

VECTREN CORP
Form 424B2
July 28, 2003
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Filed Pursuant to Rule 424(b)(2)

Registration No. 333-104186

Prospectus Supplement dated July 24, 2003

to Prospectus dated July 24, 2003

VECTREN UTILITY HOLDINGS, INC.

\$100,000,000

5.25% Senior Notes due August 1, 2013

\$100,000,000

5.75% Senior Notes due August 1, 2018

guaranteed by

Indiana Gas Company, Inc.

**Southern Indiana Gas
and Electric Company**

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

Our Senior Notes due August 1, 2013 (the 2013 notes) bear interest at the rate of 5.25% per year and our Senior Notes due August 1, 2018 (the 2018 notes) bear interest at the rate of 5.75% per year. We collectively refer to the 2013 notes and 2018 notes as the notes. Interest on the notes is payable semi-annually in arrears on February 1 and August 1, beginning on February 1, 2004, and upon any earlier redemption. The 2013 notes will mature on August 1, 2013, and the 2018 notes will mature on August 1, 2018. However, we can redeem the notes at any time prior to maturity at their respective redemption prices described under Description of the Notes Optional Redemption.

The notes will be jointly and severally and fully and unconditionally guaranteed 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.

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

While our subsidiary guarantees are in effect, the notes will effectively rank equally with all of our subsidiaries other unsecured senior indebtedness, senior to their preferred equity and junior to their secured indebtedness to the extent of the underlying collateral. If any guarantee is terminated, 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.

	<u>Price to Investors(1)</u>	<u>Underwriting Discount</u>	<u>Proceeds, Before Expenses, to Us</u>
Per 2013 note	99.746%	0.650%	99.096%
Total	\$ 99,746,000	\$ 650,000	\$ 99,096,000
Per 2018 note	99.177%	0.700%	98.477%
Total	\$ 99,177,000	\$ 700,000	\$ 98,477,000

(1) Plus accrued interest from July 29, 2003, if settlement occurs after that date.

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 only in book-entry form through The Depository Trust Company (DTC) on or about July 29, 2003.

ABN AMRO Incorporated

Banc One Capital Markets, Inc.

Wachovia Securities

BNY Capital Markets, Inc.

Fifth Third Securities, Inc.

NatCity Investments, Inc.

The date of this prospectus supplement is July 24, 2003.

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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 prospectus under the headings Where You Can Find More Information and Incorporation of Information We File With the SEC.

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 underwriters have 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 underwriters are 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 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.

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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 underwriters refers to ABN AMRO Incorporated, Banc One Capital Markets, Inc., Wachovia Capital Markets, LLC, BNY Capital Markets, Inc., Fifth Third Securities, Inc., NatCity Investments, Inc. and U.S. Bancorp Piper Jaffray Inc.

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:

Weather conditions;

The federal and state regulatory environment, including changes in rate-setting and cost-recovery policies, environmental regulations, tax or accounting matters and other laws and regulations to which we are subject;

The economic climate, including inflation rates and monetary policies;

Unusual or unanticipated changes in normal business operations, including unusual maintenance or repairs and environmental remedial costs;

Fluctuation in supply, demand, transmission capacity and prices for energy commodities;

Customer growth within our service territories and changes in customers' usage patterns and energy preferences;

Financial market conditions, including changes in availability of capital or interest rate fluctuations;

Our ability to carry out our marketing and sales plans, along with the ability to realize synergies associated with our acquisition and investment strategies;

The performance of projects undertaken by the nonregulated businesses of our parent company, Vectren Corporation (Vectren), and the success of its efforts to invest in and develop new opportunities, including, but not limited to, the realization of Section 29 income tax credits and the success of its coal mining, gas marketing and broadband strategies;

Employee or contractor workforce factors, including changes in collective bargaining unit agreements, strikes or work stoppages; or

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Direct or indirect effects on our business, financial condition or liquidity resulting from a change in our credit ratings.

