranty, in the event of such a transfer we will apply the amount of intercompany debt representing that portion of the IQ Notes previously loaned to the subsidiary guarantor that the subsidiary guarantor repays to us pursuant to the requirements of the indenture for any, or a combination of, the following purposes:

(i) to make a loan to one of our subsidiaries as of the date hereof, (ii) to redeem IQ Notes in an amount equal to such intercompany debt repaid by the subsidiary less any amounts applied pursuant to clause (i), or (iii) with the prior written consent of Financial Guaranty to make a loan to a subsidiary which is not a subsidiary as of the date hereof or to acquire the stock or assets of another regulated utility company. We also have the right to redeem the IQ Notes, in whole, if we have agreed to enter into a transaction that, upon the consummation thereof, would result in there no longer being at least one subsidiary guarantor which, as of the date hereof, is a public utility regulated by the Indiana Utility Regulatory Commission.

If we have the right of optional redemption, written notice must be given to noteholders not less than 30 nor more than 60 days prior to the redemption date and the redemption price will equal 100% of the principal amount to be redeemed plus any accrued and unpaid interest thereon to the date of redemption; provided, however, that interest payable on a note with respect to an interest payment date that falls on or before a redemption date shall be made to the holder of such note on the record date related to such interest payment date. Notes redeemed will be surrendered to the trustee for cancellation.

On and after the date of redemption, interest will cease to accrue on the notes or portion of the notes redeemed. However, interest will continue to accrue if we default in the payment of the amount due upon redemption.

Limited Right of Redemption Upon Death of Beneficial Owner

The representative of a deceased beneficial owner of the notes has the right at any time to request redemption prior to stated maturity of all or part of his or her notes. We will redeem these notes subject to the limitations that we will not be obligated to redeem, during the period from the original issue date of the notes through and including October 1, 2007 (known as the initial period), and during any twelve-month period which ends on and includes each October 1 thereafter (each such twelve-month period being known as a subsequent period), on behalf of a deceased beneficial owner, notes with a principal amount in excess of \$25,000 or notes exceeding \$2,000,000 in aggregate principal amount from all deceased beneficial owners.

We may, at our option, redeem any deceased beneficial owner's notes in the initial period or any subsequent period in excess of the \$25,000 limitation. Any such redemption, to the extent that it exceeds the \$25,000 limitation for any deceased beneficial owner, will not be included in the computation of the \$2,000,000 aggregate limitation for that initial period or that subsequent period, as the case may be, or for any succeeding subsequent period. We may, at our option, redeem deceased beneficial owners' notes, in the initial period or any subsequent period, in an aggregate principal amount exceeding \$2,000,000. Any such redemption, to the extent it exceeds the \$2,000,000 aggregate limitation, will not reduce the \$2,000,000 aggregate limitation for any subsequent period. If we elect to redeem notes in excess of the \$25,000 limitation or the \$2,000,000 aggregate limitation, notes so redeemed will be redeemed in the order of the receipt of redemption requests (as defined below) by the trustee.

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A request for redemption of a note may be initiated by the representative of the deceased beneficial owner. For purposes of making a redemption request, the representative of a deceased beneficial owner is any person who is the personal representative or other person authorized to represent the estate of the deceased beneficial owner or the surviving joint tenant or tenant(s) by the entirety or the trustee of a trust. The representative must deliver a request to the participant through whom the deceased beneficial owner owned the note to be redeemed, in form satisfactory to the participant, together with evidence of the death of the beneficial owner, evidence of the authority of the representative satisfactory to the participant, such waivers, notices or certificates as may be required under applicable state or federal law and such other evidence of the right to redemption as the participant may require. For purposes of this description of notes, a participant is generally the broker from whom notes are purchased by a beneficial owner. The request will specify the principal amount of the notes to be redeemed in denominations of \$1,000 and integral multiples thereof. The participant will thereupon deliver to DTC a request for redemption substantially in the form attached as Appendix A to this prospectus supplement (known as the redemption request). DTC will, on receipt of a redemption request, forward the redemption request to the trustee. The trustee will maintain records with respect to redemption requests received by it, including date of receipt, the name of the participant filing the redemption request and the status of each redemption request with respect to the \$25,000 limitation and the \$2,000,000 aggregate limitation. The trustee will immediately file with us each redemption request it receives, together with the information regarding the eligibility of that redemption request with respect to the \$25,000 limitation and the \$2,000,000 aggregate limitation. We, DTC and the trustee may conclusively assume, without independent investigation, that the statements contained in each redemption request are true and correct and will have no responsibility for reviewing any documents submitted to the participant by the representative. We, DTC and the trustee will also have no responsibility for determining whether the applicable decedent is in fact the beneficial owner of the note to be redeemed or is in fact deceased and whether the representative is duly authorized to request redemption on behalf of the applicable beneficial owner.

