

Continued from Page A1

Virtually no shareholder premiums are being realized from the transaction. SIGCORP shareholders will receive 1.33 shares of the new company's common stock for each share of SIGCORP currently held, while Indiana Energy shareholders will be one share of the new company for every share of the present company they now hold.

Corporate headquarters for the new holding company will be in Evansville, but its chairman and chief executive officer will be Niel C. Ellerbrook, 50, president and CEO of Indiana Energy. Ellerbrook is a native of Franklin, Ind.

Evansville native Andrew E. Goebel, 51, president and chief operating officer of SIGCORP will retain those positions with Vectren.

In a news conference at SIGCORP headquarters, Ellerbrook pledged a 10 percent per year earnings growth by 2003 from the combination of companies that "each boast an entrepreneurial culture, and outstanding work force, firm Indiana roots and a drive to aggressively pursue opportunities presented by a changing energy industry."

Goebel called the merger "a marriage of strengths. He said SIGCORP has the lowest average retail electric rate in Indiana, and gas rates of each company are among the state's lowest.

The merger, approved by directors of SIGCORP and Indiana Energy, still must be OK'd by stockholders and government regulators.

To cite a few possibilities, it could open the way to better wholesale natural gas prices, allow sales of electricity over a geographical area comprising about two-thirds of Indiana, and let SIGCORP spin-offs such as SIGECOM operate over a wider area.

SIGECOM is providing TV cable and Internet service over parts of the Evansville area, and will offer local and long-distance phone service, too.

Ellerbrook said the merger would result in cost reductions of \$200 million over the next 10 years, which would result in part in lower charges to ratepayers.

The new company is expected to eliminate about 120 positions, mostly in support services, out of a total combined payroll of 1,850. But Ellerbrook said few will actually lose jobs. Many employees who are not retrained will leave through retirement or normal attrition, he said.

Goebel said SIGCORP and Indiana Energy officials have been negotiating the merger since February, but the union grew out of "a long-standing relationship" enhanced by the longtime friendship of SIGCORP chairman and CEO Ronald G. Rehman and L.A. Ferger, his Indiana Energy counterpart. Rehman and Ferger will retire when the merger is complete, but will serve on the new company's board.



Niel Ellerbrook



Andrew Goebel

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