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 section 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. 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 (Southern Indiana Gas), 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 natural gas distribution and transportation services to a diversified customer base in 49 of Indiana's 92 counties.

Southern Indiana Gas provides natural gas distribution and transportation services to 10 counties in southwestern Indiana, including Evansville. Southern Indiana Gas also provides electric generation, transmission, and distribution services to 8 counties in southwestern Indiana, including Evansville, and participates in the wholesale power market.

The Ohio operations provide natural gas distribution and transportation services to 17 counties in west central Ohio, including Dayton. 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).

For the twelve-month periods ended March 31, 2003 and 2002, we had net income of \$102.4 million and \$49.3 million, respectively. For the fiscal years ended December 31, 2002 and 2001, we had net income of \$97.1 million and \$44.8 million, respectively.

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; Southern Indiana Gas 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 20 N.W. Fourth Street, Evansville, Indiana 47708. Our telephone number is (812) 491-4000.

Recent Developments

Second Quarter Results

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For the quarter ended June 30, 2003, Utility Holdings had net income of \$1.4 million as compared to \$8.7 million for the same quarter a year ago. Results from the second quarter reflect unfavorable weather which decreased net income by \$4.3 million from the prior year, a write-off in an entity that processes fly ash, increased operating expenses and depreciation of utility plant additions in 2002 and 2003.

Net income for the six months ended June 30, 2003 was \$48.7 million compared to \$50.7 million for the same period in 2002.

Significant second quarter and year-to-date items include:

weather for the six months ended June 30, 2003 favorably impacted earnings by \$5.4 million after tax;

higher gas costs which resulted in increased uncollectible accounts expense;

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the write-off of an investment in an entity that processes fly ash into building materials in the amount of \$2.3 million after tax for the six months ended June 30, 2003;

an increase of \$5.3 million in depreciation and amortization for the six months ended June 30, 2003, compared to the same period in the prior year, due to utility plant additions; and

an increase in non-firm wholesale power margins for the six months ended June 30, 2003 to \$12.1 million, an increase of \$9.0 million over the same period in 2002.

Transfer of Assets to Utility Holdings

Effective January 1, 2003, Vectren transferred certain information technology systems and related assets and buildings from other entities within its consolidated group to us. These assets primarily support the operations of our subsidiaries. The transfer required retroactive restatement of our consolidated financial statements for all periods presented under accounting rules governing combinations of entities under common control. For the year ended December 31, 2002, operating income and net income attributable to the transferred assets were \$8.5 million and \$3.5 million, respectively. As of December 31, 2002, total assets attributable to the transferred assets were \$131.1 million. The asset transfer increased previously reported operating income and net income by \$8.1 million and \$4.7 million, respectively, in 2001 and by \$6.2 million and \$3.4 million, respectively, in 2000. As a result of the transfer, our 2001 total assets (primarily non-utility property), liabilities (primarily intercompany payables and borrowings), and equity increased \$86.7 million, \$51.9 million, and \$34.8 million, respectively.

Informal Inquiry Concerning Restatement

We previously announced the restatement of our consolidated financial statements, as well as those of Vectren, for 2000 and 2001 and the completion of the audit by Deloitte & Touche LLP of those consolidated financial statements for the three-year period ended December 31, 2002, as reflected in our respective 2002 annual reports on Form 10-K/A. Vectren is cooperating with the Securities and Exchange Commission (the SEC) in an informal inquiry with respect to this previously announced restatement. Vectren has met with the staff of the SEC and is providing information in response to their requests.

Southern Indiana Gas Agreement with Department of Justice and EPA Regarding Culley Generating Station

On June 6, 2003, Southern Indiana Gas, the U.S. Department of Justice (the USDOJ) and the U.S. Environmental Protection Agency (USEPA) filed a consent decree in the U.S. District Court for the Southern District of Indiana to resolve the lawsuit filed by the USEPA against Southern Indiana Gas on November 3, 1999 alleging that Southern Indiana Gas violated the Clean Air Act at its Culley Generating Station. We expect that the court will enter the consent decree after the mandatory public comment period. The lawsuit sought fines against Southern Indiana Gas for as much as \$27,500 per day per violation without specifying the number of days or violations that the USEPA believed occurred.