Subject to the \$25,000 limitation and the \$2,000,000 aggregate limitation, we will, after the death of any beneficial owner, redeem the beneficial owner's note on the next interest payment date occurring not less than 30 days following our receipt of a redemption request from the trustee. If redemption requests exceed the \$2,000,000 aggregate limitation during the initial period or during any subsequent period, then the excess redemption requests will be applied in the order received by the trustee to successive subsequent periods, regardless of the number of subsequent periods required to redeem notes. We may, at any time, notify the trustee that we will redeem, on the next interest payment date occurring not less than 30 days after that notice, all or any lesser amount of notes for which redemption requests have been received but which are not then eligible for redemption by reason of the \$25,000 limitation or the \$2,000,000 aggregate limitation. If we so elect to redeem excess notes, we will redeem these excess notes in the order of receipt of redemption requests by the trustee.

The price we will pay for the notes to be redeemed pursuant to a redemption request is 100% of the principal amount of those notes plus accrued but unpaid interest thereon to the date of redemption; provided, however, that interest payable on a note with respect to an interest payment date that falls on or before a redemption date shall be made to the holder of such note on the record date related to such interest payment date. Subject to arrangements with DTC, payment for the notes to be redeemed will be made to DTC upon presentation of notes to the trustee for redemption in the aggregate principal amount specified in the redemption requests submitted to the trustee by DTC which are to be fulfilled on that date. The principal amount of any notes we acquire or redeem, other than by redemption at the option of any representative of a deceased beneficial owner, will not be included in the computation of either the \$25,000 limitation or the \$2,000,000 aggregate limitation for the initial period or for any subsequent period.

A beneficial owner, for purposes of determining if the representative of a deceased person may make a proper redemption request, is the person who has the right to sell, transfer or otherwise dispose of a note and the right to receive the proceeds from that sale, as well as the interest and principal payable to the holder of the note. In general, a determination of beneficial ownership in the notes will be subject to the rules, regulations and procedures governing DTC and its participants.

Any note held in tenancy by the entirety, joint tenancy or by tenants in common will be considered to be held by a single beneficial owner and the death of a tenant by the entirety, joint tenant or tenant in common will be considered the death of a beneficial owner. The death of a person who, during his lifetime, was entitled to substantially all of the rights of a beneficial owner of a note will be considered the death of the beneficial owner, regardless of the recordation of such ownership of the note on the records of the participant, if such rights can be established to the satisfaction of the participant and us. These rights will be considered to exist in typical cases of nominee ownership, ownership under the Uniform Gifts to Minors Act or the Uniform Transfer to Minors Act, community property or other similar joint

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ownership arrangements, including individual retirement accounts or Keogh [H.R. 10] plans maintained solely by or for the decedent or by or for the decedent and any spouse, trusts and certain other arrangements where one person has substantially all of the rights of a beneficial owner during such person's lifetime.

In the case of a redemption request which is presented on behalf of a deceased beneficial owner that has not been fulfilled at the time we give notice of our election to redeem the notes, the notes which are the subject of such pending redemption request will be redeemed prior to any other notes.

Any redemption request may be withdrawn by the person(s) presenting the redemption request upon delivery of a written request for withdrawal given by the participant on behalf of that person to DTC and by DTC to the trustee not less than 60 days prior to the interest payment date on which the notes are first eligible for redemption. We may, at any time, purchase any notes for which redemption requests have been received in lieu of redeeming those notes. Any notes we purchase in this manner will be presented to the trustee for redemption and cancellation.

During any time or times as the notes are not represented by a global certificate and are issued in certificated form, all references herein to participants and DTC, including DTC's governing rules, regulations and procedures, will be considered deleted, all determinations which under this section the participants are required to make will be made by us (including, without limitation, determining whether the applicable decedent is in fact the beneficial owner of a note to be redeemed or is in fact deceased and whether the representative is duly authorized to request redemption on behalf of the applicable beneficial owner), and all redemption requests, to be effective, must be delivered by the representative to the trustee, with a copy to us, and must be in the form of a redemption request (with appropriate changes to reflect the fact that the redemption request is being executed by a representative) and, in addition to all documents that are otherwise required to accompany a redemption request, must be accompanied by the note that is the subject of the request and, if applicable, a properly executed assignment or endorsement. If the record ownership of the notes is held by a nominee of the deceased beneficial owner, a certificate or letter from such nominee attesting to the deceased's ownership of a beneficial interest in the note must also be delivered.

Because of the limitations of our requirement to redeem, no beneficial owner can have any assurance that its notes will be redeemed prior to maturity.

The Guarantees

Indiana Gas, SIGECO and Vectren of Ohio will fully and unconditionally guarantee, jointly and severally, the performance and punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all of our obligations under the notes and the provisions of the indenture relating to the notes. If we default in payment of the principal of or any premium or interest on the notes, the subsidiary guarantors will be fully and unconditionally obligated, jointly and severally, to duly and punctually make such payment. The liability of each subsidiary guarantor will be independent of, and not in consideration of or contingent upon, our liability or the liability of any other party under the not