

VECTREN ENERGY DELIVERY OF OHIO INC

Form 424B2

March 06, 2008

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Filed pursuant to Rule 424(b)(2)
Registration Statement 333-146225

Prospectus Supplement

(to Prospectus dated October 5, 2007)

VECTREN UTILITY HOLDINGS, INC.

\$125,000,000

6.25% Senior Monthly Notes due 2039

guaranteed by

Indiana Gas Company, Inc.

**Southern Indiana Gas
and Electric Company**

**Vectren Energy Delivery
of Ohio, Inc.**

Our Senior Monthly Notes due 2039, which we refer to as the Notes, will bear interest at the rate of 6.25% per year and will be payable in arrears on the first day of each month, beginning on April 1, 2008. The Notes will mature on April 1, 2039. However, we can redeem the Notes, in whole or in part from time to time, on or after April 1, 2013 at 100% of the principal amount thereof plus any accrued interest thereon. In addition, we will be required to redeem the Notes at the option of the representative of any deceased beneficial owner (subject to limitations and conditions specified herein) at 100% of the principal amount thereof plus any accrued interest thereon. The 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, the Notes will effectively rank junior to all liabilities and preferred equity of the related subsidiary.

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 96.85% of their principal amount (\$121,062,500 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 March 10, 2008.

The date of this prospectus supplement is March 5, 2008

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This prospectus supplement contains specific information about the terms of the offering of the 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 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 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, the accompanying prospectus and any related free writing prospectus required to be filed with the

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Securities and Exchange Commission. 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 Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus or any such free writing prospectus is accurate only as of the date on the cover page of this prospectus supplement, the accompanying prospectus or such free writing prospectus, as the case may be, and that the information contained in documents incorporated by reference therein 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 transportation and storage 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 industry, including the effects of industry restructuring and unbundling.

Regulatory factors such as unanticipated changes in rate-setting policies or procedures, recovery of investments and costs made under traditional regulation 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, aging workforce issues or work stoppages.

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

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Costs, fines, penalties and other effects of legal and administrative proceedings, settlements, investigations and claims including, but not limited to, such matters involving compliance with state and federal laws and interpretations of those laws.

Changes in federal, state or local legislative requirements, such as changes in tax laws or rates, environmental laws, including laws governing greenhouse gases, mandates of sources of renewable energy, and other regulations.

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 Notes. The summary is not complete and does not contain all of the information you should consider before purchasing the 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 over 568,000 natural gas customers located in central and southern Indiana. SIGECO provides energy delivery services to approximately 141,000 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 provide electric distribution services primarily to southwestern Indiana, and includes the power generating and asset optimization 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 provides information technology and other support services to those regulated 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.

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The Offering

Securities Offered	\$125,000,000 in aggregate principal amount of 6.25% Senior Monthly Notes due 2039.
Interest Rate	6.25% per year.
Interest Payments	We will pay interest on the Notes in arrears on the first day of each month, beginning on April 1, 2008, to the holders of the Notes as of the day which is 15 calendar days (whether or not a business day) prior to the relevant interest payment date and, if applicable, upon redemption.
Stated Maturity Date	The Notes will mature on April 1, 2039 unless redeemed prior to that date.
Optional Redemption by Utility Holdings	We will have the right to redeem the Notes, in whole at any time or in part from time to time, on or after April 1, 2013 at 100% of the principal amount to be redeemed plus any accrued and unpaid interest thereon to the date of redemption.
Redemption Option of a Deceased Beneficial Owner Representative	sWe will be required to redeem the Notes at the option of the representative of any deceased beneficial owner of a Note on a quarterly basis at 100% of the principal amount to be redeemed plus any accrued and unpaid interest thereon to the date of redemption, subject to the limitations and conditions that, during the period from the original issue date of the Notes through April 1, 2009 and during each twelve-month period after April 1, 2009, the maximum principal amount we are required to redeem is \$25,000 per deceased beneficial owner and an aggregate of \$2,500,000 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 December 31, 2007, 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 December 31, 2007, our subsidiaries had total liabilities of \$2.3 billion, of which \$245.2 million represented secured indebtedness, and no preferred equity outstanding.