Under the terms of the proposed agreement, the USDOJ and the USEPA have agreed to drop all challenges of past maintenance and repair activities at the Culley coal-fired units. In reaching the proposed agreement, Southern Indiana Gas did not admit to any of the allegations in the government's complaint and Southern Indiana Gas continues to believe that it acted in accordance with applicable regulations and conducted

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only routine maintenance on the units. During the course of the litigation, the government dropped 23 of the original 27 claims.

This proposed agreement would resolve the remaining four claims.

Under the proposed agreement, Southern Indiana Gas has committed to:

either repower Culley Unit 1 (50 MW) with natural gas, which would significantly reduce air emissions from this unit, and equip it with selective catalytic reduction control technology for further reduction of nitrogen oxides (NOx), or cease operation of the unit by December of 2006;

operate the existing selective catalytic reduction control technology recently installed on Culley Unit 3 (287 MW) year round at a lower emission rate than that currently required under the USEPA s regulations requiring the state of

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Indiana to reduce NOx emissions (discussed below), resulting in further NOx reductions;

enhance the efficiency of the existing scrubber at Culley Units 2 and 3 for additional removal of sulphur dioxide emissions;

install a baghouse by June, 2007 for further particulate matter reductions at Culley Unit 3;

conduct a Sulphuric Acid Reduction Demonstration Project as an environmental mitigation project designed to demonstrate an advance in pollution control technology for the reduction of sulfate emissions; and

pay a \$600,000 civil penalty.

We anticipate that the proposed settlement would result in total capital expenditures through 2007 in a range of between \$16 million and \$28 million. The lower level of capital expenditures would occur if Southern Indiana Gas elects not to repower Culley Unit 1. Other than the \$600,000 civil penalty, Southern Indiana Gas expects that these capital expenditures and related operating expenses would be properly recoverable through rates.

NOx Emissions Reduction Update

Indiana has implemented a plan to comply with the USEPA's regulations requiring the state to reduce NOx emissions by 31%. Indiana's state implementation plan requires us to lower our system-wide NOx emissions to 0.14 lbs./million British thermal units (MMBTU) by May 31, 2004. We have initiated steps toward compliance with the revised regulations and Indiana's implementation plan and expect to achieve environmental compliance in a timely manner. Based on the level of system-wide emissions reductions required and the control technology utilized to achieve the reductions, the current estimated clean coal technology construction costs range from \$240 million to \$250 million and are expected to be expended during the 2001 to 2006 period. Through March 31, 2003, we have expended \$80.8 million. After the equipment is installed and operational, related annual operating expenses, including depreciation expense, are estimated to be between \$24 million and \$27 million. On January 3, 2003, the Indiana Utility Regulatory Commission (IURC) approved a settlement that authorizes total capital cost investment for this project up to \$244 million (excluding allowance for funds used during construction) and recovery of those capital costs, as well as the recovery of future operating costs, including depreciation and purchased emission allowances, through a periodic expense recovery mechanism that allows us to recover our costs without filing a formal rate case. The settlement establishes a fixed return of 8 percent on the capital investment, which approximates the return authorized in our last electric rate case in 1995.

