

VECTREN NEWS

McDonald Investments Inc., a KeyCorp Company, has added Vectren Corporation to its list of stocks to watch.

McDonald is the eighth brokerage firm to initiate coverage of Vectren - more than the number that covered either IEI or SIGCORP prior to the merger. This is the direct result of one of our merger strategies - to increase the company's size and scope and become more visible.

The company hopes that with increased coverage by investment analysts and continued performance the demand for Vectren stock will increase.

While McDonald initiated coverage of the company with a hold rating, it was optimistic that Vectren will meet its 2000 and 2001 earning targets.

"It is our view that merger synergies will permit achieving growth objectives in the early years. However, longer-term growth is contingent upon successfully growing unregulated operations," McDonald said.

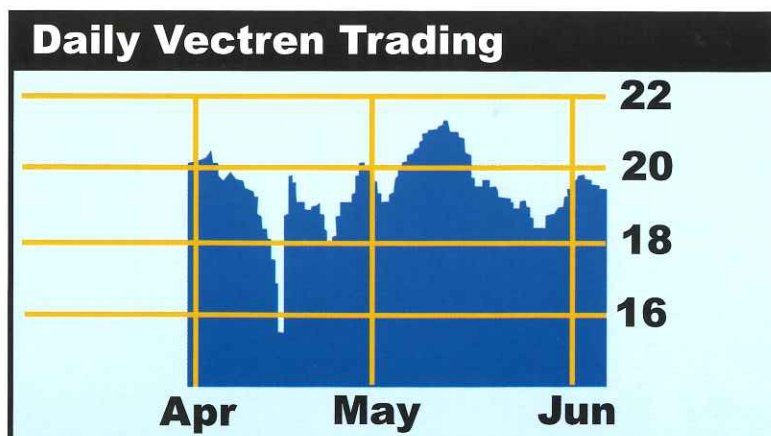
Vectren trades on the New York Stock Exchange under the symbol VVC.

McDonald said the company expects its regulated businesses - basically SIGECO, Indiana Gas and, after the pending acquisition, DPL - to make up 4 percent of the targeted 10% growth rate and its unregulated businesses the remainder.

"We believe," McDonald said, "that this level of growth in regulated earnings is achievable by virtue of continued cost cutting and the strong economy within VVC's service territory. Further, it is our view that management should be capable of achieving targeted levels of growth in its unregulated operations,

given the profile of business segments targeted to provide this growth. In addition, we believe that the relatively low base of unregulated earnings (approximately 28 cents a share in 1999) will permit growth in the short-term."

VVC has traded as high as \$21.50 a share and as low as \$15.75 a share since the stock began trading on April 3 following the completion of the merger of IEI and SIGCORP. Recently it has been trading in the \$19 to \$20 range.



SIGECO, Indiana Gas use alternative fuel sources that are good for the environment and the business.

SIGECO has taken another step to protect the environment. It has initiated the use of a new Biodiesel (B-20) fuel for the diesel vehicles in its fleet.

Biodiesel is a mixture of diesel fuel and used cooking grease from fast food businesses. SIGECO purchases the mixture from Griffin Industries in Cold Springs, Ky. The mix must be 20 percent grease to meet the Energy Policy Act of 1992 (EPA) requirements.

"This alternative fuel is a way to recycle and help the environment," said Pat Tying, superintendent building, grounds and equipment for Vectren.

With the use of the B-20 there is no additional equipment that needs to be purchased, no vehicle modification, and there are no maintenance facilities required.

"Biodiesel is also better for the engines of the vehicles," Tying said. "It's a better lubricant than plain diesel." SIGECO already uses Compressed Natural Gas (CNG) and an Ethanol mix (E85) to help power its fleet of vehicles. The addition of B-20 will help

increase the number of company vehicles running on alternative fuels.

"Since the purchase of the B-20, SIGECO has over 200 vehicles out of 450 running on alternative fuels and that number will increase annually," Tying said.

Right now, SIGECO has 82 vehicles running on CNG, 8 running on E85, and 114 running on B-20.

Indiana Gas's fleet vehicles also use alternative fuels. Currently IGC has approximately 100

vehicles running on CNG and it expects that number to rise within the coming year.

"IGC does not have as many diesel engines as SIGECO does," said Phil Samuelson, manager of transportation services for IGC. "But our number of diesel-powered vehicles is growing and we are looking to incorporate the new B-20 along with the CNG."

Pat Tying adds Biodiesel fuel to a truck in the SIGECO fleet.



Win tickets to the Otters' games!

The company has tickets to Otter baseball games on June 22, 23 and 24 with Johnstown and on June 25, 26 and 27 with London. If you would like to enter a drawing for any of these games fill out the form below and send it to corporate communications or FAX it to us at (812) 491-4078 by noon Monday, June 19. The Evansville Otters are an independent baseball team based in Evansville.

Otters Drawing

Name: _____

Dept: _____

Ext: _____

Preferred Date and Game:

Check it out


Employee shifts

Kathy Humphrey is moving to the Vectren government and public affairs team. She will serve as the director of government and public affairs and will work out of the Indianapolis office at 1630 N. Meridian St.

Kathy, formerly director of customer service for Indiana Gas, has been with the company for the past 23 years. Most recently, she has been key team leader with the customer care center integration process.

In her new position, she will have a key role in directing Vectren's state and federal governmental relations. In addition she will be managing Vectren's corporate contributions and activities with non-profit agencies. The effective date for her new role is June 26.

One of the significant qualities she brings to this new post is her knowledge of the company and the central Indiana region where she has lived and worked.

In a related shift, Steve Williams, a retired Indiana Gas officer, will redirect his energies to manage the Indiana Gas customer service team. Steve's contracted position extends through the consolidation process. Robbie Sears at SIGECO will continue to serve as team leader for the CIS/Banner process. 

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