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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.

Ratings

We anticipate that the Notes will be rated A- by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (S&P), and Baa1 by Moody's Investors Service, Inc. (Moody's). A rating reflects only the view of a rating agency and is not a recommendation to buy, sell or hold the 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 \$120,737,500 after deducting estimated offering expenses of \$325,000 payable by us. We intend to use the net proceeds from the sale of the Notes to repay a portion of our short-term debt obligations incurred to fund our capital expenditure program and for other general corporate purposes.

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RISK FACTORS

Before making an investment decision with respect to the 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 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 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, which may be limited or prohibited by contract, regulatory considerations or applicable law or otherwise. 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 December 31, 2007, we had senior indebtedness of \$700.0 million, none of which was secured, and our subsidiaries had total liabilities of \$2.3 billion, of which \$245.2 million represented secured indebtedness, and no preferred equity outstanding.

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:

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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 (or negative outlook) in or withdrawal of 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 that the Notes will be rated initially A- by S&P and Baa1 by Moody's. Credit 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 particular 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, placed on negative outlook or withdrawn at any time. Downgrades (or initiations of negative outlooks) in or withdrawals of a rating of the Notes or our other securities or the securities of our subsidiaries is likely to adversely affect the market price of the Notes and your ability to sell, and the price at which you may sell, the Notes when desired or at all. 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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A downgrade (or negative outlook) in or withdrawal of our credit rating or the credit rating of the bond insurer that insures certain long-term debt of SIGECO could negatively affect our ability to access capital and its cost.

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

	Current Rating	
	Moody's	Standard & Poor's
Utility Holdings and Indiana Gas senior unsecured debt	Baa1	A-
Utility Holdings commercial paper program	P-2	A-2
SIGECO's senior secured debt	A-3	A

Our current outlook from both S&P and Moody's is stable and both categorize the ratings of the above securities as investment grade. A security rating is not a recommendation to buy, sell, or hold securities. The rating is subject to revision or withdrawal at any time, and each rating should be evaluated independently of any other rating. S&P and Moody's lowest level investment grade rating is BBB- and Baa3, respectively.

We may be required to obtain additional permanent financing (1) to fund our capital expenditures, investments and debt security redemptions and maturities and (2) to 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 initiate negative outlooks thereon, 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 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 Corporation and none of our equity is listed on a national securities exchange or otherwise.

SIGECO has approximately \$103 million of tax-exempt adjustable rate long-term debt where the interest rates on this debt are reset every seven days through an auction process. During February 2008, significant disruptions occurred in the overall auction rate debt markets. As a result, many auctions of tax-exempt debt, including some of those involving certain SIGECO auction rate debt, failed as a result of insufficient order interest from potential investors. These failures are largely attributable to a lack of liquidity in the market place arising from downgrades in, and negative watches regarding, credit ratings of monoline insurers that guarantee the timely repayment of bond principal and interest if an issuer defaults, as well as from disruptions in the overall financial markets. Monoline insurer Ambac Assurance Corporation insures SIGECO's auction rate long-term debt. As a result of these failed auctions, interest rates associated with these instruments reset to the maximum rates permitted under the various debt indentures of 10 percent to 15 percent for the following week. On a weekly basis, interest expense using these maximum rates is approximately \$200,000 higher than the average weekly interest expense based on rates experienced during 2007.

Subject to applicable notice provisions, SIGECO may, at its option, redeem this auction rate debt at par value plus the accrued and unpaid interest or elect to utilize other interest rate modes available to it as defined in the various debt indentures. SIGECO provided notice to current holders of this debt during late February 2008 that such debt will be converted from the auction rate mode into a daily interest rate mode during March 2008 and will be subject to mandatory tender for purchase on the conversion date at 100 percent of the principal amount plus accrued interest. While we complete this conversion from the current auction rate mode to the daily interest rate mode, which we expect to occur by March 14, we may continue to experience increased interest costs. Following conversion to the daily mode, SIGECO may again convert the debt to other interest rate modes and remarket it to investors or redeem the debt and reissue new debt, including replacing the outstanding debt with taxable debt from Utility Holdings.