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The Offering

Notes Offered	We are offering \$200,000,000 aggregate principal amount of notes, consisting of \$100,000,000 of the 2013 notes bearing interest at a rate of 5.25% per year and \$100,000,000 of the 2018 notes bearing interest at a rate of 5.75% per year.
Interest Payments	We will pay interest on the notes semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2004, to the holders of the notes as of the 15th calendar day of the month immediately preceding the month in which an interest payment date falls, and upon any earlier redemption.
Dates of Maturity	The 2013 notes will mature on August 1, 2013 and the 2018 notes will mature on August 1, 2018, unless, in each case, redeemed prior to that date.
Optional Redemption by Utility Holdings	<p>We may redeem the notes, in whole or in part, at any time, at a redemption price equal to the greater of:</p> <p style="padding-left: 40px;">100% of the principal amount of the notes to be redeemed, and</p> <p style="padding-left: 40px;">the sum of the present values of the remaining scheduled payments of principal and interest on the related notes, discounted to the redemption date on a semi-annual basis at the Treasury Rate, plus 20 basis points for the 2013 notes and 25 basis points for the 2018 notes,</p> <p>plus, in either case, unpaid interest accrued to the redemption date.</p>
Ranking	<p>The notes will be unsecured and will rank equally with all of our other unsecured senior indebtedness. The notes will rank junior to our secured indebtedness to the extent of the underlying collateral. At March 31, 2003, we had total unconsolidated liabilities of \$700.5 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 other 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. Otherwise, the notes will effectively rank junior to all liabilities and preferred equity of our subsidiaries. At March 31, 2003, our subsidiaries had total liabilities and preferred equity</p>

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	of \$1.5 billion, of which \$245.8 million represented secured indebtedness, \$277.3 million represented unsecured indebtedness, \$498.5 million represented other unsecured liabilities, \$501.8 million represented intercompany payables owing to us, and \$0.2 million represented preferred equity. At March 31, 2003, we and our subsidiaries had total consolidated liabilities of \$1.7 billion.
Guarantees	Our operating public utility subsidiaries, Indiana Gas, Southern Indiana Gas 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 unsecured senior 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	The notes will be rated Baa1 by Moody's Investors Service, Inc. (Moody's) and A- by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (Standard and Poor's).
Use of Proceeds	We estimate that we will receive net proceeds from the sale of the notes of approximately \$197,273,000 after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from the offering of the notes to repay a portion of our short-term debt obligations incurred to fund our capital expenditure program, to repay a portion of the long-term obligations of Indiana Gas and Southern Indiana Gas and for other general corporate purposes.

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RISK FACTORS

You should carefully consider the risk factors described below, as well as other information included or incorporated by reference in this prospectus supplement or the accompanying prospectus before making an investment in the notes. Additionally risks and uncertainties not presently known or that we currently believe to be immaterial may also adversely affect us.

The notes will rank junior to the claims of our secured creditors and all secured creditors of our subsidiaries. In addition, at any time that the notes are not 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 secured debt to the extent of the value of the assets securing such debt. 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 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, make loans 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 debt. Initially, the notes will be guaranteed by Indiana Gas, Southern Indiana Gas 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 unsecured senior 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, but only if certain conditions are satisfied. See Description of the Notes The Guarantees.

At March 31, 2003, we had total unconsolidated liabilities of \$700.5 million, none of which was secured, and our subsidiaries had total liabilities and preferred equity of \$1.5 billion, of which \$245.8 million represented secured indebtedness, \$277.3 million represented unsecured indebtedness, \$498.5 million represented other unsecured liabilities, \$501.8 million represented intercompany payables owing to us, and \$0.2 million represented preferred equity. At March 31, 2003, we and our subsidiaries had total consolidated liabilities of \$1.7 billion.

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.

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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, were 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.

If challenged, any guarantee of the notes issued by one of our subsidiary guarantors could also be subject to the claim that, because the guarantee was issued for our benefit, and only indirectly for the benefit of that subsidiary guarantor, the obligations of that subsidiary guarantor were incurred for less than fair consideration. A court could therefore void the obligations under the guarantee or subordinate the guarantee to that subsidiary guarantor's other debts or take other actions detrimental to holders of the notes.

A downgrade in our credit rating could negatively affect our ability to access capital.

In November 2002, Moody's downgraded certain of our debt obligations. Among others, Moody's ratings on our senior unsecured debt and the senior unsecured debt of Indiana Gas and Southern Indiana Gas were downgraded from A2 to Baa1, with a stable outlook. The reasons cited for the downgrades by Moody's included weaker credit and fixed charge coverage measures compared to other companies rated A2, resulting from the prior integration and restructuring costs and warm winters of 2001 and 2002; higher leverage compared to other companies rated A2; and lack of weather normalization-type clauses that authorize the utilities to recover gross margin on sales regardless of actual weather patterns.

We may be required to obtain additional permanent financing (1) to fund our capital expenditures, investments and debt security redemptions and maturities, including the significant expenditures for NOx compliance equipment at Southern Indiana Gas, 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 withdraw our ratings, 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.

You may not be able to resell the notes.

The underwriters have advised us that they intend to make a market in the notes. The underwriters will have no obligation to make a market in the notes, however, and may discontinue market making activities, if commenced, at any time without notice. There can be no guarantee that an active trading market will develop and be maintained for the notes. If an active market does not develop, you may not be able to sell your notes when desired, or perhaps at all, or be able sell your notes at a price equal to or above the price you paid for them. The

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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 offered by this prospectus supplement and the accompanying prospectus.

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 pressures 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 allows 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.

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, significant variations from normal weather could have, have had, and will have, a material impact on our earnings.

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, the IURC and the Public Utility Commission of Ohio. These authorities regulate many aspects of our 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. 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 environmental expenditures may 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.

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Our gas and 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;

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; and

labor disputes.

We are experiencing significantly increased and volatile gas costs.

Commodity prices for natural gas purchases have increased and been volatile in recent years. Subject to regulatory approval, our subsidiaries charge their customers the actual cost they pay for the natural gas purchased on their customers' behalf. As a result, profit margins on gas sales should not be impacted. However, our subsidiaries have experienced, and may continue to experience, higher working capital requirements, increased expenses, including interest costs and uncollectibles, and possibly some level of price sensitive reduction in volumes sold.

Catastrophic events could adversely affect our facilities and operations.

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

USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of the notes of approximately \$197,273,000 after deducting the underwriting discounts and commissions and estimated offering expenses 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 March 31, 2003, had a weighted average interest rate of 1.42% per annum and had maturities ranging from one day to 44 days. We may also use a portion of the net proceeds for other general corporate purposes, including reduction of a portion of the long-term obligations of Indiana Gas and Southern Indiana Gas.

CAPITALIZATION

The following table sets forth our historical capitalization at March 31, 2003, as adjusted to reflect the issuance of the notes and use of 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 March 31, 2003	
	Actual	As Adjusted (1)
	(dollars in millions)	
Long Term Debt	\$ 867.8	\$ 1,067.8
Common Shareholder's Equity	797.9	797.9
Preferred Stock of Subsidiary	0.2	0.2
Total Capitalization	\$ 1,665.9	\$ 1,865.9

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

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

The following table sets forth our ratio of earnings to fixed charges for the periods indicated.

Twelve Months Ended	Fiscal Year Ended December 31,				
	March 31, 2003	2002	2001	2000(1)	1999
3.3x	3.1x	1.9x	2.9x	4.0x	3.8x

(1) Includes two months of the Ohio operations.

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. The fiscal year ended December 31, 2000 includes merger-related costs of \$31.6 million (after tax). 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 merger related costs of \$7.7 million (after tax) and restructuring-related charges of \$9.3 million (after tax).

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 October 19, 2001, by and among us, as issuer, Indiana Gas, Southern Indiana Gas and Vectren of Ohio, as guarantors, and U.S. Bank National Association, as trustee (the note trustee).

General

The 2013 notes and the 2018 notes will each be issued as separate series of debt securities under the indenture and will be initially limited in aggregate principal amount to \$100,000,000 and \$100,000,000, respectively, subject to the reopening provisions of the indenture. The notes will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000. The entire principal amount of the 2013 notes and the 2018 notes will mature and become due and payable, together with any unpaid interest accrued thereon, on August 1, 2013 and August 1, 2018, respectively, unless redeemed prior to that date in accordance with Optional Redemption below. The notes are not subject to, or entitled to the benefit of, any sinking fund provision.