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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 before making an investment decision.

The right of a deceased beneficial owner's representative to redeem Notes may be limited in amount.

The representative of a deceased beneficial owner of Notes will have the right at any time to request redemption of all or part of such Notes. We will have a discretionary right, however, to limit the aggregate principal amount of Notes subject to redemption by the representative of any individual deceased beneficial owner of Notes to \$25,000 for the period prior to April 1, 2009 and each 12-month period thereafter while the Notes remain outstanding. We will also have a discretionary right to limit the aggregate principal amount of Notes we will redeem pursuant to such requests from all representatives of deceased beneficial owners of Notes to \$2,500,000 during each such period. Accordingly, we cannot assure you that a redemption request submitted by a representative of a deceased beneficial owner of Notes will be permitted for the desired amount during any single period during which these limitations are calculated. In addition, any such redemptions will be effected on a quarterly basis and the right of a representative of a deceased beneficial owner of Notes to request redemption of Notes is subject to other conditions as described under "Description of the Notes—Limited Right of Redemption Upon Death of Beneficial Owner."

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, have passed legislation that allows customers to choose their electricity supplier in a competitive market. Indiana has not enacted 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.

A significant portion of our gas and electric utility sales is for space heating and cooling. Accordingly, our operating results may fluctuate with variability of 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 30-year 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 a material impact on our earnings. However, the impact of weather on our gas operations in our Indiana territories has been significantly mitigated through the implementation on October 15, 2005 of a normal temperature adjustment mechanism.

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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 charge our customers, 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 and safety. In addition, these regulatory agencies regulate the rates that we can charge customers and the rate of return our utilities are authorized to earn and our ability to timely recover gas and fuel costs. Our ability to obtain rate increases 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 earning our current authorized rate of return. As gas costs remain above historical levels, disallowance of gas costs might be material to our results of operations or financial condition.

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), nitrogen oxide (NO_x), and mercury, 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, and the costs associated with operating that equipment, have increased and are expected to increase in the future.

Further, there are proposals to address global climate change that would regulate carbon dioxide (CO₂) and other greenhouse gases and other proposals that would mandate an investment in renewable energy sources. Any future legislative or regulatory actions taken to address global climate change or mandate renewable energy sources could adversely affect our business, prospects, financial condition and results of operations by, for example, requiring changes in, and increased costs related to, our fossil fuel generating plants and increased costs to acquire renewable energy sources.

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

From time to time, we may be subject to material litigation and regulatory proceedings, including matters involving compliance with state and federal laws or other matters. 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.

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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 purchased power costs. Such operational risks can arise from circumstances such as:

- facility shutdowns due to equipment failure or operator error;
- 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.

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 those of other Midwest utilities.

As a result of MISO's operational control over much of the Midwestern electric transmission grid, including SIGECO's transmission facilities, SIGECO's continued ability to import power when necessary and export power to the wholesale market has been, and may continue to be, impacted. Given the nature of MISO's policies regarding use of transmission facilities, as well as ongoing FERC initiatives and a pending Day 3 market where MISO plans to provide bid-based regulation and contingency operating reserve markets, it is difficult to predict near term operational impacts. MISO has indicated that the Day 3 ancillary services market would begin in June 2008.

The need to expend capital for improvements to the transmission system, both to our facilities as well as to those facilities of adjacent utilities, over the next several years is expected to be significant. As part of its recent rate case, SIGECO obtained approval to recover costs for certain transmission projects through its MISO tracker.