Interest

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Each 2013 note will bear interest at 5.25% per year from the date of original issuance, and each 2018 note will bear interest at 5.75% per year from the date of original issuance. The interest on each note will be payable semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2004 (each, an interest payment date), to the person in whose name the note is registered at the close of business as of the 15th calendar day of the month immediately preceding the month in which the applicable interest payment date falls and upon any earlier redemption, as the case may be. 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

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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. Otherwise, the notes will effectively rank junior to all liabilities and preferred equity of our subsidiaries. At March 31, 2003, we had total unconsolidated liabilities of \$700.5 million, none of which was secured, and our subsidiaries had total liabilities and preferred equity of \$1.5 billion, of which \$245.8 million represented secured indebtedness, \$277.3 million represented unsecured indebtedness, \$498.5 million represented other unsecured liabilities, \$501.8 million represented intercompany payables owing to us, and \$0.2 million represented preferred equity. At March 31, 2003, we and our subsidiaries had total consolidated liabilities of \$1.7 billion. 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

The notes will be redeemable as a whole or in part, at our option, at any time, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed discounted to the redemption date semi-annually (assuming a 360-day year consisting of twelve 30-day months) at the applicable treasury rate (as defined below), plus 20 basis points for the 2013 notes and 25 basis points for the 2018 notes, plus, in either case, unpaid interest accrued on such notes to the date of redemption.

Treasury rate means, with respect to any redemption date applicable to a note, the rate per annum equal to the semi-annual equivalent yield to maturity of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

Comparable treasury issue means the United States Treasury security selected by an independent investment banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes to be redeemed.

Independent investment banker means one of the reference treasury dealers appointed by the note trustee after consultation with us.

Comparable treasury price means, with respect to any redemption date applicable to a note, (1) if the note trustee obtains five reference treasury dealer quotations, the average of the three remaining reference treasury dealer quotations after excluding the highest and lowest reference treasury dealer quotation obtained, or (2) if the note trustee obtains fewer than five such reference treasury dealer quotations, the average of all

reference treasury dealer quotations obtained.

Reference treasury dealer quotations means, with respect to each reference treasury dealer and any redemption date applicable to a note, the average, as determined by the note trustee, of the bid and asked prices

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for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the note trustee by such reference treasury dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Reference treasury dealer means each of ABN AMRO Incorporated, Banc One Capital Markets, Inc., Wachovia Capital Markets, LLC, BNY Capital Markets, Inc., Fifth Third Securities, Inc., NatCity Investments, Inc., U.S. Bancorp Piper Jaffray Inc. and their respective successors; provided, however, that if any of the underwriters shall cease to be a primary U.S. Government securities dealer in New York City (a primary treasury dealer), we shall replace that former dealer with another primary treasury dealer.

If less than all of the notes of any series are to be redeemed, the notes to be redeemed shall be selected by lot by DTC, in the case of notes represented by a global security, or by the trustee by a method the trustee deems to be fair and appropriate, in the case of notes that are not represented by a global security. See also Book Entry Only Issuance The Depository Trust Company.

We will mail notice of any redemption between 30 days and 60 days before the redemption date to each holder of notes to be redeemed.

The Guarantees

Indiana Gas, Southern Indiana Gas and Vectren of Ohio will, jointly and severally, fully and unconditionally guarantee 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, jointly and severally, will be unconditionally obligated 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 unsecured senior 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 guaranteed obligations.

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 subsidiary guarantor and any collections from, or payments made by or on behalf of, any other guarantors) will result in the obligations of such subsidiary 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, 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,

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2. Standard & Poor's 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 Standard & Poor's, 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 Issuance The Depository Trust Company

DTC will act as the initial securities depository for the notes. The notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's partnership nominee. One or more fully registered global notes will be issued representing in the aggregate the total principal amount of notes of each series, and will be deposited with DTC.

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 Sec