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 primarily involve the offering of utility-owned or contracted generation into the MISO hourly and real time markets. As part of these strategies, we may also execute energy contracts that are integrated with portfolio requirements around power supply and delivery. Margin earned from these activities above or below \$10.5 million is shared evenly with customers. These earnings from wholesale marketing activities may vary based on fluctuating prices for electricity and the amount of electric generating capacity or purchased power available, beyond that needed to meet firm service requirements.

Catastrophic events could adversely affect our facilities and operations.

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

Table of Contents**Workforce risks could affect our financial results.**

We are subject to various workforce risks, including, but not limited to, the risk that we will be unable to attract and retain qualified personnel, that we will be unable to effectively transfer the knowledge and expertise of an aging workforce to new personnel as those workers retire and that we will be unable to reach collective bargaining arrangements with the unions that represent certain of our workers, which could result in work stoppages.

The performance of Vectren's nonutility 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 gas marketing strategies by ProLiance and Vectren's nonutility gas retail supply operations as well as the execution of Vectren's coal mining and energy infrastructure services strategies, and the success of efforts to invest in and develop new opportunities in the nonutility business area is subject to a number of risks. These risks include, but are not limited to, the effects of weather; failure of installed performance contracting products to operate as planned; failure to properly estimate the cost to construct projects; storage field and mining property development; increased coal mining industry regulation; potential legislation that may limit CO₂ and other greenhouse gas emissions; creditworthiness of customers and joint venture partners; factors associated with physical energy trading activities, including price, basis, credit, liquidity, volatility, capacity, and interest rate risks; changes in federal, state or local legal requirements, such as changes in tax laws or rates; and changing market conditions. While Vectren's nonutility 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.

Vectren's nonutility businesses support our utilities pursuant to service contracts by providing natural gas supply services, coal, and energy infrastructure services. In most instances, Vectren's ability to maintain these service contracts depends upon regulatory discretion and negotiation with interveners, and there can be no assurance that it will be able to obtain future service contracts, or that existing arrangements will not be altered.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of the Notes of approximately \$120,737,500 after deducting estimated offering expenses of \$325,000 payable by us. We intend to use the net proceeds from the sale of the Notes to repay a portion of our short-term debt obligations incurred to fund our capital expenditure program, including our commercial paper, which, as of January 31, 2008, had a weighted average interest rate of 4.33% per annum and had maturities ranging from one day to 21 days. We may also use a portion of the net proceeds for other general corporate purposes.

CAPITALIZATION

The following table sets forth our historical capitalization at December 31, 2007 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 December 31, 2007	
	Actual	As Adjusted (1)
	(dollars in millions)	
Long Term Debt	\$ 1,062.6	\$ 1,187.6
Common Shareholder's Equity	1,090.4	1,090.4
Total Capitalization	\$ 2,153.0	\$ 2,278.0

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

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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.

	Fiscal Year Ended December 31,				
	2007	2006	2005	2004	2003
Ratio of Earnings to Fixed Charges	3.1x	2.8x	3.1x	3.0x	3.1x

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.

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DESCRIPTION OF THE NOTES

Set forth below is a description of the specific terms of the 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 sixth supplemental indenture relating to the 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 Notes will be issued as a single series of debt securities under the indenture and will be limited in aggregate principal amount to \$125,000,000, subject to the reopening provisions of the indenture. The 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 Notes will mature and become due and payable, together with any unpaid interest accrued thereon, on April 1, 2039 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 Trust 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 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.

Interest

The Notes will bear interest at 6.25% per year from the date of original issuance. Interest on each Note will be payable in arrears on the first day of each month, beginning on April 1, 2008 (each, an "interest payment date"), to the person in whose name such 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 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

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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 December 31, 2007, we had total senior indebtedness of \$700.0 million, none of which was secured, and our subsidiaries had total liabilities of \$2.3 billion, of which \$245.2 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 subsidiaries. See also **The Guarantees** below for a discussion of the circumstances in which the guarantees of our subsidiary guarantors may be terminated.

Optional Redemption

We will have the right to redeem the Notes, in whole at any time or in part from time to time, on or after April 1, 2013 at a price equal to 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. In order to exercise our optional redemption right, written notice must be given to noteholders not less than 30 nor more than 60 days prior to the redemption date.

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 Notes will have the right at any time to request redemption of all or part of such Notes. We will redeem such Notes subject to the limitations and conditions that we will not be obligated to redeem, during the period from the original issue date of the Notes through and including April 1, 2009 (known as the **initial period**), and during any twelve-month period which ends on and includes each April 1 thereafter (each such twelve-month period being known as a **subsequent period**), Notes with an aggregate principal amount in excess of \$25,000 from the representative of any deceased beneficial owner or Notes exceeding \$2,500,000 in aggregate principal amount from the representatives of 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 \$25,000. Any such redemption, to the extent that it exceeds the \$25,000 limitation for the representative of any deceased beneficial owner, will not be included in the computation of the \$2,500,000 limitation for the representatives of all deceased beneficial owners for the applicable period or for any succeeding subsequent period. We may, at our option, also redeem deceased beneficial owners' Notes, in the initial period or any subsequent period, in an aggregate principal amount exceeding \$2,500,000. Any such redemption, to the extent it exceeds the \$2,500,000 limitation for the representatives of all deceased beneficial

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owners, will not reduce the \$2,500,000 limitation for all such representatives for the applicable period or any subsequent period. If we elect to redeem Notes in excess of the \$25,000 limitation for the representative of any deceased beneficial owner or the \$2,500,000 limitation for the representatives of all deceased beneficial owners, Notes so redeemed will be redeemed in the order of the receipt of redemption requests (as defined below) by the trustee.

A request for redemption of a Note may be initiated by the representative of a 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 of, or is otherwise authorized to represent, the estate of such 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 such participant, together with evidence of the death of such beneficial owner, evidence of the authority of the representative satisfactory to such 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 such participant may require. For purposes of this discussion, a participant is generally the broker from whom the Notes are purchased by a beneficial owner. The request must 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 individual limitation and the \$2,500,000 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 individual limitation and the \$2,500,000 aggregate limitation. We, DTC and the trustee may conclusively assume, without independent investigation or verification, 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 deceased person 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 individual limitation and the \$2,500,000 aggregate limitation, we will, after the death of any beneficial owner, redeem the Notes of such beneficial owner so requested for redemption by its representative on the next quarterly redemption date (as defined below) occurring not less than 30 days following our receipt of a redemption request from the trustee. If a redemption request exceeds the \$25,000 individual limitation, or if all redemption requests exceed the \$2,500,000 aggregate limitation during the applicable 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 the Notes to which the redemption requests relate. We may, at any time, notify the trustee that we will redeem, on the next quarterly redemption 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 individual limitation or the \$2,500,000 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 quarterly redemption dates will be January 1, April 1, July 1 and October 1 of each year, beginning July 1, 2008.

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 any 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

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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 individual limitation or the \$2,500,000 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 thereon and principal thereof. 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 the beneficial owner of such Note. 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 of such Note, regardless of the recordation of ownership of such 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 ownership arrangements, including individual retirement accounts or Keogh H.R. 10 plans maintained solely by or for the deceased person or by or for the deceased person 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 pursuant to our optional redemption right to the extent that the aggregate principal amount of such Notes does not exceed the aggregate principal amount of Notes we have elected to redeem at our option.

The representative of the deceased beneficial owner of Notes may initiate the withdrawal of any redemption request by making a request therefor to the applicable participant and requesting the participant to request that DTC make a similar request to the trustee not less than 60 days prior to the quarterly redemption 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.

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 deceased person 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 a Note 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 and conditions referred to in this section, no assurance can be given that the representative of a deceased beneficial owner of Notes will be able to effect the redemption of such Notes prior to maturity.

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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, upon redemption, 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 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 Notes or the indenture. Further, we may in our sole discretion elect to cause each subsequent subsidiary of ours to fully and unconditionally guarantee all of the obligations under the Notes; provided, however, that we have agreed to cause any subsequent subsidiary of ours that guarantees any other obligations of ours to guarantee the obligations under the Notes.

The guarantee of each subsidiary guarantor will be unsecured and will rank equally in right of payment with all of that subsidiary guarantor's other senior unsecured indebtedness, senior to its preferred equity and junior to its secured indebtedness to the extent of the underlying collateral. Except as otherwise specified in the second succeeding paragraph, the guarantees will remain in full force and effect until payment in full of all of the Notes.

Each subsidiary guarantor's obligations will be limited to the maximum amount that (after giving effect to all other contingent and fixed liabilities of such guarantor and any collections from, or payments made by or on behalf of, any other guarantors) will result in the obligations of such guarantor under the guarantee not constituting a fraudulent conveyance or fraudulent transfer under applicable law. See Risk Factors 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.

Notwithstanding the restrictions on transfer described in the accompanying prospectus under Description of the Debt Securities Merger, Consolidation or Sale of Assets, if we transfer or cause the transfer of all or substantially all of the voting capital stock or assets of any subsidiary guarantor to any person other than us or one of the other subsidiary guarantors, whether by merger, consolidation, sale or other transfer, then all of the obligations and liabilities of that subsidiary guarantor under its guarantee will terminate upon transfer so long as:

1. such subsidiary guarantor has fully repaid all of its indebtedness, if any, to us and the other subsidiary guarantors,
2. S&P and Moody's, or their successors, have each confirmed that, as a result of the transfer, our long term credit rating will not fall below BBB- (or its equivalent), in the case of S&P, and Baa3 (or its equivalent), in the case of Moody's, and
3. immediately before and immediately after giving effect to the transfer, no Event of Default and no event which, after notice or passage of time or both, would become an Event of Default shall have occurred and be continuing.

Book-Entry Only System

The information in this section concerning the depository and the depository's book-entry system has been obtained from sources (including DTC) that we believe to be reliable.

Upon issuance, the Notes will be represented by a single global security. Each global security will be registered in the name of a nominee of the depository. The Notes will not be exchangeable for certificated Notes at the option of the holder and, except as set forth below, will not otherwise be issuable in certificated form.

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DTC has advised us and the underwriter as follows: DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the Exchange Act). DTC holds securities that its participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. a0in;width:1.6%;">

Type of securities

(tick one)

(a)

ý

Securities described in Part 1

(b)

o

All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35

o

If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders

36

o

If the *securities are *equity securities, a distribution schedule of the additional *securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37

o

A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
 the date from which they do
 the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)
- 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

There is no reason why those +securities should not be granted +quotation.

An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 14 February 2006

Company secretary

Print name:

John Priestley

== == == == ==

+ See chapter 19 for defined terms.

SCHEDULE C

PRICING SUPPLEMENT

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

(Australian Business Number 11 005 357 522)

Australian Dollar

Debt Issuance Programme

Series No: 16

Tranche No: 3

AUD 100,000,000 6.00% Fixed Rate Transferable Certificates of Deposit due 2009 to be consolidated and form a single series with the existing A\$775,000,000 6.0% Fixed Rate Transferable Certificates of Deposit due 2009 (Series 16, Tranches 1 and 2)

Issue Price: 103.351 per cent.

Australia and New Zealand Banking Group Limited

(Australian Business Number 11 005 357 522)

acting through ANZ Investment Bank

UBS AG, AUSTRALIA BRANCH

(Australian Business Number 47 088 129 613)

Dealers

The date of this Pricing Supplement is 14 February 2006

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Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the Conditions) set forth in the Information Memorandum dated 11 April 2003. This Pricing Supplement contains the final terms of the Securities and must be read in conjunction with the Information Memorandum dated 23 April 2004, save in respect of the Conditions which are extracted from the Information Memorandum dated 11 April 2003

1	Issuer:	Australia and New Zealand Banking Group Limited
2	(i) Series Number:	16
	(ii) Tranche Number:	3
	(if fungible with an existing Series, details of that Series, the number including the date on which the Securities become fungible)	Fungible with Series No 16, Tranche No. 1 issued on 2 March 2004 in an Aggregate Nominal Amount of A\$675,000,000 and maturing on 2 March 2009 and also fungible with Series No 16, Tranche No. 2 issued on 28 November 2005 in an Aggregate Nominal Amount of A\$100,000,000 and maturing on 2 March 2009.
3	Specified Currency:	Australian Dollars
4	Aggregate Nominal Amount:	\$100,000,000
5	(i) Issue Price:	103.351 per cent of the Aggregate Nominal Amount (including accrued interest equal to 2.735% of the Aggregate Nominal Amount)
	(ii) Net proceeds:	\$103,351,000
6	Specified Denomination(s):	\$1,000
7	(i) Issue Date:	14 February 2006
	(ii) Interest Commencement Date:	2 September 2005
8	Maturity Date:	2 March 2009
9	Interest Basis:	6.00 per cent. per annum Fixed Rate (Further particulars specified below)
10	Redemption/Payment Basis:	Redemption at Par
11	Change of Interest or Redemption/Payment Basis:	Not applicable
12	Put/Call Options:	Not applicable
13	Status of the Securities:	Transferable Certificates of Deposit
14	Listing:	Australian Stock Exchange

15 Method of distribution: Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Security Provisions	Applicable
(i)	Rate of Interest:	6.00 per cent per annum payable semi-annually in arrears
(ii)	Interest Payment Date(s):	2 March and 2 September in each year commencing 2 March 2006
(iii)	Fixed Coupon Amount[(s)]:	\$30 per \$1,000 on each Interest Payment Date
(iv)	Broken Amount(s):	Not Applicable

	(v)	Business day Convention:	Following Business Day Convention
	(vi)	Day Count Fraction:	RBA Bond Basis
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Securities:	Full Fixed Coupon Amount payable on the 2 March 2006
	(viii)	Interest Determination Date	Not Applicable
17		Floating Rate Security Provisions	Not Applicable
18		Zero Coupon Security Provisions	Not Applicable
19		Index-Linked Interest Security Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21		Call Option	Not Applicable
22		Put Option	Not Applicable
23		Final Redemption Amount:	Outstanding Nominal Amount
24		Early Redemption Amount:	Not Applicable

Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions)

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

25		Form of Securities:	Registered
26		Additional Financial Centre(s) or other special provisions relating to Interest Payment Dates:	Not Applicable
27		Public Offer Test compliant	Yes
28		Details relating to Instalment Notes, including Instalment Amount(s) and Instalment Date(s):	Not Applicable
29		Consolidation provisions:	Not Applicable
30		Governing law:	State of Victoria
31		Other terms or special conditions:	Not Applicable

DISTRIBUTION

32		If syndicated, names of Lead Managers and the Dealers:	Australia and New Zealand Banking Group Limited UBS AG, Australia Branch (Lead Managers and Dealers)
33		If non-syndicated, name of Dealer:	Not Applicable

34 Additional selling restrictions: Not Applicable

OPERATIONAL INFORMATION

35 ISIN: AU0000ANZHC2

- | | | |
|----|--|--|
| 36 | Code | ANZHC |
| 37 | Any clearing system(s) other than Austraclear and the relevant identification number(s): | Securities will be lodged in the Austraclear system. Securities may also be held and transacted in the Euroclear and Clearstream systems |

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the Securities described herein pursuant to the Australian Dollar Debt Issuance programme as from 14 February 2006.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.
Signed on behalf of the Issuer:

By: /s/ Rick Moscati
Attorney
Rick Moscati
Group Treasurer

By:

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Australia and New Zealand
Banking Group Limited
(Registrant)

By: */s/ John Priestley*
John Priestley
Company Secretary

Date 15 February 2006
